

HOUSE COMMITTEE ON COMMERCE

May 17, 1999 Hearing Room 350

3:00 p.m. Tapes 60 - 63

MEMBERS PRESENT: Rep. Jim Hill, Chair

Rep. Ryan Deckert, Vice-Chair

Rep. Al King

Rep. Jerry Krummel

Rep. Bob Montgomery

Rep. Anitra Rasmussen

Rep. Diane Rosenbaum

MEMBER EXCUSED: Rep. Mark Simmons

Rep. Bill Witt

STAFF PRESENT: Jason Cody, Administrator

Annetta Mullins, Administrative Support

MEASURE/ISSUES HEARD: SB 448-A ñ Public Hearing and Work Session

SB 720-A ñ Public Hearing and Work Session

SB 1087-A ñ Public Hearing and Work Session

SB 142 A ñ Public Hearing

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
TAPE 60, A		

		NOTE: REP. KRUMMEL IS CHAIR FOR THIS PORTION OF THE MEETING.
004	Chair Krummel	Calls meeting to order at 3:09 p.m. and opens a public hearing on SB 448-A.
<u>SB 448-A ñ PUBLIC HEARING</u>		
003	Jason Cody	Administrator. Explains SB 448-A.
011	Ty Cochrane	President, Cemetery Association of Oregon. Submits a prepared statement (EXHIBIT A) . Explains amendments made by the Senate.
021	Chair Krummel	Asks if the bill is intended to cut down on the amount of space.
023	Cochrane	Responds affirmatively. Explains that once the walkways are there and people are interned, the space is lost forever. Adds that the majority of cemeteries in Oregon do not have these walkways. If a cemetery were to be resurveyed and subdivided, the municipalities would require a walkway. The municipality surveyors have come to the conclusion that if the cemeteries disclose that an easement is granted across the grave space, they would not require the one-foot walkways.
041	Chair Krummel	Asks how much space is needed for the purpose of digging a grave.
041	Cochrane	Responds it is up to less than an inch at some point. A lot of graves are 36 inches wide in Oregon. Adds that a lot of the pioneer cemeteries have five-foot wide graves. The cemeteries want to go in and collect two feet of this back so they can have many more grave spaces.
053	Chair Krummel	Closes the public hearing and opens a work session on SB 448-A.
<u>SB 448-A ñ WORK SESSION</u>		
054	Rep. Montgomery	MOTION: Moves SB 448A to the floor with a DO PASS recommendation.
059		VOTE: 5-0-4 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 4 - Reps. Deckert, Simmons, Witt, Hill
	Chair Krummel	The motion CARRIES.

		REP. DECKERT will lead discussion on the floor.
070	Chair Krummel	Opens a public hearing on SB 720-A.
<u>SB 720-A n PUBLIC HEARING</u>		
073	Cody	Explains SB 720-A.
080	Mike Grainey	Assistant Director, Office of Energy. Testifies in support of SB 720-A. The bill makes it clear that if someone operates a fueling station, he/she is not operating a utility. It encourages development of filling stations such as natural gas. Submits fact sheet on programs related to alternative fuels (EXHIBIT M).
098	Sen. Frank Shields	Testifies in support of SB 720-A. Comments that gasoline stations cannot sell natural gas without being regulated by a utility. The bill straightens out a glitch and helps get to the point where alternative fuels can be sold without being regulated by the Public Utility Commission (PUC)
111	Grainey	Comments that the PUC does not object.
114	Steve Vincent	Vista Utilities. Explains they are the gas distribution utility in Klamath Falls. The Air Force base was recently designated by someone in Washington, D. C. as an alternative fuel base. The base must run all their vehicles except for large equipment vehicles on natural gas. A company manager in Klamath Falls is working with a private Shell station owner to install a natural gas refueling pump that would be available for Vista's own utility vehicles as well as for the Air Force base and the U. S. Postal Service. If the Shell station owner were to have to be a regulated utility, the deal would fall through and Vista would have to build a refueling infrastructure. That is not the business Vista wants to be in.
140	Chair Krummel	Asks if a converted car can refuel at a propane tank at a gas station.
148	Grainey	Comments that propane is not regulated by PUC but compressed natural gas is. Adds that if there were electricity fueling stations, those would also be regulated by PUC.
149	Chair Krummel	Closes the public hearing and opens a work session on SB 720-A.
<u>SB 720-A n WORK SESSION</u>		

157	Rep. King	MOTION: Moves SB 720A to the floor with a DO PASS recommendation.
160		VOTE: 7-0-2 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 2 - Reps. Simmons, Witt
	Chair Krummel	The motion CARRIES. REP. KING will lead discussion on the floor.
		REP. HILL IS CHAIR FOR THIS PORTION OF THE MEETING.
174	Chair Hill	Opens a public hearing on SB 1087-A.
<u>SB 1087-A n PUBLIC HEARING</u>		
176	Chair Hill	Advises that the committee has a conflict amendment for SB 1087-A (EXHIBIT B).
173	John Brenneman	Testifies in support of SB 1087-A. Explains conflict with SB 1088, the omnibus bill for landlord tenant law. Explains the SB 1087-A3 amendments (EXHIBIT B).
206	Rep. Rasmussen	Asks if there has been any testimony from people who own these homes.
216	Brenneman	Responds there is a better trust level with the legal advocates and the mobile home owners and they have trusted him to carry this without them coming. It is the only piece in SB 1087-A that they could agree to and the remainder of the bill was dropped.
231	Chair Hill	Closes the pubic hearing and opens a work session on SB 1087-A.
<u>SB 1087-A n WORK SESSION</u>		
233	Rep. Rasmussen	MOTION: Moves to ADOPT SB 1087-A3 amendments dated 05/17/99.

		VOTE: 7-0-2 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 2 - Reps. Simmons, Witt
	Chair Hill	The motion CARRIES.
247	Rep. Rasmussen	MOTION: Moves SB 1087A to the floor with a DO PASS AS AMENDED recommendation.
		VOTE: 7-0-2 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 2 - Reps. Simmons, Witt
	Chair Hill	The motion CARRIES.
		REP. KRUMMEL will lead discussion on the floor.
		REP. KRUMMEL IS CHAIR FOR THIS PORTION OF THE MEETING.
259	Chair Krummel	Opens a public hearing on SB 142-A.
<u>SB 142-A ñ PUBLIC HEARING</u>		
280	Bob Jenks	Executive Director, Citizens Utility Board (CUB). Submits and summarizes a prepared statement in opposition to SB 142-A (EXHIBIT C).
TAPE 61, A		
010	Jenks	Continues presentation (EXHIBIT C, page 2).
079	Jenks	Continues presentation (EXHIBIT C, page 6).
103	Jenks	Reviews news releases from U S West (EXHIBIT C, pages 7-10).

122	Rep. Deckert	Asks how U. S. West would be overcharging customers if the legislation passes with a new price cap regime.
128	Jenks	Replies that U S West does not have rates that are found to be just and reasonable. U S West's rates were set in about 1991. It is a declining cost industry. The A4 that U S West agreed to with the state said that when the A4 ends rates will be interim and subject to refund until the PUC establishes a new rate structure. If the price cap regime is based on the new rate structure that comes out of the rate case, that is fine. Once the new rate that comes out of the rate case goes into effect, customers get a refund from that time going back to 1996. If the price cap is set up based on current rates, we are really setting a price cap that allows the company to overcharge customers nearly \$100 million.
148	Rep. Deckert	Asks whether the difference would be more if the legislature puts the price caps in place.
155	Jenks	Responds that he does not believe the legislature can pass laws that interfere with contracts. Offers to have CUB's attorney appear before the committee.
166	John Valley	Consumer Advocate, Oregon State Public Interest Research Group (OSPIRG). Submits and reads prepared statement in opposition to SB 142-A (EXHIBIT D).
208	Valley	Continues presentation (EXHIBIT D, page 2).
264	Valley	Continues presentation (EXHIBIT D, page 3).
283	Charles Curts	American Association of Retired Persons (AARP). Submits and highlights a prepared statement in opposition to SB 142-A and proposing amendments (EXHIBIT E) and in support of the governor's proposal, SB 142-A8 amendments (SEE EXHIBIT F OF MAY 3 HOUSE COMMERCE MINUTES).
330	Curts	Continues presentation of statement.
378	Rep. Witt	Asks from what funds the carrier is supposed to pay the universal service charge.
380	Curts	Responds the funds could come from the company's revenues.
397	Jenks	Comments that the Federal Telecommunications Act was very clear that there is a need to move from implicit subsidies to explicit subsidies. It directed that those explicit subsidies be applied to carriers. Adds he is not sure that means the carriers have to pay for that out of profits. He would assume if this legislature gave an explicit charge to U S West or GTE, the PUC practice would be to allow the company to pass that through to customers. Adds that CUB does agree with AARP that there is nothing in the Telecommunications Act that says that needs to be or should be a separate line item on the bill. Many would read that what happened in Congress would suggest members of Congress were not trying to put that as a separate line and did not want the political fall out of that and

		wanted to leave it to regulators and companies to figure out how to pass that through. Comments that in Colorado they are putting a four percent surcharge on bills but are also giving a credit for the same amount because with the declining cost industry they can absorb that through the increased growth in demand for residential and business lines, various features and other services.
433	Rep. Witt	Comments he is confused by the testimony because he does not think the federal legislation contemplates that and it is not the practice today as it relates to implicit subsidies.
441	Jenks	Comments that we now pay for that through paying for call waiting, caller I.D., etc. which continue to grow in demand, but we also have a company that is over earning to the point of about \$90 million a year. Is not convinced we need to raise rates to pay for universal service. Does not suggest that U S West profits should be cut below a reasonable level, but is not sure we need to allow a company to continue to earn about twice what would be a reasonable rate of return for a regulated utility. Thinks part of the rebalancing of implicit and explicit subsidies is rebalancing the rate of return.
476	Rep. Witt	Comments that the subsidies are coming from customers of different classes. Comments it seems the witnesses' unhappiness is not just with SB 142-A, it is with the current rate structure that PUC has approved for U S West.
TAPE 60, B		
040	Jenks	Comments that CUB opposed the A4 in 1991 on two grounds. CUB thought it gave them the incentive to cut service quality and argued it was a declining cost industry and if the rates were frozen for five years, at the end of those five years the company would be overcharging and rates would be too high. Adds that that is exactly what happened. The rates were not too high when the PUC set them in 1991, but there has not been an adjustment of rates in the past eight years.
057	Curts	Comments in opposition to the rate case being included in the bill. Feels it is clearly to the company's advantage to draw the case out as long as possible and continue to overcharge to help pay for the refund they have already charged the customers for. Thinks it is an unfair situation and customers should be getting it back.
071	Curts	AARP is concerned about lack of accountability with respect to the infrastructure investments. Also would like to see some oversight.
078	Curts	AARP is opposed to SB 142-A but is willing to work with the committee to find a compromise.
080	Rep. Deckert	Asks what the best form of regulation is.
084	Jenks	Comments he thinks rate of return works pretty well in most cases. Price cap regulation has always been pushed as a way to get companies to cut costs to move them toward competition by allowing them to keep excess profits.

		<p>Disagrees that price cap regulations create incentives for rural investment. It does give incentive to cut staff and costs and become better able to meet competition. Prefers the kind of regulation under the A4 statute. Explains that they opposed the A4 five years ago, but have supported A4 for Pacific Power and other utilities. The A4 allows the unique circumstances of each utility to be considered and allows them to negotiate out an individual price cap plan for the utility. CUB would be more than open to an A4-type price regulation plan for U S West and that is what they would anticipate. Colorado and Minnesota recently came up with A4 plans for U S West. If this legislation does not pass, within the next two years they expect an effort to negotiate an alternative form of regulation for U S West. CUB would participate with the intent to reach an alternative form of regulation that would work for both the customers and the company.</p>
126	Valley	<p>Comments he agrees with Mr. Jenks. Under the old A4 there were definitely some concerns about how it was impacting service quality and we have seen an increase of service quality under the current rate of return regulation. OSPIRG likes what is currently happening. There needs to some kind of oversight to make sure that price caps are adjusted to the real costs. A set price cap on just basic local service won't work. All the monopoly services must be capped and readjustments made for what is going on with real costs for the various types of service. Unless that is done, OSPIRG will not support the legislation.</p>
132	Curts	<p>Comments AARP agrees with both Valley and Jenks.</p>
150	Gary Yaquinto	<p>Vice President Government & Regulatory Affairs, GST Telecom, Inc. Submits and paraphrases a prepared statement in opposition to SB 142-A (EXHIBIT F).</p>
212	Yaquinto	<p>Continues presentation outlining major problems with SB 142-A (EXHIBIT F, page 1)</p>
236	Rep. Hill	<p>Asks why GST would not receive reimbursement from the USF.</p>
241	Yaquinto	<p>Explains that under the bill if GST were designated as an eligible telecommunication carrier, then they could. It would take a long time for GST to get to that point because the designation requires that services be provided to all customers within a particular area.</p>
248	Rep. Hill	<p>Comments that Mr. Yaquinto may want to explain that GST does not deliver services to residential customers, unlike U S West who has an obligation.</p>
253	Yaquinto	<p>Explains that at the present time GST has only been in the market a few years and has not had the advantage of being a monopoly carrier. It will take time to deploy the facilities and to capture the additional markets. GST's capital all comes from the capital markets. They are a competitive company. Their investors provide the capital to invest in facilities.</p>
268	Yaquinto	<p>Continues presentation (EXHIBIT F, page 2).</p>
284	Rep. Hill	<p>Asks if GST is prepared to invest dollars in rural Oregon in the absence of U S</p>

		West investing in rural areas to address the rural needs.
2291	Yaquinto	Responds that GST, to the extent they can make a business case for entering markets, does so. Adds that he cannot say GST has plans for entering other markets in Oregon within the next 12 months but there are many providers that do have those plans. When the bill was in the Senate there was testimony that there are providers in the local markets in many smaller Oregon communities that are looking to provide the advanced telecommunication services.
306	Rep. Hill	Asks what we can tell Elgin.
321	Yaquinto	Responds he thinks there are other mechanisms besides the one established in SB 142-A. The governor's alternative that sets up a statewide fund and funds it by consumers or companies is one alternative and there may be other incentive mechanisms that would entice new companies to serve smaller rural areas. Tax incentives are an example.
334	Rep. Hill	Comments that Mr. Yaquinto mentioned the governor's proposal to collect money but it does not say how those dollars would be invested to benefit rural community without writing a check back to U S West or GTE.
359	Yaquinto	Responds he thinks that is the point. GST is looking for a mechanism that does not favor one provider, but rather one in which everyone has an equal opportunity to participate in.
368	Yaquinto	Continues presentation (EXHIBIT F, page 2).
389	Rep. Hill	Asks what "substandard" service is based upon.
388	Yaquinto	Responds that other companies are required to interconnect with U S West in order to reach customers and to allow customers and various companies to communicate with each other. QST has experienced some difficulties in effectuating interconnection in a timely basis. QST believes that needs to be remedied at the PUC. SB 142-A is silent on that issue.
401	Rep. Hill	Asks if QST would be okay with SB 142-A if language were added on price caps which did not allow prices to go up on basic services, language dealing with service quality standards that would apply to all providers, a funding mechanism to drive investment into the rural areas in a competitively neutral manner and language to restrict anti-competitive pricing.
421	Yaquinto	Responds he thinks QST would agree with the list of items until they could see the exact mechanics and specifics. Believes the list of items is moving in the correct direction. Adds that when he spoke of substandard service between GST and U S West it was on a wholesale, not a retail basis. Thinks a distinction can be made between retail service quality standards and wholesale service quality standards. Does not believe that service quality standards need to be applied uniformly to all companies.

TAPE 61, B

019	Rep. Hill	Asks if service quality only need sto be applied on a carrier-to-carrier basis rather than at the retail level.
023	Yaquinto	Responds a system could be implemented. It would make a lot of economical and logical sense.
025	Rep. Hill	Asks if they would oppose service quality standards that applied uniformly across all providers on a retail basis.
031	Yaquinto	Responds they would have to look at the details.
034	Penny Bewick	Director of Government Affairs and Product Support, Electric Lightwave, Inc. (ELI) Submits and paraphrases a prepared statement in opposition to SB 142-A (EXHIBIT G)
059	Rep. Hill	Asks if ELI has a switch in Eugene.
063	Bewick	Responds they have a switch in downtown Portland and have plans to put a switch in Eugene. Currently they are running data services in Eugene.
064	Rep. Hill	Asks where rural customers can access ELI facilities.
072	Bewick	Replies that currently ELI does not have points of presence that the customers do not have to back haul to. Adds they are working on that and that she is not prepared to say where.
078	Bewick	Continues presentation (EXHIBIT G, page 2).
119	Rep. Hill	Asks how and why we would create a system that could co-exist under the federal act where any dispute has to go to federal court.
154	Bewick	Responds that today when there is a dispute they file a complaint and go through the commission process. The complaint is handled fairly expeditiously and a decision is made. Those decisions do get appealed. It is a dilemma and does not have a solution on how it can be fixed.
164	Rep. Hill	Asks how to create an environment that would be conducive to attract investment from ELI in these areas.
170	Bewick	Replies that without the market, it is a difficult decision. Investments have been market driven. The aspects of the governoris alternative and SB 142 that would create a statewide fund that would be competitively neutral and where providers

		could bid on a project would bring more people into the picture to consider making the investment. It has to be a situation combined with market-driven forces.
199	Rep. Hill	Asks if Bewick sees ELI moving quicker into the residential market place, or whether she sees ELI moving into the residential market place with the Universal Service Fund (USF).
204	Bewick	Responds she thinks it is a combination of the two, the USF and the state funding mechanism. Thinks the state funding mechanism is driven more toward larger projects in rural Oregon. ELI is in the same situation as GST. Does not see ELI's ability to provide residential service throughout the state. For some companies it may be an incentive. It depends on how this plays out.
238	Bewick	Continues statement (EXHIBIT G, page 3).
260	Laura Imeson	AT & T. Testifies that AT&T does intend to compete in the local service market in rural and urban Oregon. In Oregon, AT&T has tripled its capitol budget in Oregon, not including costs of TCI plant upgrades. Supports the concept of access to advanced services for all Oregonians but does not think SB 142-A is the proper approach. Deregulating the monopoly is not the way to get new infrastructure investment. Competition in the market is the best way to get new and innovative services. Suggests there are other incentives the committee might want to consider. Oregon is not taking advantage of the e-rate as much as it could or as other states have. Suggests OEDD do some market development because markets drive investments. Offers to provide language on prohibited acts that has been included in statutes in other western states to help with some of the competitive issues. AT&T supports the establishment of a state Universal Service Fund and believes it should be tied to establishment of the federal fund so there are no gaps or overlaps and it should be competitively neutral. Thinks that the fund as outlined in the bill allows for double recovery because it does not require that implicit subsidies be removed.
296	Rep. Hill	Asks if AT&T participated in the work group with Gary Bauer on universal service.
315	Imeson	Responds they did participate. They agreed in concept to the group's work and have not seen any language.
338	Gail Gary	MCI WorldCom. Comments MCI WorldCom is not opposed to replacing rate of return regulation with price cap regulations, but they believe safeguards should be added to the bill to protect consumers as well as promote the development of competition. MCI WorldCom also supports deployment of a telecommunication infrastructure that supports the ability to offer advanced telecommunications services. The best way to achieve advanced telecommunications infrastructure is through competition and by making sure competition is part of that process.
361	Gary	Submits and summarizes a prepared statement and explains diagram attached to statement (EXHIBIT H).

Tape 62, A

013	Rep. Hill	Asks if their proposal on safeguards is assuming universal service is in place so there is a balance and the rates do not have to go up.
028	Gail	Responds it is true in terms of residential service but in terms of the price load, it applies to everything. Believes there needs to be the adequate price floor.
034	Rep. King	Asks if Ms. Gary is referring only to Oregon when she speaks about investments.
037	Gary	Responds affirmatively.
040	Rep. Hill	Asks Ms. Gary to articulate where, besides the Portland metro area, MCI WorldCom has access points where Oregonians can purchase services.
046	Gary	Responds their services are limited to the Portland metro area. Adds they would like to be able to offer service but it is not happening today. Comments on efforts with other providers in rural parts of other states.
065	Rep. Hill	Asks how we create an environment in Oregon to get access to capitol from MCI WorldCom in Oregon so that we create an environment where MCI WorldCom says they want to invest, deliver services and compete to serve the customers.
082	Gary	Comments that in terms of some of the principles encompassed in SB 142-A and the infrastructure deployment fund, making sure that is competitively neutral in terms of who has access, is a giant step. There are a whole host of issues. Pricing is a big issue in making the Oregon environment economically attractively the issues of price floors and how the wholesale rates are set. Adds there are other issues including operational support systems. The electronic interface between companies such as MCI WorldCom and U S West has to be put in place in order for MCI WorldCom to do a residential offering. It is not in place today and is being worked on.
100	Gary	Comments that another issue is price caps. Asks that the committee make sure all rates are capped and all rate caps are subject to annual or semi-annual adjustment.
125	Rep. King	Asks if they advocate for price caps to go up and down.
126	Gary	Responds that they would encourage the committee to look to the commission to say what is appropriate in terms of productivity offset.
162	Gary	Comments they encourage the committee to look at the fund and create it so it is competitively neutral and encourages competition so any carrier who wants to come in and deploy infrastructure can have access to the fund. Adds that everyone has interconnection agreements and most of them are on appeal in the federal courts. In terms of arbitrating or enforcing interconnection agreements, it

		is clear the jurisdiction is with the PUC. MCI WorldCom has had to file complaints with a number of public utility commissions in regard to interconnection agreements. Another way to make the Oregon market attractive is to clarify that the PUC has the authority to deal with interconnection agreements. It should go further and say if a consumer or customer who is being harmed and not getting service, it can be dealt with in an expedited manner.
185	Rep. Deckert	Asks how this would inhibit competition.
184	Gary	Responds one example is price floors. SB 142-A talks about price floors being set at total service long-run incremental costs, which from MCI WorldCom's perspective is appropriate when there is a totally competitive market place. But because there are new entrants such as MCI WorldCom, GTS, ELI, who are all dependent upon U S West the safeguard is needed and should say if they are purchasing elements from U S West or the incumbent local exchange provider in order to provide a service, in no event shall the incumbent local exchange provider be able to price below the sum of the cost of those wholesale elements. That is one example of how SB 142-A is anti-competitive.
229	Mike Dewey	Oregon Cable Telecommunications Association. Submits statement and information from Bend Cable, Crestview Cable and Falcon Cable containing examples of services being provided (EXHIBIT I).
232	Dewey	Reviews examples by Bend Cable (EXHIBIT I, pages 2-6).
272	Dewey	Reviews examples by Crestview Cable (EXHIBIT I, page 7).
282	Dewey	Reviews examples by Falcon Cable (EXHIBIT I, pages 8 ñ 13).
296	Rep. Hill	Asks if they are going to make an announcement that TCI and @ Home Network are going to be open to competitors.
306	Dewey	Responds he does not think it is forthcoming. Adds that these are private investments and some are very speculative. If the legislature gets in the middle of the investments, they become more speculative. Comments they believe today with regard to SB 142 the price caps are too high. If there is a monopoly with 95 to 97 percent of the market, the incumbent carrier today, and they keep their prices and lose very little business, they have the incentive to invest those dollars where there is competition. Concern is they will invest in the areas where the cable companies are trying to compete with them with the ratepayers' dollars. If the bill moves forward, there needs to be adjustments on the price floor and the price cap.
329	Dewey	Comments that the rate of return works very well in a monopoly environment and it is needed. Adds the cable companies should not have to worry so long as there is an interconnection agreement, not necessarily between the cable company and the telephone company, but other providers because of the infrastructure. The cable companies have 85 percent of the business today in the video market place. Six or seven years ago they had 99 percent of the business.

		The cable companies market share will continue to decline. The U S West and GTE market shares will continue to decline. When they get to 90 percent of the market place they will be going down in market shares but they have business plans to find new revenues somewhere else. Thinks SB 142-A is premature because it will hinder competition, not help competition.
374	Cathy Epley	Oregon Director, Citizens for a Sound Economy. Introduces Richard Burke and Mark Peterson.
392	Mark Peterson	Small business owner in Medford. Testifies in support of SB 142-A.
		<ul style="list-style-type: none"> Sales are exclusively through use of telephones.
		<ul style="list-style-type: none"> Has 30 lines through the T-1 long distance network and 11 local lines dedicated to FAX machines, data modems and internet service.
		<ul style="list-style-type: none"> Through breakup and further deregulation of telecommunications, long distance telephone bills have dropped in excess of 40 percent in the past 12 years.
		<ul style="list-style-type: none"> Rates of the local provider have gone up 30 and 40 percent and service has declined dramatically.
		<ul style="list-style-type: none"> There is no incentive for another provider to provide service.
		<ul style="list-style-type: none"> Service is declining, rates keep increasing and innovation in the local telecommunication market is not challenged because there is only one provider. SB 142 creates competition. It forces local carriers to be innovative by expanding products and increasing service to rural areas. It also broadens the local bandwidth for computer accessibility and capacity for the information highway of the internet.
TAPE 63, A		
025	Richard Burke	Reads prepared statement in support of SB 142-A (EXHIBIT J).
075	Burke	Continues presentation.
095	Rep. Rosenbaum	Asks how customer might be better served.
101	Burke	Compares telecommunication industry to farms and the changes that are made due to efficiencies. Customers would benefit because the company would become a better provider.

122	Cathy Epley	Submits and summarizes a prepared statement in support of price cap regulation and in support of SB 142-A (EXHIBIT K) .
170	Epley	Continues reading statement.
196	Chair Krummel	Advises that statements have been submitted by Fred Peterson, Telecommunications Ratepayers Association for Cost-based and Equitable Rates (TRACER) (EXHIBIT L) and Richard Hersweil, (ORIOSPH) (COPY NOT AVAILABLE) .
202	Chair Krummel	Closes the public hearing on SB 142-A and adjourns meeting at 5:35 p.m.

Submitted By, Reviewed By,

Annetta Mullins, Jason Cody,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñ SB 448, prepared statement, Ty Cochrane, 3 pp

B ñ SB 1087, SB 1087-A3 amendments, Legislative Counsel, 5 pp

C ñ SB 142, prepared statement, Bob Jenks, 10 pp

D ñ SB 142, prepared statement, John Valley, 2 pp

E ñ SB 142, prepared statement, Charles Curts, 8 pp

F ñ SB 142, prepared statement, Gary Yaquinto, 2 pp

G ñ SB 142, prepared statement, Penny Bewick, 6 pp

H ñ SB 142, prepared statement, Gail Gary, 2 pp

I ñ SB 142, prepared statement, Mike Dewey, 13 pp

J ñ SB 142, prepared statement, Richard Burke, 2 pp

K ñ SB 142, prepared statement, Cathy Epley, 5 pp

L ñ SB 142, prepared statement, Fred Peterson, 2 pp

M ñ B 720, information on alternative fuel programs, Mike Grainey, 1 p