

HOUSE COMMITTEE ON COMMERCE

SUBCOMMITTEE ON REGULATIONS

March 1, 1999 Hearing Room 350

10:30 a.m. Tapes 10 - 11

MEMBERS PRESENT: Rep. Bill Witt, Chair

Rep. Al King

Rep. Anitra Rasmussen

Rep. Mark Simmons

Rep. Jim Hill

MEMBER EXCUSED:

STAFF PRESENT: Jason Cody, Administrator

Samantha Demchak, Administrative Support

MEASURE/ISSUES HEARD: HB 2576 Public Hearing

HB 2271 Work Session

HB 2582 Work Session

HB 2576 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 10, A		
001	Chair Witt	Calls meeting to order at 3:15. Opens public hearing on HB 2576.
<u>HB 2576 Public Hearing</u>		

005	Rep. Floyd Prozanski	District 40. Presents testimony in favor of HB 2576. States once phone service has been shifted, it is difficult for the consumer to reinstate their original service. Asks committee to consider a compensatory fine, or payment to help the consumer.
032	Chair Witt	Closes public hearing HB 2576. Opens work session HB 2271 and HB 2582
<u>HB 2271 and HB 2582 Work Session</u>		
045	Jason Cody	Committee Administrator. Explains -2 amendments to HB 2271.
070	Chair Witt	Asks if this was the amendment recommended by the Public Utilities Commission (PUC).
075	Cody	Answers yes. Continues to explain -2 amendments to HB 2271.
100	Rep. Rasmussen	Asks if testimony from PUC is in this language.
101	Rep. Hill	Answers, the language in HB 2271 is FCC language.
104	Chair Witt	Explains the committee is taking two bills HB 2271 and HB 2582, and through the -2 amendments, merging the two.
114	Rep. King	Expresses his concern with HB 2271 taking effect on January 1, 2000. States that is Y2K day.
123	Chair Witt	Reiterates that HB 2271 would change the usable space for purposes of determining the formula, setting up the work study group and assess a fine for violations.
128	Rep. King	Adds that he feels there should be a grace period before the penalty is started.
137	Rep. Hill	States the January 1, 2000 date is only operational.
144	Rep. King	Asks about bootleg attachments that are in existence now. Adds getting work done on bootlegs now is important.
168	Chair Witt	States he is comfortable with the date chosen.
172	Rep. King	Recommends adding a comma and the words "safe utility pole attachment practices", on page three in the second paragraph, line nineteen after the word poles.

191	Chair Witt	Repeats what Rep. King has stated.
202	Rep. Hill	Asks if this is already addressed in the bill.
212	Chair Witt	States what will be added to the wording in HB 2271.
241	Rep. Hill	Proposes amendments changing the penalty charge of \$200 to \$250 in line fifteen page one.
254	Chair Witt	Asks about the n3 amendments.
280	Rep. Hill	MOTION: Moves to conceptually ADOPT HB 2271-3 amendments dated 3/1/99 and that the amendments be FURTHER AMENDED on page 3, line 19, by inserting "safe utility pole attachment practices" after "poles" and on page 1, line 15, by changing "\$200" to "\$250".
		VOTE: 5-0
282	Chair Witt	Hearing no objection, declares the motion CARRIED.
283	Rep. Hill	MOTION: Moves HB 2271 to full committee with a DO PASS AS AMENDED recommendation.
284	Rep. Simmons	States he will vote for HB 2271 for the purposes of moving it out of the subcommittee. Notes that he reserves the right to change his vote before the full committee or on the floor.
		VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye.
286	Chair Witt	The motion CARRIES.
306	Chair Witt	Closes work session on HB 2271 and HB 2582. Opens public hearing on HB 2576.
<u>HB 2576 Public Hearing</u>		
350	Cody	Explains HB 2576.
367	Pete Shepherd	Attorney, Consumer Protection Section, Department of Justice (DOJ). States

		"slamming" is a big problem for consumers. Notes "cramming", is the unlawful addition of services to a consumers phone line. Adds "slamming", is the unlawful change of phone company service to a consumer. Adds this is a nation wide practice. (EXHIBIT A & B).
400	Shepherd	Notes that slamming was the number one consumer complaint in the October to October year. Stresses the current penalties are not severe enough to deter would be slammers. Continues that written verification from the consumer would go a long way to deter slammers.
TAPE 11, A		
047	Shepherd	Adds HB 2576 is a decent starting point. Adds DOJ would not be prepared to support HB 2576 in its present form.
092	Chair Witt	Asks for examples of policy and technical concern.
095	Shepherd	Answers HB 2576 originated as a state council act. Adds it was designed as a "one size fits all". Continues there is no accommodation of Oregon's current enforcement scheme. Adds there would need to be a criminal prosecution in order to impose sanction.
113	Chair Witt	Asks how slamming and cramming practices occur.
119	Shepherd	Answers that consumers thought they were entering a drawing and did not read the fine print. Adds telemarketing contacts switched the service provider with no consumer contact. States the current law allows third party consent.
156	Rep. Hill	States he has a potential conflict of interest, he works for MCI World Com.
166	Phil Nyegaard	Administrator, Telemarketing Division of the Public Utilities Commission of Oregon. States PUC feels it would be too difficult to take slammers to court. Adds it would be more beneficial to "take the profit out of slamming." Adds consistency between Oregon and FCC rules would make adjustments to easier for consumers. (EXHIBIT C).
205	Nyegaard	Continues that in its present form HB 2576 is incomplete. Adds HB 2576 needs more definition. Notes as it stands, intralatta service can be provided by US West ,interlatta service can not. Notes as HB 2576 is written it does not contain a clause for interlatta.
236	Nyegaard	Notes Section 2 of HB 2576 does not address slamming and cramming issues. Notes commission has its own slamming bill, SB 298.
240	Rep. Rasmussen	Asks if SB 298 is under consideration.

248	Nyegaard	Answers no.
254	Rep. Rasmussen	States the House and the Senate need to communicate and decide which bill to put forth.
264	Gary Bauer	Oregon Telecomm Association (OTA). States one concern OTA has is the consistency between Oregon and federal slamming and cramming laws.
317	Chair Witt	Suggests Bauer work on a work group to come up with amendments to HB 2576.
327	Rep. Rasmussen	States PUC needs to be represented in the work group.
336	Chair Witt	Closes public hearing on HB 2576. Opens public hearing on HB 2578
<u>HB 2578 PUBLIC HEARING</u>		
352	Cody	Explains HB 2578.
374	Nyegaard	States the commission has concerns over billing customers for PUC expenses. Adds the FCC will be adding line items to phone bills in the coming years. Notes the PUC is not convinced a line item is a good idea. States if line item is added, HB 2578 needs to be modified. States the PUC is willing to consider broadening the base of fee increases. (EXHIBIT D) .
TAPE 10, B		
028	Rep. Hill	Asks what the PUC's position is on HB 2587.
032	Nyegaard	States the PUC does not have a position yet.
035	Rep. Hill	Asks if a concern of the PUC' is not knowing who the providers are.
039	Nyegaard	Answers yes.
046	Rep. Hill	Asks if PUC intervenes on behalf of customers in front of the commission.
065	Nyegaard	Answers yes.
073	Rep. Hill	Asks if this would be consistent with the federal act.
078	Nyegaard	States this is revenue neutral.

082	Chair Witt	Asks if customers are paying the fees that are providing PUC services for customers of other providers.
087	Nyegaard	Answers yes.
089	Chair Witt	Asks if broadening the base of who pays fees would have any legislative intent, to increase the funding of the PUC.
092	Nyegaard	Answers no.
095	Rep. King	Asks if disclosure of providers is a concern for the PUC.
098	Nyegaard	Answers yes.
101	Rep. King	Asks if there is any state or federal regulations that require that every regulatory fee be disclosed on a monthly bill.
103	Nyegaard	Answers he is not aware of any such law.
110	Rep. Hill	Asks if the PUC is doing "a little over kill" in regards to disclosure.
112	Nyegaard	Answers customers are already paying for PUC funding, they are just unaware of it. `
118	Chair Witt	Asks who customers will call about problems with their bills.
122	Nyegaard	Answers that the PUC receives many calls already.
128	Rep. King	Asks if there is disclosure when customers begin service.
129	Nyegaard	Answers he is not sure of the answer, but doubts, that information is revealed.
132	Schelley Jenson	GTE. States all telecommunications providers should contribute to the funding of the PUC. Adds it is not appropriate to have PUC fees buried in customers bill. Continues there will not be a revenue gain from HB 2578 (EXHIBIT D).
184	Chair Witt	Asks if the rates would decline correspondingly based on PUC review
187	Jenson	Answers yes.
192	Brian Lyshmen	Nextel Wireless Communication. States HB 2578 would force Nextel to pay into

		a fund that they due not currently pay into. Stresses Nextel opposes HB 2578.
213	Chair Witt	Closes public hearing on HB 2578. Opens work session on HB 2578.
<u>HB 2578 Work Session</u>		
217	Rep. Hill	MOTION: Moves HB 2578 to the full committee with a DO PASS recommendation.
		VOTE: 5-0
	Chair Witt	Hearing no objection, declares the motion CARRIED.
225	Chair Witt	Closes hearing.

Submitted By, Reviewed By,

Samantha Demchak, Jason Cody,
Administrative Support Administrator

EXHIBIT SUMMARY

- A - HB 2576, Written testimony, Peter Shepherd, 1 p.**
- B - HB 2576, Written testimony, Peter Shepherd, 1 p.**
- C - HB 2576, Written testimony, Phil Nyegaard, 2 pp.**
- D - HB 2576, Written testimony, Schelley Jenson, 3 pp.**