

JOINT CONFERENCE COMMITTEE ON SB 622

July 2, 1999 Hearing Room E

9:00 a.m. Tapes 1 - 2

MEMBERS PRESENT: Sen. David Nelson, Chair

Sen. Lee Beyer

Rep. Ryan Deckert

Rep. Jim Hill

Rep. Bob Montgomery

Sen. Charles Starr

MEMBER EXCUSED:

STAFF PRESENT: Sherry Sheng, Administrator

Nancy Masee, Administrative Support

MEASURE HEARD: SB 622A Work Session

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 |
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| TAPE 1, A | | |
| 004 | Chair Nelson | Opens meeting at 9:00 a.m. Opens work session on SB 622A. |
| <u>SB 622A WORK SESSION</u> | | |
| 024 | Chair Nelson | Summarizes work on SB 622A. Explains the areas that need refining are service quality, universal service, price cap, price floor, prohibited acts, and planning |

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| | | and process procedures. |
| 045 | Joan Smith | Public Utility Commission (PUC). Introduces Phil Nygaard. Discusses issues on universal service. Refers to page 8 on explicit support equal to the difference between cost and price. The question is whether to have cost and price or cost and benchmark as a matter of policy. |
| 073 | Rep. Hill | Asks the difference between price and benchmark. |
| 077 | Phil Nygaard | PUC Telecommunications Department. Defines the term "benchmark" as a generic term. There are revenue benchmarks and cost benchmarks. Says the PUC benchmark adopted will be above price. |
| 109 | Rep. Hill | Asks for clarification. |
| 122 | Smith | Explains setting up a state fund to gain federal money requires removing all implicit subsidies. Says the issue is whether to tie the basic rate to the benchmark or whether to tie the price to cost. Says the key is to have enough money in the fund for all Oregonians to have service. |
| 193 | Rep. Hill | Asks if it is appropriate to say that the Universal Service Fund is the reimbursement between cost and price. |
| 205 | Nygaard | Responds if that is the decision of the legislature and the Governor, that is acceptable, however, the process is more complex. Explains the Federal Telecommunications Act implementation. |
| 209 | Chair Nelson | Asks if the Universal Service Fund under the Federal Communications Commission (FCC) could raise rates. |
| 212 | Nygaard | Responds there will be a Federal Universal Service charge on bills. |
| 249 | Smith | Says U.S. West fears that they will not be compensated for the cost of providing service under the Universal Service Fund. Assures that U.S. West will be paid. |
| 287 | Chair Nelson | Asks if universal service will be an issue regardless of this bill. |
| 289 | Smith | Answers yes, and says that all parties need to be treated fairly. |
| 291 | Sen. Beyer | Asks if the variables are what the carriers may charge and how cost is determined. Discusses how cost is defined based on each account, or on an average cost which determines how much the federal government picks up and how much the state picks up. |
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| 325 | Smith | Two other issues are how to grant support monies to competitors without being intrusive in a regulatory way, and the issue of wireless carriers opting in. |
| 337 | Rep. Deckert | Asks if this will be discussed when the language is changed. |
| 357 | Smith | Says the language to be provided is what you see and the impacts under each option can be provided by PUC. |
| 370 | Chair Nelson | Asks if bundling of services can be done. Adds that universal service issues on prohibited acts needs to be worked out. |
| TAPE 2, A | | |
| 006 | Rep. Deckert | Refers to Section K, page 28, Section 37, and states lines 27-29 are to be removed from the bill. |
| 017 | Chair Nelson | Reviews Section 9A and B, on page 6. Section 25, and explains the Citizens Utility Board (CUB) and American Association of Retired persons (AARP) requested this issue. Chair proposes the five-year requirement. Suggests leaving in 9A allowing the commission to review price caps and price floors, and deleting Section 9B. The rate case is taken out of the bill. Explains the compromise agreement. |
| 048 | Rep. Deckert | Says he wants to hear from CUB and AARP. |
| 059 | Chair Nelson | Asks for comment from PUC. Comments on taking out private schools and indicates that they will compete under the community of interest section. Addresses allowing Oregon Health Sciences University (OHSU) to be included, as on pages 20 and 21. Discusses Sen. Beyer's proposal on county notification. |
| 102 | Sen. Beyer | Comments on his amendment requiring notification to counties by state agencies when applications for projects have been filed. |
| 135 | Chair Nelson | Comments on the issue of the funding formula in the planning and process stage. Discusses how this bill will be implemented with the OEDD on Page 17, line 15. Wants to clarify whether percentage is per biennium or yearly. |
| 070 | Doris Penwell | Oregon Economic Development Department (OEDD). Explains the department needed some funding to start out and the 5 percent and 2.3 percent were based on fiscal impact based on staffing requirements. |
| 195 | Rep. Deckert | Comments that OEDD's part in this bill is critical and therefore funding for OEDD is critical. |
| 207 | Penwell | Responds that some staff will be needed to implement this. |

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| 218 | Rep. Deckert | Asks if this bill allows enough financial support to OEDD to move the parts of the bill. |
| 222 | Penwell | Responds it is possible. |
| 230 | Rep. Beyer | Discusses the additional workload needed by OEDD. Believes the technical part might be sought outside of OEDD. |
| 240 | Penwell | Agrees that would be operated in that way. |
| 258 | Rep. Hill | Asks about total funds available and discusses ways of implementing plans. |
| 292 | Chair Nelson | Comments that the \$1 million for planning is more than needed. |
| 300 | Penwell | Says it is hard to estimate what is needed at this point. Most statutory amounts state a limit that is not necessarily reached. |
| 308 | Chair Nelson | Asks about the purpose of OEDD rural infrastructure plan. |
| 313 | Rep. Hill | Explains this is for review of community plans to assure that everything is in place including funds for successful implementation. |
| 336 | Rep. Montgomery | Asks if the \$50 million for the education part will be reviewed. |
| 350 | Chair Nelson | Says the education department will review it. |
| 344 | Terry Evaldson | LaGrande. States Penwell's comments are agreeable. |
| 365 | Penwell | States the fiscal impact was for the biennium. |
| 375 | Evaldson | Expects local communities to contribute to the process. |
| 382 | Chair Nelson | Discusses Sections 31 and 31A, page 4 of packet on how to set up the plan. Language for instructions is proposed. |
| 399 | Penwell | Responds that she agrees with the language proposed. |
| TAPE 1, B | | |
| 010 | Evaldson | Responds that he feels the language is more amenable than previously. |
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| 019 | Chair Nelson | Asks about territory funding. Comments on money being put in toward a territory. Refers to the language on page 1 under Sections 31 and 31A. |
| 029 | Rep. Montgomery | Discusses the 19 amendments and asks about some changes. Explains the Monroe Oregon Telephone Company has complained about the bill. States it seems that the small companies have concerns. |

035 Chair Nelson Asks for any further questions and states there will be a future meeting with the discussed changes implemented into the bill. Adjourns at 10:00 a.m.

Submitted By, Reviewed By,

Nancy Masee, Sherry Sheng,
Administrative Support Administrator

No exhibits presented.