

HOUSE COMMITTEE ON COMMERCE SUBCOMMITTEE ON BUSINESS

May 18, 1993                      Hearing Room D 10:00 a.m.                      Tapes 119 -121  
MEMBERS PRESENT: Rep. Bob Repine, Chair Rep. Hedy Rijken, Vice-Chair  
Rep. Lisa Naito Rep. Liz VanLeeuwen Rep. Cynthia Wooten STAFF  
PRESENT: Janet McComb, Committee Administrator Katy Yetter, Committee  
Clerk MEASURES CONSIDERED:              HB 2203 - Public Hearing Relating to  
Public Utilities Commission

These minutes contain materials which paraphrase and/or summarize  
statements made during this session. Only text enclosed in quotation  
marks reflect a speaker's exact words. For complete contents of the  
proceedings, please refer to the tapes.

TAPE 119, SIDE A

002 VICE-CHAIR RLJKEN: Calls the meeting to order at 10:00 a.m.

PUBLIC HEARING ON B 2203

WITNESSES:              Ron Eachus, Public Utilities Commission (PUC) Paul Romain,  
MCI Telecommunications Gail Garey, MCI Fred Peterson, Tracer Earl  
Kamsky, Electric Lightwave Chuck Lenard, US West Gary Bauer, Oregon  
Independent Telephones Association

006              JAN MCCOMB, COMMITTEE ADMINISTRATOR: Reviews HB 2203. -HB 2203  
Specifies conditions for Public Utility Commission of Oregon to  
authorize provisions for local exchange telecommunications service in  
service area of another telecommunications utility. 020 RON EACHUS,  
PUC: Presents testimony in favor of HB 2203 (EXHIBIT A). -Local exchange  
companies, strong in the market, have ability to shift revenue from  
service to service. -Bill does four things--changes responsibility of  
PUC, protects against unfair competition within local exchange company,  
imposes conditions against competitors, and allows local response  
company to price-list. -Refers to diagram in hearing room that outlines  
inter-exchange. House Committee on Commerce, Subcommittee on Business  
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237 REP. NAITO: Asks if price listing is allowed in area, what are the  
implications in reducing competition in the remaining territory. 238  
EACHUS: Replies that price listing may be undercutting another group to  
expand due to excessive contribution.

248 REP. TIERNAN: Asks Eachus why the change in policy regarding price  
listing. 250 EACHUS: Replies that the companies now get an ability to  
respond to competition.

284 REP. TIERNAN: Asks Eachus who was on the work group that designed  
amendments and discussed bill.

286 EACHUS: States the group consisted of carriers, interest groups,  
large industry customers such as GTE, and competitors. 320 MCCOMB: Rep.  
Johnson attended an introductory meeting, but no legislators were  
subsequently present.

337 REP. WOOTEN: Adds that the members may have individually met with  
PUC regarding the bill. 345 EACHUS: Continues with testimony and  
outlines the -2 amendments.

TAPE 120, SIDE A

018 REP. WOOTEN: Asks Eachus how long it will take to install the new regulations.

020 EACHUS: The process should not take more than two years, and actually should speed the regulations up. -Balances potential negative effects with positive effects and public interest within the competition.

061 REP. VANLEEUEWEN: Asks about ORS 759.030 and how it involves PUC.

062 EACHUS: States that the statute relates to pricelisting and has two components: -1. Allows price listing when a service is subject to competition. -2. Deregulation when the utility can show there is effective competition.

148 REP. TIERNAN: Comments that sometimes the service is not always equitable when dealing with large versus small areas of exchange.

155 EACHUS: Responds by indicating the position of the competition. The bill is designed to mitigate these potential inequities. -The prices are not necessarily too high currently, and competition should drive toward new technology.

. 252 REP. VANLEEUEWEN: States that currently, the local company looks at PUC as the "gatekeeper" in terms of pricing schedules. Isn't this the way it is now?

268 EACHUS: Locals have ability to veto a competitor, not a public interest standard. -Currently, the PUC has the intention of gaining control over the competition for the purpose of public interest and will allow the local companies to comment on the PUC's procedure to say that the actions are not in the best interest of the public.

TAPE 119, SIDE B

001 REP. WOOTEN: Comments on the importance of the bill.

020 EACHUS: Continues with testimony.

038 REP. NAITO: Asks if PUC could require a utility to provide service to particular areas.

045 EACHUS: Replies that the concern is having the utility make a contribution teased on the service they are currently providing. -Sums up statements regarding HB 2203.

176 REP. TIERNAN: Asks what types of services will open up to competition.

185 EACHUS: Replies that the services are private line and networked telephone services.

256 REP. TIERNAN: Asks if operator service would be allowed in such a program.

260 EACHUS: Replies that most operator services are inter-exchange, and usually not on a local system. -Unless the person buys from the exchange

company, the competition may not necessarily lessen the cost of service,k but it should make it simpler.

352 REP. WOOTEN: Asks for comment between Time/ Warner and US West - would this be an applicable merger to the bill?

270 EACHUS: Replies that essentially, US West is going to become a competitor in someone else's territory.

TAPE 120, SIDE B

030 PAUL ROMAIN, GAIL GAREY, REPRESENTING MCI: Proposes amendments to HB 220 3 (EXHIBIT B). -Test)ifies in favor of HB 2203. 143 FREI) PETERSON, TRACER: Testifies in favor of HB 2203. -TRACER is an organization of large industries 172 -Indicates who these companies are. - House Committee on Commerce, Subcommittee on Business Miy 18, 1993 - Page 4

190 EARL KAMSKY, ELECTRIC LIGHTVWAVE: Presents testimony in favor of HB 2203 (EXHIBIT C). 227REP. WOOTEN: Asks if Electric Lightwave builds their own infrastructure. 230 KAMSKY: Replies that they do. 268 CHUCK LENARD, US VVEST: Presents testimony in favor of HB 2203 (EXHIBIT D).

316 REP. WOOTEN: Asks what kinds of services can be anticipated with merger with Time/Warner and TCI Cable.

330 LENARD: Replies by stating some of the experimental services offered by the merged companies. TAPE 121, SIDE A

055 REP. NAITO: Comments on the size of an industry that would have the capability of competing with US West or GTE.

069 GARY BAUER, OREGON INDEPENDENT TELEPHONE ASSOCIATION: Testifies on HB 220 3. -Would like to exempt small companies from legislation. -Expresses concerns with HB 2203.

140 REP. NAITO: Asks Bauer if the PUC would have the ability to weigh the factors involved in making a decision relating to services.

148 BAUER: Expresses some concern over the role of the PUC in HB 2203. 161 CHAIR REPINE: Adjourns meeting at 12:02 p.m.

Submitted by: Reviewed by: Katy Yetter  
Janet McComb Committee Clerk Committee Administrator  
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EXHIBIT LOG: - A - Testimony on HB 2203 - R. Eachus - 2 pages B - Testimony on HB 2203 - P. Romain - 1 page C - Testimony on HB 2203 - E. Kamsky - 1 page D - Testimony on HB 2203 - C. Lenard - 2 pages E - Amendments to HB 2203 - Legislative Counsel - 5 pages

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