

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

SENATE COMMITTEE ON
TELECOMMUNICATIONS AND CONSUMER AFFAIRS

April 30, 1991Hearing Room B
1:00 p.m.Tape 50 - 51

MEMBERS PRESENT:Senator Jolin, Chair
 Senator Otto, Vice-Chair
 Senator Kennemer
 Senator Bunn
 Senator Shoemaker

STAFF PRESENT: Cherie Copeland, Committee Administrator
 Apryl Poff, Committee Assistant

MEASURES HEARD: SB 1208 State telecommunications policy, PUB.

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PUBLIC HEARING.
TAPE 50, SIDE A

005 CHAIR JOLIN: Calls the hearing to order at 1:14 p.m.

SB 1208, STATE TELECOMMUNICATIONS POLICY, PUB.

Witnesses: Gary Wilhelms, US WEST Communications.
 Senator Scott Duff.
 Ron Eachus, Public Utility Commission.
 Oren Floyd, United Telephone.
 Ken Maddox, Software Association of Oregon.

015 SENATOR DUFF: Submits and summarizes written testimony in favor of SB 1208 (EXHIBIT A).

Our state needs to be part of the global village. It's essential that Oregon be connected electronically to every corner of the globe from every corner of our state. My goal with this legislation is to enable every corner of this state to have the highest technical communication systems possible. Communications networks are the highways of the future.

050 Access and development of this network for every Oregonian is the goal this bill wants to achieve. Another integral part of this legislation is that the state communications network must be used to leverage and expand private development. Access to Oregon's government is denied to

many rural Oregonians.

I believe that we need a few work group meetings and another hearing to present the bill in final form.

110 OREN FLOYD: Submits and summarizes written testimony in favor of SB 120 8 (EXHIBIT B).

I believe that what we are trying to accomplish is clearly stated in Section 2 subsection 1. After this we get lost in assigning the PUC and the Executive Department responsibilities to collect information on the current state of telecommunications as related to the public switched network and the state's telecommunications networks, and to report that information to the Legislative Assembly on or before December 31, 1992. We view information broadly; it comes in numerous media and serves a wide variety of public and private purposes. The capability to access information and the easy transfer of information are critical to Oregon's goals: improved public education and health, better government services, economic growth, political awareness, efficiency and productivity, and reduced need for transportation.

225 All Oregonians should have an integrated private and public telecommunications infrastructure that provides affordable and timely access to voice, data and video information services. To achieve this goal we need to take bigger steps than those outlined in the remainder of the bill. More specifically, I would recommend the following:

- >Assess the current public switched telecommunications network and the state telecommunications network.

- >Evaluate the linkage between the telecommunications infrastructure and economic growth in Oregon.

- >Analyze the sources of future demand for more advanced telecommunications services.

- >Evaluate the relationship between progressive regulatory policy and the development of the telecommunications infrastructure.

- >Evaluate the financial implications of accelerating investment in the state's telecommunications infrastructure.

- >Identify the overall policy implications of evolving the universal service concept of simply providing low-cost basic services to a broader concept of providing universal access to "Information Age" services.

- >Identify opportunities to improve access to telecommunications-based educational programs.

- >Identify opportunities to strengthen the quality and cost-effectiveness of health care services that employ telecommunications.

It is my recommendation that SB 1208 be amended to assign responsibility to the Interim Trade and Economic Development Committee to study and make public policy legislative proposals for the 1993 legislative session with regard to the questions I have raised and within guidelines.

360 RON EACHUS: The reason that telecommunications infrastructure hasn't had the same attention as education and transportation is due to two factors.

>The telecommunications system is already a good system.

>Telecommunications is a private infrastructure and the others are publicly funded.

I think that with the industry and public representatives working together, we can begin to fill in the gaps mentioned above. This bill provides us a status, but no benchmarks or goals. What is really missing is a strategic plan and policy for the state of Oregon under which investments, regulation, and economic development occurs. The initial fiscal impact of this bill as written could require the PUC to hire 3 new staff people to do the report. The PUC doesn't want to be in the position of having to require the small telephone companies to provide this information. The PUC would like to see the small companies provide the information on a voluntary basis so that we don't have to require it.

TAPE 51 SIDE A

056 SENATOR KENNEMER: If we are really serious about this then we need a more inclusive process. Part of what we are looking for is creative stuff that would come from emerging technologies.

090 RON EACHUS: Section 2 (2) (a) (b) (c) and (d) are already done by the PUC. I would suggest a few things regarding this issue. First, allow the PUC as a "may" instead of a "shall" provide recommendations in the reports. I don't think that you can set objectives and goals for other than generally improving unless you have the policy and the strategic plan first. My concern is how extensive this legislation envisions us doing that report. If it's to be very extensive then we have two main concerns. First, are we the appropriate place for doing this? And second, the additional staffing that this legislation would make necessary.

197 CHAIR JOLIN: Ideally if you had some type of consulting firm, it is possible that you could obtain the money for that through the lottery without tapping into the general fund. The Trade and Economic Development committee could hire a consultant to study the issues. Then the committee could introduce legislation regarding this issue at the next legislative session. It makes very good sense to me for the PUC to primarily be the information gatherer.

240 RON EACHUS: I agree entirely. We believe that there needs to be another section added to this bill that would have a mechanism for establishing the overall policy and the strategic plan.

293 SENATOR SHOEMAKER: We need to decide where we want to get to, where we're short now, and then move from there to decide what pieces of specific data we really need to get us to where we want to go.

340 RON EACHUS: It isn't that easy to accomplish this. This would take a great deal of time and analysis. There are some general themes we have in terms of the type of access we want. The simple redefinition of the goal of the state of Oregon. Oregonians having access to this integrated public and private telecommunications structure with affordable and timely access to

voice, data and video information services is a major change. I think the most important lines in the bill are the ones that talk about the type of infrastructure that needs to be available to all Oregonians and that it is in terms of voice, video and data. I believe that a strategic plan is what's missing in this legislation.

420 SENATOR KENNEMER: One of the models is something like the blue ribbon panel that we had for Higher Ed. Something like that I believe would be an appropriate model. The need that I am hearing is that this bill needs to be a lot more comprehensive.

470 CHAIR JOLIN: I believe that in some point in the future if it's the committee's decision to pursue purchasing the abilities and the expertise of a consulting firm, I would hope that the industry, legislature, and the PUC would be willing to take a position on that.

485 RON EACHUS: I believe that we would support it. My opinion is that the PUC isn't the place for this bill. One of the things that we need to avoid is setting up a mechanism where we end up arguing over and spending time over regulation. We need to focus on what we want out of a telecommunication system. I would support any mechanism that is outside the PUC. I believe that the PUC should be involved if there is a committee review meeting.

TAPE 51 SIDE B

050 ED MORRISON: Refers to maps on Oregon telephone service areas' regulation status.

087 GARY WILHELMS: I would concur with the ideas that I have heard so far. We believe that this is a great idea but is lacking certain objectives and goals. On page 1 line 10 and 11 we would like to have inserted the "industry" in some way along with the Public Utility Commission in preparing the report. I don't feel comfortable having just a state agency making all of the decisions.

120 CHAIR JOLIN: Mr. Eachus stated that he felt uneasy about requiring your industry to provide all the paperwork. Maybe we should say that the PUC and the industry shall prepare a report.

143 GARY WILHELMS: The only disagreement that we have is on page 2 line 24-27. We would request that this be deleted. The reason for this concern is because much of that information is provided to the PUC already. This is proprietary information and shouldn't be on the public record.

165 SENATOR DUFF: The reason this was included was to make sure that when a fiber optic line is laid through a county, that people are aware that the network is going through that community and they have an opportunity to make sure that they can access that network.

174 GARY WILHELMS: US WEST would take any appropriate steps to maximize the use of the capacity on any fiber optic cable that we laid. There are a lot of competitors and consultants that would like access to proprietary information. We would concur that some entity

needs to be assigned the task of doing this. I would agree with Mr. Eachus in expressing concern over whether or not the Trade and Economic Development Committee is the appropriate organization to do that.

241 SENATOR DUFF: There are several states that have developed strategic plans. Are any of these plans ones that we could adopt and utilize within our own state?

250 GARY WILHELMS: I think that we would be remiss in the process if we didn't review what has gone on in the other state's. I think that we need to go through each state's plan and use the parts that are working when making policy for our state.

273 CHAIR JOLIN: Who do you feel would be appropriate entity to take care of this situation?

284 GARY WILHELMS: I agree with the PUC that if they are charged with this that they have more man power.

308 CHAIR JOLIN: Who do you feel would handle this situation best? And what would the composition look like?

332 GARY WILHELMS: I believe that this belongs in the Governor's office. That is my personal belief and not the belief of US WEST Communications. Aside from the Governor's office, I would opt for the Department of Economic Development. There may be other entities in the government, or maybe one should be created for it.

394 SENATOR SHOEMAKER: Once we figure out where to go with this, then where do we get the money to do it? In this biennium of Measure 5 there probably won't be very much new money within the lottery budget or anywhere else to fund what needs to be done in any adequate way. Do you have any thoughts on how that may be accomplished?

404 GARY WILHELMS: I don't really know. There are ways it can be pursued and we will figure it out when the time comes. I believe that we need to prioritize this high enough to where it would be in the running for some of the limited resources that are available in state government. My first priority would be that this legislature identify telecommunications policy and objectives as a high enough priority to make the cut to get state funds for this purpose.

482 KEN MADDOX: It seems to us as an industry that it would be ideal if there was telecommunication infrastructure in the state that included the ability for the public and business to easily and readily access state information and database information resources to learn about events in a timely fashion.

TAPE 51 SIDE B

035 KEN MADDOX: There should also be some way of learning by exchanging information among members of the same industry. We are very supportive of SB 1208 and this type of initiative and we

think it would be worthwhile to include these kinds of efforts in a telecommunications initiative.

074 SENATOR DUFF: We need to maintain our international competitiveness. When we compare our system to other systems we can't just compare to one state, we need to compare nationwide. The information-based industries need the most advanced telecommunications we can provide.

105 CHAIR JOLIN: Adjourns hearing at 2:49 p.m.

Submitted by: Reviewed by:

Apryl Poff	Cherie Copeland
Assistant	Committee Administrator

EXHIBIT LOG:

- A - Written testimony submitted by Senator Duff, 3 pages.
- B - Written testimony submitted by Oren Floyd, 4 pages.