
SUBSTITUTE SENATE BILL 6572

State of Washington 63rd Legislature 2014 Regular Session

By Senate Ways & Means (originally sponsored by Senator Braun)

READ FIRST TIME 02/27/14.

1 AN ACT Relating to the expenditure limit for the state universal
2 communications services program; amending RCW 80.36.650; amending 2013
3 2nd sp.s. c 8 s 201 (uncodified); and providing an effective date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** 2013 2nd sp.s. c 8 s 201 (uncodified) is amended to read
6 as follows:

7 (1) The legislature finds that:

8 (a) The benefit that all consumers and communications providers
9 derive from connection to the legacy public telephone network is
10 enhanced by a universal service program that enables as many consumers
11 to be connected to the public network as possible; and

12 (b) Consumers in all areas of the state should continue to have
13 access to communications services at reasonable rates.

14 (2) The state has long relied on incumbent local exchange carriers
15 to provide a ubiquitous incumbent public network as carriers of last
16 resort. Significant changes are occurring in the communications
17 marketplace, including: (a) The migration from customer reliance on
18 access lines for voice service to the use of broadband for a number of
19 communications applications; and (b) changes in federal regulations

1 governing: How communications providers compensate other providers for
2 the use of the network; and eligibility for federal universal service
3 funds. These changes are adversely affecting the ability of some
4 communications providers to continue to offer communications services
5 in rural areas of the state of Washington at rates that are comparable
6 to those prevailing in urban areas. These changes, absent explicit
7 federal and state universal service support for such communications
8 providers, may lead, in the short term, to unreasonable telephone
9 service rate increases or cessation of service for some Washington
10 consumers. Therefore, it is in the best interest of the state to
11 ensure that incumbent local exchange carriers are able to continue to
12 provide services as the carrier of last resort.

13 (3) The changes in the communications marketplace result in a
14 revenue shortfall of greater than five million dollars for rural
15 incumbent local exchange carriers in this state.

16 (4) As a result of the foregoing and to enable all consumers in
17 Washington to access and benefit from a ubiquitous public network, the
18 legislature intends to create a targeted and temporary universal
19 service program that supports the legacy public telephone network of
20 Washington's smaller incumbent communications providers and ensures
21 access to the network during this transition to broadband services, is
22 operated in a transparent manner pursuant to rules adopted by the
23 utilities and transportation commission, and advances universal service
24 in a manner not inconsistent with the requirements of 47 U.S.C. Sec.
25 254, the federal telecommunications act of 1996.

26 **Sec. 2.** RCW 80.36.650 and 2013 2nd sp.s. c 8 s 203 are each
27 amended to read as follows:

28 (1) A state universal communications services program is
29 established. The program is established to protect public safety and
30 welfare under the authority of the state to regulate telecommunications
31 under Article XII, section 19 of the state Constitution. The purpose
32 of the program is to support continued provision of basic
33 telecommunications services under rates, terms, and conditions
34 established by the commission during the time over which incumbent
35 communications providers in the state are adapting to changes in
36 federal universal service fund and intercarrier compensation support.

1 (2) Under the program, eligible communications providers may
2 receive distributions from the universal communications services
3 account created in RCW 80.36.690 in exchange for the affirmative
4 agreement to provide continued services under the rates, terms, and
5 conditions established by the commission under this chapter for the
6 period covered by the distribution. The commission must implement and
7 administer the program under terms and conditions established in RCW
8 80.36.630 through 80.36.690. Expenditures for the program (~~may not~~
9 ~~exceed~~) must be five million dollars per fiscal year less the
10 administrative costs appropriated to the commission to administer the
11 program established in subsection (1) of this section in the omnibus
12 operating appropriations act.

13 (3) A communications provider is eligible to receive distributions
14 from the account if:

15 (a) The communications provider is: (i) An incumbent local
16 exchange carrier serving fewer than forty thousand access lines in the
17 state; or (ii) a radio communications service company providing
18 wireless two-way voice communications service to less than the
19 equivalent of forty thousand access lines in the state. For purposes
20 of determining the access line threshold in this subsection, the access
21 lines or equivalents of all affiliates must be counted as a single
22 threshold, if the lines or equivalents are located in Washington;

23 (b) The customers of the communications provider are at risk of
24 rate instability or service interruptions or cessations absent a
25 distribution to the provider that will allow the provider to maintain
26 rates reasonably close to the benchmark; and

27 (c) The communications provider meets any other requirements
28 established by the commission pertaining to the provision of
29 communications services, including basic telecommunications services.

30 (4)(a) Distributions to eligible communications providers are based
31 on a benchmark established by the commission. The benchmark is the
32 rate the commission determines to be a reasonable amount customers
33 should pay for basic residential service provided over the incumbent
34 public network. However, if an incumbent local exchange carrier is
35 charging rates above the benchmark for the basic residential service,
36 that provider may not seek distributions from the fund for the purpose
37 of reducing those rates to the benchmark.

1 (b) To receive a distribution under the program, an eligible
2 communications provider must affirmatively consent to continue
3 providing communications services to its customers under rates, terms,
4 and conditions established by the commission pursuant to this chapter
5 for the period covered by the distribution.

6 (5) The program is funded from amounts deposited by the legislature
7 in the universal communications services account established in RCW
8 80.36.690. The commission must operate the program within amounts
9 appropriated for this purpose and deposited in the account.

10 (6) The commission must periodically review the accounts and
11 records of any communications provider that receives distributions
12 under the program to ensure compliance with the program and monitor the
13 providers' use of the funds.

14 (7) The commission must establish an advisory board, consisting of
15 a reasonable balance of representatives from different types of
16 communications providers and consumers, to advise the commission on
17 any rules and policies governing the operation of the program.

18 (8) The program terminates on June 30, 2019, and no distributions
19 may be made after that date.

20 (9) This section expires July 1, 2020.

21 NEW SECTION. **Sec. 3.** This act takes effect July 1, 2014.

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