

Individual State Agency Fiscal Note

Bill Number: 1454 HB	Title: Competitive telecomm.	Agency: 215-Utilities and Transportation Commission
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.2	1.3	0.8	1.3	1.3
Account					
Public Service Revolving Account-State 111-1	41,251	185,062	226,313	370,124	370,124
Total \$	41,251	185,062	226,313	370,124	370,124

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Emily Poole	Phone: 360-786-7106	Date: 01/23/2023
Agency Preparation: Amy Andrews	Phone: 360-481-1335	Date: 01/25/2023
Agency Approval: Amy Andrews	Phone: 360-481-1335	Date: 01/25/2023
OFM Review: Tiffany West	Phone: (360) 890-2653	Date: 01/26/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Sec 1 - Amend 80.36.320 - (Public Utilities - Telecommunications - classification of competitive telecommunications companies).

(1) Adds technologies other than traditional landline telephone service to commission competitive telecommunications companies classification process.

(3) Adds lack of effective competition when considering revocation of waivers granted by commission.

(6) Allows an incumbent local exchange carrier to elect to be classified as a competitive telecommunications company by providing written notice to the commission, without approval by the commission, if the carrier is operating under an alternative form of regulation (AFOR) plan under RCW 80.36.135 and the carrier does not receive universal communications services program distributions under RCW 80.36.650. Once competitive classification has been elected under this subsection, the company's alternative form of regulation will automatically terminate. Only one company, CenturyLink DBA Lumen (five operating companies), is currently under an AFOR.

(7) Adds new subsection specifying that for three years after a company is classified as competitive under subsection (6), it will maintain uniform rates for stand-alone business and residential service and will continue to tariff public safety network services to state and county entities necessary for routing and transmission of emergency service calls. After three years, the company may charge higher prices in some areas and lower prices in others, without commission approval.

(8) Adds new subsection specifying that if a company is classified as competitive under subsection (6), for one year it may not seek to discontinue flat-rate stand-alone residential or business exchange services throughout an entire wire center. After one year, a company may petition the commission to remove this restriction to one or more wire center, effectively seeking to remove the company's obligation to serve all customers within its service territory. The proceeding must: be completed within six months of the petition filing date and be approved if the petitioner can establish: (i) in the subject wire center, at least two other voice service providers, regardless of the technology used, (ii) presence of a service provider that has undertaken a state or federal obligation to provide communications service; or (iii) that its retail market share of voice service is less than 50 percent in a wire center.

The bill would require a simple rulemaking related to the petitions seeking to discontinue service to one or more wire centers. A rulemaking would be necessary to address process not included in legislation and to address ambiguities in the law.

One year after a company is classified as competitive under subsection (6) it may petition the Commission to discontinue business or residential service throughout an entire wire center. The Commission must analyze each petition and complete its proceeding within six months. Commission rules nor company tariffs contain "wire center". CenturyLink may internally have several wire centers within each exchange. Staff does not have this information. Without this information, staff assumes that "wire center" is the equivalent of an exchange. The five CenturyLink companies consist of 165 exchanges and this company presumably has at least 165 wire centers. Staff assumes that CenturyLink will file a petition biannually and each petition will consist of 15 exchanges and will take 1,040 hours of analysis and outreach (consistent with analyzing and processing SUSF petitions).

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

The bill does not authorize additional revenue to be collected above current statutory maximum.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Simple rulemaking related to the petitions seeking to discontinue service. The rulemaking would address process not included in legislation and to address ambiguities in the law. FY 2024 one-time cost \$41,251

(Administrative Law Judge, 0.06 FTE; Director Regulatory Services, 0.02 FTE; Deputy Director Regulatory Services, 0.02 FTE; Policy Advisor, 0.02 FTE; Deputy Asst. Director Regulatory Services, 0.02 FTE; Regulatory Analyst 2, 0.03 FTE; Regulatory Analyst 3, 0.04 FTE; Asst. Director, Policy, 0.02 FTE)

Petition Review and Analysis beginning in FY 2025. Ongoing \$185,062 cost may continue each year. This analysis will be necessary for each wire center that a company seeks to discontinue flat-rate stand-alone residential or business exchange service. A company may file several petitions, with one or more wire centers, each year, and each proceeding must be completed within six months. The frequency and duration will require additional Commission resources. In the future, other high-cost telephone companies may seek an AFOR and would be able to utilize this process.

(Deputy Director – Regulatory Services, FTE 0.02; Section Manager – Regulatory Services, FTE 0.14; Regulatory Analyst 3, FTE 1.00; Administrative Law Judge, FTE 0.06; Cons Prog Spec 3, FTE 0.08)

To fund the work required in this bill, the commission would need to raise regulated fees on all regulated telecommunication companies from .2 percent to the maximum .4 percent of gross revenues authorized by statute.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
111-1	Public Service Revolving Account	State	41,251	185,062	226,313	370,124	370,124
Total \$			41,251	185,062	226,313	370,124	370,124

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.2	1.3	0.8	1.3	1.3
A-Salaries and Wages	24,661	122,491	147,152	244,982	244,982
B-Employee Benefits	8,631	42,872	51,503	85,744	85,744
C-Professional Service Contracts					
E-Goods and Other Services	7,959	19,699	27,658	39,398	39,398
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	41,251	185,062	226,313	370,124	370,124

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Administrative Law Judge	119,088	0.1	0.1	0.1	0.1	0.1
Asst. Director, Policy	110,064	0.0		0.0		
Cons Prog Spec 3	68,076		0.1	0.0	0.1	0.1
Deputy Asst Director Regulatory Services	101,136	0.0		0.0		
Deputy Director Regulatory Services	117,996	0.0	0.0	0.0	0.0	0.0
Director Regulatory Services	134,532	0.0		0.0		
Policy Advisor	100,008	0.0		0.0		
Regulatory Analyst 2	82,896	0.0		0.0		
Regulatory Analyst 3	93,840	0.0	1.0	0.5	1.0	1.0
Section Manager Regulatory Services	97,860		0.1	0.1	0.1	0.1
Total FTEs		0.2	1.3	0.8	1.3	1.3

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

New rules would be necessary to outline petition requirements, definitions, and timelines in WAC 480-120.