STAND. COM. REP. NO. 625

Honolulu, Hawaii

Fe-> 24, 2009

H.B. No. 254 RE:

H.D. 1

Honorable Calvin K.Y. Sav Speaker, House of Representatives Twenty-Fifth State Legislature Regular Session of 2009 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 254 entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC UTILITIES,"

begs leave to report as follows:

The purpose of this bill is to promote competition in the telecommunications marketplace by requiring the Public Utilities Commission (PUC) to treat land-line phone services as "fully competitive" with regard to costs, rates, and pricing, in essence deregulating these phone services to bolster competition with other forms of telecommunications.

The Chamber of Commerce of Hawaii, Enterprise Honolulu, International Brotherhood of Electrical Workers Local Union 1357, and Hawaiian Telcom testified in support of this bill. Sprint Nextel opposed this measure. The Consumer Advocate, PUC, and AT&T provided comments.

Under subchapter 3 of Chapter 6-80, Hawaii Administrative Rules, telecommunications services are classified as "fully competitive, " "partially competitive, " or "noncompetitive, " with varying degrees of regulation over costs, rates, and pricing. Under these categories, the incumbent local exchange carrier, Hawaiian Telcom, is subject to regulations designed to increase market competition. However, today's consumers can obtain phone services from a wide variety of wireless and voice-over-internet protocol providers that are not subject to the same level of



regulation. This bill seeks to update Hawaii's regulatory framework for telecommunications to create market parity among all phone service providers.

Your Committee has amended this bill by replacing references to "switched access service" or like terms with "local exchange intrastate service" or like terms, to clarify that this bill is not intended to cover local exchange carrier services for long distance carriers.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 254, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 254, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on behalf of the members of the Committee on Consumer Protection & Commerce,

ROBERT N. HERKES, Chair

State of Hawaii House of Representatives The Twenty-fifth Legislature



Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.:	Committee Referral:		Date:		
нв 254	CPC		2/2/09		
☐ The committee is reconsidering its previous	ious decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)					
CPC Members	Ayes	Ayes (WR)	Nays	Excused	
1. HERKES, Robert N. (C)					
2. WAKAI, Glenn (VC)					
3. BELATTI, Della Au		10 min			
4. CABANILLA, Rida					
5. CARROLL, Mele		177			
6. ITO, Ken					
7. KARAMATSU, Jon Riki					
8. LUKE, Sylvia					
9. McKELVEY, Angus L.K.					
10. MIZUNO, John M.					
11. MORITA, Hermina M.					
12. SOUKI, Joseph M.			7		
13. TSUJI, Clift					
14. MARUMOTO, Barbara C.					
15. THIELEN, Cynthia				an allo survei en	
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TOTAL (15)	12	$ \mathscr{D} $	P	3	
The recommendation is: Add	opted	did not supp	oort recommendation	1.	
Vice Chair's or designee's signature:	XXX		~~~		
Distribution: Original (White) – Commi	ttee Dyplicate (Yellow) -	Chief Clerk's Offic	e Duplicate (F	Pink) – HMSO	
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