

Honolulu, Hawaii

MAR 27 2009

RE: H.B. No. 254
H.D. 1
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Economic Development and Technology, to which was referred H.B. No. 254, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to promote competition in the telecommunications marketplace by requiring the Public Utilities Commission 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.

Testimony in support of this measure was submitted by Hawaiian Telcom and The Chamber of Commerce of Hawaii. Testimony in opposition of this measure was submitted by Time Warner Telecom. Comments on this measure were submitted by the Public Utilities Commission. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that advances in technology make wireless and Voice over Internet Protocol (VIP) telephone services a reasonable substitute for traditional land line, or switched access, service for many consumers. Your Committee also finds that this measure will help to create a level playing field for telecommunications service providers, including wireless and VIP providers who are not currently regulated by the Public Utilities Commission. However, many consumers, especially low-income



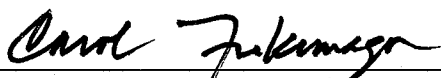
consumers and those in remote areas, remain dependent on switched access. Your Committee further finds that important services, such as lifeline telephone rates, carrier of last resort services, and service quality standards remain essential to the operation of switched access providers.

Your Committee has amended this measure by:

- (1) Adding that a telecommunications carrier shall not be required to obtain approval to establish or modify its rates, fares, and charges, or to bundle any service offerings into a single price package;
- (2) Adding that the local incumbent exchange carrier, except upon obtaining commission approval, shall not charge any rate for a service above the rate in the carrier's filed tariff;
- (3) Exempting the application of this measure to retail or wholesale rates for services to end users or other telecommunication providers; and
- (4) Clarifying that this measure shall not modify any requirements of telecommunication carriers to provide lifeline telephone service, comply with carrier of last resort obligations, or comply with service quality standards.

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

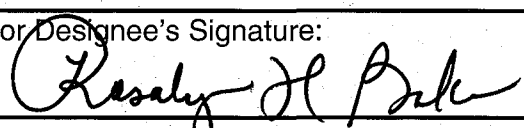
Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Technology,


CAROL FUKUNAGA, Chair



The Senate
 Twenty-Fifth Legislature
 State of Hawaii

Record of Votes
Committee on Economic Development and Technology
EDT

Bill / Resolution No.:* HB 254, HD1	Committee Referral: EDT, CPN	Date: 3-20-09		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
FUKUNAGA, Carol (C)	✓			
BAKER, Rosalyn H. (VC)	✓			
HEE, Clayton				✓
IGE, David Y.	✓			
SLOM, Sam	✓			
TOTAL	4	-	-	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes