
A BILL FOR AN ACT

RELATING TO PUBLIC UTILITIES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that competition in the
2 telecommunications market is robust. Consumers have many
3 choices when deciding how to communicate: traditional land-line
4 telephony, voice over internet-protocol, and wireless phone
5 service.

6 The legislature further finds that advances in voice over
7 internet-protocol and wireless phone services make these
8 technologies a viable substitute for traditional land-line
9 telephony. These services currently provide 9-1-1 capability,
10 number portability, reliable service, and extensive network
11 coverage. Even though some federal and state regulators feel
12 these new technologies, especially wireless phone service, can
13 never replace the traditional land-line phone for casual and
14 emergency communication needs, many consumers do not share this
15 same view. According to the Federal Communications Commission,
16 the number of lines of Hawaii's incumbent local exchange carrier
17 decreased from 735,459 in 2001 to only 541,030 in 2007. The
18 number of wireless subscribers in Hawaii, however, increased



1 from 595,721 to 1,096,181 over the same period. While some
2 consumers subscribing to wireless phone service maintain their
3 land-line or wired phone service, other consumers are
4 subscribing to wireless service as a true alternative and thus
5 are disconnecting their land-line service. Hawaii is not
6 unique; this telecommunication market trend is similar across
7 the United States.

8 The legislature further finds that competition in Hawaii's
9 telecommunications market is not a level playing field; the
10 incumbent local exchange carrier is highly regulated, while
11 other telecommunications service providers do not share the same
12 level of regulation. Although the incumbent local exchange
13 carrier continues to maintain the majority of lines, this
14 dominance of market share does not take into account the
15 meteoric rise of wireless subscribers and voice over internet-
16 protocol service. In order to determine competition in a modern
17 telecommunications market, all types of services need to be
18 evaluated for their effects in the marketplace.

19 The purpose of this Act is to require the public utilities
20 commission to treat local exchange intrastate service as fully
21 competitive in order for the local exchange carrier to compete
22 with new technology and advanced service.



1 SECTION 2. Chapter 269, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§269- Local exchange intrastate services; fully
5 competitive. After July 1, 2009, the public utilities
6 commission shall treat the State's local exchange intrastate
7 services, under the commission's classification of services
8 relating to costs, rates, and pricing, as fully competitive and
9 apply all commission rules in accordance with that designation."

10 SECTION 3. New statutory material is underscored.

11 SECTION 4. This Act shall take effect upon its approval.



Report Title:

Public Utilities; Local Exchange Intrastate Service; Competition

Description:

Requires the public utilities commission to treat local exchange intrastate services as fully competitive. (HB254 HD1)

