

STAND. COM. REP. NO.

625

Honolulu, Hawaii

Feb 24, 2009

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

Honorable Calvin K.Y. Say
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

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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



