

ACT 229

S.B. NO. 991

A Bill for an Act Relating to Telecommunications.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Section 269-16.85, Hawaii Revised Statutes, is amended to read as follows:

**“§269-16.85 Retail intrastate services; fully competitive.** (a) Notwithstanding section 269-16.9 or any other law to the contrary, the public utilities commission shall treat retail intrastate telecommunications services, under the commission’s classification of services relating to costs, rates, and pricing, as fully competitive and apply all commission rules in accordance with that designation. In addition, a telecommunications carrier shall not be required to obtain approval or provide any cost support or other information to establish or otherwise modify in any manner its retail intrastate telecommunications service rates, fares, [and] charges, and terms and conditions, or to bundle any service offerings into a single or combined price package[; provided that a telecommunications carrier, except upon receiving the approval of the commission, shall not charge a higher rate for any retail telecommunications basic exchange service than the rate for the same service included in the telecommunications carrier’s filed tariff.] and shall not be subject to sections 269-16 and 269-39; provided that on an annual basis, the monthly rate increase for basic exchange service in any county with a population of less than five hundred thousand shall not exceed \$6.50 without the public utilities commission’s approval. All rates, fares, charges, [and] bundled service offerings, and service terms and conditions shall be filed with

~~the public utilities commission for information purposes only.] posted on the local exchange carrier's website.~~

(b) This section shall apply to retail rates charged for service to end-user consumers only and shall not apply to wholesale rates charged for services provided by a telecommunications carrier to another telecommunications provider, a wireless communications provider, a voice over internet protocol communications provider, or other similar communications provider.

(c) Nothing herein shall modify any requirements of a telecommunications carrier to provide lifeline telephone service, comply with carrier of last resort obligations, or comply with applicable service quality standards.

(d) Notwithstanding section 269-17, any telecommunications service provider providing fully competitive retail services shall not be required to seek commission approval for the issuance of stocks, stock certificates, bonds, notes, and other evidences of indebtedness; provided that the telecommunications service provider notifies the public utilities commission, with a copy to the consumer advocate, of all issuances upon execution of the transaction.

(e) Notwithstanding section 269-19, any telecommunications service provider providing fully competitive retail services shall not be required to seek commission approval for the sale, lease, mortgage, assignment, or other disposition or encumbrance of the whole or any part of its road, line, plant, system, or other property; provided that any telecommunications service provider shall not, directly or indirectly, merge or consolidate with any other public utility without first having secured from the public utilities commission an order authorizing the provider to do so.

(f) Notwithstanding section 269-9, any telecommunications service provider providing fully competitive retail services shall not be required to file accident reports with the commission."

SECTION 2. Section 269-17.5, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

"(c) No more than twenty-five per cent of the issued and outstanding voting stock of a corporation organized under the laws of the State and who owns, controls, operates, or manages any plant or equipment, or any part thereof, as a public utility within the definition set forth in section 269-1 shall be held, whether directly or indirectly, by any single foreign corporation or any single nonresident alien, or held by any person, unless prior written approval is obtained from the public utilities commission, or unless a transaction is exempt. An exempt transaction is:

- (1) Any purchase or sale by an underwriter; [or]
- (2) Any transaction involving a public utility providing basic exchange service to every county in the State that consists of less than fifty per cent of the issued and outstanding voting stock of a corporation organized under the laws of the State; or

- [(2)] (3) A transaction to acquire shares of a corporation with less than one hundred shareholders and less than \$1,000,000 in assets.

Every assignment, transfer, contract, or agreement for assignment or transfer of any shares in violation of this section shall be void and of no effect; and no such transfer shall be made on the books of the corporation. Nothing herein shall be construed to make illegal the holding of stock lawfully held, directly or indirectly, prior to June 4, 1977."

SECTION 3. Section 269-19.5, Hawaii Revised Statutes, is amended by amending subsection (h) to read as follows:

“(h) Transactions between affiliated Hawaii based utilities, and any transactions by public utilities providing basic exchange service to every county in the State, shall be exempt from the provisions of this section.”

SECTION 4. Section 269-38, Hawaii Revised Statutes, is amended to read as follows:

**“~~[[~~§269-38~~]]~~ Regulatory flexibility for effectively competitive services.** The commission may allow telecommunications carriers to have pricing flexibility for services that the commission finds are effectively competitive; provided that ~~[the rates for:~~

- ~~(1) Basic telephone service and for services that are not effectively competitive are cost-based and remain just, reasonable, and nondiscriminatory; and~~
- ~~(2) Universal]~~ universal service is preserved and advanced.”

SECTION 5. Section 269-40, Hawaii Revised Statutes, is amended to read as follows:

**“~~[[~~§269-40~~]]~~ Access to advanced services.** The commission shall ensure that all consumers are provided with nondiscriminatory, reasonable, and equitable access to high quality telecommunications network facilities and capabilities that provide subscribers with sufficient network capacity to access information services that provide a combination of voice, data, image, and video[; and that are available at just, reasonable, and nondiscriminatory rates that are based on reasonably identifiable costs of providing the services].”

SECTION 6. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 7. This Act shall take effect upon its approval.

(Approved July 2, 2019.)