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# 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.** (a) Notwithstanding section 269-16.9 or any other  
6 law to the contrary, the public utilities commission shall  
7 classify the State's local exchange intrastate  
8 telecommunications services as fully competitive under the  
9 commission's classifications of services related to costs,  
10 rates, and pricing. In addition, a telecommunications carrier  
11 shall not be required to obtain approval or provide any cost  
12 support or other information to establish or otherwise modify in  
13 any manner its rates, fares, and charges, or to bundle any  
14 service offerings into a single or combined price package;  
15 provided that with respect to basic residential service the  
16 local incumbent exchange carrier, except upon obtaining  
17 commission approval, shall not charge any rate for a service  
18 above the rate for the service included in the local incumbent  
19 exchange carrier's filed tariff. All rates, fares, charges, and  
20 bundled service offerings shall be filed with the public  
21 utilities commission for information purposes only.

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

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

12        SECTION 3. New statutory material is underscored.

13        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. (SD1)