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# A BILL FOR AN ACT

RELATING TO TELECOMMUNICATIONS.

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

1           SECTION 1. Section 269-16.85, Hawaii Revised Statutes, is  
2 amended to read as follows:  
3           "**§269-16.85 Retail intrastate services; fully competitive.**  
4 (a) Notwithstanding section 269-16.9 or any other law to the  
5 contrary, the public utilities commission shall treat retail  
6 intrastate telecommunications services, under the commission's  
7 classification of services relating to costs, rates, and  
8 pricing, as fully competitive and apply all commission rules in  
9 accordance with that designation. In addition, a  
10 telecommunications carrier shall not be required to obtain  
11 approval or provide any cost support or other information to  
12 establish or otherwise modify in any manner its retail  
13 intrastate telecommunications service rates, fares, [~~and~~]  
14 charges, and terms and conditions, or to bundle any service  
15 offerings into a single or combined price package [~~provided~~  
16 ~~that a telecommunications carrier, except upon receiving the~~  
17 ~~approval of the commission, shall not charge a higher rate for~~  
18 ~~any retail telecommunications basic exchange service than the~~



1 ~~rate for the same service included in the telecommunications~~  
2 ~~carrier's filed tariff.]~~ and shall not be subject to sections  
3 269-16 and 269-39; provided that on an annual basis, the monthly  
4 rate increase for basic exchange service in any county with a  
5 population of less than five hundred thousand shall not exceed  
6 \$6.50 without the public utilities commission's approval. All  
7 rates, fares, charges, [~~and~~] bundled service offerings, and  
8 service terms and conditions shall be [~~filed with the public~~  
9 ~~utilities commission for information purposes only.]~~ posted on  
10 the local exchange carrier's website.

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

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



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

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

19        (f) Notwithstanding section 269-9, any telecommunications  
20 service provider providing fully competitive retail services



1 shall not be required to file accident reports with the  
2 commission."

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

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

14 An exempt transaction is:

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



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

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

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

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

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

18        "[+]§269-38[+] **Regulatory flexibility for effectively**  
19 **competitive services.** The commission may allow  
20 telecommunications carriers to have pricing flexibility for



1 services that the commission finds are effectively competitive;  
2 provided that ~~[the rates for:~~

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

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

10 "~~[+] §269-40 [+] Access to advanced services. The~~  
 11 commission shall ensure that all consumers are provided with  
 12 nondiscriminatory, reasonable, and equitable access to high  
 13 quality telecommunications network facilities and capabilities  
 14 that provide subscribers with sufficient network capacity to  
 15 access information services that provide a combination of voice,  
 16 data, image, and video~~[, and that are available at just,~~  
 17 ~~reasonable, and nondiscriminatory rates that are based on~~  
 18 ~~reasonably identifiable costs of providing the services]."~~

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

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



**Report Title:**

Telecommunications; Basic Exchange Service; Pricing Flexibility;  
Sale, Lease, Encumbrance of Assets; Financing; Affiliate  
Transactions; Issuance of Stock

**Description:**

Caps annual utility rate increases without PUC approval for counties with a population of less than 500,000. Provides telecommunications service providers with flexibility from certain regulatory oversight requirements including issuance of securities and other evidences of indebtedness, and sales or disposition of property or equipment, if the utility is providing fully competitive retail services and specific conditions are met. Specifies other requirements related to flexibility for telecommunications service providers. (CD1)

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