

HB

557

SENATE COMMITTEE REPORT

DATE: 5/2/90

FURTHER:

DATE TURNED INTO OFFICE: 5/4/90

L & C Committee considered CSHB 557 (L&C)
Telephone services for the deaf and hard of hearing.

and recommended:

- replace with _____ CS _____
 - or adopt _____ CS _____
 - attached amendment(s)
 - _____ letter of intent adopted
- same title
 - new title
 - technical title change (HB only)

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):

fiscal note(s) _____
Dept/Date: _____

zero fiscal note(s) _____

appropriation-no fiscal note

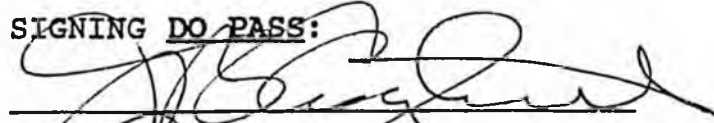
APPROVES PREVIOUS:

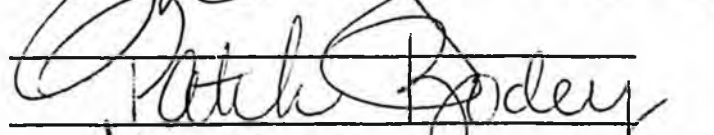
fiscal note(s) _____
Dept/Date: _____

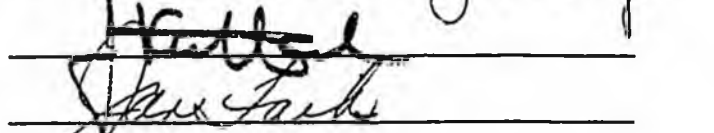
zero fiscal note(s) _____
House. State Affairs 4/2/90


Governor's bill w/fiscal note

SIGNING DO PASS:









OTHER RECOMMENDATIONS:

Chair: Signature and Recommendation

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Telephone Service for the
Hearing Impaired
Sponsor: H.A. "Red" Boucher
Requestor: _____

Agency Affected: APUC
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact.

Prepared by: House State Affairs
Division: _____
Approved by Commissioner: H. A. "Red" Boucher
Agency: _____

Phone: 465-4963
Date: 4/2/90
Date: 4/2/90

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)



Representative H.A. "Red" Boucher

1

Chairman House Committee on State Affairs • Special Committee on Telecommunications
Member Labor & Commerce Committee • Chairman Commission on the Future of the Permanent Fund

SPONSOR STATEMENT

CS for House Bill 557 (L&C)

TELEPHONE SERVICE FOR THE DEAF AND HARD OF HEARING

This bill was introduced at the request of members of the deaf and hard of hearing community in the hope of improving communications between individuals who are deaf and/or hard of hearing and members of the hearing community.

It's not hard to understand the importance of telecommunications to the Deaf community. Hearing people, whether at home, in business, or leisure take unlimited telephone access for granted. Deaf people cannot.

Because only a fraction of individuals, homes, businesses and agencies still have easy access to a TTY (teletypewriter), a telephone relay service (TRS) is one practical solution to an old problem.

HOW A TELEPHONE RELAY SERVICE (TRS) WORKS:

- Currently, many deaf and hard of hearing customers use TDD's (telecommunications devices for the deaf) to communicate by telephone. But without relay services, these customers can communicate only with other individuals who also have such equipment.

With the relay system, a customer will be able to make a call by typing a message on a TDD or Computer and transmitting it to a specially-trained operator with similar equipment. The operator receiving the electronic message then orally communicates the message to the person being called.

Conversely, any person will be able to dial the dual-party relay center to call a hearing- or speech-impaired customer. The relay operator would transmit the caller's message electronically to the customer's TDD or computer.

ADDITIONAL DISCUSSION POINTS

- ATU estimates the surcharge added to each customer's bill not to exceed \$.40 per month per subscriber/customer.
- There are approximately 4,000 deaf and/or hard of hearing individuals in Alaska, although as the state with the highest otitis media per capita affliction in the Nation, the numbers could be higher for rural Alaska.
- This bill has the full support of the State Department of Vocational Rehabilitation, Alaska Telephone Association and its entire membership; the Anchorage Telephone Utility; the Alaska Public Utilities Commission; Louise Rude Center for Blind and Deaf Adults; Alaska Association of the Deaf and the Alaska State Housing Authority.
- The State Department of Vocational Rehabilitation serves approximately 3.7% of the deaf and hard of hearing community or, put another way, only 3.7% of the deaf or hard of hearing population is eligible for vocational rehabilitation. Funding received from the Federal and State governments goes strictly toward training for job placement and rehabilitation and only serves those individuals eligible for their services.
- The State of Texas recently elected to provide telephone service for the hearing impaired, bringing to twenty nine (29) the total number of states providing telephone service for the deaf and hard of hearing.



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BULLETIN

NARUC No. 17-1990

ARTICLES IN THIS BULLETIN

April 23, 1990

Page

COMMUNICATIONS

Texas PUC Selects Sprint Services to Provide Phone Services for : Hearing-Impaired and Speech-Impaired Customers	3
New Study Examines Telephone Deregulation Policies Throughout the United States	5
Washington UTC Forms E-911 Advisory Committee	21
Tour of GTE Cerritos: Fiber to the Home Trial to be Held in Conjunction with NARUC Summer Meetings	25
Colorado PUC Dismisses Proposed U S West Rate Increase	26

ELECTRICITY

Indiana URC Authorizes NIPSCO to Use Clean Coal Technology	20
Arizona Hearing Examiner Recommends to Reject APS Request	21
Florida PSC Renews Efforts to Develop a System for Evaluating Electric Utilities Performance	22
New Mexico PSC Orders \$2.9 Million Rate Decrease for PNM and \$1.86 Million Rate Increase for EPE	24
Texas PUC Approves CPL Interim Rate Increase as Part of Process that Could Save Ratepayers Millions	25

ENERGY

Wisconsin PSC Fighting to Prevent Further Cuts to Federal Low Income Energy Programs	20
---	----

ENVIRONMENTAL QUALITY

Senate Approves Clean Air Act; Title IV Contains Allowance Auctions	19
--	----

United States-Canada Annual Subscription Rate: \$90.00 First Class Mail

TEXAS PUC TO CONSIDER MODEL SETTLEMENT RULES

The Public Utility Commission of Texas (PUC) on March 21, approved the publication for public comment of new rules designed to produce orderly procedures by which parties to Commission cases can negotiate a resolution of contested issues.

Following a 30-day public comment period, the three-member Commission will consider adoption of the proposed rules in an open meeting.

The proposed rules are based heavily on model settlement guidelines proposed in 1989 by the NARUC Staff Subcommittee on Administrative Law Judges at the 12th Annual National Conference of Regulatory Attorneys.

Under the proposed rules, the Commission would require participants to submit evidence showing why any settlement is in the public interest. Additionally, parties opposed to settlements would be provided the opportunity to present their legal arguments and cross-examine witnesses of other parties.

At federal regulatory agencies and in most states, it is rare for utility rate cases to be litigated to the degree they recently have been litigated in Texas. Generally in other jurisdictions, parties reach agreement on at least some issues before cases go to hearing. Ratepayers in these jurisdictions benefit from case settlements through the reduction of litigation costs which they must pay.

TEXAS PUC SELECTS SPRINT SERVICES TO PROVIDE PHONE SERVICES FOR HEARING-IMPAIRED AND SPEECH-IMPAIRED CUSTOMERS

The Texas Public Utility Commission has selected Sprint Services to provide a statewide Dual-Party Relay Service that will enable hearing- and speech-impaired Texans to fully utilize the telephone network. The service will be available in all parts of the state by September 1, 1990.

Sprint Services is a subsidiary of United Telecommunications, which also owns US Sprint. Sprint Services began offering full operator services in April 1989. Texas will be the first state in which Sprint Services will provide statewide relay service.

In making the award, the Commission considered four factors required by law: the charge for the service, the service enhancements offered, the technological sophistication of the network, and the proposed date for beginning service. PUC Chairman Paul Meek said, "Sprint Services was judged to have submitted the proposal that best met these criteria and best served the needs of the hearing- and speech-impaired communities in Texas."

Hearing- and speech-impaired telephone customers currently use computers or TDDs (telecommunications devices for the deaf) to communicate by telephone. But without relay services, these customers can communicate only with other individuals who also have such equipment.

With the relay system, a customer will be able to make a call by typing a message on a TDD or Computer and transmitting it to a specially-trained operator with similar equipment. The operator receiving the electronic message then orally communicates the message to the person being called.

Conversely, any person will be able to dial the dual-party relay center to call a

hearing- or speech-impaired Customer. The relay operator would transmit the caller's message electronically to the customer's TDD or computer.

The legislation creating the statewide relay service funded it through an assessment on local and long-distance telephone companies, which may pass these costs on to their customers in a surcharge. The PUC staff estimates that if all the Costs are passed on to customers, the typical Texan would pay only about 64 cents a year.

A 13-member advisory committee established by the Legislature worked with the PUC staff to ensure that the relay system will meet user needs. The advisory committee was especially concerned about adequate operator training and public education on how to properly use the system.

Chairman Meek believes the advisory committee is providing valuable information while the dual-party relay service is being developed. "The creation of an advisory committee prior to development and implementation is helping to ensure that our relay service truly meets user needs," Chairman Meek said.

The advisory committee includes 11 representatives of various consumer advocacy organizations and two representatives of telephone utilities. In addition, two utility representatives assist the committee.

A \$1 million pilot relay system -- ordered by the PUC in the last GTE Southwest rate case -- is already serving thousands of hearing- and speech-impaired customers in the area around Dallas, Fort Worth, and Denton. Information obtained from the pilot project will be used to implement the statewide service.

VIRGINIA SCC APPROVES \$444,000 RATE INCREASE FOR UNITED CITIES GAS COMPANY

The Virginia State Corporation Commission (SCC) has approved an increase of approximately \$444,000 for Virginia customers of United Cities Gas Company. The increase is approximately \$732,000 less than the company originally requested.

The Commission also ordered the company to refund, with interest, the difference between the rate approved by the SCC and a higher interim rate which was placed into effect pending a final SCC decision. On December 1, 1989, the company implemented the interim rate which was designed to produce additional annual gross revenues of \$510,413.

The SCC order provides the company \$443,706 in additional revenue, an increase of 1.8 percent. For the purpose of setting rates, the SCC allowed the company the opportunity to earn a 13 percent return on common equity.

On June 22, 1989, United Cities Gas filed an application with the SCC requesting an increase of approximately \$1,176,000, or 4.7 percent.

SOUTHERN CONNECTICUT GAS ALLOWED 4.4 PERCENT RATE INCREASE BY CONNECTICUT DPUC

The Connecticut Department of Public Utility Control has approved a rate increase for the Southern Connecticut Gas Company of \$8.4 million (4.4%), its first increase in five years. The Company had requested an increase of \$17.0 million (9.4%).

The Decision orders the Company to redesign its rates in specific ways and submit them for DPUC review. The rate

Richard Smiley
DOE Child count
x 29 70

Dist. By Rep Boucher
Senate



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BULLETIN

NARUC No. 18-1990

ARTICLES IN THIS BULLETIN

April 30, 1990

	Page
COMMUNICATIONS	
Michigan PSC Authorizes Rate Increase for GTE	3
Michigan PSC Orders Telecommunications Relay System for the Hearing and Speech Impaired?	3
California PUC Authorizes AT&T-C Intrastate 800 Readyline Service	5
California PUC Ok's New and Modified Pacific Bell Services for Business	8
California PUC Sets 1990 Budget for Deaf and Disabled Telecommunications?	9
Michigan PSC Authorizes Michigan Bell Telephone Company to Implement Incentive Regulation Trial Plan	12
Nebraska PSC Implements Dial Party Relay System for Hearing Impaired?	14
California PUC Proposed Decision Seeks to Spur Competition in Cellular Phone Industry	14
Michigan PSC Announces New Electronic Mail and Bulletin Board Service	20
Nebraska PSC Releases 3rd Annual Report on Status of Telecommunications	21
FCC Commissioner Ervin S. Duggan Appointed to Federal- State Joint Boards	21
212 Area Code Faces Exhaustion of Telephone Numbers; New York PSC to Begin Proceeding to Resolve Problem	23
ELECTRICITY	
NARUC Report Examines Cost Effectiveness of Electric Power Options Available to Utility Customers	11
Michigan PSC Authorizes Refund to Electric Customers of Consumers Power Company	12
Advisory Benchmark Rate of Return for Electric Utilities Set at 11.85 Percent by FERC	24

MICHIGAN PSC AUTHORIZES RATE INCREASE FOR GTE

The Michigan Public Service Commission (MPSC) has authorized GTE North Incorporated (GTE) to increase its rates and charges by \$9,600,000 annually based on evidence identifying the cost of providing telephone service to Michigan customers. Chairperson William E. Long and Commissioner Ronald E. Russell voted for the order, while Commissioner Steven M. Fetter concurred in part and dissented in part.

The action, in the form of a settlement agreement:

- Reduces GTE's request for a \$22,044,000 annual rate increase to a \$9,600,000 annual rate increase;

- Reduces the Michigan Transition Mechanism paid on interstate switched access rates to GTE over a three-year period;

- Permits a range of rates for its toll services;

- Authorizes a range of rate of return on equity for a four-year trial period of 12% to 14% and prohibits GTE from requesting an increase in rates unless its return on equity is less than 12%. Return on equity exceeding 14% shall be shared by GTE's ratepayers and stockholders based upon the company meeting specified quality of service objectives.

- Authorizes GTE to offer Lifeline Telephone Service. Eligible residential customers will receive a monthly credit of \$2 to the regular charge for basic local telephone service and a waiver of \$2 of the Federal Subscriber Line Charge.

- Authorizes GTE to provide a dual party relay system for the hearing impaired;

- Eliminates the separate

itemization of the current \$.29 monthly end user charge on customer bills;

- Adopts a market area calling optional toll plan;

- Adopts local private line service rates.

Commissioner Fetter dissented from that portion of the agreement which calls for the utility to upgrade its service, because the agreement does not provide adequate incentives to assure quality improvement.

Typical residential customers will see their monthly basic exchange rates increase by approximately 26% effective with the March billing cycle.

This will result in additional costs of approximately \$2.22 per month, for a total annual increase of \$26.64. Commercial and industrial customers will also see an increase of approximately 7.5% in their monthly basic exchange rates. The last general rate increase authorized by the Commission for GTE was January 12, 1983. (Case No. U-9385)

MICHIGAN PSC ORDERS TELECOMMUNICATIONS RELAY SYSTEM FOR THE HEARING- AND SPEECH-IMPAIRED

The Michigan Public Service Commission (MPSC) has ordered local exchange telephone companies to establish, within 18 months, a single, statewide telecommunications relay system for hearing- and speech-impaired persons. The relay system provides the link for access by a hearing- or speech-impaired person to a hearing person through the telecommunications network. Using a telecommunications device for the deaf (TDD), a hearing- or speech-impaired person calls the relay system center. At

30 months while it monitors customer demand for various features and assesses pricing adjustments. Following the 30-month period, Pacific is expected to use this data to request CPUC approval of the service on a permanent basis.

CALIFORNIA PUC SETS 1990 BUDGET FOR DEAF AND DISABLED TELECOMMUNICATIONS

The California Public Utilities Commission (CPUC) has set the 1990 budget for the Deaf and Disabled Telecommunications Program at \$31.6 million. The program provides telecommunications equipment and services to the deaf, hearing impaired, speech-impaired, and disabled. The program is financed by a three-tenths of one percent surcharge on all calls made within California.

The 1990 budget is about \$3.6 million more than the 1989 budget, and is about half of the difference between the budget proposed for 1990 by the Deaf and Disabled Telecommunications Program Administrative Committee of \$34.3 million and that recommended by the CPUC's Division of Ratepayer Advocates of \$29 million. The Commission's approval of the budget was accompanied by its urging the program's administrative committee to "continue efforts to control program costs and improve program efficiencies." The administrative committee is composed of four utility representatives, four consumer representatives, and the CPUC executive director's designee.

By December 31, 1990, the program's administrative committee is to notify the CPUC's executive director of its development of a Request for Proposal to provide the relay service which connects

deaf callers with hearing callers by competitive bidding, and the status of the competitive bidding process. Currently, AT&T operates the relay service.

The Commission also noted that approval of the budget, "serves as a spending cap and not a requirement to spend at that level."

CALIFORNIA PUC SUPPORTS PACIFIC GAS TRANSMISSION'S PIPELINE EXPANSION

The California Public Utilities Commission (CPUC) has stated, in a formal filing with the Federal Energy Regulatory Commission (FERC), its support for Pacific Gas Transmission's (PGT) application to expand its pipeline to bring additional Canadian natural gas supplies into California.

In its February 7, 1990 decision, the CPUC stated that it will support regulatory approvals for all new interstate pipeline proposals which meet certain requirements designed to protect California consumers, and oppose any which do not meet the requirements. The CPUC's requirements are intended to ensure that ample natural gas is available to California, but that new pipelines do not bypass the state's gas utilities. Pipelines which bypass the utilities to directly provide natural gas to large industrial customers would take revenues away from the utilities and result in higher rates for the utilities' other customers.

In a recent filing before the FERC, PGT indicated that it is taking steps to bring itself into compliance with the CPUC's requirements. Those requirements include: provision of transportation services on a nondiscriminatory open-access basis, establishment of a system-

M. Fetter, and Ronald E. Russell. "Improving Michigan's telecommunications infrastructure will allow more customers to obtain new services and products, thereby improving the quality of life of the state's citizens, as well as fostering economic development." Case No. U-8987.

NEBRASKA PSC IMPLEMENTS DUAL PARTY RELAY SYSTEM FOR HEARING IMPAIRED

The Nebraska Unicameral Legislature has approved LB 240e, which created a dual party relay system for the hearing and speech impaired and an option for provision of and funding for 911 service. The Public Service Commission will implement and administer the relay service with assistance given by an advisory board selected by the Nebraska Commission for the Hearing Impaired.

The relay will enable hearing or speech impaired individuals to "talk" to the outside world through specially trained operators. The relay will be a 24-hour, seven days a week service accessed by an 800 number.

Daniel Urwiller, Chairman of the Nebraska Public Service Commission, thanked the 40 state senators who supported the bill and emphasized that with this relay thousands of Nebraska citizens will have access to a world closed to them in the past.

The Commission staff will be drafting a Request for Proposal (RFP) and are anticipating the relay system to be implemented on January 1, 1991.

CALIFORNIA PUC PROPOSED DECISION SEEKS TO SPUR

COMPETITION IN CELLULAR PHONE INDUSTRY

An administrative law judge (ALJ) of the California Public Utilities Commission (CPUC), to "spur system and service expansion" of the cellular phone industry, has proposed ways to simplify how rates are revised--which should increase competition--and to give customers a break in their monthly bills by changes in marketing regulations.

The proposed decision, involving nearly 100 cellular utilities with upwards of a half-million customers, affects one of the fastest growing sectors of the telecommunications market in California. ALJ Michael Galvin's interim decision is being distributed to interested parties for a 30-day comment period.

Cellular companies could increase rates, that would be effective immediately when filed, by as much as 10 percent, but no more than that within one calendar year. The utilities could decrease rates as much as 10 percent at any one time, with no yearly limit at all.

A proposed rate change filed with the CPUC could go into effect on a temporary basis until a 20-day protest period runs. If no protests are filed, the rate change would become permanent at the end of 20 days.

Cellular utilities may still use the standing procedure of filing an advice letter should they want an increase greater than 10 percent. This approach, however, entails a 30-day notice period which effectively gives competitors advance warning of a pricing change and allows them to file nearly identical tariffs (statements of rates and service) with the CPUC.

The CPUC is trying to infuse competition within a sector of the

MEMORANDUM

State of Alaska

TO: Ms. Ronda Thompson
Legislative Aide to
Representative Red Boucher

DATE: April 30, 1990

FILE NO:

TELEPHONE NO:

FROM: Keith J. Anderson, Director
Alaska Division of
Vocational Rehabilitation

SUBJECT: CSHB 557 (L&C)

This is to indicate our strong support of this bill which will provide equal access to telephone service for deaf and hard of hearing individuals.

It is my understanding that many states down south have passed similar legislation and that because of the impact of law, telephone services for deaf and hard of hearing have improved significantly.

Last fiscal year (1989) this division served 73 deaf adults and 127 hard of hearing adults statewide. We are confident that there are many, both among those we did serve and those we did not serve, who will benefit from this service when it becomes available.

Thank you for your commitment to this population.

4-3

Municipality of Anchorage

MEMORANDUM

DATE: March 30, 1990

TO: Will Gay, Executive Manager, Enterprise Activities

FROM: Dale R. Merrell, General Manager, ATU *DM*

SUBJECT: House Bill 557

Today, I was visited by members of the Alaska Association of the Deaf who are in support of the Telephone industry providing the hearing impaired with a method to communicate via TTY service. Of major concern to us is the cost of providing such service at an affordable rate and at a rate that is not benefiting a few at the expense of many. To provide a range of cost for provision of this service, we have looked at first the cost of installing the equipment; \$1.4 to \$1.5 million plus to provide operations on a 24 hr/day 365 day basis, we estimate \$1.3 million per year.

As can be seen by the cost figures quoted, it is not a cheap service and it carries with it a degree of liability as the requirement to have well qualified, well trained personnel is a absolute must. Most telcos believe it should be handled by the Interexchange carriers and paid for by a surcharge to the bill. House Bill 557 addresses this issue, however, it does not go far enough in that it does not provide enough guidance for the commission to follow, i.e., (the Bill does not address who pays). I would urge support of this bill with the "who pays the cost issue" addressed. ★

The Alaska Association of the Deaf will continue the push for this service. The current provider, the Alaska Crisis Intervention Center, is not meeting their needs. Expect the Association to contact the Assembly to move on this subject. It is not a simple solution to move ATU into providing this service.

*Memo
with
Rhonda
of Red Boucher
Office*



~~H. Gay~~
~~DM~~
~~[Signature]~~