

W A S H I N G T O N



UTILITIES AND TRANSPORTATION
COMMISSION



June 27, 2007

Telecommunications Trends in Washington State

Docket UT-051808

AGENDA

*Commission's Main Hearing Room, #206
Washington Utilities and Transportation Commission (UTC)*

Facilitator – Ann Rendahl,
Director - Administrative Law Division (ALD)

Registration, Handouts, Refreshments

1:00 – 1:15 **Welcome** **Wilford Saunders,**
Assistant Director- Telecommunications

Opening Remarks **David Danner,**
Executive Director

1:15 – 3:30 **Understanding Trends in the Telecom Industry**

1:15 – 2:00 **Topic: Goals of UTC Regulation**

2:00 – 2:45 **Topic: Key Issues in Regulation and Policy**

2:45 – 3:30 **Topic: Assessing Competition**

3:30 – 3:45 **Break**

3:45 – 4:45 **Getting Good Information**

3:45 – 4:15 **Topic: What Data is Necessary to Assess Industry Trends?**

4:15 – 4:45 **Observations, Suggestions, Wrap-up and next steps.**



SERVICE DATE
JUN 13 2007

STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250
(360) 664-1160 • TTY (360) 586-8203

June 13, 2007

TO: Telecommunication Professionals

RE: Survey of Telecommunications Trends in Washington State
Docket UT-051808

Since joining the Utilities & Transportation Commission as Executive Director in 2005, I have been concerned about the agency's readiness to respond to changes in the dynamic telecommunications market. Determining the commission's long-term staffing and resource needs requires a thorough understanding of trends in the industry – both in terms of market competition and technical developments.

While none of us has a perfect crystal ball, we nonetheless have the benefit of industry professionals such as you who have ideas about the direction the telecommunications industry is taking, and the role of the commission in the years to come.

I have asked the commission's telecommunications regulatory staff to survey stakeholders about trends in the industry to help us as we plan for the future. I would like to extend an invitation to your organization to participate in our assessment by sharing your perspectives, and to join me at the commission for a workshop on **June 27th** (agenda attached).

To begin the discussion, our staff has proposed a list of queries for stakeholders (attached) regarding the state of the industry and the work of the commission. Please feel free to call me or Will Saunders if you have questions about this. I can be reached at (360) 664-1208; Will can be reached at (360) 664-1245 or wsaunders@utc.wa.gov.

Thanks for your assistance.

Sincerely,

David W. Danner
Executive Director

Enclosures



Stakeholder Queries for Workshop Discussion:

1. Goals of the UTC's program:
 - a. What should the goals of the UTC telecom regulation program be for the next few years?
 - b. How well are we doing in achieving those goals now?
 - c. Do we have the right legal tools to accomplish the goals you envision?
2. Workable regulation:
 - a. What would you consider an example of state regulation at its best?
 - b. ... and at its worst?
 - c. What (if any) useful changes have you seen in the UTC's approach or programs in the last year?
 - d. ... and any detrimental changes?
 - e. What are the relative strengths and weaknesses of federal vs. state regulation in telecommunications?
3. Competition:
 - a. What is your assessment of the character and degree of competition in the Washington telecommunications market?
 - b. What are the most important indicators that inform that assessment?
 - c. What barriers to competition – regulatory, legal, economic or natural -- have you encountered?
 - d. What changes could we make in law, rule or policy to make regulation work better?
 - e. ... what might we improve by doing so?
4. Understanding the industry and the citizen:
 - a. What data or indicators should the UTC examine in assessing the industry, the market, and customer demand?
5. What (if anything) should be done about the following specific telecom issues:
 - a. Universal Service
 - b. Inter-carrier Compensation
 - c. Broadband
 - d. Rates & billing
 - e. Network reliability
 - f. Emergency services
6. What (if anything) has been left off this list?

Initiative: *Determine right level of regulation for traditional telephone companies.*

Strategy: Streamline regulatory process and eliminate unnecessary requirements.

Goal: Support strong stable industries.

Background: Changes in technology have fundamentally altered the telecommunications industry. Until recently, companies providing "plain old telephone service" enjoyed monopolies in their service areas and states regulated them to ensure that rates were fair, just and reasonable. Today, these same companies face real or potential competition for many services from cable, wireless, Internet and other local exchange companies. As the regulated companies increasingly face competition, the commission must review the need for traditional rate-of-return regulation, the best policies to protect consumers during the transition from monopoly to competitive service and the proper level of staffing and resources during the transition.

Solution: Commission staff will prepare a comprehensive report identifying and analyzing trends in the telecommunications industry, including the degree of competition in the marketplace, the level of customer service, anticipated changes in federal and state law, the need for consumer protection measures and continued universal service programs. It will consult with industry and consumer representatives and other stakeholders in preparing the report. It will use this research to help identify what continued regulation, if any, is appropriate for telephone companies, determine the proper role for the UTC in this changing environment and assess the appropriate levels of staffing and resource allocation for telecommunications-related activities.

Measure:

- A thorough and comprehensive report that can provide the basis for future commission planning for telecommunications regulatory activities, including the allocation of staffing and resources and which will produce initiatives to be included in the 2009-2011 strategic plan.

Lead Section: Telecommunications Section