

Senate Energy and Natural Resources Committee

Max Taylor 271-1403

HB 508-FN, relative to decreasing assessment rates for entities providing VoIP and IP-enabled services, as well as certain local exchange carriers and their affiliates.

Hearing Date: March 25, 2025

Time Opened: 9:40 a.m.

Time Closed: 9:52 a.m.

Members of the Committee Present: Senators Avard, Pearl, McConkey, Watters and Rosenwald

Members of the Committee Absent : None

Bill Analysis: This bill decreases the gross utility revenue of all excepted local exchange carriers, and all providers' gross revenue received from New Hampshire retail customers for a VoIP service or an IP-enabled service.

Sponsors:

Rep. Harrington

Rep. Summers

Who supports the bill: Representative Mike Harrington (Rockingham District 18), Chris Rand (NHTA), Teresa Rosenberger (NHTA)

Who opposes the bill:

Who is neutral on the bill: Megan Stone (NH Department of Energy)

Summary of testimony presented in support:

Representative Mike Harrington

Strafford District 18, Prime Sponsor

- Representative Harrington introduced HB 508-FN, calling it a long-overdue correction.
- Representative Harrington stated the bill is straightforward and had strong support in the House, passing committee 18-0.
- He explained the bill reduces the regulatory fee landline phone companies pay from 33% to 10%.
- He stated that this fee funds the Public Utilities Commission and now the Department of Energy.

- He emphasized that landline phone services are no longer heavily regulated, and cell phones were never regulated, so it no longer makes sense to charge companies high fees for oversight that does not exist.
- Representative Harrington explained this change aligns the fee with the actual amount of regulation provided.
- He noted that currently companies are passing the cost onto consumers, meaning customers are paying for regulation that is not happening.
- Senator Rosenwald asked if Representative Harrington expected landline customers to see a rate decrease or would the companies simply retain the savings.
 - Representative Harrington deferred to the telephone company representative to explain what they would do with the savings.

Chris Rand

New Hampshire Telecommunications Association

- Mr. Rand explained that NHTA includes companies such as Bretton Woods Telephone, Dunbarton Telephone, Granite State Communications, and TDS.
- He explained that NHTA members primarily serve rural areas and are close to achieving 100% fiber coverage.
- He stated that since being deregulated in 2011, these companies have had minimal interaction with the Public Utilities Commission, aside from two FCC filings and occasional consumer complaints.
- He noted that consumer complaints were transferred to the Attorney General's office as part of the deregulation process.
- The Public Utility Commission's responsibility to review basic telephone price changes ended after eight years, per the original 2011 law.
- Mr. Rand highlighted that companies are now being charged twice, once through the annual assessment and again as participants in specific dockets, such as the 603 area code relief effort.
- He stated that reducing the annual assessment would better reflect the Public Utilities Commission's current limited oversight role.
- The savings would help companies expand broadband and fiber networks and encourage customers to switch from traditional landlines to fiber.
- Mr. Rand emphasized they are not asking to eliminate the assessment, only to right-size it to match actual regulatory engagement.

Theresa Rosenberger

New Hampshire Telecommunications Association

- Ms. Rosenberger emphasized that all the companies plan to reinvest the savings generated by the bill by expanding broadband and fiber infrastructure, not for profit. She stated the goal of these companies is to achieve 100% fiber coverage.
- She referenced SB 595 and SB 603, passed last year, which explicitly allow the Public Utilities Commission to assess companies involved in specific dockets. However, she stated companies are currently being charged both an annual assessment and additional assessments related to these dockets, which she described as “double taxation.”
- Ms. Rosenberger stated one company she represents has not had any interaction with the Public Utilities Commission in over five years, aside from required filings that are passed on to the FCC.
- She highlighted that the Public Utilities Commission has no staff dedicated to telecom and oversight is minimal.
- Ms. Rosenberger estimated \$158,000 annually would more than cover telecom oversight needs, given the current limited involvement.
- She stated that third parties have proposed reducing the rate to zero, however she believes that reducing it to 10% was already a generous compromise.

Summary of testimony presented in opposition: None.

Neutral Information Presented:

Megan Stone

New Hampshire Department of Energy

- Ms. Stone stated the Department of Energy is neutral on the bill.
- She explained that the Department of Energy currently assesses utilities, including landline VoIP telecom providers to fund the Public Utilities Commission, the Department of Energy’s regulatory work, and the Office of the Consumer Advocate.
- She stated the current assessment rate for these telecom providers is 33% of gross utility revenue. She explained the HB 508-FN would reduce it to 10%, but keep the minimum assessment of \$1,000.
- Ms. Stone stated in FY 2025, 26 out of 171 providers were assessed about \$530,000. She explained if the new 10% rate had been used, the amount would have been about \$158,000, a reduction of \$371,000.
- She stated the \$371,000 would not be lost but instead shifted to other utilities, such as electric, gas, water, and sewer companies.

- Ms. Stone there are several department responsibilities funded by these assessments, such as registering new telecom providers, reviewing number resource requests, reviewing interconnection agreements, handling franchise boundary changes, certifying companies for federal universal service funds, and resolving consumer complaints.
- Senator Rosenwald asked why the fiscal note says the impact is less than \$10,000, even though Ms. Stone described a shift of \$300,000.
 - Ms. Stone explained that the overall revenue would stay the same. The \$300,000 would be reallocated to other regulated utilities.

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Date Hearing Report completed: March 27, 2025