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Senator Kevin Meyer Senate District M

SB 205: Telecommunications Regulations/Exemptions

SECTIONAL ANALYSIS - Committee Substitute (L&C) V.U
April 2, 2018

Section 1 – Municipal powers and duties. AS 29.35.070 Public Utilities. Section 7 repeals AS 42.05.810, therefore it is removed from reference in this section of the statute.

Section 2 – Alaska Public Utilities Regulatory Act. AS 42.05.141 Adds two new subsections (e) and (f) to the general powers and duties of the RCA. These subsections state that the Commission may not designate a local exchange carrier or an interexchange carrier as the carrier of last resort, and that the Commission may designate an eligible telecommunications carrier consistent with the federal code that allows for federal subsidies under the Universal Service Fund.

A **carrier of last resort** is a telecommunications company that commits (or is required by law) to provide service to any customer in a service area that requests it, even if serving that customer would not be economically viable at prevailing rates.

The **Universal Service Fund** is a system of telecommunications subsidies and fees managed by the U.S. Federal Communications Commission intended to promote universal access to telecommunications services at reasonable and affordable rates for all consumers.

Section 3 – Annual Report – This section requires the RCA to submit an annual report to the Legislature detailing the activity and costs related to regulating each type of telecommunications carrier.

Section 4 – Amends AS 42.05.254(a) from the previous Committee Substitute that eliminated the Regulatory Cost Charge. This section maintains the current RCC funding mechanism of calculating and assessing the charge and applies it to all telecommunications companies.

Sections 5 & 6 both relate to implementing the Regulatory Cost Charge for all telecommunications companies.

Section 7 - Alaska Public Utilities Regulatory Act. AS 42.05.711 Exemptions. This section exempts telecommunications carriers from the Act except for the following provisions:

- AS 42.05.141(f) – New section in the bill (Section 2 above)
- AS 42.05.221 – Requiring a Certificate of Public Convenience and Necessity
- AS 42.05.231 – Provision for applying for the certificate
- AS 42.05.241 – Conditions of issuing/denial of a certificate
- AS 42.05.251 – Allow public utilities to obtain a permit for the use of streets in municipalities
- AS 42.05.254 – Regulatory cost charge
- AS 42.05.261 – Prohibits a public utility from discontinuing or abandoning service for which a certificate has been issued
- AS 42.05.271 – Allows the RCA to amend, modify, suspend or revoke a certificate
- AS 42.05.281 – Prohibiting a sale, lease, transfer or inheritance of certificate without RCA permission
- AS 42.05.296 – Requirements for providing telephone services for certain impaired subscribers
- AS 42.05.306 – Allows discounted rates for customers receiving benefits from a social services assistance program administered by the state or federal government
- AS 42.05.631 – Allows a public utility to exercise the power of eminent domain
- AS 42.05.641 – Extends RCA's jurisdiction to public utilities operating in a municipality
- AS 42.05.830 – Requires the RCA to establish exchange access charges to be paid by long distance carriers to compensate local exchange carriers for the cost of originating and terminating long distance services
- AS 42.05.850 – Relating to the administration of access charges by an exchange carrier association
- AS 42.05.840 – Allows the RCA to establish a universal service fund
- AS 42.05.860 – Prohibits a carrier from restricting the resale of telecommunications services

Section 8 – AS 42.05.820 No Municipal Regulation. In addition to a long distance telephone company, this section amends AS 42.05.820 to add 'local exchange carrier' that is exempted in whole or in part from this chapter from being regulated by a municipality.

Section 9 – AS 42.05.890 Definitions. This section defines "local exchange carrier," "long distance telephone company," and "long distance telephone service."

Section 10 – Related to implementing Section 4, the Regulatory Cost Charge.

Section 11 – Repealers. This section repeals the following provisions, as the changing nature of the industry and market conditions have rendered them obsolete:

- AS 42.05.325 – Registration and regulation of alternate operator services – also unnecessary at this point
- AS 42.05.800 – Findings
- AS 42.05.810 – Competition – unnecessary in today’s market, which experts can speak on.