



SB83: Telecommunications Statutes

Presentation to the House Labor & Commerce Committee
May 1, 2019



Unanimous Support

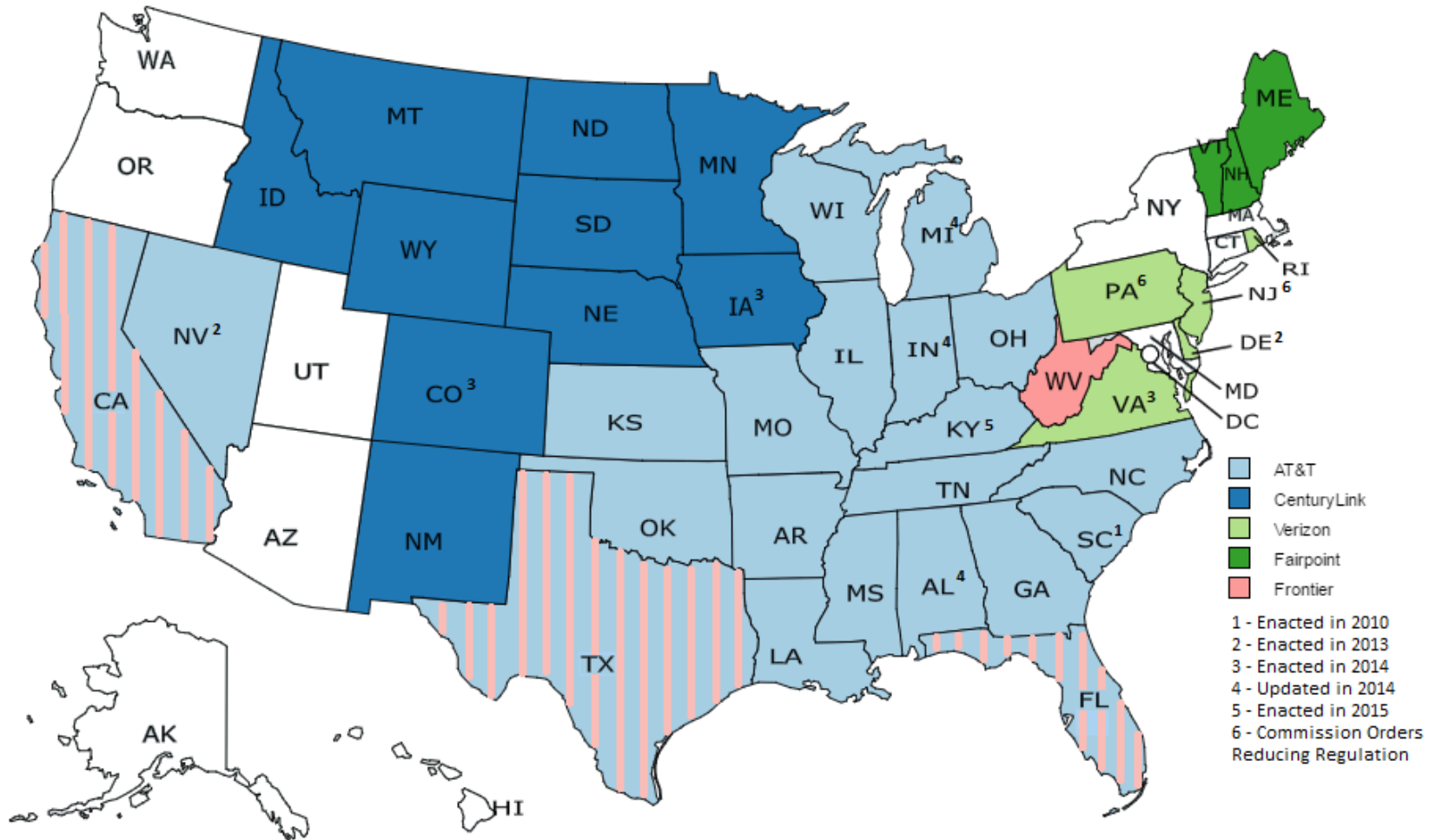
Adak Eagle Enterprises
Alaska Communications
Alaska Telephone Company
Arctic Slope Telephone
Association Cooperative
ASTAC Wireless
AT&T
Bettles Telephone
Bristol Bay Cellular Partnership
Bristol Bay Telephone
Cooperative
Bush-Tell
Copper Valley Telephone
Cooperative
Copper Valley Wireless
Cordova Telephone
Cooperative

Cordova Wireless
GCI
Interior Telephone
Mukluk Telephone
Ketchikan Public Utilities
Matanuska Telephone
Association
North Country Telephone
Nushagak Cooperative
OTZ Telephone Cooperative
OTZ Wireless
Summit Telephone Company
TelAlaska Cellular
United Utilities
Windy City Wireless
Yukon Telephone Company

Transformation

- ▶ Telecommunications has transformed since many of Alaska's telecom statutes were adopted in 1970s.
- ▶ The federal 1996 Telecom Act transformed the marketplace and started an evolution toward light-touch oversight.
- ▶ Landline and long distance use is dramatically reduced.
 - ▶ Long distance revenues reduced from \$64M to \$13M between 2006-2018.
 - ▶ 48% of Alaska households have a landline, 4% are landline only.
- ▶ Landline and long distance services continue.

41 States Have Reduced Regulation



Source: Author's construct, data from Legiscan.



AS 42.05 Alaska Public Utilities Regulatory Act

- ▶ Sections retained
 - ▶ Certificate of Public Convenience & Necessity
 - ▶ Fitness of a provider to serve
 - ▶ Designated service area
 - ▶ Requirement to continue service
 - ▶ Enforcement of obligations
 - ▶ Regulatory Cost Charge (amended)
 - ▶ Telecommunications Relay Service
 - ▶ Lifeline
 - ▶ Interconnection
 - ▶ Eminent Domain
 - ▶ Access charges
 - ▶ Alaska Exchange Carriers Association
 - ▶ Alaska Universal Service Fund

Changes to AS 42.05

- ▶ Rate regulation and tariff management adopt cooperative model, protections for consumers remain.
 - ▶ Rates are limited by federal rules
 - ▶ Rates across defined service areas are the same
- ▶ Eligible Telecommunications Carriers (“ETC”) designation explicitly authorized by the Regulatory Commission of Alaska.
- ▶ COLR designations for ILECs and IXC eliminated
 - ▶ Certificate of Public Convenience and Necessity oversight remains
 - ▶ ETC designation and oversight remains
 - ▶ Federal USF/ETC obligations to continue service remain
 - ▶ New AS 42.05.381(l) protects rural service
- ▶ Regulatory Cost Charge

Rate Protections

- ▶ Federal rules limit local landline rates
- ▶ New subsection AS 42.05.381(l) requires rates, terms, and conditions of service to be the same across defined service areas.
- ▶ Federal Lifeline program supports low-income subscribers

Rate Regulation – It Depends Who You Are

- ▶ Cooperatives, with the approval of their members, and municipal telcos manage their own tariffs. All other companies must maintain one or multiple tariffs at the RCA.
- ▶ For other companies review and approval for rate changes varies, with timelines as long as 420 days.
- ▶ This limits the introduction of new offerings due to the expense of preparing and supporting tariff filings.
- ▶ SB83 allows all providers to manage their own rates without costly regulatory filings.

Burden of Rate Regulation

▶ Alaska Communications

- ▶ “We have 4 local exchange tariffs with a mixture of tariff rules that apply...Each time we make a tariff change we must do basically 5 times for the local exchange since one study area has different rules to follow. We also have a long distance tariff which has even different rules. When filing 5 different tariffs plus a long distance tariff, it simply is not an efficient business practice especially when these regulations do not apply across all other carriers.”

-Lisa Phillips, Senior Manager, Regulatory Affairs and Risk Management

Eligible Telecommunications Carrier (ETC)

- ▶ ETC designation qualifies a telecommunications provider to participate in federal Universal Service Fund programs.
- ▶ Each program requires specific performance and accountability.
- ▶ The Regulatory Commission of Alaska provides annual certification to the Federal Communications Commission.
- ▶ New subsection AS 42.05.141(f) makes explicit the RCA's authority to designate a provider an ETC.

Carrier of Last Resort Designation (COLR)

- ▶ COLR regulations implemented in 2010
 - ▶ Explicit funding for COLR duties ended Jan. 1, 2019
- ▶ COLR is redundant to state statutes and federal rules
 - ▶ Certificate of Public Convenience and Necessity oversight remains
 - ▶ Eligible Telecommunications Carrier designation and oversight remains
 - ▶ Federal obligations to continue service remain
 - ▶ New AS 42.05.381(l) requires uniform rates, terms, conditions

Regulatory Cost Charge

- ▶ Funding for telecommunications-related activity at the RCA is inequitable
- ▶ Cooperative members have elected economic deregulation, resulting in exclusion from RCC statutes
- ▶ SB83 restores fair assessment by applying RCC statutes to all telecommunications providers

Consumer Protection

- ▶ Strong consumer protections today
 - ▶ Certificate of Public Convenience and Necessity (CPCN)
 - ▶ Eligible Telecommunications Carrier (ETC)
 - ▶ New 42.05.381(*l*) rate protection
 - ▶ Regulatory Affairs and Public Advocacy (RAPA)
 - ▶ Attorney General Consumer Protection Unit
 - ▶ FCC Consumer Complaint Center
- ▶ SB83 maintains these protections

Benefits to Consumers

- ▶ Mandates rates in remote areas match rates in larger areas
- ▶ Allows companies to respond more quickly to consumer preferences
- ▶ Focuses resources on consumer services
- ▶ Corrects existing distorted assessment of regulatory cost charge

SB 83 in Summary

- ▶ Updates statutes and streamlines regulations which *only* apply to landline-accessed services – both local and long distance
- ▶ Exempts from many obsolete statutes
- ▶ Reduces cost and delay of regulation
- ▶ Maintains oversight of providers and continuance of service

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