

# ALASKA STATE LEGISLATURE

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## SECTIONAL ANALYSIS

### Senate Bill 83

*" An Act relating to the Regulatory Commission of Alaska; relating to the public utility regulatory cost charge; relating to the regulation of telecommunications; relating to exemptions, charges, and rates applicable to telecommunications utilities; relating to regulation of telephone services; and relating to alternate operator services."*

**Section 1 – Municipal powers and duties.** AS 29.35.070(a) This section is amended to maintain existing exclusion from municipal regulation for telecommunications companies which are exempted under new subsection AS 42.05.711(u). (Section 8 below)

**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 law that allows for federal subsidies under the federal Universal Service Fund.

A **carrier of last resort** is a telecommunications company that commits (or is required by existing regulation) 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. There are other protections in this legislation (Section 7), remaining Alaska statutes and federal law to ensure rural Alaska continues to receive telecommunications service.

The **federal Universal Service Fund** is managed by the Federal Communications Commission and is intended to promote universal access to telecommunications services at reasonable and affordable rates for all consumers.

**Section 3 and 4 – Regulatory Cost Charge (RCC).** This section applies the regulatory cost charge to all certificated telecommunications provider expanding the assessment base for the charge.

**Section 5 – Exempt Utility.** AS 42.05.254(i)(2) This section amends the definition of exempt utility to apply the Regulatory Cost Charge across all certificated telecommunications providers.

**Section 6 – Tariff Filings** AS 42.05.361 This section prohibits the Commission from requiring tariff

filings from telecommunications carriers except by providers of telecommunications service to prison inmates. Tariff filings in the competitive telecommunications industry are outdated, unnecessary and impede the ability of carriers to respond to what the customer wants and needs.

**Section 7 – Rates** AS 42.05.381 This section adds new subsections which require rates, terms, and conditions of service to be uniform across defined service areas and the definition of “local exchange carrier” and “long distance telephone” have the same meaning set forth in AS 42.05.890.

**Section 8 - Exemptions from Alaska Public Utilities Regulatory Act** AS 42.05.711 This section adds new subsections (u) and (v) which together exempt telecommunications carriers from the Act except for the following provisions which will continue to apply:

- AS 42.05.141(e) and (f) – New sections 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 a Certificate of Public Convenience and Necessity
- AS 42.05.241 – Conditions of issuing/denial of a Certificate of Public Convenience and Necessity
- AS 42.05.251 – Allow public utilities to obtain a permit for 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 Regulatory Commission of Alaska to amend, modify, suspend, or revoke a certificate
- AS 42.05.281 – Prohibiting a sale, lease, transfer, or inheritance of a Certificate of Public Convenience and Necessity 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 42.05.381(l) – (n) – New sections requiring uniform rates, terms, and conditions (Section 7 above)
- AS 42.05.631 – Allows a public utility to exercise the power of eminent domain
- AS 42.05.641 – Extends the Regulatory Commission of Alaska’s jurisdiction to public utilities operating in a municipality
- AS 42.05.661 – Requires entities to pay a fee to the Regulatory Commission of Alaska when applying for a Certificate of Public Convenience and Necessity
- AS 42.05.820 – Municipalities may not regulate landline providers
- AS 42.05.830 – Requires the Regulatory Commission of Alaska 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 42.05.840 – Allows the Regulatory Commission of Alaska to establish a universal service fund
- AS 42.05.850 – Requires local exchange carriers to form an association to administer access charges
- AS 42.05.860 – Prohibits a carrier from restricting the resale of telecommunications services

**Section 9 – Municipal Regulation** AS 42.05.820 This section amends AS 42.05.820 to exclude local exchange carriers which are exempted in whole or in part from this chapter from being

regulated by a municipality.

**Section 10 – Calculation of Regulatory Cost Charge** AS 42.06.286(e) This section is amended to clarify that all telecommunications providers will continue to be assessed the Regulatory Cost Charge (RCC).

**Section 11 and 12 – Alternate Operator Service** AS 45.50.473(a) This section is amended to add the definition of alternate operator service from the statute that is being repealed in Section 13 (AS 42.05.325).

**Section 13 – Repealers.** This section repeals the following provisions:

- AS 42.05.325 – Registration and regulation of alternate operator services. Required providers of alternate operator services to be registered with and regulated by the Regulatory Commission of Alaska. Alternate operator service is obsolete and regulatory oversight is no longer relevant.
- AS 42.05.810 – Long Distance Competition. This section required the RCA to adopt regulations by February 1991 to open-up the long-distance market to competition. The long-distance market has been open to competition since 1991 and it is a fraction of its earlier size and continues to shrink as consumers migrate to alternative services. It is no longer necessary to require the Commission to open-up the long-distance market to competition.