

2018 SESSION OPERATING BUDGET AMENDMENT PROPOSAL

OFFERED IN: House Finance Department of Commerce, Community and Economic Development

TO: HB 285 / HB 286

OFFERED BY: Representative Guttenberg

DEPARTMENT: Department of Commerce, Community and Economic Development

APPROPRIATION: Regulatory Commission of Alaska
ALLOCATION: Regulatory Commission of Alaska

TRANSACTION DETAILS:

Title: Broadband Mapping Requirements
Wordage Type: Intent
Linkage: Agency-Regulatory Commission of Alaska

WORDAGE: It is the intent of the legislature that every company providing advanced telecommunications capability in the State of Alaska file a semiannual report with the Regulatory Commission of Alaska. The report should include geographic information system "shapefiles" of the territory in which it offers service, and the connection speed and type of technology for each serviceable street address or land parcel to which it offers service. The Regulatory Commission of Alaska shall deliver a report summarizing broadband internet access in Alaska to the Speaker of the House, the President of the Senate, the Co-Chairs of the House Finance Committee, the Co-Chairs of the Senate Finance Committee, and the Legislative Finance Division, by December 1, 2018.

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TRANSACTION DETAILS:

Title: Telecommunications Modernization Standards
Wordage Type: Intent
Linkage: Agency-Regulatory Commission of Alaska

WORDAGE: It is the intent of the legislature that the Regulatory Commission of Alaska recommend adoption of updated telecommunication modernization regulatory standards in AS42.05, the Alaska Public Utilities Regulatory Act, and deliver recommendations on how best to modernize outdated statutes to the House and Senate Finance Committees and to the Legislative Finance Division by December 1, 2018.

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TRANSACTION DETAILS:

Title: Transitioning Use of Alaska Universal Service funds
Wordage Type: Intent
Linkage: Agency-Regulatory Commission of Alaska

WORDAGE: It is the intent of the Legislature that the Regulatory Commission of Alaska transition Alaska Universal Service funds to facilitate broadband deployment and adoption measures by July 31st, 2019 and deliver a status report to the House and Senate Finance Committees, and to the Legislative Finance Division, by December 1, 2018.

Backup to Amendment
#3

1 STATE OF ALASKA

2 THE REGULATORY COMMISSION OF ALASKA

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4 Before Commissioners:

Stephen McAlpine, Chairman
Rebecca L. Pauli
Robert M. Pickett
Norman Rokeberg
Janis W. Wilson

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7 In the Matter of the Consideration of Repeal of)
Alaska Universal Service Fund Regulations)

R-18-001

8 ORDER NO. 1

9 **ORDER OPENING DOCKET, ISSUING PROPOSED REGULATION**
10 **REVISIONS FOR COMMENT, AND ADDRESSING TIMELINE FOR DECISION**

11 BY THE COMMISSION:

12 We open a regulations docket to consider full repeal of the existing Alaska
13 Universal Service Fund (AUSF) regulations effective July 31, 2019. We seek comments
14 on the proposed regulation repeal. We establish a date for filing comments. We address
15 the statutory timeline for the proceeding.

16 Discussion

17 We have been investigating AUSF reforms for nearly a year¹ and, to date,
18 we have taken several steps to rein in outlays from the AUSF, including our efforts to
19 terminate Carrier of Last Resort (COLR) support payments from the AUSF to certain local
20 exchange carriers (LECs) servicing areas we determined to be sufficiently competitive by
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25 ¹Docket I-17-001, *In the Matter of Evaluating the Long-Term Viability of the Alaska*
26 *Universal Service Fund or Other Funding Mechanism, and a Policy Review of the Alaska*
Universal Service Fund's Current Administration, Funding Priorities, Contribution Base,
and Accountability Mechanism.

1 removing their COLR designations.² At present, our COLR designation decisions are
2 under judicial review and stays entered in those proceedings require full COLR support
3 payments to affected carriers during the appeal.

4 We observe that AUSF contributions have steadily declined in recent years,
5 requiring a steady increase to the AUSF surcharge factor that is applied against all
6 intrastate gross revenues from those telecommunications services listed in 3 AAC 53.340
7 that are provided within Alaska. We note that fully funding the AUSF's current support
8 outlays, including support to all currently designated LEC COLRs, recently pushed the
9 AUSF surcharge to 19.0% for calendar year 2018, in addition to a federal universal
10 service fund surcharge of 19.5% and other fees assessed for telecommunications
11 services. We observe nothing that suggests the AUSF surcharge will not rise still higher
12 given the ongoing decline in intrastate telecommunication revenues and our frustrated
13 efforts to control AUSF outlays, and we believe the AUSF surcharge itself may become
14 an impediment to the affordability mandate in AS 42.05.840 (the statute that allows us to
15 create a universal service fund). Therefore, we will consider whether the AUSF, as
16 presently constituted, is fundamentally broken and requires full repeal.

17 At our public meeting held January 3, 2018, we voted to open this
18 rulemaking docket to address the full repeal of the AUSF, as well as possible retention of
19 certain aspects of the fund or possible replacement of the fund with a different
20 framework.³ The regulations changes supplied in an appendix to this order contemplate
21 a sunset of all regulations directly related to the AUSF, the programs the AUSF directly
22 supports, and the general administration of the AUSF, effective July 31, 2019. If we
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24 ²See e.g., Order U-16-069(7), *Order Affirming Initial Impression, Withdrawing*
25 *Carrier of Last Resort Status, and Terminating Carrier of Last Resort Support*, dated
26 May 24, 2017; and Order U-16-071(7), *Order Affirming Initial Impression, Withdrawing*
Carrier of Last Resort Status, and Terminating Carrier of Last Resort Support, dated
May 24, 2017.

³Tr. 56-60.

1 decide to repeal the AUSF entirely, we intend to begin the process of winding up the
2 AUSF at least six months in advance of the sunset deadline by lowering the AUSF
3 surcharge to 0% unless a replacement funding mechanism is, at that time, under serious
4 consideration.

5 Request for Comments

6 We seek comments from interested persons on the proposed regulation
7 repeal. Comments on the proposed regulation repeal must be filed by February 26, 2018.
8 Because this is a rulemaking proceeding, persons submitting comments do not serve
9 their comments on the other entities or persons set out on the service list of this order.
10 Interested entities may submit comments through our website instead of submitting
11 hardcopies with us. To file using our website and to view other filed comments, please
12 go to our web site at:

13 <https://rca.alaska.gov/RCAWeb/WhatsNew/PublicNoticesComments.aspx>.

14 We will post a copy of the comments on our website at <http://rca.alaska.gov>.
15 Those seeking to obtain materials in this docket at our website must select *All Open Rule-*
16 *making Dockets* under *Top Searches* and choose matter number R-18-001.

17 Decision Timeline

18 We are required by AS 42.05.175(e) to issue a final decision in a rulemaking
19 proceeding not later than 730 days after the order initiating the proceeding is issued.
20 Therefore, we will issue a final order in this proceeding no later than January 12, 2020⁴.

21 ORDER

22 THE COMMISSION FURTHER ORDERS:

23 1. The proposed regulations set out in the appendix of this order are issued
24 for public comment.

25 ⁴The 730th day falls on Sunday, January 12, 2020, therefore we will issue a final
26 order by Friday, January 10, 2020.

2. By February 26, 2018, interested persons may file comments⁵ in response to this order.⁶ Comments should reference Docket R-18-001.

DATED AND EFFECTIVE at Anchorage, Alaska, this 12th of January, 2018.

BY DIRECTION OF THE COMMISSION
(Commissioner Rebecca L. Pauli,
dissenting with separate statement.)



⁵If you are not interested in receiving future orders or notices concerning this subject matter, please e-mail rca.mail@alaska.gov or notify our office by mail at 701 West 8th Avenue, Suite 300, Anchorage, Alaska 99501-3469, or by telephone at 1-907-276-6222.

⁶If you are a person with a disability who needs special accommodation to participate in this process, please contact Valerie Fletcher-Mitchell at 1-907-276-6222, TTY 7-1-1, or toll free at 1-800-770-8973.