

HOUSE BILL NO. 289

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE IVAN

Introduced: 5/11/97

Referred: Transportation, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to regulation of certain fares and rates charged by certain air
2 carriers and air operators."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** SHORT TITLE. This Act may be known as the Fairness in Airline Pricing
5 Act.

6 * **Sec. 2.** AS 42.05 is amended by adding new sections to read:

7 **Article 9A. Air Carriers and Air Operators.**

8 **Sec. 42.05.715. Regulation of air transportation services.** (a) The
9 commission shall adopt regulations under this section that the commission considers
10 necessary to regulate fares and rates charged for air transportation services within the
11 state on exclusive routes by air carriers and air operators who are subject to 14 C.F.R.
12 Part 121 and operate under federal Department of Transportation schedule authority.

13 (b) The commission shall set and revise fair and reasonable fares and rates for
14 air transportation services for passengers and cargo on exclusive routes. The

1 commission may set or approve interim fares and rates pending resolution of a fare or
2 rate proceeding. An air carrier or air operator may request an interim fare or rate at
3 least 30 days before the intended effective date of the interim fare or rate. Fares and
4 rates set or approved by the commission are public information.

5 (c) The commission shall initiate a fare or rate setting proceeding regarding
6 air transportation services for a specific route or a combination of related routes on its
7 own motion, upon the request by resolution of a local government that is served by an
8 exclusive route, or by request of an air carrier or air operator who provides air
9 transportation services on an exclusive route. The commission may not consider or
10 revise a fare or rate for air transportation services on an exclusive route within two
11 years after the conclusion of a proceeding regarding fares or rates for that service on
12 that route.

13 (d) The commission shall appoint a hearing officer to conduct investigations
14 into fares and rates for air transportation services under a proceeding initiated by the
15 commission under (c) of this section. The hearing officer shall exercise all powers
16 conferred by this chapter or delegated by the commission that are necessary to conduct
17 the investigation. The hearing officer shall make a recommendation to the commission
18 as to the fair and reasonable fares or rates to be charged for each air transportation
19 service and each route that is the subject of the proceeding. The commission shall
20 take final action on the recommendation of the hearing officer within 60 days after
21 receiving the report of the hearing officer.

22 (e) An air carrier or air operator may not charge a fare or rate for a
23 transportation service subject to this section unless the commission has set or approved
24 the fare or rate under this section.

25 (f) An air carrier or air operator subject to this section shall pay to the
26 commission an annual regulatory cost surcharge set by the commission by regulation
27 as a percentage of gross revenue derived from the provision of air transportation
28 services subject to fares or rates set by the commission under this section. The
29 commission shall administer the surcharge and may adopt regulations necessary to
30 administer this subsection, including requirements and procedures for reporting
31 information and making quarterly payments. The Department of Revenue shall collect

1 and enforce the surcharge and may adopt regulations for investigating the accuracy of
2 filed information and for collecting required payments.

3 (g) This section authorizes the commission to regulate fares and rates for air
4 transportation services within the state to the extent permitted under federal law.

5 (h) In this section,

6 (1) "air transportation service" means the scheduled common carriage
7 of passengers, cargo, or a combination of passengers and cargo by air;

8 (2) "exclusive route" means a route on which only one air carrier or air
9 operator provides direct air transportation services for passengers or for cargo between
10 two communities in the state.

11 * **Sec. 3.** AS 42.05.121 is amended by adding a new subsection to read:

12 (c) The commission may contract for the services of persons necessary to
13 implement regulation of air carriers and air operators under AS 42.05.715. The
14 commission may not use regular, full-time, or permanent employees of the commission
15 to implement AS 42.05.715.

16 * **Sec. 4.** AS 42.05.131 is amended to read:

17 **Sec. 42.05.131. Restrictions on members and employees.** (a) A member of
18 the commission or an employee of the commission may not have an official connection
19 with, or hold stock or securities in, or have a pecuniary interest in (1) a public utility
20 within the state, or (2) an air carrier or air operator who is subject to regulation
21 by the commission under AS 42.05.715. Membership in a cooperative association
22 is not a "pecuniary interest" within the meaning of this section; however, a member
23 or employee of the commission may not be an officer, board member, or employee of
24 a cooperative association. A member or employee may not act upon a matter in which
25 a relationship of the member or employee with any person creates a conflict of
26 interest.

27 (b) A member or employee of the commission may not, after leaving the
28 position as a member or employee of the commission, act as agent for or on behalf of
29 a public utility or an air carrier or air operator in any matter before the commission
30 that was before the commission during the employee's employment or the member's
31 term of office. A violation of this subsection is a class A misdemeanor.

1 * **Sec. 5.** AS 42.05.141(a) is amended to read:

2 (a) The Alaska Public Utilities Commission may do all things necessary or
3 proper to carry out the purposes and exercise the powers expressly granted or
4 reasonably implied in this chapter, including

5 (1) regulate every public utility engaged or proposing to engage in a
6 utility business inside the state, except to the extent exempted by AS 42.05.711;

7 (2) investigate, upon complaint or upon its own motion, the rates,
8 classifications, rules, regulations, practices, services, and facilities of a public utility
9 and hold hearings on them;

10 (3) make or require just, fair, and reasonable rates, classifications,
11 regulations, practices, services, and facilities for a public utility;

12 (4) prescribe the system of accounts and regulate the service and safety
13 of operations of a public utility;

14 (5) require a public utility to file reports and other information and
15 data;

16 (6) appear personally or by counsel and represent the interests and
17 welfare of the state in all matters and proceedings involving a public utility pending
18 before an officer, department, board, commission, or court of the state or of another
19 state or the United States and to intervene in, protest, resist, or advocate the granting,
20 denial, or modification of any petition, application, complaint, or other proceeding;

21 (7) examine witnesses and offer evidence in any proceeding affecting
22 the state and initiate or participate in judicial proceedings to the extent necessary to
23 protect and promote the interests of the state;

24 **(8) regulate fares and rates for air transportation services charged**
25 **by air carriers and air operators in accordance with AS 42.05.715.**

26 * **Sec. 6.** AS 42.05.671(b) is amended to read:

27 (b) The commission may, by regulation, classify the records submitted to it by
28 regulated utilities **or an air carrier or air operator** as privileged records that are not
29 open to the public for inspection. However, if a record involves an application or
30 tariff filing pending before the commission, the commission shall release the record
31 for the purpose of preparing for or making a presentation to the commission in the

1 proceeding if the record or information derived from the record will be used by the
2 commission in the proceeding.