

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

May 11, 2019

3:08 p.m.

MEMBERS PRESENT

Representative Adam Wool, Chair
Representative Andi Story
Representative Zack Fields
Representative Sara Hannan
Representative Louise Stutes
Representative Josh Revak
Representative Dave Talerico

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

CS FOR SENATE BILL NO. 16(FIN)

"An Act relating to certain alcoholic beverage licenses and permits; relating to the bond requirement for certain alcoholic beverage license holders; and providing for an effective date."

- MOVED HCS CSSB 16(L&C) OUT OF COMMITTEE

SENATE BILL NO. 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."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 16

SHORT TITLE: ALCOHOL LIC:FAIRS, THEATRES, CONCERTS; BONDS

SPONSOR(s): SENATOR(s) MICCICHE

01/16/19	(S)	PREFILE RELEASED 1/11/19
01/16/19	(S)	READ THE FIRST TIME - REFERRALS
01/16/19	(S)	L&C, FIN

02/05/19 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 02/05/19 (S) Heard & Held
 02/05/19 (S) MINUTE(L&C)
 02/14/19 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 02/14/19 (S) Scheduled but Not Heard
 02/19/19 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 02/19/19 (S) Moved CSSB 16(L&C) Out of Committee
 02/19/19 (S) MINUTE(L&C)
 02/25/19 (S) L&C RPT CS 5DP NEW TITLE
 02/25/19 (S) DP: REINBOLD, BIRCH, BISHOP, COSTELLO,
 GRAY-JACKSON
 03/08/19 (S) FIN AT 9:00 AM SENATE FINANCE 532
 03/08/19 (S) Heard & Held
 03/08/19 (S) MINUTE(FIN)
 04/01/19 (S) FIN RPT CS 3DP 4NR NEW TITLE
 04/01/19 (S) DP: VON IMHOF, MICCICHE, WILSON
 04/01/19 (S) NR: STEDMAN, HOFFMAN, SHOWER, OLSON
 04/01/19 (S) FIN AT 9:00 AM SENATE FINANCE 532
 04/01/19 (S) Moved CSSB 16(FIN) Out of Committee
 04/01/19 (S) MINUTE(FIN)
 04/08/19 (S) TRANSMITTED TO (H)
 04/08/19 (S) VERSION: CSSB 16(FIN)
 04/09/19 (H) READ THE FIRST TIME - REFERRALS
 04/09/19 (H) L&C, FIN
 05/01/19 (H) L&C AT 3:15 PM BARNES 124
 05/01/19 (H) Heard & Held
 05/01/19 (H) MINUTE(L&C)
 05/08/19 (H) L&C AT 3:15 PM BARNES 124
 05/08/19 (H) Heard & Held
 05/08/19 (H) MINUTE(L&C)
 05/11/19 (H) L&C AT 11:00 AM BARNES 124

BILL: SB 83

SHORT TITLE: TELECOMMUNICATIONS REGULATION/EXEMPTIONS

SPONSOR(s): SENATOR(s) BIRCH

03/11/19 (S) READ THE FIRST TIME - REFERRALS
 03/11/19 (S) L&C
 03/26/19 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 03/26/19 (S) Heard & Held
 03/26/19 (S) MINUTE(L&C)
 04/02/19 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 04/02/19 (S) Moved SB 83 Out of Committee
 04/02/19 (S) MINUTE(L&C)
 04/03/19 (S) L&C RPT 4DP
 04/03/19 (S) DP: REINBOLD, GRAY-JACKSON, COSTELLO,
 BIRCH

04/15/19 (S) TRANSMITTED TO (H)
 04/15/19 (S) VERSION: SB 83
 04/16/19 (H) READ THE FIRST TIME - REFERRALS
 04/16/19 (H) L&C, FIN
 04/17/19 (H) JUD REPLACES FIN REFERRAL
 05/01/19 (H) L&C AT 3:15 PM BARNES 124
 05/01/19 (H) Heard & Held
 05/01/19 (H) MINUTE(L&C)
 05/08/19 (H) L&C AT 3:15 PM BARNES 124
 05/08/19 (H) Heard & Held
 05/08/19 (H) MINUTE(L&C)
 05/11/19 (H) L&C AT 11:00 AM BARNES 124

WITNESS REGISTER

ERIKA MCCONNELL, Director
 Alcohol and Marijuana Control Office
 Department of Commerce, Community & Economic Development
 Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on SB 16.

SARAH OATES, President/CEO
 Alaska Cabaret, Hotel, Restaurant, and Retailers Association
 Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on SB 16.

ASHLEY STRAUCH, Staff
 Representative Adam Wool
 Alaska State Legislature

POSITION STATEMENT: Presented Amendment 2, on behalf of Representative Wool, during the hearing on SB 16.

SENATOR PETER MICCICHE
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: As prime sponsor, answered questions during the hearing on SB 16.

JEROME HERTEL, Manager
 Alaska State Fair
 Palmer, Alaska

POSITION STATEMENT: Testified and answered questions during the hearing on SB 16.

BOB PICKETT, Commissioner

Regulatory Commission of Alaska
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on SB 83.

STUART GOERING, Attorney
Department of Law
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on SB 83.

JIMMY JACKSON, Regulatory Attorney
General Communication Inc.
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on SB 83.

SENATOR CHRIS BIRCH
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, testified during the hearing on SB 83.

CHRISTINE O'CONNOR, Executive Director
Alaska Telecom Association
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on SB 83.

ACTION NARRATIVE

[3:08:19 PM](#)

CHAIR ADAM WOOL called the House Labor and Commerce Standing Committee meeting to order at 3:08 p.m. Representatives Hannan, Stutes, Story, Talerico, Fields, Revak, and Wool were present at the call to order. Representatives Claman and Kreiss-Tomkins joined in the audience.

SB 16-ALCOHOL LIC:FAIRS,THEATRES,CONCERTS;BONDS

[3:09:07 PM](#)

CHAIR WOOL announced that the first order of business would be HOUSE CS FOR CS FOR SENATE BILL NO. 16(L&C), "An Act relating to certain alcoholic beverage licenses and permits; relating to the

bond requirement for certain alcoholic beverage license holders; and providing for an effective date."

[3:09:26 PM](#)

REPRESENTATIVE TALERICO moved to adopt Amendment 1, [labeled 31-LS0283\0.1, Bruce, 5/9/19], which read:

Page 2, line 17, following "license":

Insert ";
(25) music festival permit"

Page 5, following line 19:

Insert a new bill section to read:

"* **Sec. 10.** AS 04.11 is amended by adding a new section to read:

Sec. 04.11.245. Music festival permit. (a) A music festival permit authorizes the holder of a restaurant or eating place license to sell or dispense beer and wine for consumption at a festival with multiple live music performances held off the holder's licensed premises.

(b) The board may issue a music festival permit only for

(1) a designated premises and for a limited period, not to exceed four calendar days; and

(2) a music festival that has existed for a period of at least 10 years before the application for the permit is filed.

(c) The board may not issue more than one music festival permit to the holder of a restaurant or eating place license in a calendar year.

(d) A music festival permit may not be transferred or renewed.

(e) An applicant for a music festival permit under this section shall obtain the written approval of a law enforcement agency having jurisdiction over the site of the event for which the music festival permit is sought and provide the written approval to the board with the application.

(f) The fee for a music festival permit is \$50 for each day of the event and must accompany the application for the permit."

Re-number the following bill sections accordingly.

Page 5, line 27, following "04.11.240(b),":

Insert "04.11.245(e)"

Page 7, line 18, following "(16)":

Insert "music festival permit;
(17)"

CHAIR WOOL objected for the purpose of discussion.

[3:10:02 PM](#)

REPRESENTATIVE TALERICO explained that Amendment 1 would reinsert the music festival permit with the following stipulations: The permit could not exceed four calendar days; the festival must have existed for a period of at least 10 years before the application is filed; the board may not issue more than one music festival permit to the holder of a restaurant or eating place license (REPL) in a calendar year; and the permit may not be transferred or renewed.

CHAIR WOOL asked if Amendment 1 is intended for Chickenstock Music festival.

REPRESENTATIVE TALERICO answered yes. He said the biggest difficulty for Chickenstock is that a precedence was set seven or eight years ago when they were given a permit to operate and now that permit is no longer available to them due to a change in personnel at the Alcohol and Marijuana Control Office (AMCO).

CHAIR WOOL asked how many years Chickenstock had been operating with a beverage dispensary license (BDL).

REPRESENTATIVE TALERICO answered, "three years."

CHAIR WOOL asked Ms. McConnell when Chickenstock Music Festival started operating with a BDL instead of a REPL.

[3:13:49 PM](#)

ERIKA MCCONNELL, Director, Alcohol and Marijuana Control Office, Department of Commerce, Community & Economic Development, said that happened in 2016.

CHAIR WOOL noted that he was hesitant to make a change for one specific business, especially since [Chickenstock] has been functioning with a BDL for several years.

[3:15:14 PM](#)

REPRESENTATIVE STUTES agreed. Nonetheless, she pointed out that Chicken, Alaska is remote and there is only one BDL in the area. She said there's a lot of liability involved with lending a license to be used for a caterer's permit. She added that Chicken is a small, remote community interested in having one event. She said she's leaning towards voting in a positive manner.

CHAIR WOOL said he understands that Chickenstock would like to sell alcohol; however, he disagreed that distance or geography is a barrier. He pointed out that it's standard for people to cater festivals or concerts.

[3:18:22 PM](#)

REPRESENTATIVE FIELDS said he would not support Amendment 1 if it was unlimited or allowed restaurant owners in an urban area to have a festival at their location when there are dozens of BDL permit holders in the same area. However, given Chickenstock's limited circumstance and the fact that this bill is a package of one-off's, he said he would support Amendment 1. He added that given the remote nature of this festival it is highly unlikely to negatively impact BDL holders elsewhere.

[3:19:39 PM](#)

REPRESENTATIVE HANNAN asked if there were any REPLs aside from Chickenstock's that were revoked in 2016.

[3:20:25 PM](#)

MS. MCCONNELL said not that she is aware of.

[3:20:52 PM](#)

SARAH OATES, President/CEO, Alaska Cabaret, Hotel, Restaurant, and Retailers Association, in response to Representative Hannan, said there were permits issued in the past that did not meet the necessary qualifications because they weren't providing banquet or dinner events. Those permits are no longer issued because a change in AMCO staff brought in someone who paid closer attention to the statutes.

[3:21:40 PM](#)

REPRESENTATIVE HANNAN asked what the REPLs were being used for before the statute was reinterpreted.

MS. OATES pointed out that under the proposed definition of "music festival," any concert with more than one performer would qualify for this permit. She said despite being intended for Chickenstock, because of how it's written this bill would expand upon it more than anticipated.

REPRESENTATIVE HANNAN referred to Amendment 1, lines 15-16, "a music festival that has existed for a period of at least 10 years before the application for the permit is filed." She offered her belief that the intention was to stop a new REPL from being used to host a concert if they had not previously done it for a period of 10 years.

MS. OATES said if that's the intention the language should be clarified. She opined that it's relatively impossible to determine if a festival has been in existence for 10 years or more, adding that has seen a lot of things get pushed beyond the intent.

[3:24:53 PM](#)

REPRESENTATIVE STUTES asked if it would be clearer to say, "a music festival that has existed in a specific location for a period of 10 years."

MS. OATES said limiting it to a particular licensee or to REPLs that are located in an organized area with no organized government would make it more palatable.

CHAIR WOOL questioned whether a band that plays somewhere every year for a weekend could retroactively be considered a festival to gain a REPL music festival permit.

MS. OATES confirmed that.

CHAIR WOOL offered his understanding that a permit is a one-off deal. He asked if permits can be transferred.

[3:26:32 PM](#)

MS. MCCONNELL said a permit is issued for one particular event and if another event occurs, the holder will need a new one.

MS. MCCONNELL said her understanding of this amendment is that any REPL could apply for a music festival permit, but the music festival itself must have been in existence for at least 10 years. A qualifying music festival, like Chickenstock, could use a different REPL to get their permit each year. They do not have to stick with the same licensee to serve at their festival every year.

CHAIR WOOL questioned whether, according to this amendment, a Chinese restaurant in Juneau could cater the REPL for Chickenstock.

MS. MCONNELL said yes.

[3:28:19 PM](#)

REPRESENTATIVE FIELDS asked if the maker of Amendment 1 would consider a friendly conceptual amendment to ensure that music festivals aren't popping up in urban areas.

REPRESENTATIVE FIELDS asked if the language could be clarified to say "license" rather than "permit" for consistency.

REPRESENTATIVE STUTES turned attention to line 19, subsection (d), and suggested changing the language to "A music festival permit may not be renewed upon transfer for sale of the REPL."

CHAIR WOOL objected to "weigh into the legal language."

[3:31:37 PM](#)

MS. MCCONNELL said permits are not renewed at all - they are discreet and get evaluated on a case by case basis. She addressed the assumption that the REPL serving the festival is somehow tied together in perpetuity, which is not the case. She stated that attempting to create a tie between a particular REPL and a particular festival would require different language on line 19.

REPRESENTATIVE STUTES suggested replacing "renewed" with "issued."

CHAIR WOOL directed attention back to the "unorganized area" language because of its limiting factors.

REPRESENTATIVE TALERICO withdrew Amendment 1.

[3:34:28 PM](#)

CHAIR WOOL moved to adopt Amendment 2, [labeled 31-LS0283\O.4, Bruce, 5/10/19], which read:

Page 4, lines 7 - 8:

Delete all material and insert:

"(3) a public ski area
(A) where skiing and snowboarding occur;
(B) that sells lift tickets; and
(C) that has a permanent public structure."

Page 4, line 20:

Delete "fairs and other events"

Insert "an annual fair"

Page 4, line 26:

Delete "fair"

Insert "annual fair"

REPRESENTATIVE STUTES objected for the purpose of discussion.

[3:35:01 PM](#)

ASHLEY STRAUCH, Staff, Representative Adam Wool, said that the purpose of Amendment 2 is to clarify that a "public ski area" is a place that has skiing and snowboarding, sells lift tickets, and has a permanent public structure.

[3:35:32 PM](#)

REPRESENTATIVE FIELDS questioned whether a public structure is one that is used by the public who patronize a facility or if a public structure is one that is owned by the public.

MS. STRAUCH said it is used by the public, adding that the intent is to prevent someone with a shed on private property from selling a lift ticket and calling it a public ski area.

CHAIR WOOL added that the intent was to more solidly define what a ski area is.

[3:36:38 PM](#)

REPRESENTATIVE STUTES removed her objection.

[3:36:44 PM](#)

REPRESENTATIVE HANNAN inquired as to the remaining changes included in Amendment 2.

MS. STRAUCH explained that the intent of the changes on page 1, lines 8-14, were to more clearly define the word "fair."

REPRESENTATIVE HANNAN surmised that the distinction being drawn is between the sequence of time, "the fair," and the physical location.

CHAIR WOOL answered yes.

REPRESENTATIVE HANNAN questioned whether the aforementioned changes in Amendment 2 would maintain the original intent of the bill.

[3:39:15 PM](#)

SENATOR PETER MICCICHE, Alaska State Legislature, prime sponsor of SB 16, deferred the question to Jerome Hertel.

CHAIR WOOL, in response to Representative Hannan, said the Alaska State Fair was previously using a recreational site license, which is grandfathered into SB 16 to ensure they don't lose any of the abilities they've had in the past.

[3:39:58 PM](#)

JEROME HERTEL, Manager, Alaska State Fair, opined that Amendment 2 would restrict the fair's ability to develop off-season events and to generate revenue for such events. He noted that, currently, they use a special events permit, which are limited permits, for their off-season events. He said he is more in favor of keeping the current language that allows them to provide those services to the community.

CHAIR WOOL offered his understanding that the fair was using a recreational site license until December 2018, which allowed them to do events there.

MR. HERTEL deferred to Erika McConnell.

[3:42:26 PM](#)

MS. MCCONNELL offered her understanding that in general, the fair was using a recreational site license to operate a variety

of events throughout the year; however, there was an issue involving events on portions of their licensed premises that accommodated unaccompanied minors. She worked with the fair to develop an alternating premises system, which is allowed under regulation. She opined that there was no need for the fair to use permits while using their license for various events year-round.

CHAIR WOOL speculated that if they use their grandfathered rec site license they could continue with their events. He asked if that were true.

MS. MCCONNELL answered yes.

CHAIR WOOL asked Mr. Hertel if he's considered buying BDL for the events he puts on every year.

MR. HERTEL asked if the fair would qualify for a BDL. He noted that regarding their annual events, not all 75 utilize alcohol. He said that approximately 15-20 events serve alcohol.

[3:45:14 PM](#)

SENATOR MICCICHE said he drafted this bill to support an event that all Alaskans enjoy. He acknowledged that it is an expensive event and pointed out that the fair utilizes the earnings from alcohol to provide programs for children and agriculture. He emphasized that it's an important event for Alaskans and taking a step that could potentially negatively impact the fair is dangerous. He stated that he supports the first part of Amendment 1 and expressed concern about the second part.

CHAIR WOOL offered his understanding that the grandfathering section alone would keep the fair running as is. He noted that the intent was to help future fairs that want to sell alcohol increase their revenue and sustainability. He reemphasized that the grandfathering section would preserve the Alaska State Fair's successful business model, while the fair license on page 2, line 17, would enable future fairs to join that elite club of fairs that keep their own alcohol revenue. He stated that he likes the language offered in the amendment.

[3:47:43 PM](#)

REPRESENTATIVE REVAK suggested postponing this discussion to a later date.

[3:48:08 PM](#)

REPRESENTATIVE STUTES reminded members that the fair won't be impeded by having their events and could continue to operate the same way that they always have. She asked Ms. McConnell if that were true.

MS. MCCONNELL affirmed that.

[3:48:38 PM](#)

SENATOR MICCICHE said if that's the case and this doesn't [negatively] impact the fair then he supports it. He expressed his support for Amendment 3 as well.

[3:49:03 PM](#)

REPRESENTATIVE STUTES removed her objection to Amendment 2. There being no further objection, Amendment 2 was adopted.

[3:49:15 PM](#)

CO-CHAIR WOOL moved Amendment 3, [labeled 31-LS0283\0.3, Bruce, 5/11/19], which read:

Page 2, lines 23 - 27:

Delete all material and insert:

"(2) may only provide entertainment on the licensed premises between the hours of 11:00 a.m. and 7:00 p.m. or 3:00 p.m. and 11:00 p.m. as permitted in (h) of this section, unless approved by the director after written request by the licensee for a specific occasion [; IN THIS PARAGRAPH, "ENTERTAINMENT" INCLUDES DANCING, KARAOKE, LIVE PERFORMANCES, OR SIMILAR ACTIVITIES, BUT DOES NOT INCLUDE RECORDED OR BROADCAST PERFORMANCES WITHOUT LIVE PARTICIPATION]."

Page 2, following line 27:

Insert a new bill section to read:

"* **Sec. 3.** AS 04.11.100 is amended by adding new subsections to read:

(h) An applicant for initial licensure or renewal of a restaurant or eating place license shall select, at the time of application, whether to permit entertainment on the licensed premises between the hours of 11:00 a.m. and 7:00 p.m. or between the hours

of 3:00 p.m. and 11:00 p.m. A licensee may not change the permitted hours of entertainment until the licensee submits an application for renewal of the license.

(i) In this section, "entertainment" includes dancing, karaoke, live performances, or similar activities, but does not include recorded or broadcast performances without live participation."

Renumber the following bill sections accordingly.

Page 8, line 25:
Delete "sec. 6"
Insert "sec. 7"

Page 9, line 2:
Delete "Section 6"
Insert "Section 7"

REPRESENTATIVE STUTES objected for the purpose of discussion.

[3:49:25 PM](#)

MS. STRAUCH explained that Amendment 3 would allow a business to choose between the 11:00 a.m. to 7:00 p.m. timeframe and the 3:00 p.m. to 11:00 p.m. timeframe to provide entertainment on the licensed premises. After the two-year duration of that business's license they could change their designation; however, for the duration of that two-year license period, whichever timeframe they choose they must abide by.

[3:50:23 PM](#)

REPRESENTATIVE STUTES expressed her full support for Amendment 3.

CHAIR WOOL noted that this amendment allows businesses to have the option of providing entertainment during lunch hour.

[3:51:18 PM](#)

REPRESENTATIVE STUTES removed her objection to Amendment 3. There being no further objection, Amendment 3 was adopted.

[3:52:11 PM](#)

REPRESENTATIVE STUTES moved to report HCS CSSB 16, Version LS0283\0, Bruce, 5/4/19, out of committee with individual recommendations and the accompanying fiscal notes. Without objection, HCS CSSB 16(L&C) was moved from the House Labor and Commerce Standing Committee.

[3:52:42 PM](#)

The committee took an at-ease from 3:52 to 3:55 p.m.

SB 83-TELECOMMUNICATIONS REGULATION/EXEMPTIONS

[3:55:48 PM](#)

CHAIR WOOL announced that the final order of business would be SENATE BILL NO. 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."

[3:56:48 PM](#)

REPRESENTATIVE FIELDS inquired as to the meaning of "rates, terms, and conditions of service" in Section 7. He asked if, for example, the existence of service is a condition of service.

[3:57:21 PM](#)

BOB PICKETT, Commissioner, Regulatory Commission of Alaska, deferred to Stuart Goering.

[3:57:30 PM](#)

STUART GOERING, Attorney, Department of Law, said the simple answer is yes, the circumstances under which someone acquires service from a utility is included within the terms and conditions of service.

[3:57:57 PM](#)

REPRESENTATIVE FIELDS asked if that would include the preservation of service; for example, would withdrawal of service be a change in the conditions of service.

MR. GOERING answered yes, any terms that might affect the discontinuance of service would be a term or condition of service.

REPRESENTATIVE FIELDS asked Mr. Goering to address meanings of "incumbent local exchange carrier" versus "competitive local exchange carrier" in subsections (l) and (m) of section 7.

MR. GOERING explained that an incumbent local exchange carrier (ILEC) is the first local exchange carrier to an area. Any carrier that comes after that would be a competitive local exchange carrier (CLEC). He added that those terms are exclusive of one another.

REPRESENTATIVE FIELDS questioned whether there are carriers who provide basic residential telephone service that are neither ILEC or CLEC and are not encompassed in section 7.

MR. GOERING said his initial reaction is no, ILECS and CLECS provide all basic residential local telephone service. Nonetheless, he said he could stand to be corrected by someone in the industry who knows of a small segment that he's unaware of.

[4:02:44 PM](#)

JIMMY JACKSON, Regulatory Attorney, General Communication Inc., in response to Representative Fields, explained that any local carrier is either an ILEC or CLEC, there would not be any local exchange carriers that are outside the scope of either one.

REPRESENTATIVE FIELDS asked if Section 7 effectively prohibits a carrier from withdrawing service from an area that is uneconomic to serve.

[4:03:29 PM](#)

MR. PICKETT noted that there is also a "certificate issue." He said that abandonment of service is a type of certificate (indisc.), adding that he only experienced that one time with a small community called Healy Lake, which involved the power company, the local exchange carrier, and the inner exchange carrier, AT&T. After the proceeding the commission declined to allow them to abandon service in that area.

REPRESENTATIVE FIELDS said he is not sure that answered his previous question. He repeated his question, "does section 7,

by requiring uniform rates, terms and conditions of service, prohibit carriers from eliminating service that is uneconomic."

[4:04:30 PM](#)

MR. GOERING replied that AS 42.05.261 would prevent the discontinuance, suspension or abandonment of certificated service. He noted that the language in Section 7 does suggest that if there was, for example, a provision in the tariff that said service in a particular area could be discontinued, it would have to be done in a way that the conditions were uniform. If the carrier did have reason to discontinue service, it would have to be done on a uniform basis as opposed to selectively. He offered his belief that the exact interaction of AS 42.05.261 and the new language in AS 42.05.381 (l) and (m) would be subject to debate if that happened.

REPRESENTATIVE FIELDS stressed the need to have the correct understanding of what the language does.

MR. GOERING said the fact that AS 42.05.261 would continue to apply to telecommunication carriers would prevent the carrier from discontinuing service in a certificated area without prior approval. He said that provision is not identical to carrier of last resort (COLR), but it would service the same purpose.

REPRESENTATIVE FIELDS pointed out that section 7 refers to residential local telephone service. He asked if private businesses are not included in this language presently.

MR. GOERING said carriers have tariffs, which define what their classes of service are, and the Regulatory Commission of Alaska (RCA) regulations require that carriers offer residential and business service as separate classes of service. He noted that the later would be annulled by this bill and how basic residential telephone service is defined would be less clear. He acknowledged that there would be classes of service that would not be covered by the scope of subsections (l) and (m) of Section 7, including business service or commercial service.

[4:08:53 PM](#)

REPRESENTATIVE FIELDS sought clarification the distinctions between types of service that would be annulled by this bill.

MR. GOERING said that, currently, the classes of service that a particular carrier offers are defined by their tariff. Under

this bill, the carrier would no longer be required to have a tariff. It would be up to the carrier to define who would qualify for what class of service and it would no longer be within the scope of AS 42.05 ability to control.

REPRESENTATIVE FIELDS asked Mr. Goering to define the other classes of service.

MR. GOERING said it varies; however, basic distinction is between residential and business or residential and commercial service.

REPRESENTATIVE FIELDS asked if business and commercial are interchangeable terms.

MR. GOERING reiterated that, currently, the carriers have definitions of their classes of service within their tariffs. Therefore, depending on the carrier there might be a distinction drawn between different classes of services, which would be defined. For example, a particular carrier might have a class of service that they call "basic business" and another class of service called "large commercial," in which case there would be a distinction. Alternatively, they might have one or the other and refer to one kind either way. Regardless, the name of the service and how one qualifies for it is defined by the tariff.

[4:11:26 PM](#)

CHAIR WOOL asked for definition of the term tariff.

MR. GOERING said for the purposes of public utilities and pipeline carriers, the tariff is the document that establishes all rates, terms, and conditions of service that their certificated service is offered under. Essentially, he said, it is the contract between carrier and their customer that is publicly available and can only be revised under certain procedures under AS 42.05.

CHAIR WOOL asked if by getting rid of the tariff, the RCA wouldn't have to look at large filings, which is the main impetus of bill.

MR. GOERING said he thinks that is true, as the sponsors intent is to streamline the process. Nonetheless, whether there is a tariff or not, there must be terms and conditions of service and rates that people pay, and the business must make that known to their customers. He said even though there won't be tariffs

that are filed with the RCA, there will still be something that defines the rules and costs, it just won't be called a tariff anymore.

CHAIR WOOL asked if it would define a residential service as separate than a business or commercial service. He questioned whether somewhere in the industry those distinctions would still be made.

MR. GOERING offered his understanding that their intention would be to put those things on their website; however, it wouldn't be in a document as formal as a tariff, they would migrate to a plainer language file.

[4:14:57 PM](#)

REPRESENTATIVE FIELDS asked if there is a way to write that language to ensure that Section 7 protections are provided for business and commercial, while recognizing that those classes are fluid under this bill.

MR. GOERING offered his belief that many of the classes of service will be, in some locations, classes of one and small classes subject to negotiated rates. The idea of uniformity was probably deliberate. The intention was for residential to be protected by uniform rates but to allow larger customers that may have unique circumstances the ability negotiate with the carrier.

REPRESENTATIVE FIELDS asked if, setting aside those who negotiate special rates, it would be advantageous to make sure this language includes the respective classes of services and not merely limit it to residential.

MR. GOERING deferred policy questions to Commissioner Pickett.

[4:17:21 PM](#)

MR. PICKETT said the tariffs are information type filing for the commission; therefore, when a particular carrier redefines or changes their classes of service it is approved.

REPRESENTATIVE FIELDS reemphasized his desire to cover certain classes of services with the important caveat that it shouldn't be so far reaching that it inadvertently precluded a local school district, for example, from negotiation more favorable rates.

4:18:35 PM

REPRESENTATIVE HANNAN asked Mr. Goering if he has any concerns from his legal perspective that this bill leaves consumers in Alaska at a disadvantaged position.

MR. GOERING observed that to the extent that the telecommunications industry is no longer economically regulated, there's an argument that the Department of Law has a consumer protection function. He continued by saying the purpose of a tariff is to make the rates, terms, and conditions of service clear to public, and eliminating that without something to replace it with does raise the question of how someone will know what they are paying in regard to what his or her neighbor is paying. He indicated a new normal will have to be worked out.

4:23:01 PM

REPRESENTATIVE TALERICO recalled his own experience looking at tariffs on the RCA website. He wondered how many people have gone online to look at the rates instead of being informed by their carrier. He said tariffs appear to be a reasonably complicated legal docket and questioned how much information they actually provide.

CHAIR WOOL acknowledged that he has never looked at a tariff document.

4:24:36 PM

REPRESENTATIVE HANNAN agreed and said she is feeling more assured that this wouldn't change how the public will get their information. If someone is keeping landline at their property, she said, it's for something like bad cell service, she said.

CHAIR WOOL stated that they have heard from places with no cellphone service expressing concern that there could be poor quality or intermittent service. He asked if the RCA loses any authority to enforce quality or consistency of service if this bill were to pass. He asked if the RCA has recourse for a community that goes without service 30 percent of the time.

4:26:30 PM

MR. PICKETT said yes, they do have recourse. He explained that after receiving a complaint the staff will continue to work with

whoever submitted it as well as the carrier. He said the carriers need to be reactive and responsive to these complaints. He said at the end of the day, the RCA still has certificate power and he anticipates that going forward, the Alaska Universal Service Fund (AUSF) will be the tool that they use to address these rural communities in Alaska.

CHAIR WOOL asked if COLR gets funds from AUSF to maintain that COLR line.

MR. PICKETT said no, effective January 1, 2019, COLR funding from the AUSF does not exist. The entire fund has been capped at half and the remaining support is in essential network services.

MR. PICKETT, responding to a question from Representative Stutes, said regulatory cost charge (RCC) revenues are portioned among the various industry groups. It is an annual process based on the RCA's actual costs, which includes staff costs and administrative overhead for each sector.

[4:30:34 PM](#)

SENATOR CHRIS BIRCH, Alaska State Legislature, said this is piece of legislation has full support from the telecommunications industry and the RCA. He stated that it's a deregulation bill "that does a lot of good work."

[4:31:33 PM](#)

REPRESENTATIVE FIELDS, referencing an email from Ms. O'Connor, asked why business rates that apply to schools are lower in rural areas than in urban areas.

[4:32:21 PM](#)

CHRISTINE O'CONNOR, Executive Director, Alaska Telecom Association, said one theory is that urban areas have more complex business systems and services leading to a higher bulk in sheer numbers of business lines. She added that business rates need less protection than residential rates due to more competition between higher revenue customers.

REPRESENTATIVE FIELDS asked if a rural school is a big customer by industry standard.

MS. O'CONNOR said in each community the school is most likely a large customer; however, it would depend on the perspective of the provider.

REPRESENTATIVE FIELDS asked if Mr. Pickett agreed that business rates tend to be lower in rural areas.

MR. PICKETT said he has yet to see a "full-blown" rate case.

[4:35:06 PM](#)

MR. JACKSON echoed Mr. Pickett's sentiments, adding that they were all surprised by the aforementioned findings and are not sure how to explain them. He said it may be an unusual circumstance.

CHAIR WOOL explained that more competition in urban areas should drive the rates down if they are all competing for particular contracts. Whereas in rural communities with one school and one carrier, it becomes more of a monopoly. He opined that the findings are counterintuitive and asked if Ms. O'Connor wished to comment.

[4:36:18 PM](#)

MS. O'CONNOR related that the third largest landline provider in the state said raising business rates is the farthest thing from their mind because they want to keep their customers. She added landline is important, but it's a small portion of the business.

CHAIR WOOL sought to clarify her answer and asked if schools and hospitals are subsidized.

MS. O'CONNOR answered yes, adding that it's common to see these services bundled together. She said that schools and health care are heavily subsidized through the federal government and separate programs under the AUSF. All of which have strict rules. In the case of schools, there are confidential RFC procedures to get the lowest rates possible.

CHAIR WOOL expressed concern about communities with poor quality or intermittent service and a landline-only option, like Prince of Wales Island, for example. He said he would like to make certain that there is no license for loss of service if this bill were to pass.

MS. O'CONNOR replied that service providers are currently working to establish LTE service and upgrades for mobile broadband in communities like Prince of Wales Island, Craig, and Klawock. She maintained that outages are an aberration and unexpected. She said that the Alaska Telecom Association (ATA) discussed outage reporting with the RCA and assured the commission that they would continue to report outages if SB 83 were to pass. She added that the RCA, through its certificate authority, holds the ability to stop and start service, as well as to open a docket on negligent actions made by carriers.

[4:41:54 PM](#)

CHAIR WOOL asked if there was concern that the AUSF is capped at 10 percent.

MS. O'CONNOR explained that the AUSF was reformed and changed. Part of that change, effective January 1, 2019, was a cap that reduced the fund by between one-third and one-half and eliminated the payments for COLR. It also retained a portion of the fund being paid to carriers and renamed Essential Network Support, which supports intrastate telecommunication services. As part of that reform, she said, the commission will open a docket in 2021 with the goal of explicitly funding broadband.

MS. O'CONNOR, in response to a follow-up question from Representative Wool, reiterated that the fund is capped at 10 percent which reduced the revenue between one-third and one-half.

CHAIR WOOL sought clarification on whether, without COLR designation, last carriers would still receive help. He asked where that help would come from.

MS. O'CONNOR said the "old" AUSF had multiple segments and was paying for different functions, including a portion explicitly for COLR. The largest portion reimbursed companies for "carrier common line cost," with the intention of lowering instate long-distance rates.

CHAIR WOOL announced that the committee would take up amendments to SB 83.

[4:46:55 PM](#)

REPRESENTATIVE FIELDS moved to adopt Amendment 1, [labeled 31-LS0563\M.6, Fisher, 5/10/19], which read:

Page 2, line 1:
Delete "new subsections"
Insert "a new subsection"

Page 2, lines 2 - 5:
Delete all material.

Page 2, line 6:
Delete "(f)"
Insert "(e)"

Page 3, following line 28:
Insert a new bill section to read:
"* **Sec. 8.** AS 42.05 is amended by adding a new section to read:

Sec. 42.05.566. Civil penalty related to service outages in areas served by a carrier of last resort.

(a) The commission may designate an interexchange carrier as a carrier of last resort to provide service in a particular area.

(b) The commission may impose a penalty of up to \$10,000 on a carrier of last resort designated under (a) of this section if the carrier fails to implement repairs necessary to end a service outage in an area in which it has carrier of last resort obligations."

ReNUMBER the following bill sections accordingly.

REPRESENTATIVE REVAK objected.

REPRESENTATIVE FIELDS proposed a conceptual amendment to Amendment 1, which would remove lines 1-10 relating to COLR.

CHAIR WOOL pointed out that the current daily penalty is \$100. He opined that raising it to \$10,000 is too much.

[4:47:53 PM](#)

MR. GOERING observed that, although members from the ATA say they will continue to report outages, as SB 83 is currently written the RCA could not enforce that. He explained that AS 42.05.141 (a)(5) is the current mechanism that allows the commission to require utilities to file reports. He pointed out that under SB 83, telecommunications carriers would be exempted from that statute. He added that this may lead to unreported outages, which could result to difficult implementation.

[4:49:01 PM](#)

REPRESENTATIVE FIELDS emphasized the necessity to maintain the requirement that outages are reported. He indicated that this bill should structure policy to protect consumers without relying on the good will of businesses. He asked Mr. Goering what to change to ensure the requirement of reporting outages.

MR. GOERING suggested conceptually that language could be drafted for this section that requires outages be reported in a certain period of time, or that outages be required as specified in regulations to be adopted by the RCA. The other option, he said, is to remove AS 42.05.141 (a)(5) from the exemption so that general reporting could continue to be required.

MR. GOERING directed attention to Section 8 of the bill. He said that if SB 83 were to pass as it's currently written, the reporting requirement for utilities providing telecommunication services would be terminated.

[4:52:19 PM](#)

SENATOR BIRCH expressed concern with rushing the process, adding that he only received the seven amendments shortly before this meeting. He stated that he is not supportive of Amendment 1 or any of them. He emphasized the need for dialogue and said, as the bill sponsor, he would have appreciated it.

[4:55:03 PM](#)

REPRESENTATIVE STUTES voiced her opposition to Amendment 1, offering her belief that allowing service outages is not to the benefit of any provider.

[4:56:08 PM](#)

REPRESENTATIVE FIELDS asked if there were suggestions for an alternative penalty fee, adding that the current amount of \$100 seems meaningless.

[4:56:43 PM](#)

MS. O'CONNOR pointed out that the statute in question applies to all utilities not just telecom. She acknowledged that \$100 per day is outdated; however, she said the statute is structured to

apply to all utilities. She offered her belief that changing it should be a separate matter.

REPRESENTATIVE FIELDS said there will be economic conditions under which carriers become monopolies in Alaska due to the state's geography. He added that [the service outage] in his colleague's district seems to indicate that sometimes there's not an economic imperative to fix an outage quickly; consequently, he said he will continue to offer the amendment.

CHAIR WOOL suggested changing the penalty to \$1,000.

REPRESENTATIVE STUTES made a call for the question.

[4:58:16 PM](#)

The committee took a brief at-ease.

[4:58:20 PM](#)

REPRESENTATIVE FIELDS said, "I've accepted that I think amendment to the amendment, so it would be \$1,000 daily fine."

[4:59:07 PM](#)

REPRESENTATIVE HANNAN asked Commissioner Pickett whether the RCA has the ability to adjust penalties via regulation, or if it's done via statute.

MR. PICKETT said they have not addressed directly addressed fines and penalties, primarily due to significant issues regarding potential reform of the utilities that they have been working on.

REPRESENTATIVE HANNAN questioned whether the RCA's report will indicate a penalty change for utilities addressed across multiple sectors of regulated utilities, which can be done without a statutory change.

MR. PICKETT deferred to Mr. Goering.

[5:00:50 PM](#)

MR. GOERING said that the specific statute in question is AS 42.05.571 (a), which dates back to 1970 and provides for a maximum penalty of \$100 per violation. He pointed out that AS 42.05.581 provides that each violation of any order, decision,

regulation, or written requirement of the commission is a separate and distinct offense; therefore, there is an argument that in the case of an outage, every customer who was out of service for a particular day would be a separate violation, making it \$100 multiplied by the number of effected customers multiplied by the number of days the outage lasted. Regarding the increased penalty, the maximum penalty of \$100 per violation is in statute and cannot be increased by regulation; only a statutory amendment can change that.

[5:02:20 PM](#)

REPRESENTATIVE STUTES asked what other utilities might be affected.

MR. PICKETT answered any utilities that are subject to the commission's jurisdiction. He noted that the RCA regulates electric utilities, waste providers, and natural gas local distribution companies.

[5:02:55 PM](#)

REPRESENTATIVE FIELDS asked if the amendment is drafted to change the penalty for all those utilities.

MR. GOERING said that as it's currently written, lines 12-23 of Amendment 1, would not apply to telecommunication carriers - unless a carrier had been designated as a COLR to provide service in a particular area. Therefore, the penalty wouldn't be applicable to every telecommunications carrier with an outage - only a COLR with an outage - as it's drafted.

REPRESENTATIVE FIELDS said he's only concerned in a monopolistic environment where there's potentially no economic incentive.

CHAIR WOOL added that it's a penalty "of up to," which doesn't make it mandatory. He referenced the incident in Kodiak where an outage lasted 47 days and asked if that provider was fined \$4700.

MR. PICKETT answered no, adding that no proceeding had been started to initiate a \$4700 fine against that carrier.

[5:04:47 PM](#)

REPRESENTATIVE FIELDS acknowledged that the incident in Kodiak and the fact that there's not a meaningful penalty was the reason behind this amendment.

REPRESENTATIVE TALERICO pointed out that Amendment 1 does not define whether the penalty is daily, monthly, or annually.

[5:05:22 PM](#)

REPRESENTATIVE FIELDS said the intention was to amend the maximum daily fine.

MR. GOERING offered his understanding that as it's currently drafted, there appears to be a single penalty per failure to implement repairs; therefore, for each failure to implement repairs, regardless of how long it lasts, there could be one penalty of up to \$10,000.

CHAIR WOOL reasoned that the provider in Kodiak could have been fined \$100 for 47 days of no service.

MR. GOERING clarified that in current statute it does specify "per day." He reiterated that each customer could be considered a separate act, making it a proposed civil penalty of 47 days multiplied by the number of people that were out of service multiplied by up to \$100; which would be \$4700 multiplied by the number of people who did not have service.

CHAIR WOOL suggested that they were amending the wrong statute.

[5:07:25 PM](#)

REPRESENTATIVE FIELDS withdrew Amendment 1.

[5:08:07 PM](#)

REPRESENTATIVE FIELDS moved to adopt Amendment 2, [labeled 31-LS0563\M.8, Fisher, 5/10/19], which read:

Page 2, following line 7:

Insert a new subsection to read:

"(g) The commission shall adopt regulations requiring a telecommunications utility that is exempt from certain provisions of this chapter under AS 42.05.711 to keep records of savings realized by the telecommunications utility as a result of the exemption and to invest those savings in the

maintenance and construction of infrastructure serving a public purpose."

Page 3, line 31:

Delete "AS 42.05.141(e) and (f)"

Insert "AS 42.05.141(e) - (g)"

REPRESENTATIVE HANNAN objected.

REPRESENTATIVE FIELDS said there was a discussion about a lack of transparency with respect to subsidies that are reinvested into infrastructure. He explained that Amendment 2 is an insurance amendment to guarantee that any savings or increases in telecom companies' profitability related to passage of this bill is reinvested into infrastructure.

[5:09:12 PM](#)

MS. O'CONNOR clarified that the RCA has complete authority to require reporting around the AUSF. She added that the ATA members follow every compliance instituted by the RCA and must be in compliance to continue to receive funds. Regarding Amendment 2, she said it would be a cumbersome attempt, adding that telecom companies have not been cost-regulated for 10-15 years. She said the processes are not in place and expressed concern that this amendment would divert resources from ATA members and the commission - resources that would be much better used looking at the AUSF or other issues.

[5:10:47 PM](#)

REPRESENTATIVE STUTES maintained her objection.

A roll call vote was taken. Representative Fields voted in favor of Amendment 2. Representatives Revak, Hannan, Stutes, Talerico, Story, and Wool voted against it. Therefore, Amendment 2 failed by a vote of 1-6.

[5:11:23 PM](#)

REPRESENTATIVE FIELDS said he would not be offering Amendment 3.

REPRESENTATIVE FIELDS moved to adopt Amendment 4, [labeled 31-LS0563\M.5, Fisher, 5/8/19], which read:

Page 4, lines 6 - 10:

Delete all material.

Renumber the following bill sections accordingly.

CHAIR WOOL objected for purposes of discussion.

REPRESENTATIVE FIELDS explained that Amendment 4 removes the elimination of municipal authority. He said he has a fundamental problem with the state legislature taking away local authority that currently exists. He stated that there is already strong language in Alaska's constitution related to local authority.

REPRESENTATIVE HANNAN objected.

REPRESENTATIVE HANNAN inquired as to the current circumstances wherein there are municipals who regulate long distance telephone companies within their municipality. She asked if there could be any foreseen problems if long distance service was provided across 5 to 6 municipalities and one chose to participate in internal regulations within its municipal boundaries but not in the entire service area.

[5:13:14 PM](#)

MR. PICKETT said that would be a problematic situation. He added that Ketchikan is the only known local municipally owned telephone utilities.

MS. O'CONNOR confirmed that there is one municipally owned local exchange carrier, Ketchikan Public Utilities, which is overseen by their city council. She noted that currently, municipalities do not regulate long distance carriers or local exchange carriers - except in the case where the municipality is a telephone company.

REPRESENTATIVE FIELDS said Amendment 4 was not drafted the way he envisioned. He said he intended to strike the additional language on page 4, line 8, "or a local exchange carrier," to preserve current statute with respect to municipal preemption.

[5:14:43 PM](#)

REPRESENTATIVE STUTES asked what kind of impact that would have.

MS. O'CONNOR said it would be a similar problem if municipalities began regulating the local landline carriers because several are very large - United Utilities, for example,

has 76 communities across the state. She said a "patchwork" of regulations could develop if a local municipality wanted to regulate telecom. She offered her understanding that that is preemptive because the RCA has authority through the certificate of public convenience and necessity.

[5:15:54 PM](#)

MR. JACKSON acknowledged that there is no municipal regulation of telecommunication at this time. He agreed with Ms. O'Connor that United Utilities, owned by GCI, serves a large number of municipalities and said it would be a "nightmare" if each one independently tried to regulate within their own area.

[5:16:51 PM](#)

REPRESENTATIVE FIELDS asked why the industry is attempting to add this language if they are already preempted. He asserted that this substantial deregulation of a regulated industry that is subsidized. He said he hopes that it's the right decision and if it's not, local governments should have the right to step in and preserve local coverage that might otherwise be eliminated through deregulation. He reiterated the need to maintain local authority, "at least to the limited extent that it exists now."

REPRESENTATIVE TALERICO said appreciates the intent because he supports local government control. He addressed cross boundary issues, adding that the carrier in his area stretches into another bureau. He opined that from a municipal standpoint, it would be much easier to be exempt because Alaska's geography presents an obstacle.

REPRESENTATIVE HANNAN maintained her objection.

[5:19:19 PM](#)

A roll call vote was taken. Representative Fields voted in favor of Amendment 4. Representatives Revak, Hannan, Stutes, Talerico, Story, and Wool voted against it. Therefore, Amendment 4 failed by a vote of 1-6.

[5:19:57 PM](#)

REPRESENTATIVE FIELDS said would not be offering Amendment 5 or Amendment 6 at this time.

[5:20:25 PM](#)

The committee took an at-ease from 5:20 to 5:27 p.m.

[5:27:01 PM](#)

REPRESENTATIVE FIELDS moved to adopt Amendment 7, [labeled 31-LS0563\M.9, Fisher, 5/10/19], which read:

Page 4, line 1:

Following "42.05.306,":

Insert "42.05.361,"

Following "42.05.381 (l) - (n),":

Insert "42.05.391, 42.05.411,"

REPRESENTATIVE STUTES objected.

REPRESENTATIVE FIELDS explained that Amendment 7 would preserve the filing of tariffs and preserve the prohibition on discrimination amongst rate payers. He said it's difficult to identify appropriate language to outline respective classes of service without precluding the ability of a rural school to negotiate a better rate than the uniform rates. Consequently, this amendment ensures some protection for consumers.

CHAIR WOOL said he is still unsure what the language does.

REPRESENTATIVE FIELDS explained that in lieu of eliminating COLR, the insertion of Section 7 provides adequate consumer protection for residential telephone service; however, concern remains regarding consumer protection for commercial carriers. He said if there was a way to tweak Section 7 to provide those consumer protections for commercial carriers it would be preferable to Amendment 7. Nonetheless, he said in his own inability to do adequately do so, he drafted Amendment 7 to provide those protections for commercial carriers, which includes school districts.

[5:30:25 PM](#)

MR. GOERING explained that lines 2-3 of Amendment 7, would insert AS 42.05.361 which is titled "Tariffs, contracts, filing, and public inspection." This statute requires utilities to have a complete tariff on file, which means everything they offer to their customers, as well as the rates and terms and conditions of service for those service offerings are in a public document that's on file with the RCA. He added that in order to change

that there must be a filing. This amendment, he said, would maintain that existing requirement. He suggested including AS 42.05.371 in addition to AS 42.05.361 on line 3 of the amendment as a way to make the consumer protection "truly meaningful." He said that would ensure the tariff that is on file at the RCA would be actually binding on the utility.

MR. GOERING turned attention to lines 4-5 of Amendment 7, explaining that AS 42.05.391 is titled "discrimination and rates" and prohibits utilities from charging rates and requires that all similarly situated customers be treated substantially alike. AS 42.05.411, he said, is procedural section that describes how a utility provides updates or revisions to its tariffs. However, he suggested leaving out subsection 411(c), as it is at odds with deregulation of the telecommunications industry, which is seemingly the purpose of SB 83.

[5:34:41 PM](#)

REPRESENTATIVE FIELDS, regarding Section 7, asked Ms. O'Connor if it's possible to include respective classes of service in a way that doesn't make all classes of service the same rate.

[5:35:17 PM](#)

MS. O'CONNOR said no. She noted that in the business segment of the market, services are migrating to voice-over IP service, which is completely unregulated. She shared her belief that trying to preserve any uniform or regulatory construct over them would be burdensome and inhibit companies' ability to pursue those contracts and respond to customer needs.

CHAIR WOOL pondered the proposal to require a tariff filing. He wondered how that coincides with SB 83 if the purpose of the bill is to remove tariffs. He said if there's no tariff then there's no distinction between residential and other kinds of service. He questioned how to reconcile that. He expressed concern about protecting both businesses and non-residential and asked if there's a way to do that without requiring a tariff.

MS. O'CONNOR gave context to a situation regarding business rates. She said that currently 90 percent of Alaskans live in places where companies have been able to change these rates without permission, which is why there haven't been any rate case filings to review because the regulations have been changed in response to the industry. She said, "it's already happened, were doing a paper shuffle to record it with the commission."

She noted that there are thousands of pages of tariffs per company, and a web services survey found that .005 percent of people looked at the tariffs posted on one company's website. She said she recognize the concern, but the ability to change rates and services by notification is already happening without problem. She asked for the continuance of this successful market practice without the paper shuffle. She added that co-ops, which make up half the providers in this state, are not required to file the paperwork back and forth. Instead, they just make changes in response to their customers.

CHAIR WOOL sought clarification on "voice-over internet protocol" and what constitutes being a landline customer.

MS. O'CONNOR explained that landline is largely a regulatory construct. She noted that the technology underneath could be, for example, internet or copper wire; however, that alone does not make it a landline.

REPRESENTATIVE FIELDS said he shares the concern over lack of protections for businesses, and therefore, will continue to offer Amendment 7.

REPRESENTATIVE STUTES maintained her objection.

[5:42:49 PM](#)

A roll call vote was taken. Representative Fields voted in favor of Amendment 7. Representatives Story, Revak, Hannan, Stutes, Talerico, and Wool voted against it. Therefore, Amendment 7 failed by a vote of 1-6.

[5:44:05 PM](#)

SENATOR BIRCH thanked the committee for taking time out of their weekend this late in the legislative session to hear this bill. He said he appreciated the dialogue and discussion.

[SB 83 was held over.]

[5:44:42 PM](#)

ADJOURNMENT

The House Labor and Commerce Standing Committee meeting was recessed at 5:44 p.m. to a call of the chair. [The meeting was reconvened on May 12, 2019.]