

2-12-87

Meeting

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LEGISLATIVE TELECONFERENCE NETWORK SIGN-IN SHEET

Date: 2/12 -THURS

Site/Location: JNU / C-17

Sponsor/Subject: H. Spec. Comm. ON
TELECOMMUNICATIONS

[illegible]

Alaska State Legislature

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Telecommunications

MEMBER
Labor and Commerce
State Affairs
Finance—Subcommittee Administration

Representative H. A. "Red" Boucher

HOUSE SPECIAL COMMITTEE ON TELECOMMUNICATIONS
FEBRUARY 12, 1987

AGENDA

- HB 5 AN ACT RELATING TO REGULATION OF TELECOMMUNICATIONS
 SERVICE
- HB 23 AN ACT RELATING TO REDUCED RATES AND DISCOUNTED SERVICE
 FOR LOW-INCOME TELECOMMUNICATIONS CUSTOMERS
-

CONTINUATION OF STATEWIDE TELECONFERENCE ON RATNET AND PUBLIC
BROADCASTING

AN ACT RELATING TO REGULATION OF TELECOMMUNICATION SERVICES

INTENT

The intent of the bill is to give the Alaska Public Utilities Commission policy direction in regulating telephone utilities in Alaska.

THE PROBLEM

The deregulation of long distance telephone utilities (AT&T) in 1984 and the resulting rise in private sector competition in the telephone and telecommunications industry requires that APUC now have policy guidelines.

POLICY GUIDELINES PROPOSED BY HB 5

The basic assumption of HB 5 is that the public interest must be protected in the current business climate of deregulation and competition.

It is also assumed that the state should set policy on this issue and not simply accept federal policy, even though it is similar.

The availability and affordability of telephone service are the key policy guidelines.

The definition of "communications" is expanded to include not only telephone service but also video and data communications.

SPECIFIC PROVISIONS

(1) "Communications" is defined, and the need for universal (i.e., statewide) service at affordable rates is stated.

(2) The importance of communication services to all Alaskan's is stressed by indicating that the communications services must be "reasonably" priced.

(3) Deregulation and competition in the telephone industry has led to a situation where a telephone company could use revenues from one of its monopoly operations to subsidize an operation in which it is competing with another company.

PAST ACTION ON BILL

A similar bill (HB 701) was introduced in the last session but it died in the House Labor and Commerce Committee.

Several provisions of HB 701 that had "anti-competitive" connotations, and were therefore controversial, have been removed in HB 5.

FISCAL NOTE

The Alaska Public Utilities Commission attached a zero fiscal note to HB 701.

POSITIONS OF AFFECTED GROUPS

Both the Alaska Public Utilities Commission and the Alaska Telephone Association support the concept of the bill. Technical language changes may be necessary.

GCI and Alascom found HB 701 controversial due to the competition/market structure implications. Neither have presented positions on HB 5 at this point.

1 IN THE HOUSE

BY BOUCHER

2

HOUSE BILL NO. 5

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to regulation of telecommunication services."

7

8

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

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* Section 1. AS 42.05 is amended by adding a new section to read:

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Sec. 42.05.145. TELECOMMUNICATIONS REGULATION POLICY. A utility

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that provides local exchange or interexchange telecommunication ser-

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vice in the state affects the public interest. Regulation of these

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utilities shall, consistent with this chapter, seek to

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(1) maintain and advance the efficiency, availability, and

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affordability of universal communications service including voice,

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video, and data communications;

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(2) ensure that charges to customers for communication

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services are reasonable; and

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(3) ensure that rates for noncompetitive communication

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services do not subsidize the competitive ventures of communication

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companies.

HB 23

AN ACT RELATING TO REDUCED RATES AND DISCOUNTED SERVICE FOR
LOW-INCOME TELECOMMUNICATION CUSTOMERS

INTENT

The purpose of HB 23 is to allow telecommunications utilities (e.g., telephone companies) to initiate reduced rate service to its low-income customers.

THE PROBLEM

Alaska's low income residents could find their access to basic telephone service cut off if the current evolution (i.e., deregulation and competition) of Alaska's telephone service results in an increase in intrastate service rates.

Alaska law does not permit telephone companies to offer reduced rates or discounted service to low-income customers.

CHANGES PROPOSED BY HB 23

HB 23 modifies the Alaska Public Utilities Commission Act to permit a public utility to initiate a discounted service or a reduced rate for telephone service for low-income customers.

In other words, it remove the prohibition that currently prevents reduced rates or discount service.

Note that in no way does HB 23 require telephone utilities or the Alaska Public Utilities Commission to provide discounted service.

PAST ACTION ON BILL

An identical bill (HB 539) passed the House last session, but died in the Senate State Affairs Committee due to concern over whether telephone rates were going to rise.

Note that the primary concern of this bill is the "safety net" aspects of communication -- not concern with fluctuations in the market structure.

FISCAL NOTE

Zero fiscal notes were presented by the Alaska Public Utilities Commission and the Division of Public Assistance.

POSITIONS OF AFFECTED GROUPS

Both the Alaska Public Utilities Commission and the Alaska Telephone Association support this bill.

Note that the Federal Communications Commission supports this concept.

Alascom and GCI did not testify at the hearings last session. Alascom does not have a position on this bill at this time.

1 IN THE HOUSE

BY BOUCHER

2

HOUSE BILL NO. 23

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to reduced rates and discounted

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service for low-income telecommunication customers."

8

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

9

* Section 1. AS 42.05.301 is amended by adding a new subsection to

10 read:

11

(b) Notwithstanding (a) of this section, a public utility may

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initiate a discounted service or a reduced rate for essential telecom-

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munication services for the benefit of its low-income customers. The

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commission may not require a utility to provide a discounted service

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or reduced rate under this subsection. The commission may not require

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a telephone utility to incur uncompensated costs or administrative

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burdens that are not recoverable through an approved tariff if the

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utility provides a discounted service or reduced rate.

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* Sec. 2. AS 42.05.391 is amended by adding a new subsection to read:

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(e) Notwithstanding (a) of this section, a public utility may

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initiate a discounted service or a reduced rate for essential telecom-

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munication services for the benefit of its low-income customers. The

23

commission may not require a utility to provide a discounted service

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or reduced rate under this subsection. The commission may not require

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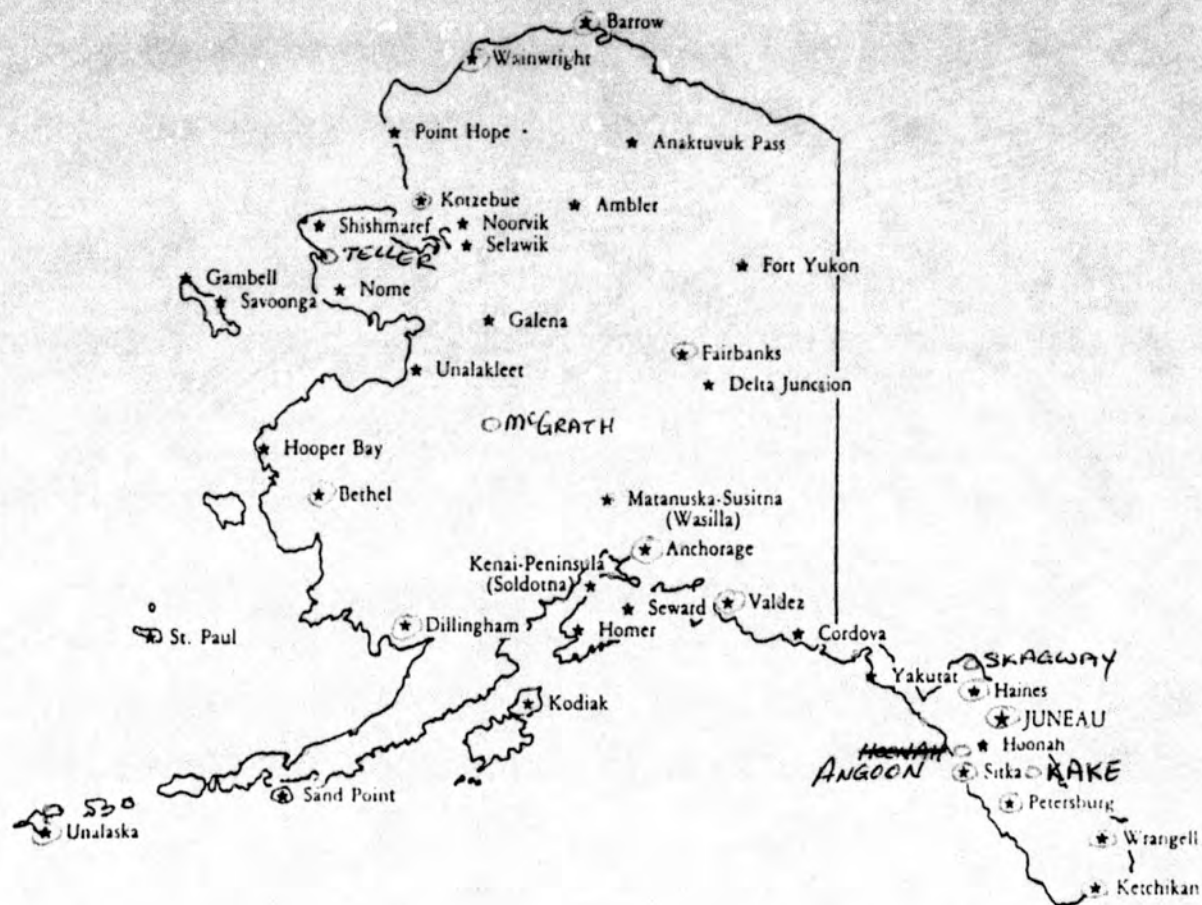
a telephone utility to incur uncompensated costs or administrative

26

burdens that are not recoverable through an approved tariff if the

27

utility provides a discounted service or reduced rate.



COMMUNITIES INVOLVED IN TODAY'S TELECONFERENCE
FEBRUARY 12, 1987

Note:

All figures in this document were taken from "Inventory of Communications Facilities Serving Alaskan Communities", 1987 edition, compiled by the Dept. of Administration.

Anchorage:

Population: 243,829

Number of Telephones: 174,069

Election Districts:

Senate Districts: E-I

House Districts : 8-15

Anchorage receives:

RATNET	APBC-TV	CABLE-TV	OTHER-TV	APBC-RADIO	OTHER-RADIO
-	X	X	X	X	X

Angoon:

Population: 470

Number of Telephones: 149

Election Districts:

Senate District: B

House District : 2

Angoon receives:

RATNET	APBC-TV	CABLE-TV	OTHER-TV	APBC-RADIO	OTHER-RADIO
X	X	X	-	X	X

Dillingham:

Population: 2,004

Number of Telephones: 1,002

Election Districts:

Senate District: N

House District : 26

Dillingham receives:

RATNET	APBC-TV	CABLE-TV	OTHER-TV	APBC-RADIO	OTHER-RADIO
=====	=====	=====	=====	=====	=====
X	-	X	-	X	-

Fairbanks:

Population: 27,103

Number of Telephones: 23,259

Election Districts:

Senate Districts: J-K

House Districts : 17-21

Fairbanks receives:

RATNET	APBC-TV	CABLE-TV	OTHER-TV	APBC-RADIO	OTHER-RADIO
=====	=====	=====	=====	=====	=====
-	X	X	X	X	X

Kake:

Population: 574

Number of Telephones: 245

Election Districts:

Senate District: B

House District : 2

Kake receives:

RATNET	APBC-TV	CABLE-TV	OTHER-TV	APBC-RADIO	OTHER-RADIO
=====	=====	=====	=====	=====	=====
X	X	X		X	X

Ketchikan:

Population: 7,633

Number of Telephones: 6,260

Election Districts:

Senate District: A

House District : 1

Ketchikan receives:

RATNET	APBC-TV	CABLE-TV	OTHER-TV	APBC-RADIO	OTHER-RADIO
=====	=====	=====	=====	=====	=====
X	X	X	-	X	X

Petersburg:

Population: 3,137

Number of Telephones: 1,370

Election Districts:

Senate District: A

House District : 1

Petersburg receives:

RATNET	APBC-TV	CABLE-TV	OTHER-TV	APBC-RADIO	OTHER-RADIO
=====	=====	=====	=====	=====	=====
X	X	X	-	X	X

Sitka:

Population: 7,611

Number of Telephones: 3,422

Election Districts:

Senate District: B

House District : 3

Sitka receives:

RATNET	APBC-TV	CABLE-TV	OTHER-TV	APBC-RADIO	OTHER-RADIO
=====	=====	=====	=====	=====	=====
X	X	X	X	X	X

Unalaska:

Population: 1,630

Number of Telephones: 479

Election Districts:

Senate District: N

House District : 26

Unalaska receives:

RATNET	APBC-TV	CABLE-TV	OTHER-TV	APBC-RADIO	OTHER-RADIO
X	X	X	-	X	-

Valdez:

Population: 3,687

Number of Telephones: 1,719

Election Districts:

Senate District: E

House District : 6

Valdez receives:

RATNET	APBC-TV	CABLE-TV	OTHER-TV	APBC-RADIO	OTHER-RADIO
X	-	X	-	-	X
