

HB

23

SENATE COMMITTEE REPORT

FURTHER:

LABOR & COMMERCE

3/19/87

DATE TURNED INTO OFFICE

4/28/87

Mr. President:

STATE AFFAIRS

Committee considered CSHB 23(Tele)

reduced rates and discounted service for low-income telecommunication customers.

and recommended:

- replace with CS FOR _____) same title
- or adopt _____ CS FOR _____) new title
- attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous

zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Handwritten signatures]

[Handwritten signature]

[Handwritten signature]

Chairman signature (and recommendation)

Committee Backup Attached

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811
(907) 465-4931

DISTRICT 10
BOX 111038
ANCHORAGE, ALASKA 99511
(907) 349-2192



CHAIRMAN
Special Committee on
Telecommunications

MEMBER
Labor and Commerce
State Affairs
Finance—Subcommittee Administration

Representative H. A. "Red" Boucher

APRIL 27, 1987

FROM: H.A. "RED" BOUCHEA *JAB*
TC: MEMBERS OF THE SENATE STATE AFFAIRS COMMITTEE
SUBJECT: HB 23 AN ACT RELATING TO REDUCED RATES AND
DISCOUNTED SERVICE FOR LOW-INCOME TELECOMMUNICATION
CUSTOMERS

INTENT

The purpose of HB 23 is to make it possible for telephone companies to offer reduced rates and services to low-income customers.

THE PROBLEM

As a result of deregulation of the telephone industry, long distance rates have decreased, but local rates have, on the average, increased (see graph).

Alaska's low income residents could be forced to drop basic telephone service if local phone rates and installation charges increase.

Current 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 telephone company to propose a discounted service or a reduced rate for telephone service.

Note that HB 23 does not require telephone utilities or the Alaska Public Utilities Commission to provide discounted rates or service.

FISCAL NOTE

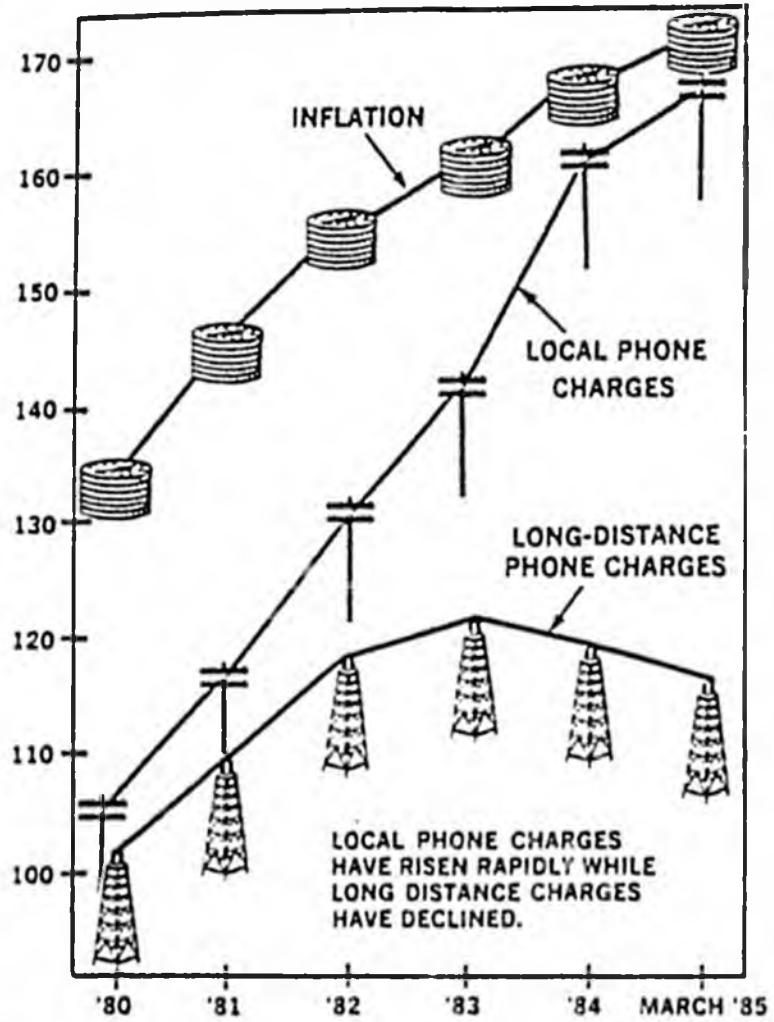
A zero fiscal note was presented by the Alaska Public Utilities Commission.

POSITIONS OF AFFECTED GROUPS

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

CONSUMER COSTS FOR PHONE SERVICE

BASED ON CONSUMER PRICE INDEX 1977=100



LOCAL PHONE CHARGES
HAVE RISEN RAPIDLY WHILE
LONG DISTANCE CHARGES
HAVE DECLINED.

SOURCE: Bureau of Labor Statistics

BY JO ELLER MURPHY FOR THE WASHINGTON POST

MC

JUNEAU EMPIRE

Phone charges up as plan nears OK

THE ASSOCIATED PRESS

WASHINGTON - Telephone subscribers would pay as much as \$1.50 more each month, but long-distance rates would drop and poor households could get financial help under a plan headed for approval by federal regulators.

The plan would raise the \$2-a-month subscriber line charge in three increments, beginning in June and reaching as much as \$3.50 in

April 1989.

As the charge increases, more of the costs of the local telephone network are shifted from long-distance rates to subscribers, so the cost of long-distance goes down.

Federal Communications Commission officials estimated long-distance rates would decline by at least 15 percent over the next six years, saving consumers an estimated \$17 billion.

A small part of that savings would be used to subsidize the cost of telephone service for poor people under a new program called Linkup America.

By CHUCK KLEESCHULTZ
THE JUNEAU EMPIRE

With little fanfare is proceeding to construct Alaska natural gas line.

And while it's probably 26 months before there's much of an announcement of success selling Alaska's gas in the Far West, a key to obtaining financing for the \$10 billion project, officials of Alyeska Pipeline Service Corp. are becoming optimistic enough to warm up the public section, if not yet the full band.

"When we bought into this," Walter Hickel pegged our odds for success at 1,000 to 1. At our recent board meeting we all agreed that the odds have improved to 100 to 1 - that's how much progress made," said Howard Griffith, president of Yukon-Pacific, sponsor of the all-Alaska gas line project.

Griffith is an official of Alyeska Pipeline Service Corp., the parent firm for Trans-Alaska Pipeline System, which bought sponsorship of the project last

In 1977 former President Jimmy Carter selected a plan by North Slope Borough to move Prudhoe Bay's trillion cubic feet of gas west to the Midwest through an overland pipeline, heading south to near Anchorage before following the Alyeska Highway through Canada. The gas discoveries in Mexico and Alaska and a slower escalation of gas prices combined with the estimated \$40 billion cost of the ANGST project resulted in it nowhere.

STOCKS

THE ASSOCIATED PRESS

NEW YORK - Friday, April 19, 1988

National prices for New York

Stock exchange market

PE Index Last Chg

AAER	12 660	66 1/2	-7/8
ASA	12 621	10 7/8	-1/8
ASA 2s	164	1 3/8	-1/8
AZF 2 1/2	11 124	32	-1/8
AmE	37 275	6 1/4	-5/8
AmE 2 1/2	11 231	6 1/2	-1/8
AmE 3 1/2	11 162	6 1/2	-1/8
AmE 4 1/2	11 110	6 1/2	-1/8
AmE 5 1/2	11 68	6 1/2	-1/8
AmE 6 1/2	11 26	6 1/2	-1/8
AmE 7 1/2	11 14	6 1/2	-1/8
AmE 8 1/2	11 2	6 1/2	-1/8
AmE 9 1/2	11 0	6 1/2	-1/8
AmE 10 1/2	10 58	6 1/2	-1/8
AmE 11 1/2	10 16	6 1/2	-1/8
AmE 12 1/2	10 0	6 1/2	-1/8
AmE 13 1/2	9 58	6 1/2	-1/8
AmE 14 1/2	9 16	6 1/2	-1/8
AmE 15 1/2	9 0	6 1/2	-1/8
AmE 16 1/2	8 58	6 1/2	-1/8
AmE 17 1/2	8 16	6 1/2	-1/8
AmE 18 1/2	8 0	6 1/2	-1/8
AmE 19 1/2	7 58	6 1/2	-1/8
AmE 20 1/2	7 16	6 1/2	-1/8
AmE 21 1/2	7 0	6 1/2	-1/8
AmE 22 1/2	6 58	6 1/2	-1/8
AmE 23 1/2	6 16	6 1/2	-1/8
AmE 24 1/2	6 0	6 1/2	-1/8
AmE 25 1/2	5 58	6 1/2	-1/8
AmE 26 1/2	5 16	6 1/2	-1/8
AmE 27 1/2	5 0	6 1/2	-1/8
AmE 28 1/2	4 58	6 1/2	-1/8
AmE 29 1/2	4 16	6 1/2	-1/8
AmE 30 1/2	4 0	6 1/2	-1/8
AmE 31 1/2	3 58	6 1/2	-1/8
AmE 32 1/2	3 16	6 1/2	-1/8
AmE 33 1/2	3 0	6 1/2	-1/8
AmE 34 1/2	2 58	6 1/2	-1/8
AmE 35 1/2	2 16	6 1/2	-1/8
AmE 36 1/2	2 0	6 1/2	-1/8
AmE 37 1/2	1 58	6 1/2	-1/8
AmE 38 1/2	1 16	6 1/2	-1/8
AmE 39 1/2	1 0	6 1/2	-1/8
AmE 40 1/2	0 58	6 1/2	-1/8
AmE 41 1/2	0 16	6 1/2	-1/8
AmE 42 1/2	0 0	6 1/2	-1/8
AmE 43 1/2	0 58	6 1/2	-1/8
AmE 44 1/2	0 16	6 1/2	-1/8
AmE 45 1/2	0 0	6 1/2	-1/8
AmE 46 1/2	0 58	6 1/2	-1/8
AmE 47 1/2	0 16	6 1/2	-1/8
AmE 48 1/2	0 0	6 1/2	-1/8
AmE 49 1/2	0 58	6 1/2	-1/8
AmE 50 1/2	0 16	6 1/2	-1/8
AmE 51 1/2	0 0	6 1/2	-1/8
AmE 52 1/2	0 58	6 1/2	-1/8
AmE 53 1/2	0 16	6 1/2	-1/8
AmE 54 1/2	0 0	6 1/2	-1/8
AmE 55 1/2	0 58	6 1/2	-1/8
AmE 56 1/2	0 16	6 1/2	-1/8
AmE 57 1/2	0 0	6 1/2	-1/8
AmE 58 1/2	0 58	6 1/2	-1/8
AmE 59 1/2	0 16	6 1/2	-1/8
AmE 60 1/2	0 0	6 1/2	-1/8
AmE 61 1/2	0 58	6 1/2	-1/8
AmE 62 1/2	0 16	6 1/2	-1/8
AmE 63 1/2	0 0	6 1/2	-1/8
AmE 64 1/2	0 58	6 1/2	-1/8
AmE 65 1/2	0 16	6 1/2	-1/8
AmE 66 1/2	0 0	6 1/2	-1/8
AmE 67 1/2	0 58	6 1/2	-1/8
AmE 68 1/2	0 16	6 1/2	-1/8
AmE 69 1/2	0 0	6 1/2	-1/8
AmE 70 1/2	0 58	6 1/2	-1/8
AmE 71 1/2	0 16	6 1/2	-1/8
AmE 72 1/2	0 0	6 1/2	-1/8
AmE 73 1/2	0 58	6 1/2	-1/8
AmE 74 1/2	0 16	6 1/2	-1/8
AmE 75 1/2	0 0	6 1/2	-1/8
AmE 76 1/2	0 58	6 1/2	-1/8
AmE 77 1/2	0 16	6 1/2	-1/8
AmE 78 1/2	0 0	6 1/2	-1/8
AmE 79 1/2	0 58	6 1/2	-1/8
AmE 80 1/2	0 16	6 1/2	-1/8
AmE 81 1/2	0 0	6 1/2	-1/8
AmE 82 1/2	0 58	6 1/2	-1/8
AmE 83 1/2	0 16	6 1/2	-1/8
AmE 84 1/2	0 0	6 1/2	-1/8
AmE 85 1/2	0 58	6 1/2	-1/8
AmE 86 1/2	0 16	6 1/2	-1/8
AmE 87 1/2	0 0	6 1/2	-1/8
AmE 88 1/2	0 58	6 1/2	-1/8
AmE 89 1/2	0 16	6 1/2	-1/8
AmE 90 1/2	0 0	6 1/2	-1/8
AmE 91 1/2	0 58	6 1/2	-1/8
AmE 92 1/2	0 16	6 1/2	-1/8
AmE 93 1/2	0 0	6 1/2	-1/8
AmE 94 1/2	0 58	6 1/2	-1/8
AmE 95 1/2	0 16	6 1/2	-1/8
AmE 96 1/2	0 0	6 1/2	-1/8
AmE 97 1/2	0 58	6 1/2	-1/8
AmE 98 1/2	0 16	6 1/2	-1/8
AmE 99 1/2	0 0	6 1/2	-1/8
AmE 100 1/2	0 58	6 1/2	-1/8

Coca-Cola	11 210	2 1/2	-1/8
Colgate	7 130	6 1/4	-1/8
Comcast	18 200	2 1/2	-1/8
Comcast 2 1/2	18 200	2 1/2	-1/8
Comcast 3 1/2	18 200	2 1/2	-1/8
Comcast 4 1/2	18 200	2 1/2	-1/8
Comcast 5 1/2	18 200	2 1/2	-1/8
Comcast 6 1/2	18 200	2 1/2	-1/8
Comcast 7 1/2	18 200	2 1/2	-1/8
Comcast 8 1/2	18 200	2 1/2	-1/8
Comcast 9 1/2	18 200	2 1/2	-1/8
Comcast 10 1/2	18 200	2 1/2	-1/8
Comcast 11 1/2	18 200	2 1/2	-1/8
Comcast 12 1/2	18 200	2 1/2	-1/8
Comcast 13 1/2	18 200	2 1/2	-1/8
Comcast 14 1/2	18 200	2 1/2	-1/8
Comcast 15 1/2	18 200	2 1/2	-1/8
Comcast 16 1/2	18 200	2 1/2	-1/8
Comcast 17 1/2	18 200	2 1/2	-1/8
Comcast 18 1/2	18 200	2 1/2	-1/8
Comcast 19 1/2	18 200	2 1/2	-1/8
Comcast 20 1/2	18 200	2 1/2	-1/8
Comcast 21 1/2	18 200	2 1/2	-1/8
Comcast 22 1/2	18 200	2 1/2	-1/8
Comcast 23 1/2	18 200	2 1/2	-1/8
Comcast 24 1/2	18 200	2 1/2	-1/8
Comcast 25 1/2	18 200	2 1/2	-1/8
Comcast 26 1/2	18 200	2 1/2	-1/8
Comcast 27 1/2	18 200	2 1/2	-1/8
Comcast 28 1/2	18 200	2 1/2	-1/8
Comcast 29 1/2	18 200	2 1/2	-1/8
Comcast 30 1/2	18 200	2 1/2	-1/8
Comcast 31 1/2	18 200	2 1/2	-1/8
Comcast 32 1/2	18 200	2 1/2	-1/8
Comcast 33 1/2	18 200	2 1/2	-1/8
Comcast 34 1/2	18 200	2 1/2	-1/8
Comcast 35 1/2	18 200	2 1/2	-1/8
Comcast 36 1/2	18 200	2 1/2	-1/8
Comcast 37 1/2	18 200	2 1/2	-1/8
Comcast 38 1/2	18 200	2 1/2	-1/8
Comcast 39 1/2	18 200	2 1/2	-1/8
Comcast 40 1/2	18 200	2 1/2	-1/8
Comcast 41 1/2	18 200	2 1/2	-1/8
Comcast 42 1/2	18 200	2 1/2	-1/8
Comcast 43 1/2	18 200	2 1/2	-1/8
Comcast 44 1/2	18 200	2 1/2	-1/8
Comcast 45 1/2	18 200	2 1/2	-1/8
Comcast 46 1/2	18 200	2 1/2	-1/8
Comcast 47 1/2	18 200	2 1/2	-1/8
Comcast 48 1/2	18 200	2 1/2	-1/8
Comcast 49 1/2	18 200	2 1/2	-1/8
Comcast 50 1/2	18 200	2 1/2	-1/8

IBM	11 210	2 1/2	-1/8
Intel	11 210	2 1/2	-1/8
Microsoft	11 210	2 1/2	-1/8
Oracle	11 210	2 1/2	-1/8
SAP	11 210	2 1/2	-1/8
Sybase	11 210	2 1/2	-1/8
Unisys	11 210	2 1/2	-1/8
VLSI	11 210	2 1/2	-1/8
WorldCom	11 210	2 1/2	-1/8
WorldView	11 210	2 1/2	-1/8
WorldWideWeb	11 210	2 1/2	-1/8
WorldWideWeb 2 1/2	11 210	2 1/2	-1/8
WorldWideWeb 3 1/2	11 210	2 1/2	-1/8
WorldWideWeb 4 1/2	11 210	2 1/2	-1/8
WorldWideWeb 5 1/2	11 210	2 1/2	-1/8
WorldWideWeb 6 1/2	11 210	2 1/2	-1/8
WorldWideWeb 7 1/2	11 210	2 1/2	-1/8
WorldWideWeb 8 1/2	11 210	2 1/2	-1/8
WorldWideWeb 9 1/2	11 210	2 1/2	-1/8
WorldWideWeb 10 1/2	11 210	2 1/2	-1/8
WorldWideWeb 11 1/2	11 210	2 1/2	-1/8
WorldWideWeb 12 1/2	11 210	2 1/2	-1/8
WorldWideWeb 13 1/2	11 210	2 1/2	-1/8
WorldWideWeb 14 1/2	11 210	2 1/2	-1/8
WorldWideWeb 15 1/2	11 210	2 1/2	-1/8
WorldWideWeb 16 1/2	11 210	2 1/2	-1/8
WorldWideWeb 17 1/2	11 210	2 1/2	-1/8
WorldWideWeb 18 1/2	11 210	2 1/2	-1/8
WorldWideWeb 19 1/2	11 210	2 1/2	-1/8
WorldWideWeb 20 1/2	11 210	2 1/2	-1/8
WorldWideWeb 21 1/2	11 210	2 1/2	-1/8
WorldWideWeb 22 1/2	11 210	2 1/2	-1/8
WorldWideWeb 23 1/2	11 210	2 1/2	-1/8
WorldWideWeb 24 1/2	11 210	2 1/2	-1/8
WorldWideWeb 25 1/2	11 210	2 1/2	-1/8
WorldWideWeb 26 1/2	11 210	2 1/2	-1/8
WorldWideWeb 27 1/2	11 210	2 1/2	-1/8
WorldWideWeb 28 1/2	11 210	2 1/2	-1/8
WorldWideWeb 29 1/2	11 210	2 1/2	-1/8
WorldWideWeb 30 1/2	11 210	2 1/2	-1/8
WorldWideWeb 31 1/2	11 210	2 1/2	-1/8
WorldWideWeb 32 1/2	11 210	2 1/2	-1/8
WorldWideWeb 33 1/2	11 210	2 1/2	-1/8
WorldWideWeb 34 1/2	11 210	2 1/2	-1/8
WorldWideWeb 35 1/2	11 210	2 1/2	-1/8
WorldWideWeb 36 1/2	11 210	2 1/2	-1/8
WorldWideWeb 37 1/2	11 210	2 1/2	-1/8
WorldWideWeb 38 1/2	11 210	2 1/2	-1/8
WorldWideWeb 39 1/2	11 210	2 1/2	-1/8
WorldWideWeb 40 1/2	11 210	2 1/2	-1/8

Alcoa	11 210	2 1/2	-1/8
Alcoa 2 1/2	11 210	2 1/2	-1/8

Original sponsor: Boucher

1 IN THE HOUSE

BY THE HOUSE SPECIAL COMMITTEE
ON TELECOMMUNICATIONS

2

CS FOR HOUSE BILL NO. 23 (Telecommunications)

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
7 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
12 propose a discounted service or a reduced rate for essential telecom-
13 munication services for the benefit of its low-income customers. The
14 commission may not require a utility to provide a discounted service
15 or reduced rate under this subsection. The commission may not require
16 a telephone utility to incur uncompensated costs or administrative
17 burdens that are not recoverable through an approved tariff if the
18 utility provides a discounted service or reduced rate.

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

20 (e) Notwithstanding (a) of this section, a public utility may
21 propose a discounted service or a reduced rate for essential telecom-
22 munication services for the benefit of its low-income customers. The
23 commission may not require a utility to provide a discounted service
24 or reduced rate under this subsection. The commission may not require
25 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.

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

7

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

12

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

13

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

14

commission may not require a utility to provide a discounted service

15

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

16

a telephone utility to incur uncompensated costs or administrative

17

burdens that are not recoverable through an approved tariff if the

18

utility provides a discounted service or reduced rate.

19

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

20

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

21

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

22

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

23

commission may not require a utility to provide a discounted service

24

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

25

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.

CS HB 23

CHANGES MADE BY COMMITTEE SUBSTITUTE

The word, "initiate" in lines 12 and 21 of HB 23 was changed to "propose".

The effect is to prevent a telephone company from initiating a discounted service program without a review of the program by the Alaska Public Utilities Commission. A discounted service to some rate payers could result in an increase in rates to the other rate payers. A review by the APUC of a proposed discounted rate program will prevent unreasonable rate burdens being placed on telephone customers who do not receive the discounted rate.

HB 23: Telecommunications "Lifeline Services."

The Alaska Public Utilities Commission supports this bill with the following amendment: lines 12 and 21 change "initiate" to "propose."

The Commission believes that it should have the authority to review discounted rates and the recovery of those rates. The proposed change would clarify the Commission's authority to review utility proposals.

There is no fiscal impact associated with this bill.



J. Anthony Smith, Commissioner

DATE: March 9, 1987

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

116

REQUEST: _____

Bill Version: CSHB 23(Tele)
Publish Date: HOUSE 3/4/87

Revision Date: _____
Title: "An Act relating to reduced rates & discounted service for low-income tele. customers"

Agency Affected: Dept. of Commerce & Econ. Dev.
BRU: Alaska Public Utilities Commission

Sponsor: _____
Requestor: Becky Bear

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Although implementation of this proposed legislation could result in some new filings before this Commission, the number of proceedings should be fairly minimal and would not likely result in the need for additional fiscal resources.

Prepared by: T.S. Moninski, II, Executive Director Phone: 276-6222
Division: Alaska Public Utilities Commission Date: 2/26/87

Approved by Commissioner: [Signature] Date: 3/20/87
Agency: Commerce and Economic Development

- Distribution (by preparer): U
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version: HB 23
Publish Date: _____

Revision Date: _____
Title: "An Act relating to reduced rates & discounted service for low-income tele. customers"

Agency Affected: Dept. of Commerce & Econ. Dev.
BRU: Alaska Public Utilities Commission

Sponsor: _____
Requestor: Becky Bear

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Although implementation of this proposed legislation could result in some new filings before this Commission, the number of proceedings should be fairly minimal and would not likely result in the need for additional fiscal resources.

Prepared by: T.S. Moninski, II, Executive Director Phone: 276-6222
Division: Alaska Public Utilities Commission Date: 2/26/87

Approved by Commissioner: [Signature] Date: 2/23/87
Agency: Commerce and Economic Development

Distribution (by preparer): ✓
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

HOUSE COMMITTEE REPORT

3/4

(5)

Date referred: 1/19/87

FURTHER REFERRALS:

Labor & Commerce

DATE: 2/26/87

The House Special Committee on Telecommunications Committee has considered HB 23

"An Act relating to reduced rates and discounted service for low-income telecommunications customers."

RECOMMENDS:

- replace with CS FOR HOUSE BILL 23 TELE ^{CSNB 23(2022)} the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING TO PASS:

SIGNING OTHER RECOMMENDATIONS:

no rec
no rec

[Signature]

 Chairman's signature

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/4/87

FURTHER REFERRALS:

DATE: 3/10/87
HB 23

The Labor & Commerce Committee has considered _____

"An Act relating to reduced rates and discounted service for low-income telecommunications customers."

RECOMMENDS:

- replace with CS HB 23 (TELECOMMUNICATIONS) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

Dave Donley

Elliot

Scott

Ch. Jantzen

E. A. Barber

SIGNING OTHER RECOMMENDATIONS:

Walt Jantzen

Dave Donley
Chairman's signature

§ 42.05.291

(a) Each pub-
and safe ser-
ntinuous and

egulations or
h reasonable
which it will

on complaint
ing, adopt as
ies, just and
actices to be
ilities; adopt
of quantity,
ining to the
gulations for
measurement
rs, and stan-
es for mea-
f liances
Doing so,
he industry.

plaint, after
nds that the
safe, inade-
therwise in
y regulation
or facilities
all repairs,
vements in
the safety,
: SLA 1970)

quate service
rovided to the
unt should be
common-law
court should
ordance with
ality. Jeffries
t. Ct. Op. No.
d 4 1979.

§ 42.05.300

PUBLIC UTILITIES AND CARRIERS

§ 42.05.311

Collateral references. — Federal control as affecting power of public service commission, 4 ALR 1703, 1718, 1719; 8 ALR 969, 981; 10 ALR 956; 11 ALR 1450; 14 ALR 234; 19 ALR 678; 52 ALR 236.

Right of public utility company to discontinue its entire service. 11 ALR 252.

Sec. 42.05.300. [Repealed, § 5 ch 113 SLA 1970.]

Sec. 42.05.301. Discrimination in service. A public utility may not, as to service, make or grant an unreasonable preference or advantage to any person or subject any person to an unreasonable prejudice or disadvantage. A public utility may not establish or maintain or provide an unreasonable difference as to service, either as between localities or as between classes of service, but nothing in this section prohibits the establishment of reasonable classifications of service or requires unreasonable investment in facilities. (§ 6 ch 113 SLA 1970)

Collateral references. — Discrimination in provision of municipal services or facilities as civil rights violation, 51 ALR3d 950.

ination in furnishing of public utilities, services or facilities, 53 ALR3d 1027.

Use priorities: validity of imposition, by state regulation, of natural gas use priorities, 84 ALR3d 541.

Civil rights: racial or religious discrim-

Sec. 42.05.310. [Repealed, § 5 ch 113 SLA 1970.]

Sec. 42.05.311. Joint use and interconnection of facilities. (a) A public utility having sewers, conduits, utilidors, poles, pole lines, pipes, pipelines, mains or other distribution or transmission facilities shall, for a reasonable compensation, permit another public utility to use them when the public convenience and necessity require this use and the use will not result in substantial injury to the owner, or in substantial detriment to the service to the customers of the owners. The cost of modifications or additions necessary to a joint use shall be at the expense of the public utility requesting the use of the facilities.

(b) A telecommunications utility shall permit connection to be made and service to be furnished between a system operated by it and the system or toll facilities operated by another public utility or with the communications facility or system of a nonutility, or between its toll facilities and the toll facilities of another public utility, when public convenience and necessity require the connection and the connection will not result in substantial injury to the owner or other users of the facilities of either public utility or in substantial detriment to the service of either public utility.

(c) The tariff of a public utility shall include rules setting out the terms and conditions under which it will construct, or permit its customers or subscribers to construct, and install lines, cables, radio

NOTES TO DECISIONS

Separation of intrastate and interstate properties, expenses and revenues is required for properly determining the adequacy of a utility's

intrastate rates. *United States v. RCA Alaska Communications, Inc.*, Sup. Ct. Op. No. 1647 (File No. 3772), 597 P.2d 489 (1979).

Collateral references. — Charitable contributions by public utility as part of operating expense, 59 ALR3d 941.

Fuel adjustment clauses: validity of "fuel adjustment" or similar clauses authorizing electric utility to pass on increased costs of fuel to its customers, 83 ALR3d 933.

Advertising or promotional expenditures of public utility as part of operating expenses for ratemaking purposes, 83 ALR3d 963.

Affiliates: amount paid by public utility to affiliate for goods or services as

includible in utility's rate base and operating expenses in rate proceeding, 16 ALR4th 454.

Injunctions — rates: validity, construction, and application of Johnson Act (29 USCS § 1342), prohibiting interference by Federal District Courts with state orders affecting rates chargeable by public utilities, 28 ALR Fed 422.

Applied in *Alaska Pub. Util. Comm'n v. Greater Anchorage Area Borough*, Sup. Ct. Op. No. 1139 (File No. 2314), 534 P.2d 549 (1975).

Sec. 42.05.390. [Repealed, § 5 ch 113 SLA 1970.]

Sec. 42.05.391. Discrimination in rates. (a) A public utility may not, as to rates, grant an unreasonable preference or advantage to any of its customers or subject a customer to an unreasonable prejudice or disadvantage. A public utility may not establish or maintain an unreasonable difference as to rates, either as between localities or between classes of service. A municipally owned utility may offer uniform or identical rates for a public utility service to customers located in different areas within its certificated service area who receive the same class of service. Any uniform or identical rate shall, upon complaint, be subject to review by the commission and may be set aside if shown to be unreasonable.

(b) A rate charged by a municipality for a public utility service furnished beyond its corporate limits is not considered unjustly discriminatory solely because a different rate is charged for a similar service within its corporate limits.

(c) A public utility may not directly or indirectly refund, rebate or remit in any manner, or by any device, any portion of the rates and charges or charge, demand or receive a greater or lesser compensation for its services than is specified in its effective tariff. A public utility may not extend to any customer any form of contract, agreement, inducement, privilege or facility, or apply any rule, regulation or condition of service except such as are extended or applied to all customers under like circumstances. A public utility may not offer or pay any compensation or consideration or furnish any equipment to secure the installation or adoption of the use of utility service unless it conforms

United States v. RCA
 Communications, Inc., Sup. Ct. Op.
 No. 72, 597 P.2d 489

rate base and
 rate proceeding, 16

validity, con-
 sideration of Johnson Act
 prohibiting interfer-
 ence by state
 courts with public
 utility service

b. Util. Comm'n v.
 Borough, Sup.
 Ct. Op. No. 2314, 534 P.2d

public utility may
 confer advantage to any
 class of customers
 without prejudice or
 discrimination
 to maintain an
 equality of service
 in all localities or
 to which it may offer
 service. Rates to be
 charged to customers
 in one service area
 who are in another
 service area shall
 be the same, and may be set

utility service
 is not unjustly dis-
 criminated against
 for a similar

and, rebate or
 refund of the rates and
 compensation
 to public utility
 by agreement,
 contract or condi-
 tion or condi-
 tion of all customers
 shall not pay any
 more than to secure the
 same, if it conforms

to a tariff approved by the commission, and the compensation, consideration or equipment is offered to all persons in the same classification using or applying for the public utility service; in determining the reasonableness of such a tariff filed by a public utility the commission shall consider, among other things, evidence of consideration or compensation paid by a competitor, regulated or nonregulated, of the public utility to secure the installation or adoption of the use of the competitor's service.

(d) Nothing in this section prevents a public utility from charging reduced rates to customers transferred to it from a competing utility provided the reduction is an integral part of a contract, arrangement or plan to eliminate the overlapping of service areas or to minimize duplication of facilities and competition between public utilities. (§ 6 ch 113 SLA 1970; am § 5 ch 136 SLA 1980)

Effect of amendments. — The 1980 amendment substituted "A public utility may not" for "No public utility may" at the beginning of the first and second sentences

in subsection (a), and added the present third and fourth sentences in subsection (a).

NOTES TO DECISION:

Uniform rates are not required. *Jager v. State*, Sup. Ct. Op. No. 1161 (File No. 2057), 537 P.2d 1100 (1975).

Only unreasonable or undue preferences are forbidden. *Jager v. State*, Sup. Ct. Op. No. 1161 (File No. 2057), 537 P.2d 1100 (1975).

When the rate structure is such that one class of customers subsidizes another, discrimination may pass beyond its permitted scope and become undue or unreasonable. *Jager v. State*, Sup. Ct. Op. No. 1161 (File No. 2057), 537 P.2d 1100 (1975).

Use of existing pre-tax profits builds into new rates any existing discrimination in the rate structure. *Jager v. State*, Sup. Ct. Op. No. 1161 (File No. 2057), 537 P.2d 1100 (1975).

Discrimination based on justified differences is permissible. — Since only that discrimination which is unreasonable is unlawful, discrimination based on justified differences in the cost of service or

which is otherwise within the zone of reasonableness is permissible. *Jager v. State*, Sup. Ct. Op. No. 1161 (File No. 2057), 537 P.2d 1100 (1975).

Language of section and of former AS 42.05.460 and 42.05.520 compared. — See *Oil Heat Inst., Inc. v. Alaska Pub. Serv. Corp.*, Sup. Ct. Op. No. 960 (File No. 1850), 515 P.2d 1229 (1973).

Whether subsection (c) violated is question for initial consideration by commission. — Whether as a matter of law a gas company's plan to increase its sales of natural gas violates the provisions of subsection (c) is a question particularly suited for initial consideration by the Public Utilities Commission. *Oil Heat Inst., Inc. v. Alaska Pub. Serv. Corp.*, Sup. Ct. Op. No. 960 (File No. 1850), 515 P.2d 1229 (1973).

Applied in *United States v. RCA Alaska Communications, Inc.*, Sup. Ct. Op. No. 1647 (File No. 3772), 597 P.2d 489 (1979).

Sec. 42.05.400. [Repealed, § 5 ch 13 SLA 1970.]

Sec. 42.05.401. Apportionment of joint rates. (a) If public utilities share in a joint rate the apportionment of receipts shall be just and reasonable. The method of apportionment shall be approved by the commission and the commission may, if it considers it to be in the public interest, establish the portion to which each public utility shall be entitled.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version: CSHB 23(Tele)
Publish Date: HOUSE 3/4/87

Revision Date: _____
Title: "An Act relating to reduced rates & discounted service for low-income tele. customers"
Sponsor: _____
Requestor: Becky Bear

Agency Affected: Dept. of Commerce & Econ. Dev
BRU: Alaska Public Utilities Commission
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Although implementation of this proposed legislation could result in some new filings before this Commission, the number of proceedings should be fairly minimal and would not likely result in the need for additional fiscal resources.

Prepared by: T.S. Moninski, II, Executive Director Phone: 276-6222
Division: Alaska Public Utilities Commission Date: 2/26/87

Approved by Commissioner: [Signature] Date: 2/26/87
Agency: Commerce and Economic Development

Distribution (by preparer): [Checkmark]
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary