

HB

13

# HOUSE COMMITTEE REPORT

(7)

Date Referred: March 3, 1989

FURTHER REFERRALS:

Date of Committee Action: 4-28-89

4/29  
Rules

The LABOR & COMMERCE Committee considered:

HB 13

HOUSE BILL NO. 13 [TELECOMMUNICATIONS REGULATION POLICY]

"An Act declaring that telecommunications service utilities affect the public interest; and directing that regulation of telecommunications service utilities maintain and further universal basic telecommunications service."

RECOMMENDATIONS:

- [ ] be replaced with \_\_\_\_\_ [  ] the same title
- [ ] have 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): (Dept) APPROVES PREVIOUS: (Date/Dept)

- [ ] fiscal impact \_\_\_\_\_ [ ] fiscal note(s) \_\_\_\_\_
- [ ] zero fiscal note \_\_\_\_\_ 2 [  ] zero fiscal note(s) CEO, N.S.A. 3/3/89
- [ ] zero with analysis \_\_\_\_\_ [ ] zero fn/analysis \_\_\_\_\_

SIGNING DO PASS:

SIGNING: (Check approp. column)

	Do Not Pass	No Rec	Amend
<u>Dave Donley</u> DONLEY			
<u>D. C. Boucher</u> BOUCHER		X	
<u>Finkelstein</u> FINKELSTEIN		✓	
<u>Mr. Grunberg</u> GRUENBERG			

Dave Donley  
Chairman's signature

STATE OF ALASKA  
THE LEGISLATURE

POUCH STATE CAPITOL  
UNEAU ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 21, 1989

SUBJECT: Intrastate competition in telecommunications  
(Work Order No. 6-0689)

TO: Senator Steve Frank

FROM: Teresa B. Cramer *TBC*  
Legislative Counsel

You have requested a sectional analysis of the above described bill.

As a preliminary matter, note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1 makes findings concerning telecommunications services in the state.

Sections 2 - 4 exempt utilities and services that are exempt under AS 42.13, enacted by section 5 of the bill, from regulation by the Alaska Public Utilities Commission (APUC) or by municipalities to the extent of the exemption granted under AS 42.13.

Section 5 adds a new chapter concerning regulation of intrastate exchange or interexchange telecommunications service.

Sec. 42.13.010 permits entities that did not hold APUC certificates of public convenience and necessity to provide intrastate telecommunications service on January 1, 1989, and that are not affiliated with a certificated entity, to provide interexchange service without being certificated. The entity must first file a notice concerning services and rates. Entities providing service under this section are not subject to regulation by the APUC. The definition section, sec. 42.13.300, defines "interexchange service" and "intrastate service."

Sec. 42.13.020 requires in subsection (a) that the APUC deregulate telecommunications services if an interested party requests and the requirements of the section are met. The commission may also act on its own motion to deregulate a service. The section applies to public utilities holding certificates of public convenience and necessity to provide intrastate telecommunications service. The commission must provide notice of the application and an opportunity for a hearing. The service is deregulated if the commission finds that the entity or affiliate of the entity does not have market power in that telecommunications service and is not affiliated with an entity having market power in that telecommunications service.

Under the rest of the section, the exemption applies only to the services exempted under (a). The APUC is directed to determine the fully distributed cost of the exempted and regulated services provided by the entity. The rates for regulated services may not include recovery of any of the costs of the exempted service. Rates for regulated services may increase only if the direct costs of the regulated service increase.

Sec. 42.13.030 sets out the notice that entities must file before providing an exempted service. The contents include the entity's name, address, a description of services and prices, and proof of the purchase of a bond required by the chapter. The notice must be kept up to date.

Sec. 42.13.040 permits the APUC to require that an entity that has been exempted under the chapter begin complying with regulatory requirements of AS 42.05 if the APUC finds that the entity has gained market power in a telecommunications market. The reimposition of regulation applies only to the extent a service or entity has market power.

Sec. 42.13.050 directs the APUC to establish a system for access charges to be paid by interexchange service providers to local exchange carriers. The local exchange carriers set the amounts by a tariff filing.

Sec. 42.13.060 directs the APUC to establish an intrastate telecommunications service universal service fund. The local exchange carriers maintain the fund. The purpose of the fund is to provide financial support as necessary to ensure that interexchange service is provided throughout the state at reasonable rates. The fund is to be used to reduce

exchange access charges and surcharges. The APUC may approve a tariff that reduces the charges and surcharges to zero if necessary to accomplish the purpose of the fund. The commission may change the method by which money from the fund is distributed if the change is necessary to achieve the purposes of the section. However, under section 8 of the bill, the commission must wait for two years after the fund is established before it may make changes.

Sec. 42.13.070 permits the APUC to authorize the local exchange carriers to form an association to help administer the access charges and the universal service surcharges.

Sec. 42.13.080 requires entities providing or proposing to provide interexchange service to post a surety bond payable to the local exchange carrier association or the carriers themselves. The bond is to be in an amount equal to 90 days estimated intrastate exchange access charges and surcharges.

Sec. 42.13.090 prohibits an entity from putting limitations on the resale of a telecommunications service. If a service is resold, the reseller receives credit for applicable exchange access charges if the credit is necessary to prevent double payment of the charges.

Sec. 42.13.100 prohibits entities from discriminating among customers or entities in providing access, service, or interconnection and requires entities to permit connection or the furnishing of a service when the public convenience and necessity require and the result will not cause substantial injury or a substantial detriment to the service.

Sec. 42.13.200 directs the APUC to refer to decisions of courts interpreting state and federal laws concerning monopolies and restraints of trade when determining whether an entity has market power under the chapter.

Sec. 42.13.300 defines terms used in the chapter.

Section 6 changes the current exemption from regulation under the state antitrust laws. The exemption for all public utilities holding certificates of public convenience and necessity is changed to remove utilities providing interexchange telecommunications service. The antitrust laws will apply to the provision of interexchange telecommunications service.

Senator Steve Frank  
Page 4  
February 21, 1989

Section 7 extends the termination date of the Alaska Public Utilities Commission to 1993.

Section 8 limits the APUC's power to change the method for distribution of the universal service fund for two years after the establishment of the fund.

Section 9 directs the APUC to adopt the regulations to establish the exchange access charges and the universal service fund on or before January 1, 1990.

Section 10 sets an effective date of January 1, 1990, for the sections creating the exemptions from APUC regulation and reimposition of regulation, requiring bonding, and prohibiting restrictions on resale of services and for the limitation of the exemption from the antitrust laws.

Section 11 makes the exchange carrier association section and the extension of the termination date of the APUC take effect immediately.

The remaining parts of the bill do not have a special effective date.

If I may be of further assistance, please advise.

TC:lmb  
L7/021



G  
FYI

# Alaska State Legislature

House of Representatives  
COMMITTEE ON STATE AFFAIRS

January 28, 1989

Tamara Brandt Cook  
Director  
Legal Services Division  
Legislative Affairs Agency

Dear Tam,

Please draft a bill as requested by the enclosed letter.

I would appreciate it if you would send your answer to myself and to Representative Dave Donley.

Thank you.

  
H.A. "Red" Boucher  
Representative

cc: Representative Dave Donley

# THE PRIVATE CABLE COMPANY

Senator Boucher  
Capital Building 102  
Pouch V  
Juneau AK 99811

JAN 17 RECD

January 11, 1989,

Dear Senator Boucher,

Today, I spoke with Mark regarding a request for the writing of House Bill 72. Thus this letter. First however, let me tell you more about our company.

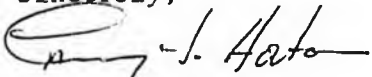
Chris Horton, M.D. began the The Private Cable Company, located in Anchorage, in 1983. I, Tammy Horton, began managing the business in 1985. Our primary business is leasing satellite systems, and selling wholesale television programming. Our customers include two(2) television stations, approximately 25 cities and/or villages, one(1) military base, and one(1) prison.

My request, I feel, is very simple. I would like exemption (L) to be added to chapter 5. Alaska Public Utilities Commission and state:  
a utility which furnishes cable television service is exempt from the provisions of the this chapter if the area served is fewer than 100 homes, unless 25 percent of the subscribers petition the commission for certification and regulation.

The reason for my request is to simplify the paper process that is involved in becoming an affiliate with programmers, and reduce cost to the potential customers of The Private Cable Company. Currently, it is my understanding that one of our competitors charges \$500.00 to complete the papers that are required for the certification.

Thank you for your help. I look forward to seeing you at our demonstration of our portable telecommunication satellite system, hopefully when you are in Anchorage the end of January. If you have any questions or comments you can reach me at 349-6065 or at home 338-2954.

Sincerely,



Tammy J. Horton  
Vice President

Enclosures

## HISTORY OF TELECOMMUNICATIONS COMPETITION IN ALASKA

In 1969, RCA Alascom bought the Alaska Communications System from the military. As part of Alascom's bid proposal to the military, it agreed to provide service to all areas of 25 people or more.

By 1974, when Alascom had not expanded its system to rural Alaska, Congress and the FCC became concerned and requested a proposal for bush service from Alascom. In response, Alascom proposed a system consisting of large satellites in regional centers with terrestrial cable linking the regional centers.

Following an analysis of Alascom's proposal, the State of Alaska informed Alascom that its proposed system was inefficient and unreliable, asking Alascom to accept a proposal consisting of small earth stations in each village instead.

When Alascom refused to accept the state's alternative proposal, the state filed its own application in 1975 for 120 small earth stations to serve rural Alaska. In response, Alascom filed parallel applications with the FCC for the same small earth stations. Since the applications were overlapping, this created an impasse that could have lasted

several years. In an effort to avoid further delays in rural telephone service, the State of Alaska and the Alaska Legislature agreed to fund the small earth station program if Alascom installed and operated the earth stations.

The State of Alaska's application to the FCC was the first sign of competition and its resulting beneficial effect in Alaska.

In 1980, GCI filed an application with the FCC to provide communication service between Alaska and the Lower 48. Alascom opposed GCI's application even though competition had been accepted and was in full force in the lower 48 since the early 70's. Alascom argued to the FCC that competition in Alaska would destroy rural service, increase rates, and limit technological innovation. 1

In November 1982, GCI began long distance service in Anchorage under continuing protests by Alascom. The issue of whether or not Alaska should have competition in the provision of long distance service to and from Alaska was not fully put

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1 See for example: Rebuttal Comments of Alascom in CC Docket No. 78-72, June 1981, pp. 16-21, Supplemental Comments of Alascom CC Docket 78-72, January, 1980, pp. 94-100.

to rest until 1984 when the FCC released a final order denying Alascom's applications for review - stating that Alascom's claims had been addressed and rejected on several occasions. 2

Since competition began in the interstate market, Alascom's rates have gone down by over 50% in urban as well as rural areas. Technological innovation has occurred bringing in more reliable and cost efficient digital service as well as new expanded private line services. Meanwhile rates within the state, where there is no competition, have increased since 1982.

The issue of competition within the State of Alaska was first addressed when the Alaska Public Utilities Commission (APUC) began a proceeding to determine whether or not Alaska should have competition within the state in August, 1983. The telephone industry and other participants filed several rounds of comments and attended two public hearings on the issue of intrastate competition. In addition, GCI filed proposed regulations which would establish the rules under which competitive services would be provided. Alascom opposed GCI's

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2 See, Memorandum Opinion and Order, in Re Applications of GCI, File Nos. W-P-C-3345 et al., FCC 84-168 (April 24, 1984).

regulations making many of the arguments that it made in delaying interstate competition before the FCC.

In 1986, the APUC closed the proceeding on competition within Alaska without taking action. In response, GCI filed a formal application to provide service within Alaska as well as a new proposal for regulations.

Since 1986, the APUC has held two public hearings on the competitive question and has asked for comments from the industry on several occasions. Alascom continues to oppose competition and to this date the APUC has taken no action.

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: HB 13 - An Act relating to regulation of telecommunication services.  
Sponsor: Roucher  
Requestor: House State Affairs

Agency Affected: Commerce & Econ. Development  
BRU: APUC

Components: Operations

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**POSITIONS:**

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

**ANALYSIS : (Attach a separate page if necessary)**

This bill proposes a basic statement of telecommunications policy and is not expected to have any fiscal impact on this agency.

Prepared by: T.S. Moninski II, Executive Director

Phone: 276-6222

Division: Alaska Public Utilities Commission

Date: February 6, 1989

Approved by Commissioner: [Signature]

Date: 2/14/89

Agency: Commerce & Economic Development

**Distribution (by preparer):**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
 Title: Telecommunications  
Regulation Policy  
 Sponsor: Boucher  
 Requestor: Boucher

Agency Affected: \_\_\_\_\_  
 BRU: \_\_\_\_\_  
 Components: \_\_\_\_\_

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>REVENUE</b>	-0-	-0-	-0-	-0-	-0-	-0-

**FUNDING:** (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

No fiscal impact.

Prepared by: House State Affairs Committee  
 Division: \_\_\_\_\_  
 Approved by Commissioner: Rep. Boucher  
 Agency: \_\_\_\_\_

Phone: 564-4931  
 Date: Jan. 30, 1989  
 Date: Jan. 30, 1989

**Distribution (by preparer):**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

STATE

ALASKA

STEVE COWPER, GOVERNOR

ALASKA PUBLIC UTILITIES COMMISSION  
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

420 "L" STREET  
SUITE 100  
ANCHORAGE, ALASKA 99501  
(907) 276-6222

ALASKA PUBLIC UTILITIES COMMISSION

COMMENTS ON HB 13

February 7, 1989

The Commission supports HB 13 and has included universal service in the policy objectives which the Commission adopted to guide its adjudication of the complex telecommunications issues currently pending.

NOTICE OF FILING OF DIRECTORY ASSISTANCE CONTRACT

The ALASKA PUBLIC UTILITIES COMMISSION hereby gives notice that MATANUSKA TELEPHONE ASSOCIATION, INC. (MTA), a local exchange telecommunications utility, has filed a contract, designated as TA144-19, between MTA and the MUNICIPALITY OF ANCHORAGE D/B/A ANCHORAGE TELEPHONE UTILITY (ATU).

The contract contains the conditions and rates for ATU to provide "local directory assistance" on behalf of MTA. The contract provides that ATU will charge MTA \$.40 for each local directory assistance call originating from a phone number within the MTA service area and that ATU will discount each billing for local directory assistance by an amount equal to one free call per listing per billing period. The contract is for a period beginning February 22, 1989, and ending on December 31, 1989, except that the contract is to continue in effect at the end of the initial term unless cancelled in writing by either party on sixty days written notice.

In its filing MTA states that the negotiated contract has material weaknesses which place MTA in a hardship position. MTA requests Commission clarification in three areas relating to the contract and Commission resolution of the disagreement between MTA and ATU on the effective date of the contract.

If after investigation the Commission finds a rate or classification different from that in the filing is

reasonable, the Commission may approve a rate or classification which varies from that filed.

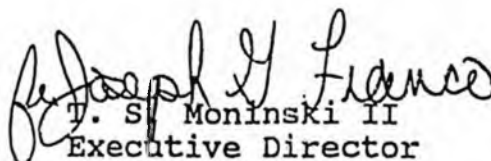
Detailed information may be obtained from MTA whose address is Pouch 5050, Palmer, Alaska 99645. The filing may be inspected at the offices of the Alaska Public Utilities Commission, 420 "L" Street, Suite 100, Anchorage, Alaska 99501-1987.

Any interested person may file a statement of views favoring or opposing this contract filing with the Alaska Public Utilities Commission. While comments will be considered by the Commission in determining the appropriate action to be taken, they will not serve to make the person a party to the proceeding. Any person wishing to become a party must file a petition to intervene in accordance with 3 AAC 48.110 of the Alaska Administrative Code.

To assure Commission consideration of comments or petitions prior to a final decision on this matter, they must be filed by April 27, 1989. Any comments filed with the Commission should clearly affirm that the interested person has filed a true copy of the statement with MTA and ATU.

DATED at Anchorage, Alaska, this 28th day of March, 1989.

ALASKA PUBLIC UTILITIES COMMISSION

  
T. S. Moninski II  
Executive Director

# HOUSE COMMITTEE REPORT

3/3

(7)

Date Referred: January 9, 1989

FURTHER REFERRALS: LABOR & COMMERCE

Date of Committee Action: \_\_\_\_\_

The STATE AFFAIRS Committee recommends that:

HB 13

HOUSE BILL NO. 13 [TELECOMMUNICATIONS REGULATION POLICY]

"An Act declaring that telecommunications service utilities affect the public interest; and directing that regulation of telecommunications service utilities maintain and further universal basic telecommunications service."

[ ] be replaced with \_\_\_\_\_ [ ] the same title  
[ ] a new title

[ ] have attached amendment(s)

- 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
- 2  zero fiscal note(s) *CED + HSA*
- zero with analysis

APPROVES PREVIOUS:

- fiscal note(s) published: \_\_\_\_\_
- zero fiscal notes(s) published: \_\_\_\_\_

SIGNING DO PASS:

SIGNING OTHER THAN DO PASS:  
(Do Not Pass, No Recommendation, Amend)

David Donley DONLEY

Alice Hanley - No HANLEY

Eileen P. Maclean MACLEAN

Jim [unclear] - No [unclear]

Carl Spohnholz SPOHNHOLZ

Bill Boucher BOUCHER

[Signature]  
Chairman's signature



## Representative H.A. "Red" Boucher

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Chairman House Committee on State Affairs • Special Committee on Telecommunications

March 14, 1989

Representative Dave Donley  
Chairman  
House Labor and Commerce

Dear Dave,

I'd appreciate your scheduling of HB 13, relating to the Telecommunications - Universal Services, at your earliest convenience.

Enclosed is a copy of the bill, the State Affairs Committee Report, the fiscal note and a sectional analysis. Also included are the Query on Universal Services and a Supplemental Sponsor Statement.

Thank you,

A handwritten signature in cursive script that reads "Red".

H.A. "Red" Boucher  
Representative

Handwritten initials, possibly "MB", in cursive script.

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3900

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 24, 1989

SUBJECT: Sectional analysis of HB 13  
(Declarations and directions concerning  
telecommunication services)

TO: Representative H.A. "Red" Boucher

FROM: Teresa B. Cramer *TBC*  
Legislative Counsel

You have requested a sectional analysis of the above de-  
scribed bill.

As a preliminary matter, note that a sectional analysis or  
summary of a bill should not be considered an authoritative  
interpretation of the bill and the bill itself is the best  
statement of its contents.

Section 1 states that a utility that provides local exchange  
or interexchange telecommunications service affects the pub-  
lic interest and directs that regulation seek to maintain  
and further the efficiency, availability and affordability  
of universal basic telecommunications service.

If I may be of further assistance, please advise.

TBC:gc  
WKG7/056

TO: RED

FM: MARCO

RE: QUERY ON UNIVERSAL SERVICES AND LIFELINE RATES

EXPLAIN THE RELATIONSHIP BETWEEN UNIVERSAL SERVICE AND LIFELINE RATES

UNIVERSAL SERVICE has been a fundamental tenet in national policy on communication since Congress passed the Communication Act of 1934 which established the Federal Communication Commission.

UNIVERSAL SERVICE is the catch phrase for the notion that every American should have access to a telephone at affordable rates.

The ramifications of this policy are that telephone subscribers in densely populated urban areas where telephone access is cheap, must subsidize telephone subscribers in sparsely populated areas where access is expensive. Historically, the subsidies have been paid by Long Distance Carriers to Local Telephone Companies through an FCC approved procedure called Settlements and Separations. Revenue derived from long distance charges has been used to help pay for local telephone service.

This system worked fine as long as A T & T was the monopoly Long Distance Carrier and could control and recoup its subsidy payments through its FCC approved tariffs. However, deregulation of the telephone industry which entailed the breakup of A T & T into twelve regional, independent companies made it impossible to continue the subsidy to local telephone companies.

Instead, every telephone subscriber in the U.S., today receives a telephone bill that includes an access fee of one dollar to three dollars and fifty cents. Business subscribers pay six (6) dollars per line. These fees were approved by the FCC to replace the lost subsidy to Local Telephone Companies. Consequently, rates paid for local and long distance telephone service are more accurately reflective of their cost.

Alaska is an exception. We are the only state, that we know of, that still receives a subsidy from a Long Distance Carrier, A T & T. In the past decade the subsidy ranged from seventy-five to \$150 million per year. A T & T wants to stop paying the subsidy. The FCC has appointed a Joint Board consisting of state and FCC commissioners to recommend a method for terminating the subsidy. In a strictly deregulated market, Alaskans would have to absorb in their telephone bills, the \$75 to \$150 million subsidy paid in the past by A T & T. Clearly, the concept of UNIVERSAL SERVICE has been beneficial to Alaska.

#### LIFELINE RATES

The LIFELINE RATE is a part of UNIVERSAL SERVICE.

Where Universal Service can be thought of as a macro concept involving national and local telephone networks, LIFELINE RATES can be thought of as a micro concept involving the individual subscriber and the local telephone company to whom the bill is paid.

LIFELINE RATES are important because some people can't afford "plain old telephone service" (POTS). Since the A T & T divestiture it is true that long distance rates have decreased. However, local telephone service (POTS) has increased by an average of forty percent, nationwide.

The goal of Universal Service has been impaired by these rate changes. More and more people simply can't afford a telephone. LIFELINE RATES are the response to offset this impairment. LIFELINE RATES are advocated by the FCC, many state regulatory agencies, and consumer groups.

LIFELINE RATES may take many forms. They may be in the form of discounts or waived charges for deposits, connection fees, equipment costs or other cost associated with the local telephone company. LIFELINE RATES may also take the form of restricted or limited services, such as a limit on the number of calls per month.

Typically, in other states, people to whom LIFELINE RATES are extended include senior citizens, handicapped people, people who qualify for welfare programs or who meet specified maximum income limits.

Rep. Red Boucher  
HB 48, Universal Service  
Supplemental Statement

Essentially, HB 13 is a simple statement of state policy.

That policy is: ... regulation of telephone utilities shall aim at making basic telephone service available to as many Alaskans as possible.

The motivation for this policy is twofold. First, national consistency. Universal Service has been the fundamental tenet in FCC policy since its inception in 1934. While it has been codified in some states, it has been the unspoken rule in all states.

The second motivation for codifying Universal Service as our state policy is to demonstrate that Alaska does, within our state, what we are asking the FCC and the Joint Board to do for us on a national basis. By that we mean that Alaska is a remote and expensive part of the national telephone network. Alaska seeks subsidy and deferential treatment from the FCC which lowers our interstate telephone rates. Former APUC Commissioner, Marvin Weatherly, has testified that Alaska has been subject to criticism because we have not formalized the same Universal Service policy for intra-state telephone service that we're seeking for inter-state service.

In other words, if Alaska wants its high telephone costs integrated with the lower 48's cheaper telephone costs, then we should extend the same rationale from lucrative urban markets within Alaska to our remote, expensive markets.



# Representative Dave Donley, Chair

## House Labor & Commerce Committee

DATE: 4-18-89

PLACE: C#17

SUBJECT OF MEETING:

HB 96      HB 168  
 HB 284      HB 13      AB 166  
 SCR 21  
 SB 82      SSR 41

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT WHICH BILL?
✓ Ed Crane	CFAB	5260 Lupin Pl. ANC	99507	562-7552	276-2007	(Y) N	SB 82
✓ Bob Bartholomew	DOT&PF	P.O. Box 2 Juneau		463-3237	465-3911	(Y) N	HB 284
✓ Tom Lawson	DCED	PO Box D Juneau	99811		465-2017	Y (N)	SCR 21 Available for Q
✓ Paul Rolfe	D.O.F.	Pouch D " "	99811		465-7515	(Y) N	SCR 41
✓ MARTHA FISCHBACH	SELF	Box 34496, JUN	99803	364-2675	465-8828	(Y) N	HB 96 - Vet
✓ ROFAUN HORSCHER	Assoc Fenece A.S.A	10360 Nigh Rd	99515	522-1155	522-5289	(Y) N	HB 284
✓ Karl Oles	Sen. Zharoff	P.O. Box V, Juneau	99811		465-3473	(Y) N	SB 82
✓ Resa Terrell	A.G.C. of Alaska	134 No. Franklin	99801	584-1744		(Y) N	HB 284
✓ Randall Burns	Dept. of Commerce	P.O. Box D-211 Juneau, AK 99811			465-2535	(Y) N	HB 96
✓ Dean Paddock	Self	Box 20312 Juneau 99802		788-4231	463-4970	(Y) N	SB 82
✓ Scott Burgers	AML	217 2nd St Suite 200 Juneau 99801			6-1325	(Y) N	HB 284