

H B

48

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Lifeline Phone Rates

Agency Affected: _____
BRU: _____

Sponsor: Boucher and Goll
Requestor: Boucher

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						
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	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-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 Phone: 465-4931
Division: _____ Date: Jan 23, 1989

Approved by Commissioner: Rep. Boucher *[Signature]* Date: Jan 23, 1989
Agency: _____

Distribution (by preparer):

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

HOUSE COMMITTEE REPORT

(5)

Date Referred: January 9, 1989

FURTHER REFERRALS: LABOR & COMMERCE
FINANCE

Date of Committee Action: _____

The STATE AFFAIRS Committee recommends that:

HOUSE BILL NO. 48 [LIFELINE PHONE RATES]

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

[] 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
- zero fiscal note
- zero with analysis

APPROVES PREVIOUS:

- fiscal note(s) published: _____
- zero fiscal notes(s) published: _____

SIGNING DO PASS:

W.A. Bush

SIGNING OTHER THAN DO PASS:

(Do Not Pass, No Recommendation, Amend)

David Donley NO REC

Wayne Norbury - NO REC

Bill Spurlin - NO REC

Jim Swanson - NO REC

Richard P. Mackinnon - NO REC

W.A. Bush

Chairman's signature

TABLE OF CONTENTS

HB 48: Lifeline Phone Rates

- Item 1: HB 48 by Boucher and Goll
- Item 2: Fiscal Note
- Item 3: HB 48 Sectional Analysis
- Item 4: Letter from Susan Knowles, APUC
December 23, 1988
- Item 5: Letter from Alaska Telephone Association
January 24, 1989

HOUSE COMMITTEE ON STATE AFFAIRS

RECAP OF
HB 48

Lifeline Phone Rates

Received January 9, 1989
by Reps. Boucher and Goll

Heard January 25, 1989

Passed Out of Committee January 25, 1989
1 Do Pass
5 No Recommendation

Item 3

STATE OF ALASKA
THE LEGISLATURE

POUCHY STATE CAPITOL
JUNEAU ALASKA 99801
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 23, 1989

SUBJECT: Sectional analysis of HB 48
(Reduced rates and discounted service for
low-income customers)

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 permits a public utility to grant discounted
service to low-income customers for essential telecommunica-
tion services. Participation by a public utility is volun-
tary. The commission must allow a utility providing reduced
rates or discounted service to include the costs and admin-
istrative burdens of the program in the tariffs it charges.

Sec. 2 permits a public utility to grant reduced rates to
low-income customers for essential telecommunication ser-
vices. Participation by a public utility is voluntary. The
commission must allow a utility providing reduced rates or
discounted service to include the costs and administrative
burdens of the program in the tariffs it charges.

If I may be of further assistance, please advise.

TBC:kb
wkk1/068

Item 4

STEVE COWPER, GOVERNOR

ALASKA PUBLIC UTILITIES COMMISSION
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

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

December 23, 1988

Ms. Kathy Anders
Office of Representative Red Boucher
Alaska State Legislature
P. O. Box V
Juneau, Alaska 99811

Dear Kathy:

Per your request, I am writing to provide you the Commission's preliminary comments on two bills which Representative Boucher is considering reintroducing.

The Commission continues to support HB5, the universal service bill. A minor suggestion we would offer is that it may be desirable to add a clause such as "at a minimum" or "at least" after "further" so as not to limit the criteria to be considered in assuring universal service.

With respect to HB23, the lifeline bill, the Commission has two independent comments. First, based on its consideration of a related subject (namely, economic development incentive rates), the Commission believes that it is preferable to approach discounted or reduced rates generically rather than through specific legislation by type of rate or utility. Thus, we would recommend this approach rather than the one used in HB23, and I have attached the sample language previously provided to you for illustration purposes.

Second, if specific telephone lifeline legislation is preferred nonetheless, then we would offer the following editorial suggestions on HB23:

(1) The second sentence of sections 1 and 2 should be eliminated. It is sound, if not fundamental, public policy to give regulators at least the same level of discretion which is provided to the regulated to evaluate whether or not discounted or reduced rates are in the public interest. This important initiative should not be limited to utilities, particularly if the universal service bill passes. In addition, utilities are financially protected by any actions the Commission may take by the third sentence insulating them from the financial burdens of such rates.

Kathy Anders
December 23, 1988
Page 2 of 2

(2) The last clause of sections 1 and 2 should be changed from "if the utility provides a discounted service or reduced rate" to "if the commission approves a discounted service or reduced rate" to clarify the language and the respective roles of the utility and the commission in the process.

I hope that these comments are helpful. We look forward to working with Representative Boucher on these bills and on any alternate operator services legislation that may be proposed. Please give me a call if you have any questions. Thanks.

Sincerely yours,



Susan M. Knowles
Chairman

Enclosure

Sample general language authorizing reduced or
discounted rates

Nothing in this section prevents a public utility from charging reduced rates upon such terms as are just and reasonable to any potential or present customer which are designed to encourage or maintain the customer as a consumer of the utility's services, provided the Commission finds that allowing the reduced rate is in the public interest, that the customer would not subscribe or continue to subscribe to the utility's services without the reduced rate, and that the reduced rate will not result in higher rates to other customers of the utility than would result if the customer did not subscribe to the utility's services, unless the reduced rate will either enhance the value of the utility's services to other customers or produce a public benefit to other customers that is greater than any higher rates.

Item 5

Alaska Telephone Association

201 E. 56th Avenue / Suite 230
Anchorage, Alaska 99518
(907)568-4000 / FAX (907)568-3776

W. D. Pyron
President

Gordon Parker
Executive Director

January 24, 1989

Hon. H.A. Boucher
House of Representatives
102 Capitol Building, Pouch V
Juneau, Alaska 99811

Dear Representative Boucher:

I understand that a hearing on HB 48 is being held. Unfortunately a previous commitment prevents my attendance. I did, however, want to advise you and your Committee that the Alaska Telephone Association supports HB 48.

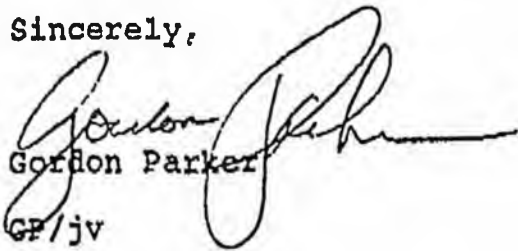
As you know, ATA worked with you in drafting this legislation originally. We continue our support because we believe it represents a step toward providing assistance to those among us who need it while protecting the interests of our remaining customer base.

We support this legislation because it allows utilities, in conjunction with the APUC, to develop lifeline rates desirable to the customer base of individual companies.

The legislation also presents a clear definition of eligible recipients. We support this provision as it presents a clear target population, will serve to prevent abuse and takes away the threat of the utility being placed in the position of establishing arbitrary qualifications.

We commend you for your continued support of this legislation. Upon my return, I will be available to participate in future hearings as the bill makes its way through the legislative process.

Sincerely,


Gordon Parker

GP/jv

Susan Knowles

must be wired in from APUC

216-6222 X135

HB48

8:30 - 8:45

Moderator would direct dial

OK

per Joanne 10:25 AM