

**Н В**

**13**

DATE: 3/13/90

FURTHER:

DATE TURNED INTO OFFICE: 4/12/90

Labor & Commerce

Committee considered

HB 13

"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."

and recommended:

- replace with \_\_\_\_\_ CS \_\_\_\_\_
  - or adopt \_\_\_\_\_ CS \_\_\_\_\_
  - attached amendment(s)
  - \_\_\_\_\_ letter of intent adopted
- same title
  - new title
  - technical title change (HB only)

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):

Dept/Date:

fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

appropriation-no fiscal note

APPROVES PREVIOUS:

Dept/Date:

fiscal note(s) \_\_\_\_\_

zero fiscal note(s)

House Rules 1/11/90

Dept of Comm 3/9/90

Governor's bill w/fiscal note

SIGNING DO PASS:

[Signature]  
\_\_\_\_\_  
[Signature]  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

OTHER RECOMMENDATIONS:

[Signature]  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Signature]  
Chair: Signature and Recommendation

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
 Title: An Act relating to regulation of telecommunication services  
 Sponsor: Boucher  
 Requestor: Senate State Affairs

Agency Affected: Commerce & Economic Dev.  
 BRU: APUC  
 Components: Operations

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

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
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						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	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)

The 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: 3/9/90

Approved by Commissioner: Larry Merculieff *[Signature]* Date: 3-9-90  
 Agency: Department of Commerce & Economic Development

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

STATE OF 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.

Sent copy to: Phil  
Boucher

February 15, 1990



UC90-5026

STATE AFFAIRS COMMITTEE  
Senator Pat Pourchot, Chairman  
Senator Al Adams  
Senator Jan Faiks  
Senator Rick Uehling  
Senator Jim Kelly  
Pouch V  
Juneau, Alaska 99811

REFERENCE: H.B. 13

Dear Senators:

It is our understanding your committee has before it H.B. 13 which declares that universal basic telecommunications service is in the public interest.

United Utilities is a local exchange telephone company serving 56 communities within the State of Alaska. Federal legislation, the Federal Communications Commission (FCC), and the Alaska Public Utilities Commission (APIJC) have all adopted legislation and/or policies promoting the availability of universal basic telecommunications service. If it were not for the federal legislation and the regulatory policies, our customers, and other rural customers within the state, would be without telephone service.

We strongly recommend that you pass this legislation as currently there is no legislative authority that we are aware of adopting the universal basic telecommunications objectives for Alaska. This is particularly critical considering the advent of competition and other changes in the telecommunications industry.

To strengthen this legislation, we are asking that your committee consider adding the following language to the bill:

"Universal basic telecommunications service is defined as having household telephone subscribership penetration levels within each community that approximate the household telephone subscribership penetration levels being experienced nationally. Universal basic telecommunication service is also defined as having statewide message toll rates that are not substantially greater than those in effect on January 1, 1990."

An Alaskan Native Owned Corporation

Unicom, Inc.  
Subsidiaries:  
United Utilities, Inc.  
UniVista, Inc.  
Manley Utility Co., Inc.

5450 A Street  
Anchorage  
Alaska  
99518  
(907) 561-1674

STATE AFFAIRS COMMITTEE

February 15, 1990

Page -2-

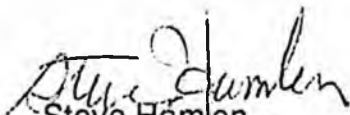
By 1993, Alaska local exchange companies will be receiving in excess of \$34 million from the federal Universal Service Fund to assist in achieving the FCC's universal service objectives. The proposed working definition is consistent with the FCC's goals and sound public policy.

Considering that the APUC's decisions will impact the availability of the federal Universal Service Funds for furthering universal service, and considering the possible harmful affects on rural customers should competition be permitted, we are requesting the proposed working definition be included in H.B. 13.

If you would like more information, please contact me.

Respectfully submitted,

UNITED UTILITIES, INC.

  
Steve Hamlen  
President

SH/ab

# **Alaska Telephone Association**

201 E. 56th Avenue / Suite 230  
Anchorage, Alaska 99518  
(907)563-4000 / FAX (907)562-3776

**Claude Zike**  
President

**Gordon Parker**  
Executive Director

## SUMMARY OF HB 13

### UNIVERSAL TELEPHONE SERVICE

HB 13 establishes universal telephone service as being in the public interest and, therefore, a priority of the State of Alaska.

Universal telephone service refers to the right of all residents to have available to them basic telephone services at a reasonable rate.

At the federal level, universal telephone service was adopted as government policy with the passage of the Communications Act of 1934 and remains a priority today. The Federal Communications Commission has also adopted universal telephone service as a priority. In Alaska, the Alaska Public Utilities Commission, in its omnibus telecommunications order of June, 1988, established universal telephone service as one of its six goals in addressing telecommunications issues pending before it. With HB 13, the legislature is being asked to place this critical policy into statute.

The question will be asked, "What effect does HB 13 have on the current debate regarding intrastate competition?" The answer is that the only effect would be to require the APUC to maintain the preservation of basic universal telephone service as a priority as the intrastate competition issue is considered. This is a stated goal of all parties to the intrastate competitive debate.



## Representative H.A. "Red" Boucher

---

Chairman House Committee on State Affairs • Special Committee on Telecommunications

### **HB 13 - Universal Services 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 differential 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.