

**HB**

**501**

## "Telecommunications Act of 1996"

On February 8 Congress passed the Telecommunications Act of 1996. As a consequence, the State of Alaska needs to update its telecommunications statutes. While the Federal Communications Commission (FCC) has been assigned the responsibility to implement the act, there are a number of areas that have been left up to the individual states to address.

These areas include:

- ▶ Promoting and maintaining the availability of telecommunications service (universal service).
- ▶ Providing pricing flexibility to existing carriers so that they can operate in a competitive environment.
- ▶ Establishing policies for the APUC to act in a timely manner on utility applications.
- ▶ Deregulating services that are competitively offered.
- ▶ Providing a level playing field for incumbents and new entrants in markets that can sustain competition.
- ▶ Removing barriers of entry to long distance service.

There is a need for adoption of legislation to address areas for which the state is responsible and to avoid many unnecessary administrative and legal decisions. In addition, such legislation would allow consumers to benefit from competition and the introduction of new technologies and services.



## UNITED UTILITIES, INC. (UNITED)

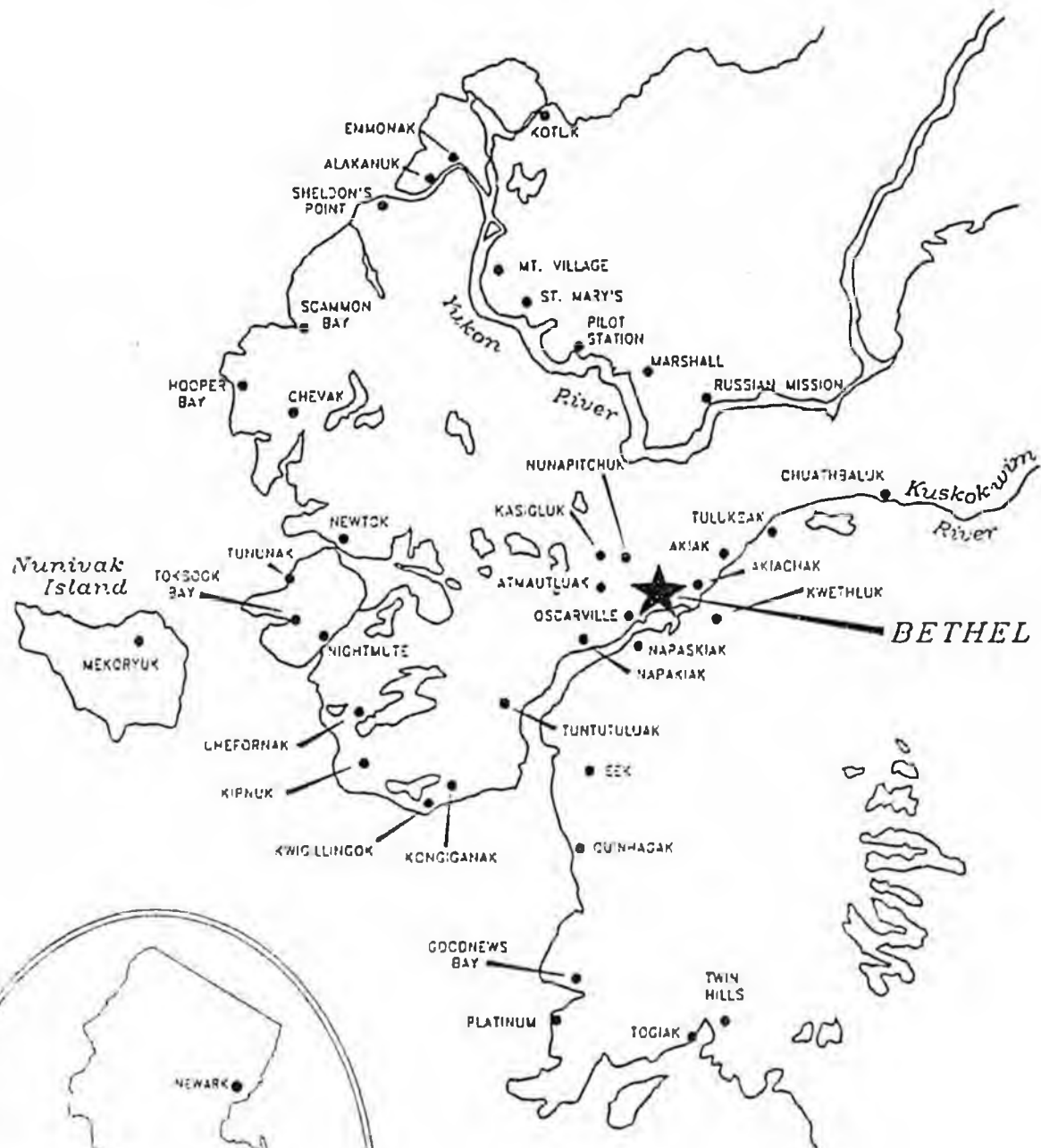
United provides local telephone service to approximately 20,000 people in 58 rural Alaskan communities. Most of these communities (46) are in western Alaska and range in size from 25 to 800 people. The first map (Attachment 1) shows the 46 locations that United serves in western Alaska. The second map (Attachment 2) shows all of the locations that United serves including eleven communities north of Fairbanks and Chenega Bay in Prince William Sound.

United jointly owns and operates 46 satellite earth stations with AT&T Alascom. United is owned by United Companies, Inc. (UCI), an Alaskan native owned company.

UCI also owns Unicom and Manley Utility. Unicom provides cellular telephone service in Bethel and has also applied to the Alaska Public Utilities Commission and the Federal Communications Commission to provide long distance services. Manley Utility provides electric services in Manley, Alaska.

United is a member of the Alaska Telephone Association.

# United Utilities, Inc. Yukon - Kuskokwim Serving Area



SCALE in MILES

Population 14,800  
Access Lines 3,660

# BEAUFORT SEA

Attachment 2

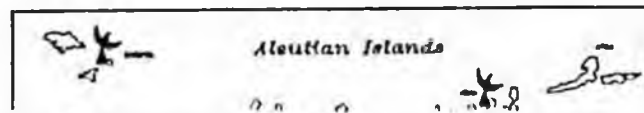
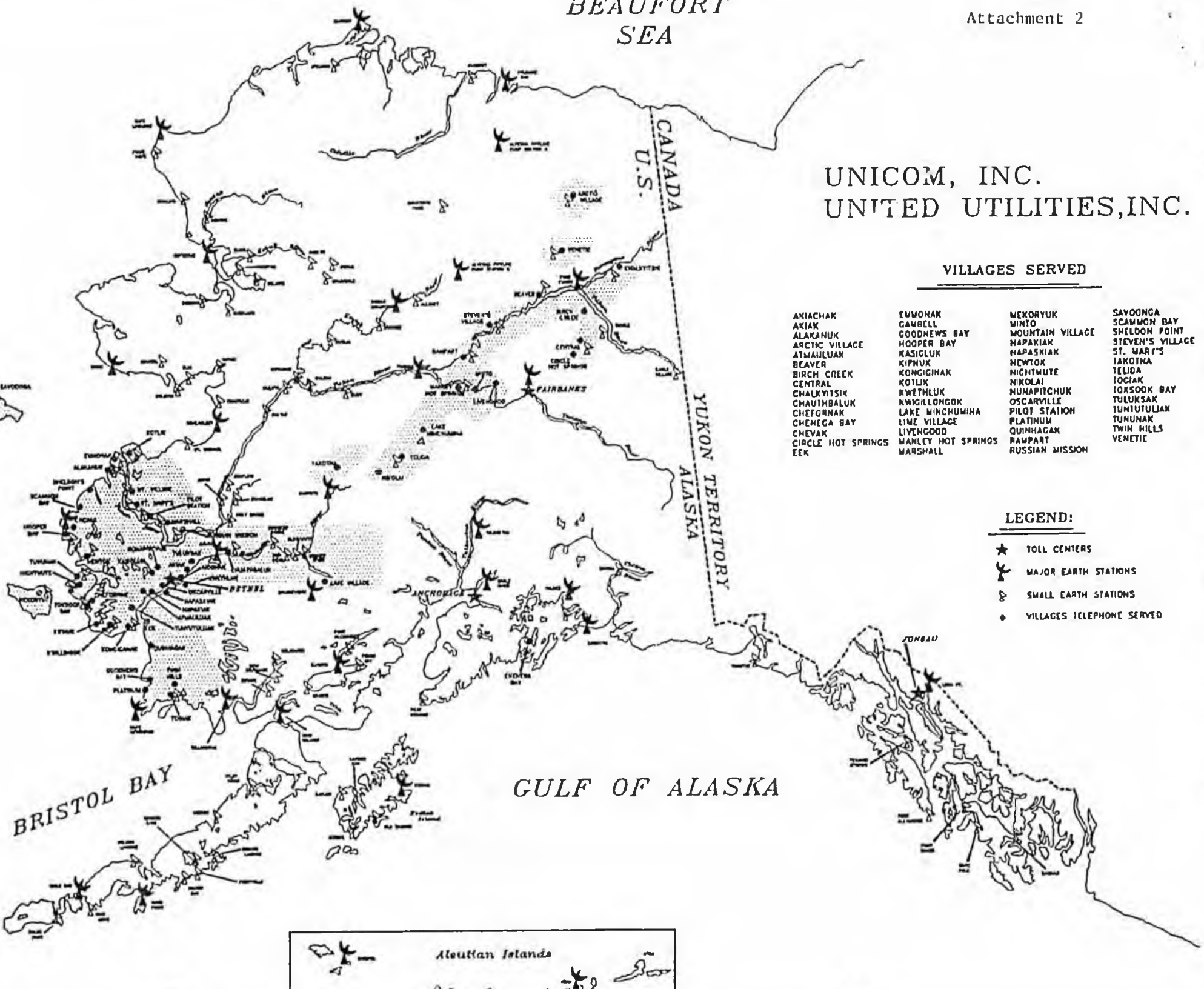
UNICOM, INC.  
UNITED UTILITIES, INC.

### VILLAGES SERVED

AKIACHAK	EMMONAK	MEKORYUK	SAYOONGA
AKIAK	GAMBELL	MINTO	SCAMMON BAY
ALAKANUK	GOODNEWS BAY	MOUNTAIN VILLAGE	SHELDON POINT
ARCTIC VILLAGE	HOOPER BAY	NAPASIAK	STEVEN'S VILLAGE
ATMAULUAK	KASIGLUK	NAPASIAK	ST. MARY'S
BEAVER	KIPHUK	NEWTOK	TAKOTNA
BIRCH CREEK	KONGIGINAK	NIGHTMUTE	TELIDA
CENTRAL	KOTLIK	NIKOLAI	TOGIAK
CHALKYTSIK	KWETHLUK	MUNAPITCHUK	TOXOOK BAY
CHAUTHBALUK	KWICILLONGOK	OSCARVILLE	TULUKSAK
CHEFORNAK	LAKE MINCHUMINA	PILOT STATION	TUNTUTULIAK
CHEMAGA BAY	LIME VILLAGE	PLATINUM	TUNUNAK
CHEVAK	LIVENGOOD	QUINHAGAK	TWIN HILLS
CIRCLE HOT SPRINGS	MANLEY HOT SPRINGS	RAMPART	VENETIE
EEL	MARSHALL	RUSSIAN MISSION	

### LEGEND:

- ★ TOLL CENTERS
- ✈ MAJOR EARTH STATIONS
- ⊙ SMALL EARTH STATIONS
- VILLAGES TELEPHONE SERVED



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State of Alaska  
Alaska Public Utilities Commission  
276-6222 Fax 276-0160

FY97 Operating Budget Overview

Robert A. Lohr, Executive Director  
Don Schröer, Commissioner, Chair

The Commission believes that the legislature should take the lead by setting the statutory framework for utilities regulation. The Commission is best able to carry out legislative intent concerning the extent of regulation when the legislature's directives are clear in the governing statutes.

# Alaska State Legislature

REPRESENTATIVE  
GENE THERRIAULT  
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(907) 488-0862

House District 33



While in Juneau  
State Capitol  
Juneau, Alaska  
99801-1182  
(907) 465-4797

## House Of Representatives

**House Bill 501:**

"An Act requiring competition in local exchange telephone service."

**Sponsor:**

Representative Gene Therriault 

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### Sponsor Statement

This legislation promotes competition in the market for local exchange telephone service. It is intended to increase the choices available and reduce the cost to customers. The bill would authorize competition for local exchange telephone service and encourage the Public Utilities Commission to implement a fully competitive telecommunications marketplace statewide. The resulting technological advances, reduced costs and increased choices would in turn enhance the state's economic development.

The legislation would allow Alaska to take advantage of the newly enacted federal overhaul of the 1934 Communications Act, which was signed into law February 8, 1996. The Telecommunications Act establishes competition in all telecommunications markets as a national policy. In its report the Conference Committee stated that the bill "provides for a pro-competitive, de-regulatory national policy framework designed to accelerate rapidly private sector deployment of advanced telecommunications and information technologies and services to all Americans by opening all telecommunications markets to competition. . ."

Under this act all barriers to competition in all market segments are to be automatically removed except in the most rural areas of the United States. Under the act, telephone companies serving less than two percent of the telephone lines nationwide may petition their state public utilities commission for an exemption from the duty to interconnect with competitive companies if the incumbent telephone company can show interconnection is not in the public interest and it is technologically infeasible or economically burdensome.

For the rest of the nation, this provision could mean very small pockets in a state or throughout the country may be granted an exemption from

competition in the local telecommunication's market. For Alaska, it could mean the entire state could be exempted from competition. This proposed legislation establishes the policy that competition in the local telephone market in Alaska is in the public interest, consistent with the rest of the country. The Alaska Public Utilities Commission may still grant exemptions from interconnection if it is not technically feasible, or if it is unduly economically burdensome.

Establishing this policy guideline is clearly within the legislature's purview, and will eliminate needless proceedings before the Alaska Public Utilities Commission trying to determine whether or not competition is in the public interest in Alaska. It will allow the Public Utilities Commission to get on with the business of establishing regulations for this new world of competition, and let Alaska get on with being part of the modern telecommunications world.

## Sectional Analysis

House Bill 501, "An Act authorizing competition in local exchange telephone service."

**Section 1** AS 42.05.750 Findings.

AS 42.05.760 States that the Public Utilities Commission shall provide for competition in local exchange telephone service in a timely manner and shall adopt regulations that eliminate impediments to entry for local exchange carriers fit, willing and able to provide service.