

Alaska State Legislature

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Representative Lesil McGuire
Chair, Judiciary Committee

CSHB 106(JUD) am SECTIONAL ANALYSIS

"An Act relating to retail tariffing standards in a competitive local exchange service area; and to exemptions from retail tariff filing requirements and certain other provisions in competitive telecommunications markets; setting a policy regarding unbundled network elements in the telecommunications market; relating to depreciation expense rates for certain telecommunications utilities; requiring the Regulatory Commission of Alaska to conduct an investigation, take certain actions, withhold certain actions, and issue a report; and providing for an effective date."

Section 1 – Amends [AS 42.05.145](#) by adding a new subsection which provides that upon the commission's approval of a carrier's application to provide local telecommunication service in an incumbent carrier's service area the incumbent carrier is subject to the same standards as the new carrier in areas where the commission has determined there is competition among the carriers. *This provision provides guidance to the regulators to treat all competitors in a market equally under the law.*

Section 2 – Amends [AS 42.05](#) by adding a new section, AS 42.05.433 that reflects FCC regulations to detariff all retail interstate long distance offers pursuant to provisions of the federal Telecommunications Act of 1996 by allowing a local exchange carrier to petition the commission for a determination that one or more of its markets is a competitive service area. This section deregulates retail rates in markets where consumers have a choice of facilities-based providers. *Deregulation is achieved by eliminating retail tariffing requirements either in the entirety of a provider's service areas or only in portions of those service areas deemed competitive.* Further, Section 2 amends [AS 42.05](#) by adding an additional section, AS 42.05.435, establishing the state telecommunications policy regarding the pricing of unbundled network elements (UNE). This section ensures fair rates for leased facilities consistent with federal law. In particular, the statute specifies that lease rates will be based on forward-looking incremental costs and establishes a methodology for determining forward-looking incremental costs based on labor, materials, and fill factors, adjusted for inflation.

(more)

Section 3 – Amends [AS 42.05.471](#) by adding a new subsection that provides that the RCA shall accept a utility’s proposed depreciation rates in competitive service areas provided that the underlying plant service lines are no shorter than the general depreciation system service lines used by the Internal Revenue Service for federal income tax computations. This provision allows for recovery of plant investments in more reasonable time increments and is fully consistent with the FCC’s guidance for regulating telephone providers in competitive areas.

Section 4 – Amends the uncodified law of Alaska by explicitly declaring The Legislature’s intent with regard to telecommunications regulator policies in Alaska. Under this section, the RCA is directed to investigate the telecommunications industry and take such actions as are necessary to ensure that all participants bear the same regulatory burdens. Further, the RCA is directed to report back to The Legislature on the status of the industry in Alaska, rules or regulations proposed or adopted, and recommendations to The Legislature for further action.

Section 5 – Provides that the Act takes effect immediately pursuant to [AS 01.10.070\(c\)](#).