

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

SECOND REGULAR SESSION-1994

Legislative Document

No. 1947

S.P. 726

In Senate, March 1, 1994

**An Act to Establish an Alternative Form of Telecommunications
Regulation in the State.**

Reference to the Committee on Utilities suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by President DUTREMBLE of York. (GOVERNOR'S BILL).
Cosponsored by Senator CARPENTER of York and
Senators: CAHILL of Sagadahoc, VOSE of Washington.

2 Be it enacted by the People of the State of Maine as follows:

4 Sec. 1. 35-A MRSA c. 91 is enacted to read:

6 CHAPTER 91

8 ALTERNATIVE FORM OF REGULATION OF
TELECOMMUNICATIONS SERVICES

10 §9101. Definitions

12 As used in this chapter, unless the context otherwise
indicates, the following terms have the following meanings.

14 1. Alternative form of regulation. "Alternative form of
regulation" means a form of regulation that includes, but need
not be restricted to, rate base or rate of return regulation to
be developed by the commission. The term includes the use of any
index, formula, rate stability plan, range of freedom,
streamlined form of regulation or deregulation of services or
entities when regulation is not required to protect the public
interest or to accomplish the specific objectives set forth in
this chapter.

24 §9102. Adoption of alternative form of regulation

26 The commission shall adopt, after public hearings and other
processes the commission determines appropriate, an alternative
form of regulation for all telephone utilities in the State with
gross sales of over \$4,000,000 and who provide local telephone
service to the majority of residential customers within their
service territory. The alternative form of regulation must
conform to the requirements of chapters 71, 73, 75, 87 and 89,
but need not conform with chapter 3 to the extent that the
provisions of chapter 3 are determined to require the use of rate
base, rate of return regulation or any other specific form of
regulation of the rates of a telephone utility or to the extent
that the provisions of chapter 3 are determined to give any
party, including the telephone utility, the right to petition to
change rates for telecommunications services. However, nothing
in this chapter may be construed to limit the authority of the
commission under section 1322.

44 §9103. Conditions of the alternative form of regulation

46 In determining the alternative form of regulation adopted
pursuant to section 9102, the commission shall seek the following
objectives.

50 1. Alternative regulation; period. For the period of the
alternative form of regulation, which may not be less than 5

2 years nor exceed 10 years without affirmative reauthorization by
3 the commission, ratepayers as a whole, and residential and small
4 business ratepayers in particular, are not likely to be required
5 to pay more for local telephone services over the period under
6 the alternative form of regulation than they would under
7 traditional rate base or rate of return regulation.

8 2. Costs. The costs of regulation of telephone utilities
9 will be less under the alternative form of regulation than under
10 rate base or rate of return regulation.

11 3. Mandates. The alternative form of regulation will
12 preserve the ability of the commission to ensure that all
13 legislative and commission mandates directed to the telephone
14 utility are properly executed.

15 4. Safeguards. The alternative form of regulation must
16 provide adequate safeguards to ensure that risks associated with
17 the development, deployment and offering of telecommunications
18 and related services offered by the telephone utility, other than
19 local telephone services, are not borne by the local telephone
20 service subscribers of the telephone utility and that the utility
21 continues to offer a flat-rate, voice-only local service option.

22 5. Other objectives. In determining the alternative form
23 of regulation the commission shall also seek to:

24 A. Ensure that customers pay only reasonable charges for
25 local telephone services;

26 B. Ensure that the telephone utility will have, over the
27 period of the alternative form of regulation, a reasonable
28 opportunity to earn a fair return on the investment
29 necessary to provide local telephone services; and

30 C. Encourage the development, deployment and offering of
31 new telecommunications and related services in the State by
32 limiting or eliminating the regulation of those services by
33 the commission to the extent consistent with other express
34 provisions of this Title.

35 **§9104. Implementation**

36 The commission shall conclude, within 12 months of the
37 effective date of this chapter, a proceeding designed to
38 implement an alternative form of regulation for telephone
39 utilities in the State affected by this chapter.

2 §9105. Report to the Legislature

4 The commission shall provide to the Legislature, on an
6 annual basis beginning September 1, 1995, a report describing the
8 activities of the commission pursuant to this chapter and the
10 extent to which the alternative form of regulation has achieved
12 the objectives of this chapter.

14 STATEMENT OF FACT

16 This bill directs the Public Utilities Commission to adopt
18 an alternative form of regulation of large telephone utilities in
20 the State that preserves affordable universal service while
22 encouraging the development of new and expanded
24 telecommunications services in the State.

26 This document has not yet been reviewed to determine the
need for cross-reference, stylistic and other technical
amendments to conform existing law to current drafting standards.