

MAINE STATE LEGISLATURE

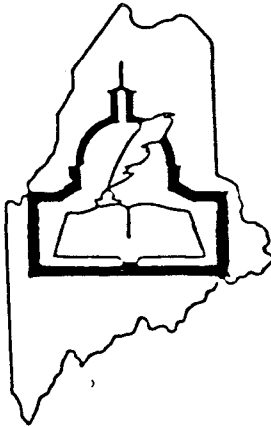
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STATE OF MAINE
ONE HUNDRED AND TWELFTH LEGISLATURE
FIRST REGULAR SESSION

JOINT STANDING COMMITTEE ON
UTILITIES
BILL SUMMARY



JULY, 1985

Prepared by:

Haven Whiteside, Legislative Assistant
Office of Legislative Assistants
State House, Station 13 Augusta, Maine 04333
(207) 289-1670



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STATE OF MAINE
OFFICE OF LEGISLATIVE ASSISTANTS
ROOM 101
STATE HOUSE, STATION 13
AUGUSTA, MAINE 04333
TEL.: (207) 289-2486

SARAH HOOKE
JULIE S. JONES
JOHN B. KNOX
EDWARD POTTER
MARGARET J. REINSCH
LARS RYDELL
JOHN SELSER
ANDREA COLNES, RES. ASST.

ONE HUNDRED AND TWELFTH LEGISLATURE
FIRST REGULAR SESSION

JOINT STANDING COMMITTEE
BILL SUMMARIES
JULY 1985

This document is a compilation of the bill summaries prepared by this office for the Joint Standing Committees of the Maine Legislature, covering the First Regular Session of the 112th Legislature. The summaries are arranged by LD number and indexed separately by committee.

LD: 1012
EMERGENCY
ND:

AN ACT TO PROVIDE FOR AN INDEPENDENT STUDY
OF TELEPHONE SERVICE COSTS

BALDACCI
MATTHEWS Z

LU--WD

HOUSE Accepted Committee Report
SENATE Accepted Committee Report
GOV

— CH #

SUMMARY: The bill requires a study of the allocation of costs among the various kinds of telephone service: local, long-distance, private lines, custom calling features, etc.. Traffic-sensitive costs are easily allocated to the service that causes those costs. It is harder to allocate the non-traffic sensitive costs because most of them are "common costs," necessary for more than one type of service. The key common cost item, and one that is a major source of dispute in telephone rate cases, is the local subscriber loop which is used by all services.

NET suggests that all of that cost be paid in basic local rates. Others disagree. The study is intended to resolve the question of how much of the cost of the local loop should be paid for in basic telephone rates and how much in long-distance rates.

The study would be conducted by the PUC under the supervision of a 7-member Study Committee on Telephone Costs. The Committee includes 2 Legislators, 2 consumers (1 business and 1 residential), the Public Advocate, a PUC representative and a NET representative. The report is due Dec. 31, 1985.

This is one of nine bills withdrawn in favor of committee and PUC study. (See LD1011).

Until 180 days after the study is complete, telephone rates would be based on a 50-50 allocation of common costs; then rates would be based on the study. The cost of the study is \$75,000, raised by a special assessment on telephones utilities and placed in the PUC Regulatory Fund.