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By the Regulatory Commission of Alaska on Oct 24, 2017

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**OFFICE OF THE LIEUTENANT GOVERNOR
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MEMORANDUM

TO: Micaela Fowler
 Department of Commerce, Community & Economic Development

FROM: Scott Meriwether, Office of the Lieutenant Governor
 465.4081 

DATE: October 16, 2017

RE: Filed Permanent Regulations: Regulatory Commission of Alaska
 Regulatory Commission of Alaska regulations re: annual operations report requirements for regulated utilities and pipeline carriers (3 AAC 47.060; 3 AAC 52.390; 3 AAC 53.290)

Attorney General File:	JU2016200189
Regulation Filed:	10/14/2017
Effective Date:	11/13/2017
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cc with enclosures: Linda Miller, Department of Law
 Judy Herndon, LexisNexis

3 AAC 47.060. Annual reporting requirements. On or before April 30 of each year, a regulated utility or pipeline carrier shall file with the commission, in accordance with 3 AAC 48.095, on a form provided by the commission, a report containing

...

(Eff. 10/21/92, Register 124; readopt 12/1/95, Register 136; am 11/6/2016, Register 220; am 11/13/2017, Register 224)

Authority: AS 42.05.141 AS 42.05.254 AS 42.06.286
AS 42.05.151 AS 42.06.140

3 AAC 52.390(m) is amended to read:

(m) On or before April 30 of each year, an interexchange carrier not eligible to register under 3 AAC 52.358 shall file, in accordance with 3 AAC 48.095, a financial report of the carrier's intrastate interexchange operations in the state for the previous calendar year. Non-interexchange operations must be excluded from the financial report. The financial report must include the following detailed information:

- (1) the beginning and end-of-year balances of
 - (A) gross plant in service;
 - (B) net plant in service;
 - (C) inventory;
 - (D) prepayments;
 - (E) current assets;
 - (F) deferred tax assets;
 - (G) long-term debt;
 - (H) current liabilities;

- (I) deferred tax liabilities; and
 - (J) shareholder equity
- (2) from the income statement,
- (A) retail revenues;
 - (B) revenues from resale;
 - (C) access revenues;
 - (D) uncollectible revenue;
 - (E) gross operating revenue;
 - (F) operating expenses;
 - (G) interest on long-term debt;
 - (H) current tax expense; and
 - (I) net income; and
- (3) the following end-of-year customer metrics:
- (A) number of customers; and
 - (B) number of residential customers.

3 AAC 52.390 is amended by adding a new subsection to read:

(p) On or before July 1 each year, to satisfy the annual operations reporting obligation under AS 42.05.451(b),

(1) a publicly held intrastate interexchange carrier, including a subsidiary of a publicly held corporation, shall file in accordance with 3 AAC 48.095 its Securities and Exchange Commission Form 10-K annual report as of the end of the preceding fiscal year;

(2) a privately held intrastate interexchange carrier shall file in accordance with 3 AAC 48.095 a full and complete annual report of the company's financial condition and operations on a stand-alone basis, if available, or on a consolidated basis at the parent company level as of the end of the preceding fiscal year, as follows:

(A) if the carrier's financial statements are audited in the ordinary course of business, the carrier shall provide a copy of the carrier's audited financial statement, accompanied by a copy of a management letter issued by the independent certified public accountant that performed the company's financial audit; the carrier shall make its audit and related work papers and financial information available upon request by the commission;

(B) if the carrier's financial statements are not audited but are independently reviewed in the ordinary course of business, the carrier shall provide a copy of the carrier's financial statement that has been subject to review by an independent certified public accountant, accompanied by an officer certification that the carrier was not audited in the ordinary course of business for the preceding fiscal year and that the reported data is accurate; the carrier shall make the review and related work papers and financial information available upon request by the commission;

(C) If the carrier's financial statements are not audited or independently reviewed in the ordinary course of business, the carrier shall provide a copy of the carrier's financial statement containing a comparative balance sheet, income statement, and statement of cash flows, accompanied by an officer certification that the carrier was not audited by or had its financial

statements reviewed by an independent certified public accountant in the ordinary course of business for the preceding fiscal year and that the reported data is accurate; the carrier shall make its underlying records and other financial information available upon request by the commission. (Eff. 3/16/91, Register 117; am 7/8/93, Register 127; am 9/1/2002, Register 163; am 5/18/2003, Register 166; am 8/27/2004, Register 171; am 9/16/2005, Register 175; am 10/6/2013, Register 208; am 8/1/2015, Register 215; am 11/6/2016, Register 220; am 10/27/2017, Register 224; am 11/13/2017, Register 224)

Authority: AS 42.05.141 AS 42.05.151 AS 42.05.800
AS 42.05.145 AS 42.05.291

3 AAC 53.290(i) is amended to read:

(i) On or before April 30 of each year, in accordance with 3 AAC 48.095, a local exchange carrier shall file a financial report of the carrier's operations in the state for the previous calendar year. The carrier's out-of-state operations must be excluded from the financial report. The carrier's financial report must include the following detailed information regarding its local exchange operations:

- (1) the beginning and end-of-year balances of
 - (A) gross plant in service;
 - (B) net plant in service;
 - (C) inventory;
 - (D) prepayments;
 - (E) current assets;
 - (F) deferred tax assets;

- (G) long-term debt;
- (H) current liabilities;
- (I) deferred tax liabilities; and
- (J) shareholder equity;

(2) from the income statement,

- (A) retail revenues;
- (B) revenues from resale;
- (C) access revenues;
- (D) billing and collection revenues;
- (E) directory revenues;
- (F) uncollectible revenue;
- (G) gross operating revenue;
- (H) operating expenses;
- (I) interest on long-term debt;
- (J) current tax expense; and
- (K) net income; and

(3) the following end-of-year customer metrics:

- (A) number of customers; and
- (B) number of residential customers.

3 AAC 53.290 is amended by adding new subsections to read:

(k) On or before July 1 each year, to satisfy the annual operations reporting obligation under AS 42.05.451(b),

(1) a publicly held local exchange carrier, including a subsidiary of a publicly held corporation, shall file in accordance with 3 AAC 48.095 its Securities and Exchange Commission Form 10-K annual report as of the end of the preceding fiscal year;

(2) a privately held local exchange carrier shall file in accordance with 3 AAC 48.095 a full and complete annual report of the company's financial condition and operations on a stand-alone basis if available, or on a consolidated basis at the parent company level as of the end of the preceding fiscal year, as follows:

(A) if the carrier is a recipient of loans from the United States Department of Agriculture, Rural Utilities Service (RUS), the carrier shall provide a copy of its RUS Operating Report for Telecommunications Borrowers as filed with the Rural Utilities Service; the carrier shall make its underlying audit and related work papers and financial information available upon request by the commission;

(B) if a carrier is not a recipient of loans from the Rural Utilities Service and if the carrier's financial statements are audited in the ordinary course of business must provide a copy of its audited financial statement, accompanied by a copy of a management letter issued by the independent certified public accountant that performed the company's financial audit; the carrier shall make its audit and related work papers and financial information available upon request by the commission;

(C) if the carrier is not a recipient of loans from the Rural Utilities Service and if the carrier's financial statements are not audited but are independently reviewed in the ordinary course of business, the carrier shall provide a copy of the carrier's financial statement that has been subject to review by an independent certified public accountant, accompanied by an officer certification that the carrier was not audited in the ordinary course of business for the preceding fiscal year and that the reported data is accurate; the carrier shall make the review and related work papers and financial information available upon request by the commission;

(D) if the carrier is not a recipient of loans from the Rural Utilities Service, and if the carrier's financial statements are not audited or independently reviewed in the ordinary course of business, the carrier shall provide a copy of the carrier's financial statement containing a comparative balance sheet, income statement, and statement of cash flows, accompanied by an officer certification that the carrier was not audited by or had its financial statements reviewed by an independent certified public accountant in the ordinary course of business for the preceding fiscal year and that the reported data is accurate; the carrier shall make its underlying records and other financial information available upon request by the commission;

(3) a local exchange carrier designated as an eligible telecommunications carrier under 3 AAC 53.410 that has filed an annual report of the company's financial conditions and operations under 3 AAC 53.460 fulfills the requirement of this subsection by filing a certification to this fact.

(l) An incumbent local exchange carrier with a certificated interexchange carrier affiliate under 3 AAC 52.360 shall file with its annual report, in accordance with 3 AAC 48.095, a certificate of compliance with the cost allocation principles prescribed by 47 C.F.R. 64.901 and in a form substantially identical to the certification required by 47 C.F.R. 64.905. (Eff. 6/21/98, Register 146; am 11/11/2001, Register 160; am 4/24/2004, Register 170; am 9/16/2005, Register 175; am 7/31/2011, Register 199; am 11/6/2016, Register 220; am 10/27/2017, Register 224; am 11/13/2017, Register 224)

Authority:	AS 42.05.141	AS 42.05.221	AS 42.05.711
	AS 42.05.151	AS 42.05.241	AS 42.05.990