

common carriers, yielding, after reasonable deduction for depreciation and other necessary and proper expenses and reserves, a reasonable return upon the fair value of the company's property used and useful in rendering service to the public.

(b) In the exercise of its power to prescribe just and reasonable rates for common carriers, and classifications, regulations, and practices relating thereto, the Commission shall give due consideration, among other factors, to the inherent advantages of transportation by such carriers; to the need, in the public interest, of adequate and efficient transportation services by such carriers at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable such carrier, under honest, economical, and efficient management, to provide such service, and upon consideration of such matters shall establish the need for proper revenue by determination of a fair and equitable operating ratio, which is the relationship of carrier expenses to carrier operating revenues.

(c) A public service company may not charge off against its rate payers expenses for lobbying.

(d) In the exercise of its power to prescribe just and reasonable rates, the Commission may not discourage the use of employee stock ownership plans by public service companies, by denying them the full benefits of investment tax credits provided in connection with these plans by the federal Internal Revenue Code.

(E) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (A) OF THIS SECTION OR ANY OTHER PROVISION OF LAW TO THE CONTRARY, THE COMMISSION MAY REGULATE A TELEPHONE COMPANY BY MEANS OF ~~AN~~ ALTERNATIVE FORM ~~FORMS~~ OF REGULATION, WHICH MAY INCLUDE, BUT ARE NOT LIMITED TO, THE USE OF PRICE REGULATION, REVENUE REGULATION, RANGES OF AUTHORIZED RETURN, RATE OF RETURN, CATEGORIES OF SERVICES, OR PRICE INDEXING, IF IT FINDS, AFTER NOTICE AND HEARING, THAT THE ALTERNATIVE FORM OF REGULATION PROTECTS CONSUMERS BY, AT A MINIMUM, PRODUCING AFFORDABLE AND REASONABLY PRICED BASIC LOCAL EXCHANGE SERVICE, AS DEFINED BY THE COMMISSION, AND BY ENSURING THE QUALITY, AVAILABILITY, AND RELIABILITY OF TELECOMMUNICATIONS SERVICES THROUGHOUT THE STATE; ENCOURAGES THE DEVELOPMENT OF COMPETITION, ~~PROTECTS CONSUMERS;~~ AND IS IN THE PUBLIC INTEREST.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 1995.

Approved May 9, 1995.