

**ALASKA STATE LEGISLATURE  
SENATE LABOR AND COMMERCE STANDING COMMITTEE**

May 17, 2003

12:18 p.m.

**MEMBERS PRESENT**

Senator Con Bunde, Chair  
Senator Bettye Davis  
Senator Hollis French

**MEMBERS ABSENT**

Senator Ralph Seekins, Vice Chair  
Senator Gary Stevens

**COMMITTEE CALENDAR**

Confirmation Hearing

Kate Giard - Regulatory Commission of Alaska

**ACTION NARRATIVE**

**TAPE 03-36, SIDE A**

**CHAIR CON BUNDE** called the Senate Labor and Commerce Standing Committee meeting to order at 12:18 p.m. Present were SENATORS STEVENS, FRENCH and BUNDE.

MS. KATE GIARD, nominee for the Regulatory Commission of Alaska (RCA), said she has been in Alaska since 1992 and is serving as Chief Fiscal Officer for the Municipality of Anchorage. She applied for this position because she has some background in telecommunications through her work with the municipality; she had fiduciary responsibility for the operation of their wholly owned subsidiary utilities.

She said there have been concerns about the size of the RCA's docket and adjudications. One thing that really interests her about serving on the RCA is that it will provide an opportunity for someone with her background to perform regulatory rate evaluations and also to look for improvements to the decision-making process.

SENATOR FRENCH said he appreciated her willingness to serve. He asked if she has any prior affiliation with or connection to either of the two big telecommunication players, ACS or GCI.

MS. GIARD replied that she worked for Alaskan Choice Television (ACT) for three and a half years, which is where she got her telecommunications background. ACT's mission was to provide communities in Anchorage, Mat-Su and Fairbanks with an alternative to hard-line cable. She had an indirect relationship with GCI in that it was her main competitor for offering that service. ACT was a start-up entity and was a stepchild of the 1996 Telecommunications Act. It was initially owned by Goldbelt and a company from the Lower 48. In 1997, one-third of that company was sold to ATU for about \$5 million. ATU had a board position, although operations were managed through the energy partner, which was a corporation in Utah. In May of 1999, ACS purchased ATU and thus acquired the one-third interest that ATU held in Alaskan Choice Television. At board meetings at that time, she was still with Alaskan Choice. She resigned in August of 1999. ACS determined that it was beneficial for its business objectives to acquire an entire interest in Alaskan Choice Television, which it did in September 1999.

SENATOR FRENCH asked if she has maintained any financial position in Alaskan Choice T.V.

MS. GIARD replied no, she had no financial interest other than as an employee as the in-ground operating manager.

SENATOR FRENCH asked if anything about her experience competing with GCI might lead her to favor or disfavor GCI in future rate-setting endeavors.

MS. GIARD replied no and said she loved the experience at the time. The Telecommunications Act of 1996 had a tremendous impact on Alaska. She admires GCI for what it has been able to achieve and didn't have any negative feelings towards them.

SENATOR FRENCH said one of the great puzzles of the '96 Telecom Act is the way it has affected the business of ACS. He is moved by ACS's arguments that the act is basically forcing ACS to subsidize GCI in carrying its signal the last mile to homes over a network that ACS built and maintains with no concomitant responsibility on the part of GCI to pay to maintain that network. He was curious about how she views that struggle about the last mile and how she would take up those questions as a commissioner.

MS. GIARD replied that she understands that ACS acquired what was, essentially, a monopoly. ATU, at the time, was in the

throes of learning what it was like to be in a competitive market. The Act had been put in place prior to the acquisition. She maintained:

There are going to be pains in any act when you're trying to take a monopoly system and move it into a competitive environment. Those pains certainly have been felt by ACS and previously by, and I'm certainly more familiar with, the pains that ATU was feeling at the time.

She thought the role of the RCA is to balance the competitive needs of the consumer against the entrepreneurial needs of the players in the field. All three entities, Alascom, GCI and ACS, are viable and continue to invest in their infrastructure. The RCA is not responsible for keeping any one company in business, but it is responsible for responding in a timely manner to those filings that are mandated by the laws the legislature sets. As a commissioner, her role would be to find that balance in a timely, thoughtful and well-planned decisive manner.

CHAIR BUNDE asked if she thought she was constrained by FCC regulations in making her decisions.

MS. GIARD replied that the FCC gave the states a significant amount of power, control and authority over the determination of a competitive market through the RCA. The legislature has to tell them how to adjudicate and what to adjudicate on.

CHAIR BUNDE said one of the criticisms he has heard about the RCA is the length of time it takes to come up with decisions. He asked, if with her accounting and managerial background, she had any ideas about how to speed up the process.

MS. GIARD replied that she believes there are ways to speed up the process that have not been evaluated yet.

SENATOR DAVIS said she appreciated Ms. Giard's testimony and thought she would do a fine job.

SENATOR FRENCH said that he was happy to hear Ms. Giard mention consumers several times in the course of answering some of the questions, since that is one of the fundamental roles of the RCA. He noted for the record that she was the chief financial officer of Alaska Village Initiatives for one year, which is an especially valuable experience. He thanked her for offering to serve the state.

CHAIR BUNDE announced that there were no stated objections for the confirmation of Ms. Giard and that her name would be forwarded to the joint session. He adjourned the meeting at 12:36 p.m.