

ALASKA LEGISLATURE COMMITTEE FILES 1985-1986 86/2

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1 don't know.

2 Q You'd have to look at the details surrounding what
3 they're offering before you could makeup your mind.

4 A Mm-hmm.

5 Q Okay. Well, thank you very much.

6 A Yeah.

7 MR. JACKSON: Kenneth Dahl?

8 (Indiscernible - manner of speech.)

9 MR. JACKSON: Certainly. J.A LeFever. Excuse me if I
10 mispronounce names.....

11 JAMES LAFERRIERE

12 testified as follows:

13 (Oath administered.)

14 MR. LAFERRIERE: My name is James Laferriere, P. O.
15 Box 60701, 99706. I am purchasing lot 18, I used to own
16 lot 10. Back in about 1980, after they put the high pres-
17 sure sewer system, the line I should say, the line had been
18 there from College Utilities, I inquired if I could hook
19 into that line. I was told it was a high pressure line and
20 I couldn't hook into it. I said, "what about if I put a
21 pump station there." Well, even if you put a pump station
22 in there there isn't enough -- there's too much volume now
23 to hook anybody else up. Mr. Wise brought his place in and
24 new people are gonna hook up into that line. People tes-
25 tified to the fact that the City hasn't been very

1 cooperative to bring people in for utilities because of
2 their policies. I can understand that. I have -- looking
3 at the minimum rate, I don't have on the slip that we have
4 cause we had to turn in because of the on the back they had
5 the cost per square foot. The cost per square foot on a
6 piece of property does me in. I was out to Seattle over
7 Christmas, I inquired about sewer treatment plants and
8 things like that. I come up with some figures -- I could
9 almost put a treatment plant in my own 2½ acres for the
10 cost that it's costing me to put sewer and water in. I
11 would like to as the people, to them, to think it over
12 themselves, and make their own utility district and then to
13 annex or title it over to one of these districts here that
14 want to come in. Because the cost to me is prohibitive and
15 the cost of putting a system in is not that much. Then
16 we're now required to have the, to hook into the pipeline
17 that College Utility has. A guy was going to dig, would
18 dig the trench and backfill it for \$1.00 per running foot.
19 I thought it was awful cheap, so I inquired of somebody
20 else, and he said "I'd gladly do it." He says, "Hell,
21 that's good diggin' out there." Now that's four years ago,
22 five years ago, now. So it isn't the cost, the cost isn't
23 the fact of the digging of the pipe or anything like or
24 putting the pipe in. Now the difference in the depth
25 people are going to have to go is gonna make one world of

1 difference as to how much somebody's gonna be able to dig
2 the hole for.

3 MR. JACKSON: Mr. Hackett?

4 BY MR. HACKETT:

5 Q Mr. Laferriere, is that right?

6 A Yes.

7 Q We all, in this room, are probably familiar with the
8 big statewide problem when we all voted first to move
9 the capitol and somebody decided well maybe we should
10 find out what it would cost before we move the capi-
11 tol, you remember that?

12 A Oh yeah.

13 Q Well, you're saying that you would have wished the
14 folks, or some people, would think about getting a
15 special assessment district; the gentleman that just
16 got up here, Mr. Lincoln, said that he, from whatever
17 source, believed that a South Cushman assessment that
18 the City ran was very high in cost, before one would
19 form a special assessment district, if that's what the
20 City is proposing for you, and other people like you,
21 don't you think it would be reasonable to ask the city
22 what it's going to cost?

23 A That's what I'm asking.

24 Q All right.....

25 A That's what we're all asking.

1 Q Okay, fine. But, if that's the City's proposal, don't
2 you think like, before you vote on something like
3 moving the capitol, or doing a special assessment
4 district, don't you think you should get some figures
5 from the City as to what it's going to cost?

6 A Right. The preliminary figures that both you people
7 gave then, as far as I'm concerned, are way too high.
8 Even on a minimum end.

9 Q Well, the figures--you're talking about a letter you
10 got.....

11 A Right.

12 Qfrom the City Attorney. Is there anything in
13 there about the specific assessment fees or total cost
14 of any project that the City proposes?

15 A Well, it could be figured out. I mean, they give us
16 cents per square foot. (Indiscernible - manner of
17 speech) I no longer have the letter because that was
18 on the deal for, you know, if we wanted the hearing or
19 not.

20 Q Well, all right, maybe.....

21 Aso I can't sit there and quote you, because I
22 didn't write it down or didn't follow it.....

23 Q As I understand.....

24 A Apparently it can be calculated very (indiscernible -
25 manner of speech).

1 Q Even assuming, you know CUC has some problems with
2 what the City said in that letter, but let's take the
3 letter for what it said. Did he, was there any ever,
4 there was some square footage figures.....

5 A That's right.

6 Qbut was there ever any specific costs or charges
7 that the City gave you for any special assessment
8 district?

9 A No, they didn't.

10 Q All right, and you understood it to mean -- let's say
11 there's ten people under the City's special assessment
12 district, and you don't get fifty percent of people
13 want it. What about the three of four who do want it?
14 In other words, if College Utilities had it, those two
15 or three could apply to College Utilities, and they
16 wouldn't (indiscernible - manner of speech). In other
17 words, did the City ever give you any costs for a
18 special assessment district for any entire project to
19 compare the entire project cost to any specific indi-
20 vidual costs.

21 A I've said no before.

22 Q All right. So it's pretty difficult to make a deci-
23 sion without those figures, isn't it?

24 A That's correct.

25 MR. JACKSON: Mr. Smith?

1 MR. SMITH: I believe I sent you a letter and it had a
2 sheet in it about the special assessment district, I be-
3 lieve I have a copy of this. This is the sheet. Is this
4 the sheet you're referring to? I have also a rate sheet of
5 the period rates of College Utilities.

6 A Well, yeah, I know. Just glancir at it like this,
7 I'd say yes (indiscernible - manner of speech).

8 BY MR. HACKETT:

9 Q Okay, sure. I don't want to debate the, you know, I
10 think Mr. Hackett is arguing the merits of his case,
11 and certainly I'll have Mr. Phillips, the City Engi-
12 neer who is in charge of extending water and City
13 sewer districts and special assessment districts, you
14 know, go through this for everyone. But did you un-
15 derstand this to mean that, before we extend service,
16 the people ion that area, the area to be served, such
17 as you and your neighbor, have to agree to the cost.
18 We have to give you an estimate of exactly what it
19 will cost on your lot, and that you and your neighbors
20 have to agree, at least fifty-one percent of you, and
21 if you don't agree to that then it won't be built. If
22 you do agree, say that's a good idea, then if it costs
23 more than ten percent than estimated costs then the
24 City absorbs that additional cost. So you will know,
25 before you're committed. But, unfortunately, until we

1 see what the inclinations are, that we're not going to
2 know. Is it your understanding that you and most of
3 your neighbors along Alston Roads don't want water and
4 sewer at this time?

5 A I don't know. People might along my street want it.
6 I know they definitely want water.

7 Q Okay. Okay, the responses I got back from my survey
8 basically, with a couple of exceptions, unless they're
9 close to Hill Road or University Avenue, have indi-
10 cated they do not want water or sewer either one, but
11 it's not very developed areas, it's mainly large res-
12 idential areas.

13 A Yeah.

14 Q And so, the City-designed system will only serve those
15 areas where there's a desire for that service, and a
16 willingness to pay for the cost of extending, or at
17 least a portion of those costs.

18 A I'm in that, you know, the Hill area road, there.

19 Q Okay, I'm sorry. I might furnish, for the benefit of
20 the Hearing Officer, I don't think I have a large-
21 scale map, this map here has the lot numbers, this is
22 just an excerpt of that map. . .

23 MR. JACKSON: Thank you.

24 MR. SMITH:for people that can give their tax
25 plot, and maybe have a little better determination -- I'm

1 sorry, exactly where are you, you're on Alston?

2 A Number 18. No, number 18, it's between, off of.....

3 Q Okay, so you, okay.

4 A (Indiscernible -- manner of speech) off of Hill.....

5 Q Sure. So, that's all the questions I have.

6 MR. JACKSON: You live on your own lot 18, now?

7 A That's right, mm-hmm.

8 Q And, for you yourself, do you want either water or

9 sewer.....

10 A Yes, I do.

11 Q You would to have the service?

12 A Yes.

13 Q And you indicated that the people along your street,

14 did you mean Holden Road?

15 A The people I know along -- no, there's kind of an

16 alley there, people along the alley there.

17 Q Okay, and how many people are you talking about when

18 you say.....

19 A About four.

20 Q These are people that you've talked to?

21 A That's correct, yes.

22 MR. JACKSON: That's all I have, I -- Mr. Hackett?

23 MR. HACKETT: Yeah, just one question. As I take what

24 the City Attorney just said to you then, Mr. LaFerriere,

25 the City won't even give you costs until they see how many

1 people are interested some time in the future. Is that
2 what you understood him to say?

3 A That's correct.

4 Q And, apparently, the City may not even decide to do it
5 if they don't decide it's worth it.

6 A Well, if the people are against it, you can't very
7 well do it.

8 Q All right, but the City'd be against it. They can't
9 give you the costs, though, until sometime in the
10 future.

11 A Well, you can't build it either, if nobody wants it.

12 Q Well, that's gonna be an issue in this case. Let's
13 assume that College Utilities could install a water
14 system if one customer wanted, and that the lines were
15 available for an individual to take it or not. In
16 other words, you're assuming -- let's say that were
17 the fact -- College Utilities, for example, has re-
18 quested extension of service based upon certain fund-
19 ing mechanisms, and certain lines will be available if
20 the property owner wants that service or not. So, if
21 College Utilities gets the authorization it may well
22 be built regardless of whether, you know, if certain
23 conditions are correct. And then, would you agree,
24 like Mr. Lincoln, that it would be favorable -- pref-
25 erable, for an individual property owner then,

1 assuming CUC's system is in place, that a person could
2 elect to take it or not.

3 A Well, that's up to the people, as far as I'm con-
4 cerned, I want it -- no matter if you put it in or
5 don't put it in. I mean, I'm gonna hook up.

6 Q All right.

7 A The lots are going for way much more money than what
8 they have, they're tripling (unintelligible). I've
9 drawn on a map 3½ miles from the City, and all lots
10 within 3½ miles of the City are going for \$3.50 and
11 \$4.50 a square foot. We're gonna get hit with some
12 taxes, and if we can't develop, I can't afford to pay
13 a thousand dollars worth of taxes on my lot, for a
14 year. So I'm gonna, I'm gonna be forced to develop,
15 one way or the other.

16 MR. JACKSON: Mr. Smith?

17 MR. SMITH: No more questions.

18 MR. JACKSON: One more question. Of the two services,
19 sewer and water, which are you, yourself, most interested
20 in, or are equally?

21 MR. LAFERRIERE: I would say the city utilities, sil-
22 ly -- city utilities -- MUS.

23 Q All right, so you do prefer City to College?

24 A Right.

25 Q All right. I'm glad you answered that question, but

1 that's not what I meant to ask. Between water and
2 sewer, which do you prefer -- which you want most, or
3 both?

4 A It would definitely be water. Definitely need water,
5 right.

6 Q Do you think that would be a general sentiment of the
7 people who you've talked to?

8 A Well, you can't wash white cloths, you'd better go
9 down to the laundromat.

10 Q Okay. In view of the, some of the other things you've
11 said why do you prefer the City to College given.....

12 A Well, probably because of the, you know, the letter we
13 received, and that I've talked to them and I've talked
14 to College Utilities in the past, and I wasn't really
15 satisfied with the answers, even though, I mean, I had
16 to accept the answers that I got.

17 Q If it were, if the construction was such that, as far
18 as the water was concerned, you would get that much
19 sooner in time from College than from the City, would
20 that change who you would prefer to get it from?
21 Would you rather.....

22 A If you intend to go down and wash clothes it costs you
23 twenty bucks. That drive a point in my head real
24 quick like. My pocketbook, especially.

25 Q So you, in terms of the water service, you are fairly

1 interested in getting it just as soon as you can?

2 A That is correct.

3 MR. JACKSON: Any questions? Thank you very much.
4 I'm gonna have to get you to start reading these things.
5 Is that Gil Nordmark?

6 COURT REPORTER: That's what it looks like.

7 MR. JACKSON: Gil Nordmark? Gil Nordmark? Would you
8 like to testify, sir?

9 (Indiscernible - away from microphone.)

10 Q Okay. Rose Lambert?

11 A That's my mother, can I speak for her?

12 Q Sure, would you come up please? If you'll stand and
13 be sworn in.

14 MARCUS E. LAMBERT

15 testified as follows:

16 (Oath administered.)

17 A I do.

18 BY MR. JACKSON:

19 Q Would you state your name, and spell your last name?

20 A Marcus E. Lambert

21 Q Okay, what would you like to say?

22 A I'm just like everybody else, I'm here to learn, but
23 just short and simple, we live at 3242 Davis Road,
24 which is real close to the Hill Road, about a block
25 from Hill Road.

1 Q What's your, do you know what your tax lot number is?

2 A No, I don't. I own property in another part of the

3 valley, this is my mother's lot.

4 Q So, your mother's lot is on Davis near the inter-

5 section of Hill.

6 A Yeah, about one block west on the north side of Davis

7 Road.

8 Q Okay.

9 A She has 2½ acres there.

10 Q All right.

11 A I think we find ourselves in the position where we're

12 on the border of on-coming City. I mean, it's just

13 inevitable. Anybody that doesn't think so I don't

14 think is being realistic. So, if this was given to a

15 vote whether we would, as property owners, say College

16 or City, it seems to make more sense to us to say City

17 because, like I say, I think it's inevitable that it

18 will become city, so does it really make sense to have

19 property that is in the city serviced by another util-

20 ity? And, if so, why? I mean, you know -- that's our

21 feelings in a nut shell.

22 MF. JACKSON: Okay, Mr. Hackett?

23 MARCUS E. LAMBERT

24 testified as follows:

25 BY MF. HACKETT:

- 1 Q But you have no, other than that thought, apparently
2 you have no preference as to the utilities, don't know
3 anything about the relative strengths or weaknesses of
4 them, or not?
- 5 A No, actually, prefer not to have them, but they're
6 inevitable. I can see that.
- 7 Q Well, let's say addition to the City was not inevita-
8 ble, then what's your feeling?
- 9 A Well, I think that anybody that felt that way was
10 crazy anyway. I mean that's just . . .
- 11 Q You're bound and committed that that's gonna be part
12 of the City, I take it.
- 13 A Well, unless it falls off the world or something, I
14 imagine, yes. I mean it's just going that way.
- 15 Q But you say the sentiment is that, where is your prop-
16 erty?
- 17 A We're just, you can throw a rock from the City to us.
18 Now, unless Nenana comes east or something . . .
- 19 Q I understand what you're saying, but because of this
20 feeling you obviously have, have you ever gone to the
21 City and say annex me? Have you ever said to the
22 City, give me water, sewer, annex me?
- 23 A No, I haven't.
- 24 Q And why haven't you?
- 25 A Myself, I was asked to come here to speak for my

- 1 mother, and it hasn't concerned me. I live so far
2 west of the whole situation that's why I haven't.
- 3 Q Is your mother . . . I take it . . . all right. Your
4 mother, has she ever asked the City to be annexed?
- 5 A Not to my knowledge.
- 6 Q Has anyone around her ever asked the City to be an-
7 nexed?
- 8 A I don't know the answer to that one.
- 9 Q So you're really speaking for your mother who can't be
10 here.
- 11 A Yeah, that's all I came to do.
- 12 Q Well, where do you live?
- 13 A I live on Chena Ridge.
- 14 Q All right, so basically you're really not individually
15 interested in this, you're just helping out your
16 mother.
- 17 A Well, in the interest of my mother's property, yes I
18 am interested.
- 19 Q What I'm trying to figure out, are you giving your
20 thoughts, or your mother's thoughts or a combination
21 of both, here.
- 22 A I'd say a combination of both.
- 23 Q All right. Do you know how your mother feels?
24 Whether she . . .
- 25 A Yeah, she said that if it had to happen, I mean, if

1 the utilities are coming, then we feel that it makes
2 more sense, if we're given a vote, we'd vote City.

3 Q Okay. Let's say that your mother had the choice of,
4 let's say, having College Utilities servicing this
5 area, which he didn't ever have to hook to any Utili-
6 ty, in other words, she could choose College or not,
7 would she prefer that?

8 A Well that's kind of a one-sided choice, isn't it? I
9 mean I understcccd it was College or City, which means
10 if it was College or not.

11 Q Well, okay, there's something you should bear in mind.
12 What the City is proposing may require you to take
13 sewer service or water service or not. If College
14 Utilities and the City can answer, but the way College
15 Utilities is structured, if College Utilities is given
16 the authorization in this area, regardless of whether
17 this becomes part of the City or not, just put that
18 aside, we're just talking about who's better able to
19 serve this area.

20 A Well what happens if, say, it goes City, it becomes
21 City, and then isn't there, it seems to me, just a
22 natural conflict that you've got something in the City
23 serviced by College? Is that unreasonable?

24 Q You'll have to ask the City, based upon what they've
25 said, if College Utilities is given the authorization,

1 even if it's part of the City, apparently they don't
2 want to serve. If College Utilities were given the
3 authorization, then your mother would have the oppor-
4 tunity or the choice of hooking up to College or not.
5 Would she like that? I mean, she's not here, it's
6 tough to ask her, but do you think your mother would
7 like having the choice of hooking up or not hooking up
8 to College Utilities?

9 A No, to answer your question, I don't she'd even want
10 that choice, because if--going back to what I started
11 to say, is we believe that it's inevitable that it's
12 City, why not keep it all City?

13 Q Do you believe that?

14 A Yes.

15 Q All right, fine. I have no further questions.

16 COURT REPORTER: I have to change a tape.

17 MR. JACKSON: Okay, just one second. Let's go off
18 the record.

19 (OFF THE RECORD)

20 (ON THE RECORD)

21
22
23
24
25

1 MR. JACKSON: Mr. Smith?

2 MR. LAMBERT

3 testified as follows:

4 BY MR. SMITH:

5 Q I think what you're trying to say is that you feel
6 pretty bad paying City taxes after annex and then
7 still having to pay the higher rates to have College
8 Utilities.

9 A Well, we'll just--if it's gonna go City, just let it
10 go all city.

11 Q Thank you very much.

12 A Is that all?

13 Q Do you know whether or not your mother desires to have
14 either sewer or water service? Forgetting who it
15 comes from, would she like to be able to hook up to
16 the water line and the sewer line?

17 A Well, yeah, I imagine water.

18 Q You do? Okay, have you discussed that with her, or
19 are you . . .

20 A Not in detail, but I know if water was available there
21 it would sure improve the standard of living. I mean,
22 the plumbing just goes bum and its impossible to wash
23 with water in the Davis Road area. Anybody in Davis
24 would probably want better water.

25 Q Okay, 'cause the water you get there's not that good?

1 A Well, yeah, it's full of rust and just bum.

2 Q And, no, that's all I have. Thank you, very much.

3 A Thank you.

4 MR. JACKSON: Is there, it's Glen Hancock, I believe.
5 I'm not sure of the last name.

6 MR. HONOMAN: Yes, Glen Honoman. I'd like to defer
7 to a later time, but I'd still like to get some information.
8 We're getting little bits and pieces from one attorney and
9 the other attorney about what the proposals are. I don't
10 really know what they're proposing. And until I can make
11 more of an intelligent estimate of what they're talking
12 about, I want to hold off.

13 MR. JACKSON: Well we're happy to have you wait, if
14 you'd like to wait. Is there a Christian Touche, again the
15 last name . . .

16 UNIDENTIFIED: (Indiscernible - away from microphone)

17 MR. JACKSON: Okay. Bill Schlecter? No, he's . . .

18 MR. SHECHTER: Yes, I'd like to say something. I
19 changed my mind (indiscernible - away from microphone).

20 MR. JACKSON: All right.

21 MR. HACKETT: Mr. Hearing Officer, Mr. Shechter is
22 one of our pre-filed witnesses.

23 MR. JACKSON: That's what I thought, sure, do you
24 want to testify at that time, or . . .

25 MR. SHECHTER: I'm not sure if I can stay around that

1 long.

2 MR. JACKSON: Well, yeah, in terms of your pre-file
3 testimony that we're gonna have to wait on that.

4 MR. SHECHTER: You don't know when I can come back,
5 though, you can't give me a time, so I can't stay here for
6 three days.

7 MR. HACKETT: No, no, no, you . . .

8 MR. JACKSON: No, you won't have to.

9 MR. HACKETT: Mr. Shechter, so you'll understand,
10 this is optional for you, but we can give you a precise
11 time for you this afternoon when you can come back. . .

12 MR. SHECHTER: Okay.

13 MR. JACKSON: Yeah, for your regular testimony.

14 MR. HACKETT: . . . that accommodates you, but if you
15 wanted to . . .

16 MR. SHECHTER: That's fine, I didn't know that was
17 going to be the case, but if I know a time to come back
18 then it'll be fine.

19 MR. HACKETT: How about four? Four o'clock?

20 MR. SMITH: The City is willing to just stipulate
21 to Mr. Shechter's pre-filed testimony, that that's what he
22 would testify, but I don't require him to identify the . .

23 MR. JACKSON: You have no cross examination?

24 MR. SMITH: We would waive our cross examination.

25 Okay?

1 MR. HACKETT: Would that solve your problem?
2 MR. SMITH: Yeah.
3 MR. HACKETT: All right, then, we'll be happy to
4 submit his pre-filed, it's identified. Would you like Mr.
5 Shechter to identify it, or can we stipulate . . .
6 MR. SMITH: Sure.
7 MR. JACKSON: No, we can take care of that, fine.
8 MR. SHECHTER: I'd still like to testify.
9 MR. JACKSON: You have some personal testimony other
10 than that?
11 MR. SHECHTER: Yes.
12 MR. JACKSON: Step forward.
13 BILL SHECHTER
14 (Oath administered)
15 called as a witness, testified as follows:
16 BY MR. JACKSON:
17 Q Would you state your full name and spell your last
18 name, please?
19 A Bill Shechter, S-h-e-c-h-t-e-r.
20 Q And your address?
21 A 4910 Pale Verde Avenue.
22 Q Okay.
23 A I'm not in the area to be annexed, but I am fire chief
24 of the area that is responsible for fire protection,
25 and I'm not sure what is to be brought up later, but I

1 wanted this to be put on record, now. There's a few
2 points that I wanted to bring out to the people here
3 is also for the record. It bothers me, I've been up
4 here for sixteen, seventeen years, and I see a con-
5 flict in City policy and ordinances that are estab-
6 lished by the Council. Years ago when the Teamsters
7 Mall was built, I know they requested City services
8 out on the Old Richardson Highway and there was a
9 statement of policy, and may have been an ordinance by
10 the Council that, in order for them to get the ser-
11 vices, they had to be annexed first. There were peo-
12 ple along areas that were recently annexed into our
13 fire district, that was last January, a year ago, that
14 had told me, and again I'm third party, that they and
15 requested the City to provide a specific service, in
16 that case, fire protection, obviously. And, they were
17 informed that the City would not provide one of its
18 utility services, or one of its services, I should
19 say. Maybe that doesn't refer to utilities, but it
20 would not provide the service prior to, or before,
21 annexation, to come about. Now, maybe the fire pro-
22 tection issue is different from a special assessment
23 for utilities, but it appears to me from the outside
24 to seem that there's a double standard as to what the
25 City has been saying in the past. Especially when the

1 fire district, and residents of this area along Davis
2 Road came to us and absolutely pleaded, and it's on
3 record through the Borough Clerk's Rural Community
4 Office, that these people requested that we extend our
5 annexation for fire protection to this area as an
6 indication of desires for City or to remain outside
7 the City but still get a certain critical service.
8 And then that's why we assumed this area, effective
9 last January. That's about all I have, sir.

10 MR. JACKSON: Mr. Smith?

11 MR. SMITH: I don't have any questions.

12 MR. HACKETT: No questions, Mr. Shechter, thank you.

13 MR. JACKSON: Bill Beistline? Would you like to
14 testify?

15 MR. BEISTLINE: Yeah.

16 BILL BEISTLINE

17 called as a witness, testified as follows:

18 (Oath administered)

19 BY MR. JACKSON:

20 Q State your name and address, please.

21 A My name is William Beistline, 3045 Davis Road is my
22 place of business. And it's spelled
23 B-E-I-S-T-L-I-N-E.

24 Q Thank you. Go ahead and give us any testimony you'd
25 like to give.

1 A Well, I, at first, was somewhat uninterested in what
2 was going on on the North side of Davis Road, because
3 I, my property is on the South side of Davis Road and
4 I'd already made arrangements so we had adequate sewer
5 and water. And, I didn't want to infringe on anybody
6 else's ability to get that. Then I received a letter
7 stating that there's been a petition on the particular
8 block of property that I am located in, which I had
9 tax lot 1717 and tax lot 1722, that there was a move
10 to go ahead and annex us into the City, and I'm defi-
11 nitely opposed to this, and although the annexation
12 isn't the issue, I think that it's connected because I
13 have many reasons why I don't want to be in the City.
14 And the reason I bought the property was because it
15 was on the fringes of the City, and it wasn't in the
16 City. And for that reason, I would want to oppose any
17 move to get it any closer -- I don't really agree that
18 it's inevitable that it has to go into the City, at
19 least my portion of the property on the south side of
20 Davis Road. My question, when I returned the
21 questionnaire, was "what is it gonna cost me, and what
22 are the benefits?" And I haven't really seen where it
23 would specifically benefit me in any way. The option
24 to have sewer or water would be nice at some point in
25 the future. At this point, I'm really am not

1 interested in hooking up because I don't feel that I
2 can afford to on the size portion of property that I
3 have. But I would like -- that's why I would favor
4 College Utilities over the City because it would be an
5 option where it wouldn't cost me the amount of money
6 it may in the City. And the other reason is that I
7 don't want to be in the City because I feel that I
8 would be assuming an awful lot of debt that the City
9 has taken upon themselves over the years. Their
10 bonded indebtedness, their assessments, and I think
11 that sooner or later, that the sales tax is going to
12 have to be re-initiated into the City, and I'm outside
13 the City so that hasn't been a whole lot of concern to
14 me. But not I see where there's property owner's, and
15 my neighbors who want to get, and I assume it's just
16 because of the water service that they want to get
17 annexed into the City, and I think that they should
18 really look to see what the long term costs of that
19 annexation is going to be for them. Because, as soon
20 as sales tax comes back on, and I think that, I think,
21 is inevitable, if you look at the financial situation
22 of the City, you're going to be paying for that time
23 and time and time again. and you can go down and buy
24 bottled water for a lot cheaper than it would cost to
25 get into the City. And every time you wanted to do

1 something with your property, if you want to put an
2 arctic entryway on your house or on your business,
3 you're going to have to be dealing with a bureaucracy
4 and you're going to be paying for the bureaucracy and
5 I've worked in the City and I've worked outside the
6 City and I know the rules in both cases, and I'd
7 prefer in all cases to be outside the City, and I
8 think that these two issues are connected. And for
9 that reason, I'm in favor of College Utilities over
10 MUS, and strongly so. I see there's a public hearing
11 on February 11 on this annexation question, and I'm
12 going to make sure that I go there and express my
13 concerns there, but I think that these are connected.

14 MR. HACKETT: No questions.

15 MR. JACKSON: Mr. Smith?

16 BILL BEISTLINE

17 testified as follows:

18 BY MR. SMITH:

19 Q You made the statement that the City has an awful lot
20 of bonded indebtedness, are you aware that the City of
21 Fairbanks has one of the lowest amount of bonded
22 indebtedness of any of the cities in the State?

23 A Well, just like everybody else that came here, my
24 question is, what is this gonna cost to me? What are
25 the benefits going to be, and what is the cost? I

1 haven't seen anything to that. I do know that there's
2 bonded indebtedness. I don't have bonded indebtedness
3 where I am right now. I don't care if it's ten
4 dollars. I want to know what it is, and I think that
5 the people that are looking for sewer and water should
6 be able to have those answers. So, no, I don't know
7 the details, I came here to try to find out a little
8 bit more because it was, all of a sudden I'm seeing
9 this coming along and I said, well, MUS might be
10 coming in here, College Utilities might be coming in
11 here, well, then all of a sudden it's a matter of
12 annexing into the City, and there's a whole new
13 ballgame there, when you're talking about annexation.
14 And those questions, I think, I would like to have the
15 answers to -- what is the bonded indebtedness -- I
16 don't care how it compares to Anchorage or Cordova or
17 anyplace else, but I would like to know what the real
18 costs are going to be. In the long run, as well as in
19 the short term. And the short term I think will make
20 a big difference to me as well.

21 Q Sure. We'd be more than happy to furnish that. I
22 talked to your wife, at some length, a week or two ago
23 here. Your wife is Marcy?

24 A Yes. Uh-huh.

25 Q And answered her specific questions. And I can

1 certainly give you a list, that I have in my office, I
2 don't have it with me, of the bonded indebtedness, and
3 I did discuss, at some length, you know, the benefits
4 of fire protection, the other City services that are
5 provided . . .

6 A Well, the fire protection, I'm just happy as can be,
7 we're going to be into a Class IV, I feel that where
8 we are right now we have the best of all worlds . . .

9 Q Sure.

10 A . . . we're close to the City and it's zoned so you
11 can carry on activities that some places you can't
12 even carry out in the Borough. You're working with
13 the borough and the City. And then you still don't
14 have to be encumbered with those things, and you're in
15 a fire district, and I think the residents of that
16 area, and the businesses of that area, should really
17 think long and hard before they initiate any moves
18 annex into the City.

19 Q I'd be more than happy to furnish that information,
20 and any other you'd like.

21 MR. HACKETT: No questions. Thank you sir.

22 MR. LAFERRIERE: I have a question. You say you were
23 owner of lot 1717 and 1'22? Would you please expound on
24 that because the owners of lot 17 is next door to me and
25 it's not you. Lot 22 is across the street from me, on lot

1 number 10, and . . .

2 MR. BEISTLINE: It's tax lot 1717 on Davis Road on the
3 south side of Davis Road. It's right next to Alaska
4 Welding Center, it's right between Interior Masonry . . .

5 MR. LAFERRIERE: (Indiscernible - away from
6 microphone) all right . . . okay.

7 MR. BEISTLINE: I'm not in the . . . right.

8 MR. LAFERRIERE: Yeah, it's okay.

9 MR. BEISTLINE: So it's really a different issue than
10 what you're talking about. And I understand your
11 issue. . .

12 MR. LAFERRIERE: I wish you would identify what you're
13 saying, (indiscernible - away from microphone), I didn't
14 recognize it.

15 MR. BEISTLINE: Okay, it's on the south side, and
16 this was a whole new questions that came up ter that.
17 First it sounded like, well, that maybe they're gonna annex
18 everything on the nrth side, and I thought, well, that's
19 fine, if those people want to do that that's fine, it was
20 really no concern to me. But it's getting a little closer
21 to home when all of a sudden I see that here I am, I've
22 bought property outside the City specifically because it
23 was outside the City, and I've built there and have made a
24 commitment to that area, and now, all of a sudden, I'm
25 faced with the possibility of being inside the City is

1 where I don't want to be.

2 MR. JACKSON: Okay, thank you. Robert Franz?

3 MR. FRANZ: (Indiscernible - away from microphone)

4 MR. JACKSON: Come forward.

5 ROBERT FRANZ

6 testified as follows:

7 (Oath administered)

8 A I do. My name is Robert Franz. I live on the corner
9 of Holden Road and South University. I'd like to ask
10 some questions, first, of the College Utilities, how
11 much do you charge to go by a lot? Say a frontage of
12 a hundred yards--three hundred feet?

13 MR. JACKSON: Could we go off the record for a
14 second?

15 (OFF THE RECORD)

16 (ON THE RECORD)

17 MR. JACKSON: Okay, we're back on the record, and Mr.
18 Franz is testifying.

19 A I'd like to have sewer and water, I think it's
20 convenient . . .

21 + MR. JACKSON: Start over from the beginning, if you
22 would?

23 A . . . and I think government should not do anything
24 for the people that they absolutely can't do for
25 themselves. Now, right now, I have sewer and water, I

1 have -- mine's working fine -- and I have pretty good
2 water. I have one of the best water in that whole
3 area. And we can wash and drink and all with it.
4 However, if somebody wanted to come in there and built
5 more housing, you'd have to have a better sewer
6 system, I know. To have a system come in that you'd
7 have to buy their pipeline first and pay for the whole
8 thing and then to have them charge you double for
9 services, I think that's unscrupulous, I think it's
10 wrong, it's been going on and people, because they
11 don't know what the cost is, they have to just take it
12 and go. Now, I don't think a person should have to
13 mortgage his property in order to have somebody go by
14 with a pipeline and utilities. This is unfair and its
15 unreal and I think it just shouldn't be allowed. As
16 far as the City goes, I think it's been testified,
17 inevitably we'll be in the City and we'll be caught up
18 in all the problems and all the other things which we
19 haven't had to contend with so far. Now, I would like
20 to have a little bit more information, where everybody
21 know exactly what these people are charging per square
22 foot as they go by your place. What you'd have to pay
23 before you could hook up. And then we'll find out
24 exactly whether or not it would be worthwhile hooking
25 up to them or whether it wouldn't. But I don't know

1 why they, this hasn't come out first. It seems like
2 there's something not quite on the up and up. That
3 they would try to keep this under cover. Nobody likes
4 to testify when he doesn't know all the answers. And
5 we kind of make a fool out of ourselves if we do. But
6 I think these people ought to be a little more on the
7 up and up of what it's gonna cost a square foot to run
8 that pipeline by you for sewer and water.

9 COURT REPORTER: (Indiscernible - manner of speech)
10 microphones, it'll be very hard to hear what you're saying
11 if you play with them.

12 A All right.

13 MR. JACKSON: Mr. Hackett?

14 ROBERT FRANZ

15 testified as follows:

16 BY MR. HACKETT:

17 Q Mr. Franz, we'll get you that informational letter.
18 So you understand, we're not trying to keep anything
19 from anybody. One reason that I understand that these
20 comments are being taken now is that because people
21 are taking time off from their affairs, that aren't
22 witnesses in this hearing, and that everyone thought
23 it would be more convenient. But we'll be more than
24 happy to give you all the information you want. And
25 ne of the things was a letter that College Utilities

1 sent out to property owners, and we'll make sure you
2 get another copy of it. That's part of this record,
3 and we'll see you get a copy of it, but there's
4 other--you know, but my answer to you is the same,
5 basically gonna be the same answer I gave you when we
6 were off the record.

7 MR. JACKSON: Mr. Smith?

8 ROBERT FRANZ

9 testified as follows:

10 BY MR. SMITH:

11 Q Yeah. Did you get a letter from me? I'm Ron Smith.
12 Do you have the information on our special assessment
13 districts? If you have any further questions you can
14 certainly talk to me, or Mr. John Phillips back in the
15 corner. You can talk to him outside or another time.

16 A I got the letter that the hearing was gonna be today.

17 Q Yes.

18
19 ROBERT FRANZ

20 testified as follows:

21 BY MR. JACKSON:

22 Q Mr. -- let me just ask a couple questions. Do you
23 have it, personally, do you have a desire for either
24 the water or sewer service?

25 A It it was within reason, I would hook up, yes.

1 Q And . . .

2 A I certainly would. Not that mine doesn't work, but I
3 think it any building that would be done in the future
4 it would be to everybody's benefit to have it.

5 Q In terms of the public interest you think that it, the
6 services, are needed in that area? And . . .

7 A Some people have a very difficult time with water and
8 sewer. But I, where I am, I don't have any trouble.

9 Q I could not decipher, I wasn't sure from your
10 testimony, whether or not you have a preference
11 between College Utilities and FMUS. Is, do you prefer
12 one over the other?

13 A Well, from what I hear, that College Utilities charges
14 just to go by your place without even hooking up, and
15 then having the privilege of hooking up, it's out of
16 the question. It's ridiculous.

17 Q Okay. At this point, do you think you might prefer
18 the City, and the only reason for that, that you know
19 of so far, is that, based on the experience of some
20 other people you think the cost might be too much to
21 hook up to College? Is that correct?

22 A That's right.

23 Q Okay, thank you very much.

24 MR. HACKETT: Yeah, I just have a question.

25

ROBERT FRANE

1 testified as followed:

2 BY MR. HACKETT:

3 Q Mr. Franz, since you weren't really, you never
4 personally dealt with College Utilities on any cost
5 matter I take it.

6 A No. I haven't hooked up to them.

7 Q Well I'm trying to, so we understand your feelings,
8 would you feel all right in giving the name of the
9 person who you think was charged certain amounts by
10 College Utilities? So they can check their records
11 and find out what the situation was.

12 A Mr. Carter, who lives right next to me. He got an
13 assessment, or he got a figure of what it would cost
14 to run by there, and if I remember correctly, it was
15 either twenty-eight or thirty-one thousand dollars it
16 would have cost just to hook up. To have the pipeline
17 go by there. He paid thirty-three for his property.
18 And, now, you see, that's not--North Pole, I
19 understand, runs their utilities through, they don't
20 charge a dime to hook up, a dime for, you don't have
21 to pay for that pipeline. You just pay a hook up
22 charge, and then you start paying your bill. You
23 don't have to buy the pipeline first.

24 Q Okay, let's assume. Let's put Mr. Carter's experience
25 aside, since we don't, you know, let's assume that

1 what you're saying is not correct, all right? And
2 let's assume that, in the context of this case, let's
3 talk about this proceeding, and not in the, you know,
4 what you believe you know. Let's say, in this case,
5 that it wouldn't cost you, as an individual property
6 owner, anything to have College Utilities come into
7 the area because of certain reasons. Then do you think
8 it's better for a property owner to have the choice to
9 hook up or not, given your feelings about City
10 government and all the problems you think you'd get
11 involved with?

12 A Well you're saying that, if College Utilities didn't
13 charge me anything but the basic hookup charge and
14 then would I consider College? Is that what you're
15 asking?

16 Q I'm saying that, let's say College Utilities were
17 available in your area and the line was right there
18 and wouldn't, you know, and the cost to you would be,
19 wouldn't be anywhere like what you're, what you claim
20 your neighbor's situation was or wasn't. I mean, what
21 your saying is, cost is the main factor to you.
22 Correct?

23 A Oh yes. Initial cost.

24 Q All right, if College Utilities costs were not like
25 you're talking about, that then they were comparable

1 to the City's if you could get some information out of
2 the City, then would you prefer to go with private
3 enterprise or would you prefer to be under the City's
4 umbrella?

5 A Well, from what I've seen, I think I better go to the
6 City.

7 Q From what you've seen? Well, you haven't--what have
8 you seen? Other than you're . . .

9 A From what I've heard.

10 Q What you've heard. Okay.

11 A And, probably from what I haven't heard.

12 Q Oh, you don't know. So you're just judging it from
13 the experience of what you believe your neighbor's
14 situation . . .

15 A That's all I can go by. I've been trying to get some
16 information, but I haven't got a whole lot.

17 Q But you said government shouldn't do anything the
18 people can't do. What do you mean by that?

19 A Well, people can't get together, or and each one build
20 their own sewer system, so it's better the government
21 get the sewer system and pay for it a little at a time
22 and do it that way. It's like a fire department. You
23 can't everyone hire their own, buy their own fire
24 truck, so the City buy's a fire truck and they tell
25 them people to go fight fires. That's what they

1 should do. And so that's something that an individual
2 cannot do, but a group can go ahead and do that.

3 Q Well, would you like to hear that what the costs would
4 be that the City would charge you as versus what
5 College Utilities would charge you?

6 A Absolutely I want . . .

7 Q Well, all right, have you gotten that information from
8 the City yet?

9 A No . . .

10 Q All right.

11 A No.

12 Q All right, and that's something you'd want to hear?

13 A I surely do.

14 Q All right. No questions.

15 MR. JACKSON: Mr. Smith?

16 MR. SMITH: I really don't have a question of Mr.
17 Franz, I would, you know, kind of like to respond a little
18 bit of the argument of Mr. Hackett, here. Obviously, our
19 systems are built by private enterprise, you know, we
20 contract out what the costs, we figure out what people want
21 service, we contract with, put it out to bid, it goes to
22 the lowest bidder in a free enterprise system, and then the
23 property owners pay a portion under our assessment
24 procedures that I gave you in the letter, you do not pay a
25 hundred percent of that cost and you know that in advance.

1 We can't give that number to you today. You know, it's not
2 really a question, I think it's just a response to Mr.
3 Hackett. Thank you very much.

4 MR. JACKSON: Thank you sir, we appreciate it. Do
5 you have something else you want to say?

6 MR. FRANZ: No.

7 MR. JACKSON: Oh. Thank you very much then. The
8 next witness is Mike, and I think it's Losee?

9 MR. LOSEE: Losee?

10 MR. JACKSON: Losee? Okay, yes sit. I didn't know
11 if that was an "L" or a "J."

12 MIKE LOSEE


13 called as a witness, testified as follows:

14 (Oath Administered)

15 BY MR. JACKSON:

16 A I do. My name is Mike Losee. I live a 3152 Davis
17 Road. And I think I sure have got caught out in this
18 water and sewer just like everybody else in this room.
19 I didn't want it. Dennis Wise built the apartment
20 complexes. We got it there, that's progress. I'm not
21 against progress. So now we got to make the decision,
22 do we want College Utilities or City utilities. I
23 want City utilities. If we're gonna go. I work
24 construction -- the building trade -- and I've heard a
25 lot of complaints from College Utilities last summer.

1 That's my main decision. I'd want City utilities.
2 I'm rather concerned about the cost of the utilities.
3 Just like everybody else in this room. It seems sort
4 of odd that we're setting here and we can't find out
5 what it costs. Another thing is the College
6 Utilities, he keeps making the point that you don't
7 have to hook up to College Utilities. Maybe I
8 misunderstand this, but if College Utilities runs past
9 your property -- and when I went to the Borough
10 Assembly meetings, I heard a big argument about this
11 -- if it runs past your property and you don't hook up
12 to it and you go to sell your property you can't get
13 financing on your property if you got water and sewer
14 available and you're not hooked up. None of this is
15 being brought up today. I'd like to get a response
16 from this. All these people are businessmen at the
17 Borough Assembly meeting this was hashed over for
18 quite a while, and nobody could give a straight
19 answer. I'd like to get a response from College
20 Utilities on that. That's one of your main points
21 you've made here is you do not have to hook up to
22 utilities if it comes through. Okay, if it comes past
23 my property, and I don't hook up to it, now granted it
24 is not a law that I have to hook up, but I can't get
25 financing on my property if water and sewer's



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1 available and I haven't hooked up. I can't get
2 anybody to finance it. Am I mistaken?

3 Q Mr., I think, Mr. . . .

4 A Lcsee.

5 Q Losee. I think the problem with that is that would be
6 something that would be determined solely by who you
7 were trying to get financing from and . . .

8 A We went through this same thing at the Borough
9 Assembly meeting, all these people are businessmen--
10 I'm a truckdriver, a dumb truck-, well not a dumb
11 truckdriver, I'm a truckdriver -- you cannot get
12 financing. You go to the bank, you say if -- not
13 bull-oney [ph] if -- all you guy's are businessmen.
14 You know, you can't get financing

15 Q Ah . . .

16 A If City water and sewer is available you can't get
17 financing if it's there and you're not hooked up.

18 Q I'll be honest with you. I have absolutely no idea
19 whether or not that's true or not. I mean, to be
20 perfectly honest with you. My suspicion is that it
21 depends on what bank you went to you. One bank could
22 have one rule and another bank could have another.
23 The VA could have another one. And none of these
24 people, although they may be businessmen, are not, do
25 not work in a bank.

1 A Well, I can definitely see why they'd want to shy away
2 from the questions.

3 Q If anybody has an answer . . .

4 A Well, I wouldn't want to answer that question myself.

5 MR. HACKETT: I'll give it a shot. I mean, I, it
6 seems to me that when you said City water and sewer and
7 their assessments on there . . .

8 MR. JACKSON: No, he didn't mean, you didn't mean
9 City though, you mean either one?

10 A No, I didn't, I did not. You're going to have the
11 same problem with both utilities.

12 MR. HACKETT: Well all I can say is, I've never tried
13 to sell a property there. I assume properties are selling
14 in that area. I mean, I don't know, I'm not a realtor.
15 But I assume, you know, I understand real estate sales are
16 pretty good in the area. I assume houses can sell. Now. .

17 .
18 A Yes, they can sell.

19 MR. HACKETT: . . if I'm mistaken I . . . I don't
20 know, I'm not a realtor and I'm not a banker, but you know,
21 there are plenty of residences to my common knowledge that
22 are selling. So . . .

23 A Yes, but, the water and sewer doesn't pass there yet.
24 That's the point I'm trying to make. College
25 Utilities keeps making the point here today, you do

1 not have to hook up if we run in.
2 MR. JACKSON: Right.
3 MR. HACKETT: Well, Mr. Gordon, go ahead, . . .
4 MR. GORDON: Let me speak to the issue. I don't,
5 this is not a, I'm not trying to avoid your question. I
6 don't believe this is an answer session. Both sides, the
7 City of Fairbanks and the College Utilities are going to
8 put on testimony in the case, okay? And maybe some of
9 these questions will be answered and maybe they won't, and
10 if I say something that the City said, thinks is not the
11 true instance in answer to your question (indiscernible -
12 manner of speech). I suspect, in the first place, College
13 Utilities Corporation hookup to our system is not
14 mandatory. If you want the service you can have it, if you
15 don't want the service you don't have to take it. We may
16 pass by some people's property going someplace else if they
17 want the service. And you already hit the nail right on
18 the head. Mr. Wise wants service, and in order for us to
19 provide it, or the City, undoubtedly we'll have to pass by
20 some properties that may not want the service. Okay?
21 That's just the start. You do not have to take it from
22 College Utilities. If you have a single-family dwelling
23 which does not use either very much sewer or very much
24 water, on large tract of land, i.e., approximately 2 1/2
25 acres, which many of the parcels in this area are.

1 suspect that most financing agencies in the City of
2 Fairbanks would not require you to secure either sewer or
3 water from that public utility, whether it was College
4 Utilities or the City of Fairbanks. If, however, you have
5 a single family dwelling, or on a smaller parcel of land --
6 say 10,000 square feet -- they may require you to secure
7 the service because they don't believe, in their opinion,
8 it's not my opinion or the City's, but in their opinion,
9 the onsite sewer and water systems on small lots are
10 appropriate. Also, if you have a very intensive use,
11 perhaps a multiple dwelling, or a hotel, or whatever, on a
12 larger tract of land, the financing agency may want you to
13 secure public utilities, if they're available. But I do
14 not believe that they would require hookup to a utility
15 system if you had a low intense use, i.e., a single-family
16 dwelling, on a large parcel of land. Is that a fair state-
17 ment?

18 A I do not have a large parcel of land. I have a small
19 parcel of land. The bottom line it comes down to the
20 same thing again. If College Utilities comes in
21 there, or City utilities, let's say College Utilities.
22 College Utilities has made the point here, several
23 times, today, you do not have to hook up to my
24 utilities if I come by. But, on the other hand two
25 weeks from now, after he builds his pipeline through

1 there I decide I want to sell my property, I have to
2 pay, or I can't get financing on my property until I
3 hook up to utilities. That's what the bottom line is,
4 and I think it should be very clear that people
5 understand it.

6 BY MR. HACKETT:

7 Q Okay, let's assume, then, that that's the situation.
8 I guess, then, Mr. Losee, one of the concerns you
9 would want to know is the comparable cost and the long
10 term costs of both projects. Correct?

11 A Well I think everybody in this room wants the to know
12 the cost of the projects. That's the main issue here.

13 Q Right.

14 A We got the cart before the horse. We got everybody
15 sittin' here, they don't know what it costs. I am for
16 City utilities. Through my experience. If we get
17 utilities.

18 Q Okay, you're a member of the Union? Is that correct?

19 A Yes.

20 Q And, to your knowledge, does College use union or
21 non-union help?

22 A Not to my knowledge. I don't know.

23 Q To your knowledge they're non-union?

24 A I don't know . . .

25 Q Oh, okay.

1 A . . . I can't say.

2 Q All right. No further questions.

3 MR. JACKSON: Mr. Smith?

4 MR. SMITH: No questions.

5 MR. JACKSON: I have no questions. Thank you. Bill
6 Eagle?

7 BILL EAGLE

8 testified as follows:

9 (Oath Administered)

10 A I do. My name is Bill Eagle and I live out on Hill
11 Road someplace. Really don't know where. Next to
12 him. We own Barricades and Safety Equipment, a family
13 business. We're settin' here, and these people, to
14 some extent are right, we really don't know what we're
15 talking about. The City, here on one end, which I do
16 business with, College Utilities on the other hand,
17 which I do a lot of business with. And I need sewer
18 and water. But, if I go with the City, I don't want
19 to get in a position like both Chucky Reeves, or Rees,
20 did here a while back where he made headlines where
21 they didn't know whether they were gonna take his lard
22 away from him or whether they weren't. If I go with
23 College Services, we may get sewer, we may get water,
24 but we have another problem. We don't have a road.
25 I'm in the barricade business, year after year after

1 year we go out and we put in a water system this year.
2 We dig up the road, and we tear up all the phone
3 cables, tear up everything. Fine, we rent 'em the
4 barricades and they tear up the barricades, too. Then
5 the next year we go back and do something else and we
6 tear everything that we did last year up and do it
7 again. That's fine, we just keep making them barri-
8 cades. But there ought to be some sanity to this. We
9 have a real problem on Hill Road. I don't know
10 whether Dennis is here or not. But anyway, Dennis is
11 a fun guy. He just goes all over town and builds
12 these things, and boy it's fun to watch him work. But
13 he just built an extravaganza down there the other
14 side of Davis Road, and it's a dandy, I think. But I
15 asked at a hearing before he built it, how are they
16 gonna handle the traffic on Davis Road? I wanted
17 Dennis to go ahead and build that thing because he's a
18 fun guy and he furnishes housing for people. But now,
19 he's hauled in land from a pit half way across town,
20 the trucks hauled all summer. They raised all that
21 land on the other side, it would be the North side of
22 Davis Road. Now where the hell is the water gonna
23 come from when it drains off that land -- right by our
24 place. And we already have a flood problem every
25 spring and nobody paid a bit of attention when we

1 asked them to change the road, put in some drainage or
2 whatever, before they let Dennis build over there.
3 Now, we've got a lot of snow pack this year, and it's
4 gonna be interesting to see if the girls at my place
5 that are making signs are standing up to their knees
6 in water while they're making signs this spring. I
7 don't know that I have that much more to say. You
8 can't just keep putting in septic tanks. LeRoy has a
9 septic tank, Merle has a septic tank, I got two or
10 three of them. Everybody's got a well. Now you got
11 to believe this ain't gonna work forever. In fact, it
12 isn't working now, nobody can drink the water. I
13 can't even run y silkscreening process this week
14 because my, one of my water softeners broke down and
15 we're ruining the silkscreens every time we try to
16 clean 'em with this water. But I don't think we have
17 enough information. I was certainly -- if annexation
18 is inevitable -- I would certainly sooner go with the
19 City. If College Services can show me that they can
20 get in there and get us some service, and it isn't
21 gonna bankrupt us, I'd probably sooner go that way if
22 I don't have to go in the City. But I don't think we
23 can afford to do both. And we really need the water.
24 LeRoy has a deep well. I got two shallow ones and you
25 can't tell a nickel's difference between the water,

1 except his cost ten thousand dollars more and my
2 treatment plant cost ten thousand dollars more. And
3 the water still isn't fit to drink. But if you're
4 gonna do this, either one of you, I suspect Dennis is
5 the key to this whole thing. One or the other wants
6 Dennis's money, and that's all right, he spreads a lot
7 of it around, but I don't want to have to call Dennis
8 this spring and have him bring a pump down and bail me
9 out. He'd probably do it, but some of these things
10 should be brought into bear. There has to be some
11 drainage put in to that area -- the water won't run
12 uphill. If it's got no place to go it's gonna come
13 right in my building, which it never did before, until
14 Dennis -- and maybe it won't this year, but it's
15 really something to think about. I don't know that I
16 have any more to say. I just want to interject these
17 things that people should think about before they
18 decide to go either way. Now I like all you guys.
19 College Services wrote me a letter one time and told
20 me they were gonna go broke and they didn't think
21 they'd ever pay me -- but they did. The City, one
22 time, did go broke and they didn't even write me a
23 letter, they just didn't pay me for about three
24 months. So I like everybody, but I think we sure
25 ought to study this thing and figure out how it's

1 going. Thank you very much.

2 MR. JACKSON: If you could answer any questions they
3 might have we'd appreciate it. Mr. Hackett, do you have
4 any questions?

5 BY MR. HACKETT:

6 Q Just briefly. Mr. Eagle, you said that when Mr. Wise
7 was gonna make his development you talked to some
8 people about drainage and nobody paid any -- did he
9 talk to the City folks about this.

10 A There was one of these kind of (indiscernible - manner
11 of speech) letters and I couldn't get to that one, but
12 I did write a letter and say I was all for him
13 building the think over there, but somebody ought to
14 think about the traffic on Davis Road, and nobody did.
15 I still can't get out to come downtown. I have to go
16 up University when the D.O.T. lets out over there.

17 Q Thank you.

18 MR. JACKSON: Excuse me . . . Mr. Smith did you have
19 any questions?

20 MR. SMITH: No. That's okay.

21 MR. JACKSON: Thank you, sir, appreciate it. LeRoy
22 Wiedeman?

23 LFROY WIEDEMAN

24 called as a witness, testified as follows:

25 (Oath administered)

1 A I do. My name is LeRcy Wiedeman, W-I-E-D-E-M-A-N. My
2 mailing address is 1360 Little Fox Trail. I own an
3 apartment, I have a shop complex at the end of Hill
4 Road. Like Mr. Eagle, I've done business with Gary
5 and the City, both. I'm in the sewer cleanup
6 business, so to speak, we clean carpets and that type
7 of think, so I've had contacts with both of them. I
8 am in favor of City -- I mean of water and sewage in
9 that area, 'cause we definitely need it. As far as
10 which one will get it, it's got to be a matter of
11 whether we're comparing apples and oranges, or what
12 we're comparing, as the final cost. And that's the
13 question that's been brought up. Personally, I would
14 like to see private enterprise do it. So I'd have to
15 lean toward College Utilities on that. But not being
16 completely ignorant in the business field I also
17 realize that College Utilities is gonna have to front
18 that money up front somewhere, and it's gotta come.
19 If the City does it, we know good and well that the
20 rest of the people around the City are gonna help pay
21 for it. That's part of the ballgame when you're
22 playin' with government. So I think that the cost
23 factor is going to make it as a determination as to
24 who would actually get it. Am I gonna be able to come
25 up with the money what we're gonna have to up front to

1 College Utilities, or am I gonna be able to
2 (indiscernible - manner of speech) and have the rest
3 of the taxpayers in the City help pay for my water and
4 sewer out there. And I think that's a question that
5 hasn't been answered. So there's where it boils down
6 to. And frankly, I'd like to put as little money out
7 of my pocket as feasible. As far as Bill's question
8 about the annexation. Bill, I was the one that
9 initiated that annexation on the south side over there
10 simply because I knew this problem was coming up and I
11 wanted to see an answer as to what was going to happen
12 with road service, with the fire, the whole question
13 because we're getting a lot of questions back and
14 forth and nobody seems to give us an answer. One
15 person tells me we have fire coverage down there and
16 the next one tells me we don't. My insurance says it
17 doesn't matter one way or the other, you're still
18 paying the same rate. And so I brought that up to do
19 it. As far as being in favor of annexation or
20 whatever. Like Bill says, we've had four-wheel drives
21 stuck up to their axle on that road down there and he
22 and I keep pourin' money and money and money into that
23 thing, and if everybody's gonna utilize it then we
24 might as well have some help paying for it. I don't
25 have any other questions.

1 MP. JACKSON: Mr. Hackett?

2 BY MR. HACKETT:

3 Q Mr. Wiedeman, another factor, other than the cost, I
4 assume, is implied -- maybe it isn't in your answer,
5 but, since you want water and sewer, I assume another
6 factor would be the time when it could be available.

7 A That's correct.

8 Q In other words, let's say that if one, say College
9 Utilities, could give you sewer and water sooner, or
10 give you the option of obtaining sewer and water
11 sooner, would that time factor be a plus in your mind
12 for College Utilities?

13 A Difference on the cost involved, again. I mean, if
14 I've got to wait a year and can save a considerable
15 amount of money what am I gonna be able to do with
16 that money in the meantime. Frankly I prefer private
17 enterprise, I'm a private businessman. And the less
18 City -- government -- involvement so to speak,
19 although College Utilities is regulated by a public
20 utilities agency, so either way you've got a
21 government entity ruling the water and sewer thing. I
22 think the whole matter of this hearing, to my
23 understanding was, number 1, do we want City water and
24 City sewer. Number 2, who's going to receive it:
25 College Utilities or MUS? And as far as I'm

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concerned, yes I want public utilities over there.
Number 2, I don't think we can arrive at that until we
actually see what everybody's asked for -- is the cost
that it's gonna cost me, personally on my lot, for
College Utilities to hook up to me and my five
apartments, or what MUS is gonna charge me to hook up
to my five apartments. And, knowing the ballgame, I
presume it's gonna cost me less with MUS, although I
prefer private enterprise.

1 MR. JACKSON: Are there other members of the public who
2 would like speak at this time?

3 PATRICIA T. WERNER

4 called as a witness, testified as follows:

5 A I'm Patricia T. Werner and I reside at 2038 North
6 Alston Road, and I've been hearing lots of different
7 things today but -- one of the questions in concern is
8 the fact that -- was when Mr. Wise was building his new
9 complex at one of the hearings when they were asking
10 him about utilities he said he was going to have Col-
11 lege utilities for water and the City for sewer. And
12 Mr. Osterdock said that the utilities would be going
13 down Fulton Road which is the road in front of my
14 property. So that is my main concern in that aspect as
15 I don't want that utility going down, at least on my
16 side of the road. It can go on the other side of the
17 road if it wants and we have been hearing many
18 different testimonies as far as this deal with the
19 banks and the mortgages; and our own borough mayor said
20 that -- you could not get loans and one of the Borough
21 assemblymen, who is a lawyer or not a lawyer, but a--
22 realtor said that -- you could not get a loan. But
23 there are some loans available. But the whole thing is
24 the cost. Even with College Utilities they say twenty-
25 three cents a square foot per sewer, twenty-three cents

1 a square foot for water. That was last year's quote,
2 and they said it was going to go up; and any time that
3 I have talked with College Utilities over the phone I
4 have not gotten very good responses from them -- but it
5 -- it always is estimated cost. So there are perhaps
6 cost that are above and beyond that cost and we were
7 told that up to an 1/2 an acre for -- a single dwelling
8 -- well I know Mr. Font has one piece of property
9 there, but it's three parcels so is he going to be
10 charged for each one, because each one may not be over
11 a 1/2 acre so he's going to end up paying for an acre and
12 1/2. And -- so forth on that -- standpoint but -- I --
13 as I said I'd like to know why he's talking about
14 putting the water line down Holden Road instead of
15 Nineteenth where there is the line or down Davis where
16 there are a lot more people. And -- one of my
17 neighbors was interested, she was all excited about it
18 'cause she was wanting the sewer and we wrote and asked
19 for a quote and they said we were only going to put
20 water down there. There's no interest in sewer so -- I
21 think the feeling with a lot of people is they -- if --
22 if they want -- if we have one coming down we might as
23 well have both. But our personal feeling in our
24 household is that we would rather not having any one
25 coming in there; and if we had to -- from my past

1 dealings with Lane Thompson and some other people with
2 the City I would much prefer having the City come in.

3 MR. JACKSON: Mr. Hackett?

4 MR. HACKETT: Thank you.

5 BY MR. HACKETT:

6 Q Mrs. Werner, I'd just like to try clarify a couple of
7 things that -- you said. You indicated that you
8 believe that there are loans available for property
9 owners if they don't hook up is that correct?

10 A Yes there are nonconforming loans. They are more --
11 more expensive -- I don't know if they are available to
12 the majority of the people. I don't know if they'd be
13 available to someone that had a log home.

14 Q This would be an available loan than for a person, for
15 example, with College Utilities went by your property
16 and chose not to hook up to College Utilities this
17 would be for a person who than if he lived on a small
18 lot -- he or she lived on a smaller lot an the bank was
19 going to require something the person -- or not require
20 something the person then would have a vehicle
21 available for selling his property is that correct?

22 A Possibly.

23 Q All right? It was unclear, you said you had a friend
24 who wrote to someone and someone said that they were
25 only interested in putting water and not sewer

1 tha.....?

2 A My neighbor -- my -- neighbor was interested in scoring
3 water because she has -- very bad problems, and you've
4 been corresponding with her and my husband and I wrote
5 to College Utilities inquiring because we wrote to both
6 utilities this fall inquiring as to the exact cost.
7 Because that's what everyone here wants to know is how
8 much is going to cost us? We don't want -- to hear ten
9 years from now that's going to be a big -- a big burden
10 on our mortgages. And I think some of the people here
11 do not want to have to worry about their -- perhaps
12 widows and their mothers; and how much their going to
13 have to be paying in the future or their children if
14 their children end up buying -- owning that property.
15 How much they are going to have to pay down the road.
16 And if this can be absorbed -- with a loan over a
17 period of ³time or if it's going to be up front which I
18 was told with College Utilities in writing when we
19 first wrote to them last year. When I first heard
20 about this line going down Holden Road. We were told
21 the money was up front -- since then, because of this
22 conflict we've been hearing that we have -- we can put
23 25% down and then have -- make payments. But that's
24 not what I was told over the phone by one of your rep-
25 resentatives and I was also told it was twenty-three

1 cents a square foot for sewer and the same for water
2 and that that cost was going to go up by two cents a
3 year.

4 Q When do you believe you had this conversation.....?

5 A It was last spring.

6 Q Last spring? All right, but that's your recollection
7 of what was said?

8 A I have it in writing.

9 Q And your -- your preference is to have neither utility
10 there is that your preference.....?

11 A Yes, we have very good water and a very good sewer
12 right now. We have a new well that is deep -- I think
13 a lot of people in the neighborhood have wells that are
14 18 and 20 feet deep. Ours was until a few years ago
15 and we had some problems and we put a new well in and
16 we have very nice water.

17 Q Do you what any cost would be or do you believe you
18 know what any cost would be if you hooked up with the
19 City?

20 A I have been told that -- well, the hook cost is
21 something that's going to depend on the labor that's
22 involved with either one, because with College Utili-
23 ties you can do your own hook up; and with the City I
24 think you can do your hook up as long as the person is
25 a bonded licensed contractor.

1 Q All right. But do you know -- have you ever seen cost
2 figures from the City or a special assessment district
3 or have they given you any long term cost -- you know?

4 A (Indiscernible - manner of speech)

5 Q Pardon?

6 A No, they haven't. But they also have a system where
7 you are charged up to a maximum on your lot.

8 Q I'm not clear on what you're saying. Is--if a system
9 were available would you hook up if available or is
10 timing availability or availability and timing.....

11 A Probably not.

12 Q Probably not hook up regardless of who served the area,
13 is that correct?

14 A (Inaudible reply)

15 Q All right, so you're -- that's all the questions I
16 have?

17 MR: JACKSON: Mr. Smith.

18 BY MR. SMITH:

19 Q So you'd prefer the City, because -- because with our
20 assess -- assessment district you and your neighbors
21 would get to vote on whether a project is built in your
22 neighborhood and if you could vote it down?

23 A And we would have some control.

24 Q Thank you.

25 MR. JACKSON: Are there any other public witnesses who

1 would to speak at this time?

2 UNIDENTIFIED: (Indiscernible - away from microphone)

3 MR. JACKSON: Ok lets go off the record.

4 (OFF THE RECORD)

5 (ON THE RECORD)

6 MR. JACKSON: Lets go back on the record. This is a
7 continuation of the APUC Hearing on the afternoon of
8 January 15 and Mr. Robert Dunn has indicated the desire to
9 testify as a public witness.

10 MR. ROBERT DUNN

11 called as a witness, testified as follows:

12 (oath administered)

13 MR. JACKSON: Mr. Dunn, if you would state your full
14 name and spell your last name, and give your address we
15 would appreciate it.

16 A I do. Yeah, Robert F. Dunn D-u-n-n, 3318 Davis Road
17 and I'm not sure, I think it's lot 30 -- I'm not sure
18 of that -- ok.

19 MR. JACKSON: Whatever testimony you would like to
20 give.....

21 A Yeah, basically I would just -- voice the opinion that
22 -- I would not take any position on water or sewer in
23 my area until I had more information to go on. I think
24 it's not a good idea to make any kind of a commitment
25 -- until some facts, figures, cost specifically, I

1 think, are presented to the residents are presented to
2 the residents. I don't think it's a full blown
3 conclusion that -- the section of Davis Road that I
4 live in is going to be either annexed by the City or
5 possibly even served by College Utilities -- I may be
6 in error of that, of course. However, I would take the
7 position now that I would not favor either College
8 Utilities or the City -- putting in water or sewer on
9 Davis Road. That's basically all I would have to say.

10 MR. JACKSON: Ok. We could ask you questions. Mr.
11 Hackett do you have any questions?

12 MR. HACKETT: No, I have no questions Mr. Dunn.

13 BY MR. JACKSON:

14 Q (Indiscernible - cough) Mr. Smith.....well, let me just
15 ask you Mr. Dunn -- you -- I guess your own --water
16 system and septic system?

17 A Yes, and it's perfectly adequate.

18 Q Ok and so basically at this point you would have no
19 desire to see the services brought into the area by
20 anybody?

21 A That's correct, and I think I probably should say in
22 all honesty that I don't think it's really fair to --
23 ask residents to make any kind of a commitment --
24 without presenting them with facts -- specifically
25 costs-- as to what they are going to be committed to.

1 It would be very nice to have those kind of services.
2 I think a lot of residents would like to have those
3 kind of services. I don't think there is is other area
4 in our lives that we would you know certainly make any
5 kind of commitment without knowing cost so I -- I would
6 not adopt that -- I would not act differently in this
7 instance, certainly. I'd want to know what it's going
8 to cost.

9 MR. JACKSON: Thank you. Are there any other
10 members of the public who'd like to give testimony at this
11 time? Okay, thank you very much, again, for your
12 testimony. At this time, there are several motions that,
13 first of all, we need to deal with. Parties were notified
14 that the motion by College Utilities to dismiss Fairbanks
15 application, or to deny the application with prejudice, was
16 denied. As to the other motions, I'm prepared to rule, if
17 counsel would like an opportunity to argue, I'll give 'em
18 that opportunity.

19 MR. HACKETT: I'll rely upon the filings on behalf
20 of CUC, Mr. Hearing Examiner.

21 MR. SMITH: I presented to you, early this
22 morning, some specific responses . . .

23 MR. JACKSON: That was . . .

24 MR. SMITH: . . .to that motion.

25 M. JACKSON: . . .as to the motion to dismiss the

1 application, particularly, too.

2 MR. SMITH: No, I gave you two separate
3 (indiscernible - manner of speech). One, the motion to
4 dismiss, even though you'd ruled on it, . . .

5 MR. JACKSON: Right.

6 MR. SMITH: . . . and secondly, the motion to
7 strike.

8 MR. JACKSON: I'm not actually sure that I read
9 what you had on the motion to strike. In any event, at
10 this time, I'm going to deny the motions. The evidence
11 will be admitted into the record. For the most part, the
12 objections which are raised go more to the weight of the
13 evidence than to the admissibility of the evidence, and Mr.
14 Hackett, certainly, you will have the opportunity to
15 cross-examine any of their witnesses regarding information
16 that was sent out with their survey, and I think that even
17 just with the testimony we've had today, there's certainly
18 a lot of testimony about that people don't feel they can
19 really make a choice because they don't have enough
20 information. And I think that's really, largely, what
21 you're getting at, and that point very well may be
22 accurate. But nonetheless, I think the evidence can be
23 submitted and can be admitted. The Commission, obviously,
24 will look at the evidence in its own mind, and they may
25 decide that some of it should be rejected, but we'll allow

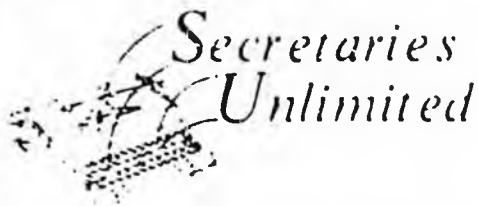
1 the evidence in for them to look at. And, then, are there
2 any other preliminary matters that we need to deal with at
3 this time?

4 MR. HACKETT: Not that I'm aware of.

5 MR. JACKSON: In that case, we shall proceed. Each
6 of you, if you would like to make an opening statement, the
7 City -- we will start -- the College will present their
8 case first, and will have the first opportunity to make an
9 opening statement, and the City can either make an opening
10 statement after College goes, or reserve it until you begin
11 to present your direct case, at your option. Mr. Hackett?

12 MR. HACKETT: Thank you. Mr. Hearing Examiner, on
13 behalf of College Utilities, we obviously believe the
14 Commission has jurisdiction under the APUC act to determine
15 who is better fit, willing and able, between the two
16 applicants, to receive the requested certificates of public
17 convenience and necessity for sewer and for water. And CUC
18 requests the Hering Examiner, and the Commission, as I'm
19 sure they will do, to keep these determinations separate.
20 We believe that we have shown, through our pre-filed
21 testimony, that College Utilities Corporation has
22 sufficient financial resources, through contributions in
23 aid in four different financial sources, for College
24 Utilities to serve the areas requested. And these are
25 contributions in aid of construction, customer advances,

1 specifically in the case of Mr. Wise, who is willing to
2 front some \$100,000 dollars in order to get access for
3 College Utilities water and sewer combined to his property.
4 College Utilities capacity to fund some of the construction
5 through loans and through their general equity funds. So,
6 we believe our pre-filed testimony establishes the College
7 Utilities resources. College Utilities is comprised of two
8 separate utilities, both of which are regulated separately
9 by the Alaska Public Utilities Commission. CUC believes
10 that the fact that it is a fully economically regulated
11 entity, both on the utility, and on the water side, is
12 definitely a plus in these competitive proceedings. Both
13 of its utilities file Class A records as required by the
14 Commission. Next year, CUC, as a result of obtaining more
15 than a million dollars worth of revenues, will join a
16 select group of some twenty-eight national, independent,
17 water companies that gross annually over a million dollars.
18 CUC combined has a total plant in excess of 14.5 million
19 dollars, and annually it collects fees in excess of two
20 million dollars. Again, through the pre-filed testimony,
21 CUC has established its track record, so to speak, as far
22 as being capable of providing the services requested. For
23 the last five years, CUC has easily increased its combined
24 plant in excess of a million dollars for each of the five
25 years. We believe this is very strong proof of CUC's



1 technical expertise and capability in the area of providing
2 the utility services requested. CUC has the advantage of
3 continuity of personnel, has a very experienced board of
4 directors, a stable management team. The pre-filed
5 testimony sets forth the managerial expertise and the
6 organization of College Utilities, which has -- contrary to
7 FMUS -- has not experienced a turnover in personnel or
8 policies over the years. The existing CUC sewer plants
9 would not be taxed, in any way, by the proposed extensions,
10 as set forth in our testimony. CUC's sewer and collection
11 interceptor system is capable of handling some two million
12 gallons per day of effluent, and it's only approximately up
13 to a million presently. So the anticipated extensions CUC
14 believes are modest in scale and would not tax its sewer
15 collection and interceptor system, which is very close in
16 terms of proximity to the area, primary area, which CUC
17 requests to service. As far as the other areas that CUC
18 has requested to service, CUC, through its testimony, has
19 established that it really came into being as a result of
20 FMUS's unwillingness, years ago, to serve the area west of
21 the present municipal boundaries. College Utilities has
22 serviced, and will continue to service, what FMUS has
23 termed "pockets and voids." The relative size, strength
24 and capability of CUC, as a result of its commitment to
25 service its service area, which it has done and will

1 continue to do. As far as the water side is concerned, as
2 was pointed out this morning in some of the testimony by
3 Mr. Shechter, it has a very capable reservoir system, the
4 water capacity of CUC is 1.4 million gallons at peak
5 capacity. Right now it's operating at approximately
6 750,000 gallons. So, again, there's plenty of leeway in
7 there for CUC's existing capacities to service the areas
8 that it has requested. Another matter where CUC believes
9 it's definitely in the public interest for the Commission
10 to grant it the authority requested, is in the area of the
11 applicant's proposed rates and rate designs. CUC has set
12 forth, in some detail, its pro forma revenues. In other
13 words, how much money it expects to receive from the areas
14 to be serviced. It has set forth in some detail how much
15 expenses it expects to incur in those areas. It has set
16 forth and itemized, to the best of its capacity, how much
17 the value of the plant, both in sewer and water, it's going
18 to be in that area. And, it has set forth what it
19 considers to be the proper return, or the opportunity to
20 earn a return, on that investment -- the so-called rate
21 base. Basically, CUC has set forth what it believes the
22 Commission requires; that is the four basic components, the
23 revenues, the operating expenses, the plant, and the return
24 on that plant, which the Commission has traditionally
25 looked at. In comparison, CUC believes that the FMCS's

1 applications are totally either devoid or silent on this
2 issue. CUC maintains that the applications filed by the
3 City don't even -- they show, first of all, FMUS operates
4 its municipal utilities as a combine. And basically what
5 has occurred -- last year the telephone utility, which is
6 not presently before this commission, made approximately
7 4.5 million or some -- the figures are in our pre-filed
8 testimony -- well over four million dollars worth of
9 profit. The sewer lost over two million dollars, and the
10 water utility lost somewhere in the hundreds of thousands
11 of dollars. The problem that CUC has grappled with, as
12 have the people as private citizens, trying to get a handle
13 on what actually it costs FMUS to run its deficit sewer
14 utility, and to run its deficit water utility. CUC's
15 position is that adding these extensions for FMUS is
16 certainly not going to decrease the deficits which, by
17 FMUS's own projections, will occur again in the future.
18 CUC believes that what little information it's been given
19 in these proceedings by FMUS shows projected losses in the
20 sewer and water utilities by FMUS. And CUC believes that
21 the evidence will show that these losses don't even taken
22 into account the extension areas into which FMUS expects --
23 is applying to the Commission -- to extend into. Another
24 -- CUC believes that the pro forma tariffs that it has
25 filed in this case show a wider range of services and

1 choices for individuals. The choices for FMUS are,
2 seemingly, all -- if you follow the service district
3 concept by FMUS -- if there is a vote taken, some persons
4 who don't want the utilities will have to take it, and
5 that's assuming that the costs have been established. So
6 far in these proceedings, FMUS has established no costs,
7 either as to the proposed extensions or as to any other
8 alternative which it's proposing for the consumer.
9 Significantly, CUC has had approved cost of study services
10 done for its tariffs, which make the cost causer be the
11 cost payer. This is a principle which CUC believes in and
12 which the Commission has mandated that it follow -- that
13 there be some relationship between the cost incurred and
14 the tariff paid. CUC believes FMUS's showing is deficient
15 in this regard. For example, in the water -- excuse me, in
16 the sewer tariff -- which FMUS proposes, it's a \$3.03 per
17 gallon charge, regardless of class, type, or nature of
18 customer. CUC believes that, first of all, FMUS has not
19 even established the existing rates that it proposes to
20 interject, or proposes to apply, to person or persons in
21 the requested extension areas. And these deficiencies, CUC
22 believes, are significant in this proceeding, because as
23 early as 1976, the FMUS did appear before the Commission in
24 a contested competitive application proceeding, and the
25 Commission, in fact, issued an order, I think it's 21 PUR

1 4th, In Re City of Fairbanks, where some of these standards
2 were discussed as early as 1977. Another matter that CUC
3 would ask the Commission to consider is the preparatiior
4 shown by the applicant in the filing and in the
5 presentation of its case -- in terms of the pre-filed
6 testimony. CUC believes that, on comparison, it has the
7 edge in that area as well. Another matter to consider is
8 the demonstrated alertness that the applicant has shown to
9 consumer needs in the area under consideration. The
10 evidence, we believe, will show that CUC, as early as April
11 of last year, wrote inquiry letters to the residents in the
12 Holden Road area, and there have been numerous contacts
13 between Mr. Gordon and Mr. Wise -- one of the primary
14 persons involved, one of the primary reasons involved in
15 these proceedings. Another matter, again that touched
16 upon, is that CUC believes that the fact that it's a
17 private enterprise, that it's locally owned and controlled,
18 is significant. Because, should the Commission award one
19 or more of the requested certificates to FMUS, after that
20 point in time, then the --if the -- then the Commission
21 control over the municipality would end, if in fact under
22 the exemption provisions under the act. Another point that
23 CUC thinks is significant is, in the past, is the past,
24 present and continuing problems FMUS has had with
25 regulatory bodies generally. The evidence, we believe,

1 will show that in the one joint interconnect proceeding
2 between FMUS and CUC before this Commission, FMUS was not
3 responsive to direct orders by the Commission to produce
4 certain documentation. Also, the pre-filed testimony of
5 FMUS shows that they have had, and do have problems with
6 the the EPA -- the Environmental Protection Agency -- and
7 they are presently embroiled in another controversy with
8 the State Environmental Conservation Agency. We believe
9 that these problems are significant when the Commission has
10 to determine which one of these applicants is subject to
11 regulation and control for the benefit of the public.
12 Another matter for the Commission's consideration is the
13 priority of the applications. In this matter, we believe
14 that the evidence will show that it was CUC who -- and as
15 some of the testimony this morning has pointed out -- it
16 was CUC who first took the steps necessary to make
17 application for -- in this case for the area, or areas, in
18 question, and it was only after CUC's interest became known
19 that FMUS, after substantial periods of lack of interest in
20 this are, became interested. One of the problems that CUC
21 sees is the lack of comparability in the presentations.
22 CUC has taken efforts to quantify, in terms of its tariffs,
23 in the elements in its tariffs and in the costs and the
24 revenues, and is consistent with CUC -- consistent with
25 Commission requirements and orders. The problem that CUC



1 perceives in FMUS's rates are the fact that many of the
2 components -- or the costs associated with doing business
3 as a consumer with FMUS -- are not clear. For example,
4 annually, the City Fire Department pays \$750,000 to the
5 City water utility for a hydrant cost, which comes out of
6 taxpayers revenues. And the issues -- and CUC does not
7 believe it's in the public interest to award either one of
8 these certificates to FMUS because we believe that would
9 further exacerbate the existing deficiencies and deficits
10 that FMUS has experienced, and will continue to experience
11 in its water and sewer utilities, and will basically,
12 continue the practice which we do not believe is in the
13 public interest of having the FMUS telephone utility
14 subsidize these deficit water and sewer utilities. CUC is
15 required, by law and by the Commission, to make sure that
16 both its water utility and its sewer utility, separately,
17 carry themselves, and they are viewed as independent
18 utilities by the Commission, and CUC believes that is in
19 the public interest and is a good reason not toward these
20 to FMUS. And finally, there's another secondary -- a
21 couple of secondary -- subsidy issues which CUC believes
22 are not in the public interest and would not serve the
23 public interest by awarding either certificate to FMUS.
24 And that is the fact that some of the components involved
25 with the utility rates by FMUS are paid by taxpayers, who

1 may or may not be the same as persons who are using the
2 utility service. And finally, for example -- as I pointed
3 out, as CUC points out -- in its rate of \$3.03 per gallon
4 for the sewer, there is no differentiation between type --
5 and in other words, a residential user pays that, as much
6 as a consumer user who might have different strengths of
7 effluent. So, because of these differences and the lack of
8 comparisons, CUC will ask the Commission to grant its
9 applications. Thank you.

10 MR. SMITH: Mr. Hackett has basically re-argued
11 his motion to dismiss, which has already been denied. And
12 most of his opening statement was in regard to that. I
13 didn't interrupt him, there, I reserve my opening statement
14 till we begin the case. I would respond, you know, very
15 briefly, to some of the arguments that he made that there's
16 a two million dollar deficit. That's certainly borne out
17 by the facts. We are on a different accounting system for
18 our rate bases, and I'll have witnesses go into great
19 detail. And, just for the members of the public, I think
20 that many of the statements are very, very misleading
21 because they are different systems and we will explain them
22 at considerable depth when I have time to present my
23 witnesses.

24 MR. JACKSON: Thank you, Mr. Smith. Mr. Hackett,
25 you may call your witness. First witness . . .

1 MR. HACKETT: Thank you. Mr. Hearing Examiner, do
2 you have any preference as to order? I see Mr. Eisele
3 . . . (indiscernible - manner of speech)
4 MR. JACKSON: It's -- however you like would be
5 fine with me.
6 MR. HACKETT: Mr. Eisele, would you come forward,
7 sir?
8 EDWARD EISELE
9 called as a witness, testified as follows:
10 MR. JACKSON: The -- why don't we go off the record
11 just for a second.
12 (OFF THE RECORD)
13 (ON THE RECORD)
14 MR. JACKSON: Then we'll put it in. Mr. Hackett?
15 BY MR. HACKETT:
16 Q Thank you. Would you state your full name, sir?
17 A Edward J. Eisele.
18 Q And where do you reside, Mr. Eisele?
19 A 4034 Birch Lane.
20 Q Are you involved, in any capacity, with the University
21 Fire District service area within the Fairbanks North
22 Star Borough?
23 A Yes, I am the chairman of the Board of Commissioners of
24 the University District service area, which provides
25 fire protection..

1 Q And how long have you been in that position?

2 A Six years.

3 Q In -- as part of this proceeding, Mr. Eisele, did you
4 file a document entitled "Pre-filed Testimony of Edward
5 J. Eisele," a document marked T-1?

6 A Yes I did.

7 Q And are there any additions, corrections or modifica-
8 tions that you would care to make in that -- to your
9 pre-filed testimony at this time?

10 A No.

11 Q I'd move for the admission of that.

12 MR. JACKSON: Any objections? Okay, that is
13 admitted as T-1, and we'll note that, as attachments to
14 T-1, there are three attachments which are denoted EJE1, 2,
15 and 3.

16 Q Thank you Mr. Hearing Examiner. I have no further
17 questions, Mr. Eisele.

18 MR. JACKSON: Mr. Smith, do you have any
19 cross-examination of Mr. Eisele?

20 MR. SMITH: No. Thank you.

21 MR. JACKSON: I have no questions. Thank you very
22 much for appearing.

23 MR. HACKETT: I understand that we can stipulate
24 that Mr. Shechter's pre-filed testimony, T-2, can be
25 admitted?

1 MR. JACKSON: Mr. Smith, I understand from our
2 earlier conversation, that we're going to stipulate the
3 admissibility of that testimony and accept it without
4 cross-examination?

5 MR. SMITH: Yes.

6 MR. JACKSON: Okay. That testimony will be marked
7 as T-2, or -- were there any attachments to that testimony?

8 MR. HACKETT: No . . .

9 MR. JACKSON: Okay.

10 MR. HACKETT: . . . no, there were not. We call
11 Mr. Honchen as our next witness.

12 MR. SMITH: I'm sorry, who?

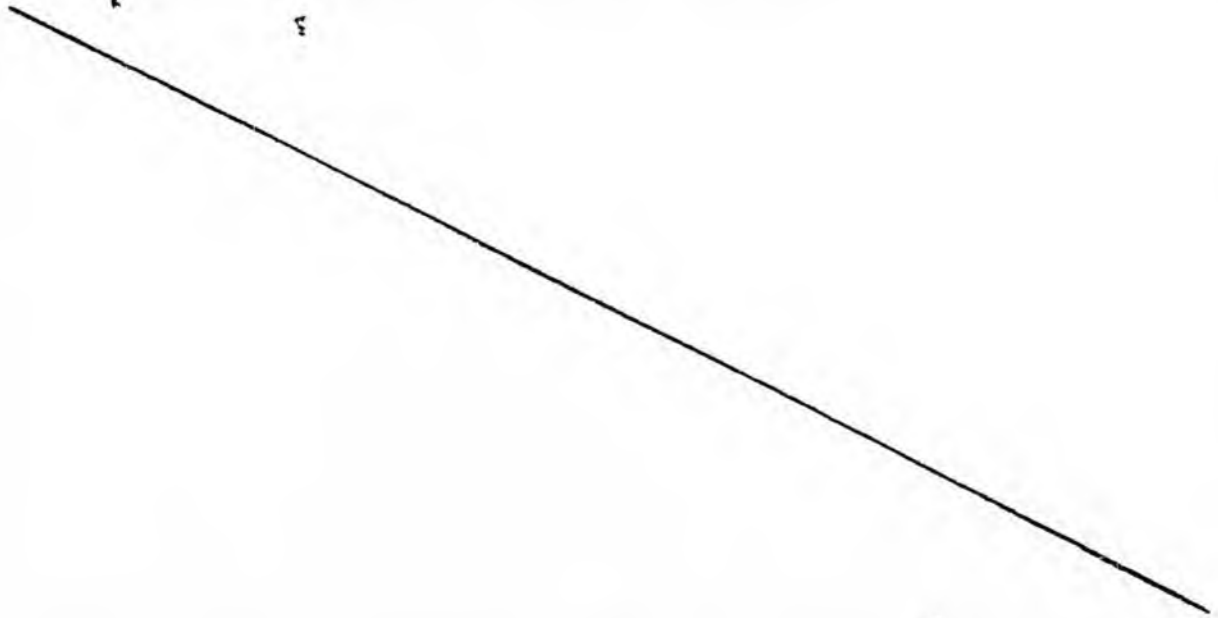
13 MR. HACKETT: Mr. Larry Honchen.

14 MR. SMITH: Okay.

15 LARRY HONCHEN

16 called as a witness, testified as follows:

17
18
19
20
21
22
23
24
25



Introduced: 2/22/85
Referred: Community and Regional Affairs

IN THE SENATE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

SENATE JOINT RESOLUTION NO. 18

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - FIRST SESSION

Disapproving the recommendation of the
Local Boundary Commission for annexation
of territory to the City of Togiak.

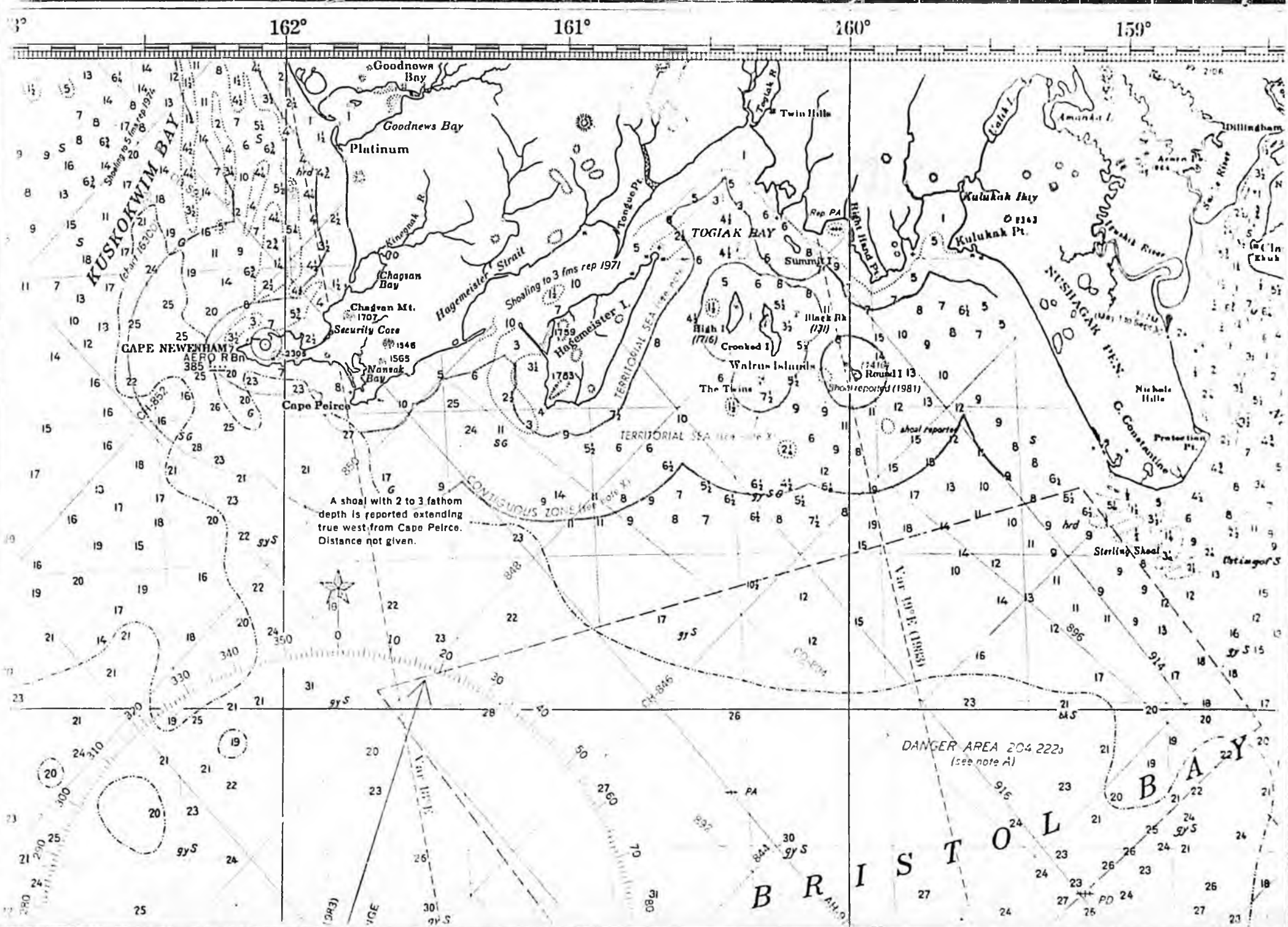
BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS, under art. X, sec. 12, Constitution of the State of Alaska, the Local Boundary Commission has presented to the legislature its recommendation number two dated January 23, 1985, entitled "Recommendation for the Annexation of Territory to the City of Togiak"; and

WHEREAS a recommendation of the Local Boundary Commission presented to the legislature becomes effective 45 days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by the majority of the members of each house;

BE IT RESOLVED by the Alaska State Legislature that recommendation number two of the Local Boundary Commission dated January 23, 1985, and entitled "Recommendation for the Annexation of Territory to the City of Togiak" is disapproved.

SOUNDING



A shoal with 2 to 3 fathom depth is reported extending true west from Cape Peirce. Distance not given.

DANGER AREA 204 2223
(see note A)

COMMITTEE TAPE LOG

TAPE No. 1

1985

LOG SHEET No. 2

DATE(S) 2/19/85

COMMITTEE: _____

BILL NUMBERS:

| | | | | | | | |
|--|--|--|--|--|--|--|--|
| | | | | | | | |
|--|--|--|--|--|--|--|--|

OTHER INFORMATION: _____

| DATE/ TIME | TAPE METER No. | BILL NUMBER | SIGNIFICANT INFORMATION (WITNESS/ACTION) |
|---------------|-------------------|----------------|--|
| | | | There was a |
| | | | Move of making more |
| | | | service areas-- Coastal |
| | | | zone as a service area |
| | | | See more fracturing |
| | | | + less coordination! |
| | | | This work has more |
| | | | or less stopped since the |
| | | | ^{money came} |
| | 150 | | Senator Fischer (Commented |
| | | | on Constitutional Convention action) |
| | | | Before ^{on formation of local governments} statehood in |
| | | | Constitutional Convention |
| | | | asked what about |
| | | | local govt. Then we |
| | | | had cities There was |
| | | | congressional prohibition |
| | | | against forming counties. |
| | | | Had massive territory |
| | | | of Ak. |

COMMITTEE TAPE LOG

TAPE No. 1

1985

LOG SHEET No. 3

DATE(S) 2/19/85

COMMITTEE: _____

BILL NUMBERS:

| | | | | | | | |
|--|--|--|--|--|--|--|--|
| | | | | | | | |
|--|--|--|--|--|--|--|--|

OTHER INFORMATION: _____

| DATE/ TIME | TAPE METER NO. | BILL NUMBER | SIGNIFICANT INFORMATION (WITNESS/ACTION) |
|---------------|-------------------|----------------|--|
| | | | Had only 1st + 2nd class cities. |
| | | | Question was where do we go -- what do we do? Conviction was we needed something flexible, adaptable to any part of Ak |
| | | | Rough concept emerged creating new form of flexible regional institution that could evolve into a gov't. |
| | | | Reason was to have local institutions responsive to people without overlapping tax jurisdictions. |

COMMITTEE TAPE LOG

TAPE No. 1

1985

LOG SHEET No. 4

DATE(S) 2/19/85

COMMITTEE: _____

BILL NUMBERS:

| | | | | | | | |
|--|--|--|--|--|--|--|--|
| | | | | | | | |
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OTHER INFORMATION: _____

| DATE/ TIME | TAPE METER No. | BILL NUMBER | SIGNIFICANT INFORMATION (WITNESS/ACTION) |
|---------------|-------------------|----------------|--|
| | | | Borough was new creature. |
| | | | Gradually process |
| | | | evolved into belief it |
| | | | was workable. |
| | | | Real commitment to |
| | | | home ruling. |
| | | | Idea of organized & |
| | | | unorganized born out of |
| | | | Constitutional Convention |
| | | | Local Gov't Committee. |
| | | | Idea was that gov't |
| | | | could progress from |
| | | | least government to |
| | | | Home Rule. Provided |
| | | | for Local Boundary |
| | | | Commission to make |
| | | | adjustments. |

COMMITTEE TAPE LOG

TAPE No. 1

1985

LOG SHEET No. 5

DATE(S) 2/19/85

COMMITTEE: _____

BILL NUMBERS:

| | | | | | | | |
|--|--|--|--|--|--|--|--|
| | | | | | | | |
|--|--|--|--|--|--|--|--|

OTHER INFORMATION: _____

| DATE/TIME | TAPE METER No. | BILL NUMBER | SIGNIFICANT INFORMATION (WITNESS/ACTION) |
|-----------|----------------|-------------|---|
| | | | Came up with |
| | | | area-wide regional |
| | | | concept where people |
| | | | could gradually move |
| | | | up ladder of self-governance |
| | | | to Home Rule. Borough |
| | | | Act said if someone |
| | | | (1961) wanted to organize |
| | | | a borough they could. |
| | | | This was ^{abrogation of responsibility} approximation or |
| | | | part of the state. |
| | | | (Bond) attorney said ^{cities + boroughs} not school dists had to right |
| | | | ^{to issue bonds} Mandatory Borough |
| | | | Act was created to |
| | | | deal with issue. |