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1997-1998

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Sponsor Statement

HB 395

“ An Act relating to civil liability resulting from the use of a defibrillator in providing emergency aid”

Every day nearly 1,000 people in the united states die unnecessarily due to sudden cardiac arrest. Most people die before they reach the hospital, usually within two hours. Research shows that early defibrillation, delivering an electrical current to the heart within minutes after sudden cardiac arrest, can raise survival rates to 30% or higher. That is 25% more lives (250 per day) than the current national survival rate of 5%.

The American Heart Association estimates that 20,000 or more unnecessary deaths could be prevented each year if automatic external defibrillators (AEDs) were more widely available. Implementation of a plan that allows both traditional and non-traditional targeted first responders to have access to and use of an AED in medical emergencies is needed.

HB 395 expands our state's Good Samaritan statute to provide protection from liability for people who are properly trained in the use of an AED. As a general rule, the American legal system does not require someone to rescue a victim. However, all states currently have Good Samaritan statutes that protect a volunteer who is aiding another in good faith. These statutes mainly apply to physicians and other health care providers who assist somebody voluntarily and do not expect any reimbursement for their services, but passersby who happen upon an accident and provide emergency assistance are also protected from liability. HB 395 clearly sets the standard for training and proper use of an automatic external defibrillator. Increased availability of automatic external defibrillators along with proper training will save lives. HB 395 will help make Alaska a safer place.

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February 27, 1998

1 Page

TO: Jack Evans-Public Relations
ALASKA AIRLINES

FROM: Rose Marie Citti, Director of Training
RESPOND SYSTEMS
P.O. Box 220348
Anchorage, AK 99522-0348

Phone: (907) 344-0302
FAX: (907) 522-2271

Subject: Press release 2/27/98, Anchorage Daily News regarding AED's on aircraft.

I am delighted to see Alaska Airlines has taken a position on this important public issue. However, under current Alaska regulations, the use of an AED by anyone other than someone ETT-D trained or higher would be an unlawful act. We have made AED's a hot topic with the Legislature. Our position is the same as that stated in your press release. Due to the efforts of many, we are hopeful that this matter is resolved this session but time is running out. HB: 395 is in committee and proposed regulation changes are going through the public review process. When passed flight attendants, as well as any trained person with an *expectation, designation, or duty to respond to a medical emergency* would be covered.

Please go beyond your press release.

If Alaska Airlines would draft a letter of support I will make certain it gets into the hands of the appropriate persons.

I look forward to your support.

Sincerely,

Rose Marie

*Attachments: HB 395
Proposed Regulation Change notice
copy of letter sent to Legislature*

**THE FOLLOWING PAGES MAY
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READER'S DIGEST

emergency vehicle in America.

Last winter police in Cincinnati started testing AEDs in patrol cars. Similar programs have begun in Camden County, Georgia, and Greenwich, Conn. Within two weeks of training, Greenwich police saved two lives with the defibrillators.

Last July 2 fire-brigade members at New York City's Grand Central Terminal were trained to operate a newly purchased AED. The next day they used it to save the life of 42-year-old attorney Bob Adams, who went into cardiac arrest while trying to catch a train.

There are still legal and bureaucratic hurdles to wider AED access. In many states defibrillation is considered a medical procedure limited to doctors and EMTs. Chafing against such hidebound regulations, Dr. Weisfeldt stresses that the new AEDs are fool safe in the hands of trained adults. He predicts that 100,000 people could be saved each year if AED use were expanded to include firefighters, police officers, security guards and family members of heart disease patients. "We should press ahead to provide defibrillators and training to thousands of people, such as apartment-house custodians, bus drivers and train conductors," Weisfeldt urges.

But the strongest advocates for this innovative technology are those whose lives it has saved.

On the afternoon of Monday, December 30, 1996, Steve Parinisi, 39, and his wife Karen, 31, sat in Boston's Logan Airport. The newlyweds were returning to their Pennsylvania home after a weekend trip. Suddenly Karen saw Steve go pale and his lips turn blue. *Oh, no*, she thought. On their honeymoon in Italy two months earlier, Steve had suffered symptoms of heart trouble, but had seemed in good health since.

But now a massive coronary-artery blockage had triggered ventricular fibrillation. Bystanders administered CPR until medics arrived. They had to shock Steve twice with an AED before his heart resumed spontaneous contractions.

"I was within minutes of death," Parinisi says. "But that defibrillator gave me back my life."

Reflecting on such rescues, David Dutton's widow, Sandra, notes sadly that her husband could also be alive today if AEDs had been available that March night on the commuter train. "David's needless death should be a lesson to all of us," she says. The equipment to save thousands of lives exists. Now we must demand that it be made available everywhere.

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This Machine Could Save Your Life

So why isn't it widely available?

BY MALCOLM MCCONNELL

COMMERCIAL ARTIST David Dutton, 56, sat on a commuter train, returning from New York City to his Long Island home on the evening of March 20, 1997. Dutton had no known health problems, but as the train clattered through Queens, he suddenly gasped, his face turned a mottled red, and he slumped unconscious in his seat. It was 7:30 p.m. He had gone into cardiac arrest.

While the train crew called ahead

for medical aid, a passenger performed CPR, alternately doing chest compressions and mouth-to-mouth breathing. But Dutton's heart was seized by the chaotic rhythm called ventricular fibrillation (VF), and CPR alone could not jump-start it.

Dutton's only hope was the process called defibrillation: a brief electrical shock that overpowers the irregular VF rhythm so the heart can resume its natural contractions.

But by the time a rescue team

READER'S DIGEST

carrying a defibrillator reached the train, it had been more than six minutes since Dutton's collapse, and his heart did not respond to attempts to restart it.

The great majority of cardiac arrest victims die before help can reach them. But these deaths are not inevitable. "Many of the thousand cardiac-arrest incidents each day are clearly survivable," says Dr. Myron Welsfeldt, chairman of the American Heart Association's (AHA) task force on automatic external defibrillation. Time is critical: many cardiac arrests become fatal four to seven minutes after VF begins, so early defibrillation is the single most crucial factor. Every minute that passes before returning the heart to its normal rhythm decreases the chance of survival by ten percent; after just four minutes without defibrillation, only about 60 percent of victims survive. After ten minutes, few survive.

But in congested cities, emergency medical technicians (EMTs) equipped with defibrillators usually arrive too late. For years the cardiac arrest survival rate in New York City, for example, was just over one percent. Nationwide it averages less than ten percent.

But a safe and effective technology exists that could improve these odds dramatically. It is the automatic external defibrillator (AED), a small computerized, battery-operated device, which can be as small as a book and weigh as little as four pounds. AEDs are nearly foolproof to operate. And

their cost keeps going down: some devices now sell for around \$3000.

In Rochester, Minn., automatic defibrillators have transformed emergency care of cardiac-arrest patients. In 1990 the Mayo Clinic's Dr. Roger D. White, medical director of the city's ambulance service, noted that police cars often reached cardiac-arrest victims two to three minutes before EMTs did. As trained "first responders," police officers gave CPR, but had no way of defibrillating victims, who often died. "What if we equip cars with defibrillators and train patrol officers to use them?" White suggested to the police.

Seven years later Rochester boasts what may be the highest cardiac-arrest survival rate in the world—45 percent. In the program's first five years, police defibrillated 31 cardiac-arrest patients, 18 of whom survived. Their lifesaving efficiency was tested last January 3.

Software designer Peter Czok, 50, had complained to co-worker Doreen Marks that his chest felt congested. "Maybe I'm catching pneumonia," he said. Then after lunch his head dropped, and Marks heard a weird gurgling from his throat. "Peter, don't fool around," she chided.

Czok toppled limply from his swivel chair. His face was a muddy red, his mouth agape, his sightless eyes open and blank. Terrified, Marks called 911 at 2:27 p.m.

Officer Eldon Morrison and his partner, rookie Steve Thompson, arrived at 2:30 p.m. By then Czok's

THIS MACHINE COULD SAVE YOUR LIFE

To Make Sure This Device Is in Your Life:

1. Ask your community police and fire departments if their "first response" vehicles contain AEDs. If not, send a letter or fax requesting them, and suggest they call Leonard Matarese, who heads the International Association of Chiefs of Police defibrillation effort, at 305-865-7586 for more information.

2. Call the nurse or medical department at your workplace to find out if your employer provides AEDs and has trained operators. If not, send a copy of this article. As Dr. Welsfeldt notes, "Thousands of people needlessly die of cardiac arrest each year in our offices and factories."

3. If your state limits access to AEDs (to find out, call the AHA at the number below), write your state senator or legislator, telling them you support changes in the law permitting trained responders to use AEDs, and that sample legislation is available from the AHA.

To learn more about sudden cardiac arrest and what you can do to bring early defibrillation to your community, contact the American Heart Association at 1-800-AHA-USA-1 or on-line at <http://www.amhrt.org>.

face was a ghastly purple. Probing for a pulse, Thompson announced, "He's in cardiac arrest!"

As Morrison cut open Czok's shirt, Thompson pressed defibrillation pads firmly onto his chest. The computer's voice announced, "Analyzing heart rhythm. Do not touch the patient."

Within seconds the recorded voice intoned, "Shock advised. Stay clear of patient." The orange shock button flashed. "Deliver shock now." Thompson stabbed the button. "Shock delivered," the computer announced. It was 2:31 p.m. Less than five minutes had elapsed since the 911 call.

Peter Czok was released from the hospital a week later. "I was dying when the officers arrived," he says.

"If they hadn't used a defibrillator, I never would have survived."

Rochester's experience has demonstrated that nonmedical professionals equipped with AEDs and proper training can save many cardiac-arrest victims. Following this city's lead, other police agencies nationwide have embraced the use of AEDs.

"The Rochester experience has shown that the police can consistently reach cardiac-arrested patients before EMTs do," stresses Leonard Matarese, chief of public safety in Florida's Indian Creek Village. Last year he equipped all of his squad cars and patrol boats with AEDs. And Matarese is helping forge an alliance between the nation's fire and police chiefs that he hopes will soon put an AED in every

Heart Attack or Sudden Death?

When two-time Olympic gold medalist figure skater Sergei Grinkov collapsed and died during practice at a Lake Placid, N.Y., rink in November, 1995, the prevailing reaction was shock: How could that happen to a world-class athlete only 28 years old? But as it turned out, Grinkov had something in common with the great majority of sudden cardiac death victims: underlying heart disease.

Grinkov's heart was enlarged, reportedly due to severe hypertension, which can also damage the coronary arteries. An autopsy revealed that two coronary arteries were almost completely blocked and that the skater had suffered a heart attack less than 4 hours before his collapse.

Sudden cardiac death can result from many heart problems, but heart attack is the most common trigger. Indeed, sudden cardiac death is often labeled "massive heart attack." Despite their frequent interconnection, however, heart attack and sudden cardiac death are distinct events.

Heart attacks generally occur when a clot in a coronary artery shuts off the blood supply to part of the heart muscle. Death can usually be avoided if the clot is cleared (typically with a clot-buster drug or balloon angioplasty) within six hours of the attack. But about one of every six heart attacks results directly in sudden cardiac death by immediately causing the heart to go into ventricular fibrillation, the ineffectual fluttering of its main chamber. To save someone from sudden cardiac death, lifesaving measures must occur within about 10 minutes.

Here's the link between heart attacks and sudden cardiac death: By cutting off blood flow to

the heart and damaging its tissues, the heart attack can interfere with the nerves responsible for the heart's orderly beating. That alone can be enough to trigger cardiac arrest. But even among heart attack survivors, that shutoff of blood may cause a portion of the heart muscle to die. Days or even years later, that scar tissue may disrupt nerve impulses and cause a fatal arrhythmia and sudden death. One reason prompt treatment for heart attack is so crucial is to minimize heart muscle damage and its potential to disrupt the normal heartbeat.

Exertion can play a major role in sudden death. When a middle-aged man dies from shoveling snow or running (as in the case of jogger-catcher Jim Fixx), his rapid heart rate may have dislodged a fatty deposit that clogged a coronary artery, causing a heart attack that in turn triggered immediate fibrillation. Alternately, when someone with underlying heart disease exerts himself, his rapid heartbeat itself can evolve into a fatal arrhythmia.

Other factors besides exertion can disrupt the heartbeat and cause sudden cardiac death. They include:

- **Fear.** Like exertion, fear also causes the heart to race, which can cause arrhythmia and cardiac death in someone with heart disease. It now appears that some people are especially vulnerable to being literally scared to death—and that a simple test can predict which ones.

Harvard University researchers asked 40,000 male health professionals to take an eight-question test that assessed their "phobic anxiety" level. The researchers focused on the 34,000 men in the group who had not been diagnosed with heart disease (although *undiagnosed* heart disease could not be ruled out).

When the men without heart disease were evaluated two years later, those with the highest anxiety levels were more than six times as likely to have suffered sudden cardiac death as the least anxious

men. The researchers concluded that high anxiety is a potent risk factor for sudden cardiac death. One possible explanation: Hyperventilation induced by anxiety may cause coronary artery spasms.

- **Alcohol.** Heavy drinking can disrupt the heartbeat, a phenomenon known as "holiday heart syndrome." Even healthy people can experience such arrhythmias, but those most likely to suffer sudden cardiac death from binge drinking are chronic alcoholics with liver disease.

- **Congestive heart failure.** In CHF, the heart has been damaged by heart attack, hypertension or some other condition, and it no longer pumps efficiently. Although people with this usually treatable problem can live with it for many years, they're six to nine times likelier to suffer sudden cardiac death than those without CHF.

- **Cardiomyopathy.** When sudden death strikes a middle-aged athlete, a heart attack or underlying coronary artery disease is almost always responsible. But in young athletes, sudden death is often due to an underlying heart muscle abnormality, also known as cardiomyopathy. Two basketball stars, Hank Gathers of Loyola Marymount University in Los Angeles and Boston Celtic great Reggie Lewis, died from this condition.

Lewis's death was attributed to a virus that inflamed his heart muscle and caused scarring, which ultimately disturbed his heart rhythm.

But often such deaths are due to a genetic disorder known as familial hypertrophic cardiomyopathy, the most common cause of sudden cardiac death in the young, especially athletes. (Hypertrophic means that a chamber of the heart becomes abnormally enlarged and loses its flexibility.) A genetic test carried out on blood cells can now determine whether relatives of a person with the disorder are also at risk of developing it. Those with the trait should be warned against participating in strenuous sports that might trigger sudden cardiac death.

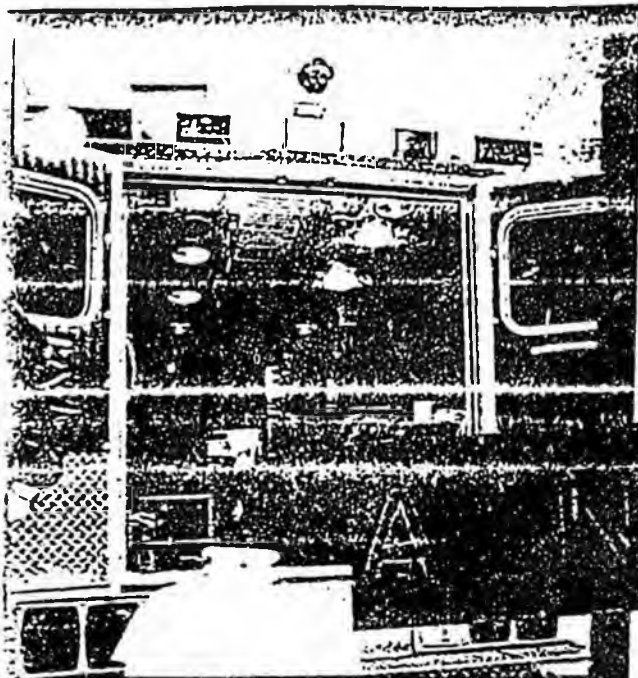
—DOUG BRADLEY

RECEIVED

MAY 6 1982

Community Life and
Emergency Services

Suicide



Somewhere over the Pacific, aboard Qantas Flight 12 from Los Angeles to Sydney, Australia, Roland Koenig suddenly felt his head "spinning off." He knew something was terribly wrong but blacked out before he could react. Chief purser David Furey hurriedly pulled the stricken passenger to one of the exits for an examination. No pulse, no breathing—cardiac arrest.

Koenig's prognosis could not have been worse: minutes from death and hours from the nearest hospital. Luckily Furey had a secret weapon. He calmly called for the plane's onboard defibrillator, placed its two paddles on Koenig's chest and zapped his heart back to life with a series of electric shocks.

If the American Heart Association (AHA) has its way, such revivals will be repeated tens of thousands of times a year throughout the U.S.—in shopping malls, office buildings and homes too—as defibrillators become as commonplace and easy to use as fire extinguishers.

Koenig, a 73-year-old retiree from South Colleyville, Tex., was in many respects a typical victim of cardiac arrest—an older man with no obvious signs of heart disease. In the most crucial respect, however, Koenig was quite unusual: He survived. Most of the time, emergency medical personnel don't arrive fast enough and lack the portable defibrillators that could save lives. Only 5% of Americans who go into cardiac arrest come out of it alive. The prognosis is even worse in gridlocked urban areas such as New York City, where a scant 1% to 2% of the stricken are revived.

Those who don't survive are said to have suffered sudden

an Death

Public-access defibrillation could prevent 100,000 deaths a year

By Gary Goldenberg

cardiac death, which accounts for about 350,000 fatalities each year in the U.S. and is the

country's leading medical emergency. In almost all cases, the deceased had some type of underlying heart disease. But it's not correct, as often happens, to label every sudden cardiac death a "massive heart attack," since the two are actually different (see "Heart Attack or Sudden Death?" p. 66).

Typically, cardiac arrest strikes without warning. The heart's built-in electrical system—nerves embedded in the heart muscle that trigger each heartbeat—suddenly goes haywire. The main pumping chamber (the left ventricle) is swiftly reduced to a quivering blob that can no longer propel oxygen-laden blood throughout the body and, most importantly, to the brain. Death within minutes is inevitable, unless the spastic action, known as ventricular fibrillation, is corrected. And that demands a defibrillator.

As you may have seen on TV's *ER* or *Rescue 911*, these devices can shock erratically beating hearts back to a normal rhythm. "The beauty of defibrillation is that almost nothing else needs to be done for the patient if it's done fast enough," says Dr. Myron Weisfeldt, chairman of medicine at Columbia-Presbyterian Medical Center in New York City.

When it comes to saving these victims of cardiac arrest, defibrillation is actually much more helpful than cardiopulmonary resuscitation, in which rescuers alternate between breathing into the mouth and pushing on the chest. CPR oxygenates the blood and keeps it flowing to the brain, buying precious minutes until help arrives. But for the heart to restart, CPR must be followed immediately by defibrillation. In fact, when hospitalized patients go into cardiac arrest,

"the prevailing wisdom is to forget CPR and go ahead with defibrillation," says Dr. William Kaye, a critical-care physician at Brown University and an expert in resuscitation training.

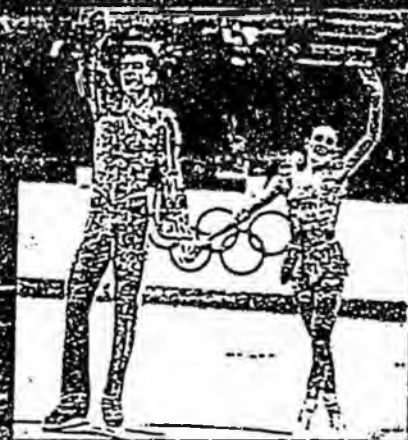
Defibrillation is a proven lifesaver, but it must be performed within 10 minutes of cardiac arrest. "Every minute the heart stays in fibrillation, we lose about 10% of the likelihood that we'll get it restarted," says Dr. Joseph Ornato, a cardiologist at the Medical College of Virginia in Richmond and chairman of the AHA National Emergency Cardiac Care Committee. Unfortunately, poor 911 systems, traffic snarls and slow elevators generally keep emergency personnel from arriving within the magic 10-minute window. Moreover, Ornato says, fewer than one in three U.S. ambulances carries a defibrillator.

Seattle and other cities have poured enormous resources into streamlining their emergency response systems, equipping all rescue personnel with defibrillators and training vast numbers of citizens in CPR. But even in Seattle, arguably the best large city in the country in which to collapse on a street corner, fewer than three in 10 cardiac arrest victims survive.

The AHA has concluded that a radically different strategy is needed to save more people from sudden cardiac death. In a statement issued last November, the organization endorsed what it calls "public-access defibrillation." The initial goal is to put defibrillators in the hands of the people most likely to arrive first at the scene of an emergency and to teach those



Hank Gathers: cardiomyopathy.



Sergei Gramov: blocked arteries.



Jim Fixx: heart attack?



Reggie Lewis: cardiomyopathy.

people how to use them.

"We want to equip police cars and rescue units with these devices and then provide them to every company that has a nurse's station or employee health service," says Weisfeldt, who is leading the AHA's defibrillator campaign. "Next we would probably target security guards in office buildings and

The ultimate goal is to put defibrillators wherever people congregate—retirement communities, apartment buildings, sporting arenas and schools—and to make them so easy to use that even untrained bystanders can operate them. But first some product improvements are needed.

Today's portable defibrillators—the ones aboard Qantas planes as well as fire engines and ambulances—have built-in computers that guide users through the procedure, voicing instructions and also displaying them on a screen. In addition, the devices automatically assess the patient's heart rhythm, judge whether defibrillation is required and then signal the operator to give the shock. But using them still requires some training, they're heavy (up to 20 pounds) and expensive (\$2,500 to \$8,000), and the devices need frequent maintenance.

"What we're looking for is a 'brilliant' defibrillator," says Weisfeldt. This Phi Beta Kappa of resuscitation instruments would weigh a mere five to 10 pounds, cost \$1,500 to \$2,000, fit inside a briefcase, guide the user with multilingual voice prompts and be durable, maintenance free and tamper resistant. Several companies are working intensively to develop such a device, and Weisfeldt predicts it will be available in a few years.

The AHA estimates that public access defibrillation could save as many as 100,000 lives a year, a number matched by few other public health measures. "The science is fairly straightforward, so it's difficult to argue with the idea that this can help save lives," says S. Elizabeth White, senior associate for health and safety services at the American Red Cross, which, along with many other health and medical organizations, strongly endorses the AHA campaign.

Actually, those at highest risk of cardiac arrest—people who've survived one in the past—are not a target of the

CARDIAC ARREST

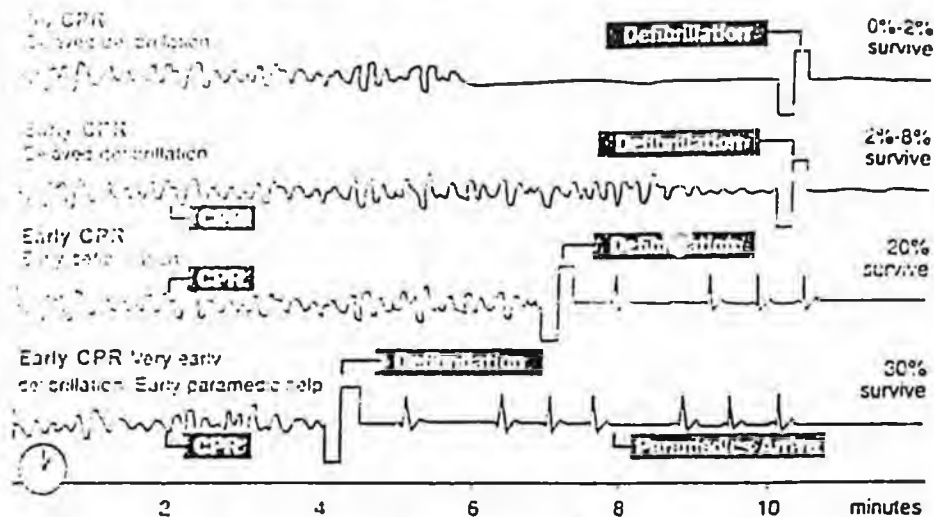
...AHA supports...
...around...
...powered...
...implanted in the...
...chest...
...external cousins, internal defibrillators...
...detecting a fibrillation...
...deliver an electrical jolt that feels...
...like a sharp punch to the chest. Developed in the early 1960s, internal defibrillators enable the thousands of Americans who are at risk of erratic heartbeats to lead relatively normal lives. (Internal defibrillators are different from those other implanted devices, pacemakers, which regulate and adjust the heartbeat continuously.)

Weisfeldt's ultimate goal is to link portable defibrillators to emergency services through telephones. "The minute the defibrillator is removed from the phone, 911 would automatically be dialed," he explains. "The 911 system would know exactly which phone and which building was using the defibrillator, and within seconds an ambulance would be on its way to the scene."

Anyone who questions defibrillation's value should look to Rochester, Minn. (population: 110,000), home of the Mayo Clinic, which has equipped all its police cars and fire rescue units with the devices. Over a recent two-year period, the two departments encountered 44 people in cardiac arrest and successfully defibrillated 21 of them—only five fewer cardiac arrest victims than were saved in all of New York City in 1991.

Some hurdles must first be overcome if public-access defibrillation is to become reality. New laws will be needed so that Good Samaritans who use defibrillators on their fellow citizens are protected from liability. And even if mass production slashes the price of defibrillators, distributing thousands of them across the country will still cost millions of dollars. Congress and the states will have to provide some of that money. And businesses will have to show more interest in having defibrillators on hand.

Each year, for example, 200 to 300 people die on planes due to cardiac arrest—more than die in most years from commercial air crashes. Yet Qantas remains one of the only airlines to carry defibrillators.



Cardiac arrest means certain death when neither cardiopulmonary resuscitation nor defibrillation is used. If a bystander begins CPR within two minutes, survival chances rise to between 2% and 8%. When both CPR and defibrillation occur within eight minutes, the likelihood of survival goes up to 20%. The figure rises to 30% when the victim receives a combination of CPR and defibrillation within four minutes and paramedic help within eight minutes.

Source: American Heart Association

Of course, making something available won't help unless people are willing to use it. In 1990 basketball star Hank Gathers of Loyola Marymount University in Los Angeles collapsed in cardiac arrest in the middle of a game. Emergency medical personnel worked feverishly, pumping his chest and inflating his lungs in the prescribed CPR manner, all to no avail. Gathers was carried off the court in front of a shocked and silent crowd. Equally shocking was a *Sports Illustrated* photo showing one of the stretcher bearers, a team physician, carrying a defibrillator. It was never used.

Roland Koenig, on the other hand, has recovered well and resumed his daily 1½-mile runs and extensive travel. Since his episode on November 5th, 1994, another Qantas passenger was also saved with a defibrillator, giving the AHA another convert to its cause. Chief purser David Furey, who saved Koenig, is another supporter.

"I can't tune my videocassette recorder at home, but I can use the Hearstart machine," he says, referring to the brand of defibrillator Qantas uses. "I think that says it all."

Gary Goldenberg is a freelance writer in Port Chester, N.Y.



**Citizen CPR
Foundation, Inc.**
A Division of
Chain of Survival

**American Heart
Association**
Fighting Cardiovascular
Disease and Stroke



Currents in Emergency Cardiac Care

Public access defibrillation comes of age
PAD conference April 17-19 in DC; American Airlines adds AEDs

Public Access Defibrillation—the AHA initiative begun in October 1993 to enable the use of AEDs by the general public—reaches maturity this spring in Washington, DC. On April 17-19 the AHA will sponsor *Public Access Defibrillation in Strengthening the Chain of Survival*. This conference will focus on research in public access defibrillation (PAD), results of the PAD initiative to date, and the AHA's plans to continue the initiative.

The conference will be held at the Hyatt Regency Crystal City in Washington, DC. The planning committee for the conference is the AHA's Automatic External Defibrillation Task Force, chaired by Myron L. Weisfeldt, MD.

The conference comprises five state-of-the-art sessions, seven concurrent workshops, and a poster session. (See page 7 for details.)

Since the first PAD conference, in December 1994, the concept of public access defibrillation has gained increasing acceptance nationwide. A milestone for the PAD initiative is the decision by American Airlines to place AEDs on board its international flights and some domestic over-water flights.

First US airline to add AEDs

On November 19, 1996, Robert L. Crandall, chairman and CEO, and David McKenas, MD, American's corporate medical director, announced plans to buy 300 AEDs for its long-haul flights, the first to be delivered in January and the rest in time for the airline's busy summer tourist season. American thus becomes the first US airline to equip its planes with AEDs.



Gary Newlin, emergency procedures instructor, and Linda Campbell, paramedical lead nurse, helped American Airlines mock up CPR-D in the air with a train-the-trainer program Jan 23 in Fort Worth, Tex. AHA volunteers Richard Cummins, MD, Mary Fran Hamzaid, RN, and Ed Stobert, EMT-P provided state-of-the-art presentations and educational materials.

"This is a potential major advance in saving lives," said Weisfeldt.

American has also announced plans to work with the AHA in training its personnel in use of the AED and in evaluation of the airline's AED program. Beginning in February, 2300 flight attendants will be trained in the use of the AED. By the end of 1998 all 20,000 of American's flight attendants will have been trained to use the device.

"Other carriers are now talking with the manufacturers," said David Fuscus, spokesman for the Air Transport Association, which represents major airlines. Northwest Airlines, United, and Delta are studying the need for defibrillators. A spokesman for the Federal Aviation Administration also said in November that the agency will study whether AEDs should be mandatory on airplanes.

See PAD, page 3

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PAD concept gains momentum

(Continued from page 1)

Numerous other positive responses to the PAD concept are taking place. According to Mary Newman (*EMS*, Jan 1997), 27 states now permit non-EMT first responders to use AEDs. Six states allow trained lay responders to use AEDs with medical supervision: California, Florida, Maine, Maryland, North Dakota, and Texas.

Almost daily *Currents* receives reports about the increasing availability of defibrillators nationwide. Inspired by the success of Roger White, MD, and colleagues in Rochester, Minn. (see "49% survive cardiac arrest in Minnesota," *Currents*, Fall 1996), Cincinnati, Ohio, has undertaken a 2-year study to improve survival rates by equipping police with AEDs.

AED pilot program in Chicago

Chicago too has undertaken an AED pilot program. Each of the seven fire engine companies in the 13th Battalion on the West Side has an AED, and all firefighters in those seven companies have been trained to use the device. Fire Commissioner Raymond Crocco has pledged to put AEDs into use citywide.

The Chicago Fire Department is also putting defibrillators in terminals at O'Hare International Airport and training federal customs agents stationed there to use them. Although two ambulances stationed at O'Hare are equipped with defibrillators and can arrive at the terminal in 4 to 5 minutes, rescuers might still have a long way to go to reach a victim. Putting AEDs in the terminals themselves will cut response times dramatically," according to fire depart-

ment spokesman Mike Grogrove.

By July 1997 every fire station in Charlotte, NC, will have an AED, and every firefighter will be trained to use the device, ac-

According to Jay Flinn, executive director of the EMS agency,

The survival rate from cardiac arrest in

Boston has risen by 50% since 1994 from 16% to 24%, when Boston began a program to train firefighters to use AEDs. Led by Mayor Thomas M. Menino and EMS director Lawrence Motley, MD, Boston has added 5 new ambulances, 100 AEDs, and 135 EMTs to its First Responder Defibrillator Program and trained all its 1650 firefighters in CPR and defibrillation. Boston EMS had earlier purchased 85 AEDs.

AEDs in highrises

AEDs are also being installed in several Boston high-rise buildings, including the 35-story Federal Reserve Bank and the John Hancock Building, which has bought two defibrillators and trained security personnel to use them.

The 84-story USX Tower in Pittsburgh, headquarters of US Steel, has equipped its security staff with an AED. According to safety director Jim Weslager, it takes paramedics 7 to 10 minutes to reach the building through downtown traffic, but the building's new AED, which is kept at the security desk in the lobby, can be on any floor in 2 minutes or less.

Another new site for AEDs is the casinos of Las Vegas, a city that has more than a thousand cardiac arrests each year. Terry Valenzuela, MD, University of Arizona and a member of the

ELS spokesman says that in the city's casinos alone expect to add 50 cardiac arrests a week. "not because of winning or losing but because of a lot of elderly people at inherent risk for heart disease."

In cooperation with the Clark County (Las Vegas) Fire Department, Valenzuela and Scott Bjerke, MD, are equipping these casinos with AEDs and training their security officers to use them. "We expect that the casinos will have collapse-to-collapse times of about 2 minutes," Valenzuela said, because their security cameras pick up the arrests. Valenzuela said that this is a PAD study, not an EMS study, and that the study was initiated by the casinos "in an effort to really help combat sudden cardiac arrest."

According to Richard Hardman, Clark County Fire Department, Las Vegas has a survival rate of 22%. By slotting AEDs into the major casinos, the casino owners hope to increase the rate to 50%, which would save nearly 300 more lives each year.

MGM Grand Hotel, one of the largest casinos in Las Vegas, has just bought 12 AEDs and joined the PAD study.

Prudential Insurance Company's Helping Hearts program, a matching grants initiative (*Currents*, Fall 1995), has played a significant role in making AEDs more widely available. By December 1996 the program had helped 883 volunteer EMS squads in 11 states acquire portable defibrillators. With the recent expansion of the Helping Hearts program into two more states, Colorado and Oklahoma, that number will soon exceed 1000.

According to Prudential spokesman Kevin Meine, at least 15 lives have been saved by defibrillators acquired through the Helping Hearts program (as of Jan 24).

ties where non-EMT first responders are permitted to use AEDs.

- Alaska
- Connecticut
- Florida
- Georgia
- Hawaii
- Idaho
- Illinois
- Iowa
- Kansas
- Louisiana
- Maine
- Mariana
- Massachusetts
- Minnesota
- Nebraska
- New Hampshire
- New Mexico
- New York
- North Dakota
- Oklahoma
- Pennsylvania
- Rhode Island
- Tennessee
- Texas
- Virginia
- Washington
- Wisconsin

Prudential's "Helping Hearts Program" goes national!

On Valentine's Day volunteer emergency medical squads across America were given a jump start in their effort to save lives when Prudential launched a \$1 million nationwide expansion of its program to help EMS squads get defibrillators. The expanded program will provide matching grants of up to \$2000 to qualifying volunteer EMS squads in any state to help defray the cost of buying a defibrillator. To apply, contact your nearest Prudential insurance office.

Public Access Defibrillator: II

For information contact:

Pat Bowser, AHA

Phone: 415-637-4999

Fax: 415-637-0499

February 28, 1998

Dear Representative Bunde:

The issue of *public access* Automated External Defibrillation (AED) has wide private sector support. I have collected over a 100 citizen endorsement letters signed by representatives of companies that had their staff CPR/ First Aid trained in the past 3 weeks. (example attached)*

Please publicly support this important issue.

Quick review of the companies mentioned above:

Veco	Alaska Airlines
Prudential Vista Real Estate	AVEC
RAM, Inc.	Laidlaw Environmental
Princess Tours	Alaska Village Electric
Howard Molanax	Doyon Drilling, Inc.
Van Waters & Rogers	Regal Alaskan Hotel
Tracy Vrem Guide Service	North West Handling Systems
Scoggin Excuvation Service	H & H Construction Co, Inc.
Herring Counseling Services, Inc.	Fred Meyer
AWAIC	Regina's Home Health Care
Alaska Mechanical	Nordstrom
Value Village	Chugach Electric Association (CEA)
Rasmussen Asphalt	Municipal Light & Power

* Copies of all endorsement letters have been sent to the offices of Representative Bunde and Senator Taylor.

I can assure you as more companies & students become aware of this technology more letters will be forthcoming.

Please don't let us down.

Respectfully,



Rose Marie Citti
P.O. Box 220348
Anchorage, AK 99522-0348

Home: 243-2990
Business: 344-0302
FAX: 522-2271

Enclosures: Endorsement letter
Alaska Airlines Press Release

HB

405

(7)
Date Referred to Committee: February 12, 1998

FURTHER REFERRALS:

Date of Committee Action: 3/4/98

The JUDICIARY Committee considered:

HB 405

HOUSE BILL NO. 405

FLEEING OR EVADING A PEACE OFFICER

"An Act relating to failing to stop a vehicle when directed to do so by a peace officer."

recommends it be replaced with the following committee substitute _____ [-] the same title
[] a new title

[] additional referral to _____ Committee
[] attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 [] fiscal note(s) Law [] fiscal note(s) _____
 [] zero fiscal note(s) _____ [] zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>Brian D. Porter</i>	<input checked="" type="checkbox"/>			
<i>John P. Kelly</i>	<input checked="" type="checkbox"/>			
<i>Jim [unclear]</i>			<input checked="" type="checkbox"/> <i>NR</i>	<input checked="" type="checkbox"/> <i>E.C.</i>
<i>Charles [unclear]</i>			<input checked="" type="checkbox"/>	
<i>Samuel [unclear]</i>	<input checked="" type="checkbox"/>			
<i>Jim [unclear]</i>	<input checked="" type="checkbox"/>			
<i>CHAKA [unclear]</i>				<input checked="" type="checkbox"/>

CHAIR'S SIGNATURE *[Signature]*

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. HB 405 | _____

Revision Date (Note if correction) _____	Dept. Affected _____	Law _____
Title <u>An Act relating to failing to stop a vehicle when</u>	BRU _____	Criminal Division _____
directed to so by a peace officer _____	Component <u>1st-4th Jud District/OSPA</u>	_____
Sponsor <u>Representative Kott</u>	_____	<u>#2198/99/</u>
Requester <u>House Judiciary Committee</u>	Component Serial No <u>2261/79/01/03</u>	_____

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services	56.6	56.6	56.6	56.6	56.6	56.6
Travel	0.2	0.2	0.2	0.2	0.2	0.2
Contractual	9.1	9.1	9.1	9.1	9.1	9.1
Supplies	0.9	0.9	0.9	0.9	0.9	0.9
Equipment	6.5					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	73.3	66.8	66.8	66.8	66.8	66.8

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	73.3	66.8	66.8	66.8	66.8	66.8
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	73.3	66.8	66.8	66.8	66.8	66.8

Estimate of any current year (FY98) cost: _____

POSITIONS

Full-time						
Part-time	1	1	1	1	1	1
Temporary						

ANALYSIS: (Attach a separate page if necessary)

HB 405 creates a new class C felony crime for failure to stop at the direction of a peace officer when directed to, when during the commission of this offense, the person violates another law, ordinance, or traffic regulation. The penalty for simply knowingly failing to stop at the direction of a peace officer is increased from a class B to a class A misdemeanor.

An average of 220 cases of failure to stop at the direction of a peace officer are referred annually to state prosecutors, and approximately 100 are referred to prosecutors in the Municipality of Anchorage. The Department of Law assumes that a majority of these cases would be charged as felonies if this legislation were enacted. Outside of Anchorage, the cases would be spread around the various district attorney's offices statewide. Although this will increase the workload in each office, it does not justify addition of prosecutor positions outside of Anchorage. However, the Anchorage District Attorney's Office could not absorb such a large increase in felony cases. One-half of a full time equivalent attorney

Prepared by <u>Jean M. Kasson</u>	Phone <u>465-5370</u>
Division <u>Attorney General's Office</u>	Date <u>3/5/98</u>
Approved by Commissioner <u>Bruce M. Botelho, Attorney General</u>	Date <u>3/5/98</u>
Agency <u>Department of Law</u>	

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FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. HB 405

ANALYSIS CONTINUATION

position would be needed to handle this new caseload.

The cost estimate is based on the FY98/99 standard attorney cost schedule, and includes clerical support, communications, lease, and other normal overhead costs (\$133,500 per year for FTE attorney). Not included in the standard cost schedule are one-time equipment purchases for the new part-time position. These costs, \$6,500, are added separately for FY99 only.

Alaska State Legislature House of Representatives

Committees

Rules Committee, Chair
Legislative Council
International Trade & Tourism
Military & Veterans Affairs
World Trade & State/Federal Relations



Interim:
10928 Eagle River Rd. Suite 141
Eagle River, AK 99577

Session:
Alaska State Capitol
Juneau, AK 99801

SPONSOR STATEMENT HB 405

HB 405 increases the penalties for not stopping at the direction of a police officer. Failure to stop at the direction of a police officer in the first degree occurs if during the commission of the offense the person violates any other law and is a Class C felony. Failure to stop at the direction of a peace officer in the second degree occurs if the person knowingly fails to stop as soon as possible in a safe manner and is a Class A misdemeanor.

The crime of eluding a police officer is inherently dangerous for pedestrians, other drivers and innocent bystanders. As an example in the Municipality of Anchorage in August of 1998, a passenger in a vehicle attempting to avoid arrest was killed when the vehicle ran a red light and struck a building. This is only one of several recent incidents where casualties have resulted from this very serious crime.

Increasing the penalties for this crime will not only help deter this potentially dangerous behavior but will more correctly align the severity of the punishment with the severity of the crime itself.

I urge your support for this legislation.

Representative Pete Kott

Juneau Office (907) 465-3777 Toll Free 1-800-861-KOTT(5688) Fax (907) 465-2819
Eagle River Office (907) 694-8944 Fax (907) 694-8945 E-Mail: representative_pete_kott@legis.state.ak.us

HOUSE BILL NO. 405

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE KOTT

Introduced:

Referred:

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to failing to stop a vehicle when directed to do so by a peace
2 officer."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 * Section 1. AS 28.35.182 is repealed and reenacted to read:

5 Sec. 28.35.182. Failure to stop at direction of peace officer. (a) A person
6 commits the offense of failure to stop at the direction of a peace officer in the first
7 degree if the person violates (b) of this section, and, during the commission of that
8 offense, the person violates another law, ordinance, or traffic regulation.

9 (b) A person commits the offense of failure to stop at the direction of a peace
10 officer in the second degree if the person, while driving or operating a vehicle or
11 motor vehicle or while operating an aircraft or watercraft, knowingly fails to stop as
12 soon as practical and in a reasonably safe manner under the circumstances when
13 requested or signaled to do so by a peace officer.

14 (c) In a prosecution under this section, it is an affirmative defense, if the peace

1 officer, when requesting or signaling the defendant to stop,

2 (1) was operating a vehicle, motor vehicle, aircraft, or watercraft, and
3 the vehicle, motor vehicle, aircraft, or watercraft

4 (A) did not meet lighting and audible signaling requirements of
5 law for law enforcement vehicles; and

6 (B) was not marked appropriately so that a reasonable person
7 would recognize it as a law enforcement vehicle; or

8 (2) was not operating a vehicle, motor vehicle, aircraft, or watercraft,
9 and the peace officer was not wearing the uniform of office or displaying a badge or
10 other symbol of authority so as to be reasonably identifiable as a peace officer.

11 (d) In this section,

12 (1) "knowingly" has the meaning given in AS 11.81.900;

13 (2) "signal" means a hand motion, audible mechanical or electronic
14 noise device, visual light device, or combination of them, used in a manner that a
15 reasonable person would understand to mean that the peace officer intends that the
16 person stop.

17 (e) Failure to stop at the direction of a peace officer in the first degree is a
18 class C felony punishable as provided in AS 12.55. Failure to stop at the direction of
19 a peace officer in the second degree is a class A misdemeanor.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101


130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

February 18, 1998

SUBJECT: Sectional Summary of HB 405.

TO: Representative Pete Kott
Attn: Jim Homaday

FROM: Gerald P. Luckhaupt 
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, please note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill - the bill itself is the best statement of its contents.

Section 1 of the bill repeals AS 28.35.182, the offense of failing to stop at the direction of a peace officer, and reenacts that section as failure to stop at the direction of a peace officer in the first and second degree.

Subsection (a) creates the new offense of failure to stop at the direction of a peace officer in the first degree which is committed when a person violates subsection (b), failure to stop at the direction of a peace officer in the second degree and the person violates another law, ordinance, or traffic regulation.

Subsection (b) provides that a person commits the offense of failure to stop at the direction of a peace officer in the second degree if the person while operating a vehicle knowing fails to stop when requested to do so by a peace officer.

Subsection (c) provides affirmative defenses¹ to a person charged with failure to stop at the direction of a peace officer. The defenses are that the peace officer's vehicle (if the peace officer was operating a vehicle when requesting the defendant to stop) did not meet lighting and audible signaling requirements for law enforcement vehicles and was not marked appropriately

1. AS 11.81.900(b)(1) defines "affirmative defense" to mean that

(A) some evidence must be admitted which places in issue the defense; and
(B) the defendant has the burden of establishing the defense by a preponderance of the evidence.

Representative Pete Kott

February 18, 1998

Page 2

so as to be recognizable as a law enforcement vehicle or that the peace officer was not wearing the uniform of office or displaying a badge when requesting the defendant to stop.

Subsection (d) supplies definitions.

Subsection (e) provides that failure to stop at the direction of a peace officer in the first degree is a class C felony and failure to stop at the direction of a peace officer in the second degree is a class A misdemeanor.

GPL:glc:jr

98-089.glc

HB

416

FISCAL NOTE

B1 version: CSHB 416 (STA)

(H) Publish Date: 3/26/98

STATE OF ALASKA 1998 LEGISLATIVE SESSION

Revision Date (Note if correction) _____ Dept. Affected Commerce
 Title Competition in local exchange telephone service BRU
 Component AK Public Utilities Commission
 Sponsor Rep. Kelly
 Requester House State Affairs Component Serial No. 364

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services	109.6	109.6	54.8	0.0	0.0	0.0
Travel	1.4	1.4	0.7	0.0	0.0	0.0
Contractual	59.6	59.6	29.8	0.0	0.0	0.0
Supplies	2.4	2.4	1.2	0.0	0.0	0.0
Equipment	0.5	0.5	0.3	0.0	0.0	0.0
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	173.5	173.5	86.8	0.0	0.0	0.0

CAPITAL EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
CHANGE IN REVENUES ()	173.5	173.5	86.8	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1110 APUC Receipts	173.5	173.5	86.8			
TOTAL	173.5	173.5	86.8	0.0	0.0	0.0

Estimate of any current year (FY98) cost: _____

POSITIONS

Full-time	2	2	0	0	0	0
Part-time	0	0	2	0	0	0
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Please see attached narrative.

Prepared by Robert A. Lohr Phone 276-6222
 Division APUC Date 3/11/98
 Approved by Commissioner [Signature] Date 3/11/98
 Agency _____

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HB 416 -Narrative for Fiscal Analysis

HB 416 directs the commission to "provide for competition in local exchange telephone service in a timely manner" and to "adopt regulations that eliminate impediments to entry for local exchange carriers fit, willing and able to provide service."

HB 416 directs the commission to adopt by December 31, 1998, regulations on universal service and access charges that are compatible with full competition. Rulemaking proceedings are currently underway in Dockets R-97-5 and R-97-6 to examine universal service and access charge issues. Issues include carrier of last resort to ensure the continued availability of services to all customers and an explicit definition of what constitutes universal service, which services or customers will need support, what mechanism will be used to support universal service, and how to fund it.

The Bill also directs the commission to adopt by December 31, 1998, any further regulations necessary to allow and promote local exchange competition in the service areas of all local exchange that served 1,500 or more access lines on January 1, 1998. All but four of Alaska's twenty-two incumbent local exchange telephone companies would be subject to this provision. All of Alaska's twenty-two incumbent local exchange telephone companies except Anchorage Telephone Utility are considered rural and exempt from interconnection requirements of the Telecommunications Act of 1996.

To the extent that HB 416 means that rural incumbent local exchange telephone companies are not exempt from interconnection requirements the commission expects an increase in requests for arbitration of interconnection agreements. With rural competition the commission would also expect an increase in the number of tariff filings as competitors and incumbents propose new services and rates. If Section b(2) eliminates the need for added hearings dealing with the removal of the rural exemption, the Commission may realize some savings. We are not able to determine if that is the case, and if it is, the amount of savings that would occur.

HB 416 requires that the commission approve or deny applications to provide competitive local exchange telephone service within 90 days after the filing of a complete applications. If the Commission fails to approve or deny an application within 90 days after the Commission has received a complete application, the application is considered approved.

Personnel Costs

a) Review of Applications: Assuming an average of one new application for each local exchange telephone company, the engineering section could easily double the number of telephone applications it receives in the first year following implementation of local telephone competition. A full-time Utility Engineering Analyst III will be required to analyze the filings for the first two years. Thereafter, the analyst position will be required half time to process the applications of local exchange telephone providers entering and leaving the market.

b) Review of Tariffs: The commission expects that competition would stimulate the introduction of new services and modification of existing rates, the Commission will see a significant increase in the number of tariff filings. Even if the Commission allows rate changes to go into effect automatically as is the case with long distance telephone company tariffs (after 30 days notice to the Commission), a basic review of filings is required to ensure that rates are just and reasonable and that the filings are neither discriminatory nor anti-competitive. Estimate of additional staff required: one full-time Utility Tariff Analyst II.

c) Arbitrator: Arbitration of interconnection agreements (under provisions of the Telecommunications Act of 1996) between incumbent and competitive local exchange telephone companies will increase as new entrants attempt to enter previously closed monopoly markets. Estimate of additional resources: arbitrator hired on an as needed basis at an estimated rate of \$150 per hour. This amount could be fully recoverable through cost allocation to the parties.

Terry Dunlap
P.O. Box 32357
Juneau, AK 99801

April 13, 1998

Representative Bill Hudson
State House of Representatives
Capitol Building, Suite 108
Juneau, AK 99801

Dear Rep. Hudson;

The American economy is based on competition. In a few cases, monopolies were allowed to fulfill needs of communities in areas where competition was not reasonable for the better good of those communities due to the lack of technical feasibility to allow competing businesses to offer service. Regulatory bodies were established to monitor monopolies on behalf of the public.

Many years have passed since monopolies were allowed in specific industries. During these years, the progress of technical achievements has eliminated the need for monopolies in most industries. Unfortunately, regulatory agencies tend to be slow in implementing changes. It's human nature; it's easier to say "no" and stay within one's comfort zone than to be progressive and look for ways to improve the way business is conducted.

House Bill 416 and Senate Bill 346 are the impetus which may be required to move the APUC into the new era of telecommunications as described in the Federal Telecommunications Act of 1996. At the very least, these bills force the APUC out of its lethargy and require they fulfill their obligations of writing the rules and regulations for local competition which will protect communities and at the same time allow those communities more opportunities.

Thank you, in advance, for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Dunlap", written in a cursive style.

Terry Dunlap

LEZLIE RAWL

424 Ketchikan Avenue

Fairbanks, Alaska 99701

(907) 457-1062

April 13, 1998

Representative Pete Kelly
Alaska State House of Representatives
Alaska State Capitol, Suite 426
Juneau, AK 99801

Dear Representative Kelly;

Fairbanks is the second largest city in the state. It is difficult for me to believe that we are considered too small to have more than one company available to us for telephone service.

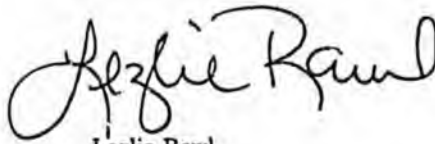
As you are aware, FMUS was recently sold and PTI purchased the telephone portion of the company. Shortly thereafter, PTI was sold to Century - a very large company. I have heard some sentiments that it isn't fair to have other companies compete with PTI since they just purchased the telephone system. But that subject was mentioned numerous times as part of the sale so it should come as no surprise. Besides, Century is certainly a large enough company to not be threatened by other companies.

House Bill 416 and Senate Bill 346 don't commit the Alaska Public Utilities Commission to allow competition anywhere. These pieces of legislation only do two things: 1) send a message that the legislature generally thinks competition is good, and 2) gives the commission deadlines to set rules and regulations to allow or deny bids for competition.

Since the Alaska Public Utilities Commission took so long to approve the sale of FMUS, thereby costing the City of Fairbanks over one million dollars, it is apparent that they work best with deadlines and wait until the last minute to accomplish their responsibilities.

I hope you will support House Bill 416 and/or Senate Bill 346.

Sincerely,

A handwritten signature in cursive script that reads "Lezlie Rawl". The signature is written in dark ink and is positioned above the printed name.

Lezlie Rawl

Alaska State Legislature

REPRESENTATIVE
PETER KELLY

Mailing Address:
119 N. Cushman, Suite 203
Fairbanks, Alaska 99701
(907) 456-8161



While in Juneau
State Capitol
Juneau, Alaska
99801-1182
(907) 465-2327

House District 31

House Of Representatives

<u>Phone Companies</u>	<u># of lines</u>
Alaska Power & Telephone Company, Port Townsend, Washington	3,343
Arctic Slope Telephone Assn. Cooperative, Anchorage, Alaska	1,935
ATU Telecommunications, Anchorage, Alaska	145,425
Bettles Telephone Company, Port Townsend, Washington	68
Bristol Bay Telephone, King Salmon, Alaska	1,556
Bush-Tell, Inc., Aniak, Alaska	679
Copper Valley Telephone Cooperative, Valdez, Alaska	4,872
Cordova Valley Telephone Cooperative, Valdez, Alaska	1,754
GTE Alaska, Inc., Arlington Washington	18,460
Ketchikan Public Utilities, Ketchikan, Alaska	9,613
Matanuska Telephone Association, Palmer, Alaska	39,192
Alaska Power & Telephone Company, Port Townsend, Washington	161
Nushagak Telephone Cooperative, Dillingham, Alaska	1,915
OTZ Telephone Cooperative, Inc., Kotzebue, Alaska	2,664
Summit Telephone Company, Fairbanks, Alaska	109
Interior Telephone Company, Inc., Anchorage, Alaska	3,882
Mukluk Telephone Company, Anchorage, Alaska	933
PTI, (Century Telephone, Monroe, Louisiana	111,620
United Utilities, Anchorage, Alaska	4,600
Yukon Telephone Company, Inc., Wasilla, Alaska	391

ATA PRESIDENTS

1994- Duane C. Durand, BBTC
 1993- 1994 Thomas R. Minnich, MTA
 1991-1993 Jack H Rhyner, TelAlaska
 1989-1991 Claude Zike, ASTAC
 1987-1989 W.D. Pyron, GTE
 1985-1987 Bernadette Murray, TU
 1983-1985 J. Clifton Eller, Yukon
 1981-1983 A.C. Pistorius, ATU
 1979-1981 John Friberg, CVTC
 1977-1979 Earl Land, FMUS
 1975-1977 Bert J. O'Neil, GTE
 1973-1975 Frank Tillotson, Ketchikan
 1971-1973 E. Kenneth Larsen, Contel
 1969-1971 Richard Cushing, Sitka
 1967-1969 Jack Harris, Jr., ATU
 1965-1967 Martha Cushing, Sitka
 1963-1965 Harry Relmer, FMUS
 1961-1963 Martha Cushing, Sitka
 1959-1961 R.M. Clements, MTA
 1957-1959 Jay Houghtaling, ATU
 1955-1957 Henry M. Zinns, ATU
 1953-1955 Owen Meals, Valdez
 1951-1953 Frank Mapleton, FMUS
 1950-1951 Martha Cushing, Sitka (Interim)
 1949-1950 David Finn, ATU

ALASKA OPERATING TELEPHONE COMPANIES

ALASKA TELEPHONE COMPANY
 dba/ALASKA POWER & TELEPHONE COMPANY
 P.O. Box 222
 Port Townsend, Washington 98368
 Telephone 360/385-1733
 FAX 360/385-5177

\$7,384,197 Inv. 27 Employees
 President Michael Garrett
 Exec. Vice President,
 Finance & Administration Howard Garner
 Vice President, Operations & Construction Tom Ervin
 Director of Systems William Doonan
 Vice President, Customer Services Marlou Sullivan

Exchange	Prefix	Subscriber Access Lines
Craig	826	1,029
Dot Lake	882	40
Dry Creek	323	18
Edna Bay	594	24
Healy Lake	876	16
Hollis	530	52
Hydaburg	285	206
Myers Chuck	946	18
Naukatl	629	67
Skagway	983	868
Tetlin	324	29
Tok	883	938
Whale Pass	846	38
		Total 3,343

**ARCTIC SLOPE TELEPHONE
 ASSOCIATION COOPERATIVE**
 4300 B Street, Suite 501
 Anchorage, Alaska 99503
 Telephone 907/563-3989
 FAX 907/563-1932

\$10,698,435 Inv. 27 Employees

(continued)

ARCTIC SLOPE TELEPHONE (continued)

President Fenton Rexford
 General Manager David Fauske

Exchange	Prefix	Subscriber Access Lines
Anaktuvuk Pass	661	132
Atkasuk	633	115
Deadhorse/ Prudhoe Bay	659	850
Kaktovik	640	154
Nulqsut	480	146
Pt. Hope	368	227
Pt. Lay	833	96
Wainwright	763	215
		Total 1,935

ATU TELECOMMUNICATIONS

600 Telephone Avenue
 Anchorage, Alaska 99503
 Telephone 907/564-1380
 FAX 907/563-2688

\$289,902,942 Total Assets 716 Employees

General Manager /CEO Tom Edrington
 Carrier Relations Gordon Parker
 Chief Financial Officer Melphine Reynolds

Exchange	Prefix	Subscriber Access Lines
Anchorage	243,245,248,249,257,258, 261,263,264,265,266,267, 269,271,272,273,274,275, 276,277,278,279,297,331, 333,337,330,341,342,343, 344,345,346,348,349,428, 522,561,562,565,563,564, 566,753,754,762,777,786, 844,936 (continued)	

ATU TELECOMMUNICATIONS (continued)

Bird/Indian 653
 Girdwood 783
 Hope 782
 Total 145,426

BETTLES TELEPHONE COMPANY
 dba/ALASKA POWER & TELEPHONE COMPANY
 P.O. Box 222
 Port Townsend, Washington 98368
 Telephone 360/385-1733
 FAX 360/385-5177

\$331,400 Inv. 2 Employees

President Neil Morris

Exchange	Prefix	Subscriber Access Lines
Bettles	692	65
Jim River Camp	541	3
		Total 68

**BRISTOL BAY TELEPHONE
 COOPERATIVE, INC.**

P.O. Box 259
 King Salmon, Alaska 99613
 Telephone 907/246-3403
 FAX 907/246-1115

\$5,488,545 Inv. 18 Employees

President Pete Hill
 Vice President Timurphy Andrew
 Secretary/Treasurer George Wilson
 Board Member Marlene Swain
 Board Member Rachelle Gasca
 Board Member Clara Washington
 Board Member Dennis Niedermeyer
 General Manager Duane C. Durand

(continued)

BRISTOL BAY TELEPHONE COOPERATIVE, INC
(continued)

Exchange	Prefix	Subscriber Access Lines
Ekwok	464	43
Iglugig	533	30
King Salmon, Naknek and South Naknek	246	1,241
Kolliganek	596	72
Levelock	287	52
New Stuyahok	693	118
		Total 1,556

BUSH-TELL, INC.
RO. Box 109
Aniak, Alaska 99557
Telephone 907/675-4311
FAX 907/675-4575

\$2,500,000 Inv. 13 Employees

President Harry F. Colliver, Jr.
Vice President Dolores L. Donnelly
Secretary/Treasurer John Friberg

Exchange	Prefix	Subscriber Access Lines
Aniak	675	272
Anvik	663	40
Crooked Creek	432	36
Grayling	453	53
Holy Cross	476	71
Kalskag	471	110
Red Devil	447	21
Shageluk	473	38
Sleetmute	449	19
Stony River	537	19
		Total 679

**COPPER VALLEY TELEPHONE
COOPERATIVE, INC.**

RO. Box 337
Valdez, Alaska 99686
Telephone 907/835-2231
FAX 907/835-7899

\$21,292,632 Inv. 34 Employees

President Gerald Commander
General Manager Tim Rennie
Finance/Data Processing Manager Pamela Murphy
Operations Manager Jim Gifford
System Engineer (Vacant)
Executive Administrative Assistant Jolene Morgan
Commercial Manager Stephen Merriam

Exchange	Prefix	Subscriber Access Lines
Chitina	823	44
Glennallen	822	1,620
McCarthy	554	22
Mentasta	291	38
Tatulek	325	49
Valdez	835	3,099
		Total 4,872

CORDOVA TELEPHONE COOPERATIVE
RO. Box 459

Cordova, Alaska 99574
Telephone 907/424-2345
FAX 907/424-2344

\$7,232,965 Inv. 11 Employees

General Manager Ruth Steele
President Paul Kelly
Vice President David Allison
Secretary R.R. Borer
Treasurer Frank Wideman
Director Bill Howard
Director Richard Plucker

(continued)

CORDOVA TELEPHONE COOPERATIVE (continued)

Director Andre Armantrout

Exchange	Prefix	Subscriber
Cordova	424	Access Lines 1,754

FAIRBANKS MUNIC-PAL UTILITIES SYSTEM

645 Fifth Avenue
P.O. Box 72215
Fairbanks, Alaska 99707-2215
Telephone 907/459-6221
FAX 907/456-3920

\$104,201,790 Inv. 161 Employees

General Manager Frank Biondi
Plant Services Manager Chris Hamsley
Network Services Manager Larry Hamsley
Revenue & Separations Manager Richard Welmer

Exchange	Prefix	Subscriber
Globe	451,452,455,456,457, 458,459,474,479	Access Lines 32,351

GTE ALASKA INCORPORATED

4300 B Street, Suite 303
Anchorage, Alaska 99503
Telephone 907/563-2199
FAX 907/563-4693
16404 Smokey Point Blvd., Suite 201
Arlington, Washington 98223-8405
Telephone 360/658-0129
FAX 360/658-0165

\$26,465,000 Inv. 69 Employees

General Manager Alan C. Eaker

(continued)

GTE ALASKA INCORPORATED (continued)

Mgr.-Customer Operations/Network E & C Greg Goff
Sr. Administrator-Tariffs/Marketing Joe Greenwell
Accounting Manager Steven R. Kroegel
Staff Mgr.-Tariff & Access Costs Dean Randall

Exchange	Prefix	Subscriber
Barrow	852	Access Lines 2,509
Bethel	543	3,348
Haines	766	1,268
Hyder	636	76
Klukwan	767	170
McGrath	524	390
Metlakatla	886	866
Moose Pass	288	258
Nome	443	2,552
Petersburg	772	2,287
Seward	224	2,839
Unalakleet	624	362
Wrangell	874	1,535
		Total 18,460

KETCHIKAN PUBLIC UTILITIES TELEPHONE DIVISION

2930 Tongass Ave.
Ketchikan, Alaska 99901
Telephone 907/225-1000
FAX 907/225-1888

\$30,746,839 Inv. 36 Employees

KPU General Manager (Acting) John A. Magyar
Telephone Manager Ed Carter
Administration Manager Ron Settle

Exchange	Prefix	Subscriber
Ketchikan	225,228,247	Access Lines 9,613

MATANUSKA TELEPHONE ASSOCIATION
 1740 S. Chugach Way
 Palmer, Alaska 99645
 Telephone 907/745-3211
 FAX 907/746-9677

\$177,000,000 Inv. 246 Employees

President & Chairman of the Board Earl Lackey
 Vice President Eric Johnson
 Secretary/Treasurer Katie Hurley
 CEO Scott Smith

Exchange	Prefix	Subscriber Access Lines
Blg Lake	892	2,073
Cantwell	768	151
Chuglak	688	3,118
Clear/Anderson	582	390
Eagle River	694,696	9,253
Healy	683	909
Palmer	745,746	8,659
Talkeetna	733	967
Tyonek	583	120
Wasilla	373,376	12,763
Willow	495	789
		Total 39,192

NORTH COUNTRY TELEPHONE COMPANY
 dba/ALASKA POWER & TELEPHONE COMPANY
 P.O. Box 222
 Port Townsend, Washington 98368
 Telephone 907/547-2200
 FAX 907-547-2206

\$280,240 Inv. 2 Employees

President/Manager Ralph Helmer

(continued)

NORTH COUNTRY TELEPHONE COMPANY (continued)

Exchange	Prefix	Subscriber Access Lines
Eagle/Village	547	161

NUSHAGAK TELEPHONE COOPERATIVE, INC.
 P.O. Box 350
 Dillingham, Alaska 99576
 Telephone 907/842-5295
 FAX 907/842-2799

\$5,343,702 Inv. 6 Employees Telephone, Specifically
 8 Employees Shared with Nushagak Electric

President Norman J. Heyano
 Vice President Anna May Sorensen
 Secretary M. Teresa Nelson
 Treasurer Rae Belle S. Whitcomb
 Director Rob Carpenter
 Director Grant Shlmanek
 Director James Timmerman
 Manager Steve Bushong
 Operations Manager Victor Willis
 Manager, Administrative Services Janice Shilanski

Exchange	Prefix	Subscriber Access Lines
Dillingham	842	1,761
Ekuk/Clarks	236	68
Manokotak	289	86
		Total 1,915

OTZ TELEPHONE COOPERATIVE, INC.
 P.O. Box 324
 Kotzebue, Alaska 99752
 Telephone 907/412-3114
 FAX 907/442-2123
 (continued)

OTZ TELEPHONE COOPERATIVE, INC. (continued)

\$9,010,369 Inv. 16 Employees

President Marie Greene
 Manager Doug Neal
 Office Manager Lucy S. Conwell
 Plant Manager Ben M. Phillips

Exchange	Prefix	Subscriber Access Lines
Ambler	445	93
Buckland	494	97
Deering	363	55
Klana	475	119
Kivalina	645	107
Kobuk	948	35
Kotzebue	442	1,591
Noatak	485	96
Noorvik	636	140
Red Dog	426	131
Selawik	484	132
Shungak	437	68
		Total 2,664

SUMMIT TELEPHONE COMPANY, INC.

2014 Eagan Avenue
 Fairbanks, Alaska 99701
 Telephone 907/452-1012
 Manual FAX 907/452-1012

\$984,151 Inv. 5 Employees

President Judith A. Stoop
 Vice President Roger Shoffstal
 Secretary Perry Stoop

Exchange	Prefix	Subscriber Access Lines
Cleary Summit/		
Chatanika	389	87
Chena Hot Springs	369	22
		Total 109

**TELALASKA, INC.
 dba/INTERIOR TELEPHONE COMPANY, INC.**

2121 Abbott Road
 Anchorage, Alaska 99507
 Telephone 907/349-2400
 FAX 907/349-1858

\$20,705,713 Inv. 9 Employees

President & General Manager Jack H Rhyner

Exchange	Prefix	Subscriber Access Lines
Cold Bay	532	141
Cooper Landing	595	201
Fort Yukon	662	281
Galena	656	267
Illamna	571	142
King Cove	497	302
Port Lions	454	111
Sand Point	383	407
Unalaska	581	2,030
		Total 3,882

**TELALASKA, INC.
 dba/MUKLUK TELEPHONE COMPANY, INC.**

2121 Abbott Road
 Anchorage, Alaska 99507
 Telephone 907/349-2400
 FAX 907/349-1858

\$4,025,516 Inv. 2 Employees

President & General Manager Jack H Rhyner

Exchange	Prefix	Subscriber Access Lines
Council	665	1
Elim	890	82
Golovin	779	65
Koyuk	963	102

(continued)

TELALASKA, INC. (continued)

L. Diomedes Isle	686	43
St. Michael	923	73
Shaktolik	955	72
Shishmaref	649	156
Stebbins	934	78
Teller	642	143
Wales	664	60
White Mountain	638	58
		Total 933

**TELEPHONE UTILITIES
OF ALASKA, INC.
dba/ PTI COMMUNICATIONS
3940 Arctic Boulevard
Anchorage, Alaska 99503
Telephone 907/562-1231
FAX 907/561-1325**

\$52,189,996 Inv. 39 Employees

Chairman, President & CEO C.E. (Chuck) Robinson
Senior Vice President Diana Snowden
Vice President Jon C. Erickson

Exchange	Prefix	Subscriber Access Lines
Douglas	364	1,298
Eielson A.F.B.	372	2,139
Ft. Wainwright	356	3,029
Juneau	463,465,586,780	10,872
Sterling	789,790	9,380
		Total 26,718

**TELEPHONE UTILITIES
OF THE NORTHLAND, INC.
dba/ PTI COMMUNICATIONS
3940 Arctic Boulevard
Anchorage, Alaska 99503
Telephone 907/562-1231
FAX 907/561-1325**

\$195,148,531 Inv. 218 Employees
Chairman, President & CEO C.E. (Chuck) Robinson
Senior Vice President Diana Snowden
Vice President Jon C. Erickson

Exchange	Prefix	Subscriber Access Lines
Akhlok	836	38
Akutan	698	101
Allakaket	968	55
Angoon	788	229
Atka	839	65
Border City	774	38
Chignik	749	122
Chignik Lagoon	840	69
Chignik Lake	845	59
Coffman Cove	329	110
Cube Cove	799	47
Delta Junction/Ft. Greely	869,895	1,675
Egegik	233	110
Elfin Cove	239	47
English Bay	281	47
False Pass	548	65
Gustavus	697	336
Halibut Cove	296	70
Hobart Bay	673	65
Homer	235	5,787
Hoonah	945	482
Hughes	889	34
Huslia	829	79
Ivanoff Bay	669	21
Kake	785	367
Katag	534	85
Karluk	241	26

(continued)

TELEPHONE UTILITIES (continued)

Kasaan	542	25
Kazakoff Bay	381	36
Kenai	283	5,837
Klawock	755	488
Kodiak/Kodiak C.G.	486,487	6,942
Kokhanok	282	44
Koyukuk	927	45
Larsen Bay	847	86
Nelson Lagoon	989	59
Nenana	832	371
Nikolski	576	21
Ninilchik	567	606
Nondalton	294	89
North Kenai	776	2,055
North Pole	488,490	8,484
Northway	778	133
Nulato	898	116
Old Harbor	286	98
Ouzinkie	680	102
Pedro Bay	850	40
Pelican	735	145
Perryville	853	50
Pilot Point	797	68
Point Baker	559	20
Port Alexander	568	55
Port Allsworth	781	76
Port Graham	284	80
Port Helden	837	87
Port Protection	489	40
St. George	859	142
St. Paul	546	404
Seldovia	234	320
Sitka/Mt. Edgecumbe	747,966	5,372
Soldotna	260,262	8,905
Tenakee Springs	736	94
Thome Bay	828	324
Yakutat	784	463
		Total 52,551

UNITED UTILITIES, INC.
 5450 A Street
 Anchorage, Alaska 99518
 Telephone 907/561-1674
 FAX 907/563-3185

\$34,951,280 Inv. 135 Employees
 Chairman of the Board James Joseph
 President/CEO Steve Hamlen
 Executive Vice President Chuck Russell
 Controller Marianne Turner

SERVICE AREA
 Calista Region/Saint Lawrence Island/Togalak
 Doyon Region/Evans Island
CONTROLLING INTEREST
 United Companies, Inc.

Exchange	Prefix	Subscriber Access Lines
Aklachak	825	109
Aklak	765	71
Alakanuk	238	122
Arctic Village	587	26
Arnaautluak	553	61
Beaver	628	33
Birch Creek	221	13
Central	520	78
Chalkyitsik	848	26
Chefornak	867	70
Chenega Bay	858	43
Chevak	858	150
Chuathbaluk	467	33
Eek	538	90
Emmonak	949	196
Gambell	985	143
Goodnews Bay	967	65
Hooper Bay	758	169
Kasgluk	477	118
Kipnuk	896	146
Kongiganak	557	73
Kotlik	899	107

(continued)

UNITED UTILITIES, INC. (continued)

Kwethluk	757	123
Kwigillingok	588	94
Lake Minchumina	674	22
Lime Village	526	14
Lvengood	295	15
Manley Hot Springs	672	65
Marshall	679	77
Mekoryuk	827	84
Minto	798	54
Mountain Village	591	191
Napaklak	589	73
Napasklak/Oscarville	737	83
Newtok	237	54
Nightmute	647	47
Nikolai	293	28
Nunapitchuk	527	97
Pilot Station	549	98
Platinum	979	25
Quinhagak	556	135
Rampart	358	25
Russian Mission	584	70
Saint Mary's	438	245
Savoonga	984	133
Scammon Bay	558	82
Sheldon Point	498	38
Stevens Village	478	24
Takotna	298	27
Telida	843	6
Togalak	493	206
Toksook Bay	427	123
Tuluksak	695	67
Tuntutullak	256	77
Tununak	652	90
Twin Hills	525	22
Venetie	849	44
		Total 4,600

YUKON TELEPHONE COMPANY, INC.
 P.O. Box 873809
 Wasilla, Alaska 99687
 Telephone 907/373-6007
 FAX 907/373-5599

*1290 Peck
 W/11/95:17*

\$1,962,000 Inv. 7 Employees
 President J. Clifton Eller

Exchange	Prefix	Subscriber Access Lines
Ruby	468	78
Tanana	365	128
Whittier	472	185
		Total 391

CS FOR HOUSE BILL NO. 416()
 IN THE LEGISLATURE OF THE STATE OF ALASKA
 TWENTIETH LEGISLATURE - SECOND SESSION

BY

Offered:

Referred:

Sponsor(s): REPRESENTATIVES KELLY, Therriault, Mulder

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to competition in the provision of telecommunications services;
 2 and providing for an effective date."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 * Section 1. AS 42.05 is amended by adding a new section to read:

5 Sec. 42.05.870. Competition in telecommunications services. (a) The
 6 legislature finds that

7 (1) modern, affordable, efficient, and universally available local and
 8 long distance telephone service is essential to the people of the state;

9 (2) all telecommunications services, including long distance and local
 10 exchange telephone service, should be provided competitively wherever possible;

11 (3) technological advances, reduced costs, and increased consumer
 12 choices for all telecommunications services, including long distance and local exchange
 13 telephone service, resulting from the adoption of an appropriate competitive market
 14 structure, will enhance the state's economic development;

1 (4) the benefits of competition in all telecommunications services,
2 including long distance and local exchange telephone service, should be available to
3 consumers throughout the state;

4 (5) the commission should oversee competition in all
5 telecommunications services, including long distance and in local exchange telephone
6 service, to ensure that the competition is fair to consumers and competitors;

7 (6) the commission should provide for competition in a timely manner
8 and should adopt regulations that eliminate impediments to entry for all
9 telecommunications providers fit, willing, and able to provide service, including long
10 distance and local exchange carriers.

11 (b) By December 31, 1998, the commission shall adopt regulations ensuring
12 universal service and providing for appropriate access charges and any other
13 regulations necessary to allow for and promote local exchange competition through the
14 entry of competing local exchange carriers in the service areas of local exchange
15 carriers that served 6,000 or more access lines on January 1, 1998, by

16 (1) construction of networks and interconnection with incumbent local
17 exchange carriers;

18 (2) use of unbundled network elements provided by incumbent local
19 exchange carriers; and

20 (3) resale of retail service of incumbent local exchange carriers
21 purchased at wholesale rates.

22 (c) The commission shall approve or deny applications to provide competitive
23 local exchange telephone service within 90 days after the filing of a complete
24 application and shall consider competitive local exchange telephone service to be a
25 service required for the convenience and necessity of the public under AS 42.05.241.
26 The commission shall approve an application on a finding that the applicant is fit,
27 willing, and able to provide the service. In accordance with 47 U.S.C. 253(f), the
28 commission may require the applicant to offer service throughout the study area of the
29 existing local exchange telephone utility. If the commission fails to approve or deny
30 an application within 90 days after the commission has received a complete
31 application, the application is considered approved.

1 (d) A local exchange telephone company, other than a municipally-owned local
2 exchange telephone company, that is exempted in whole or in part from complying
3 with all or a portion of this chapter may not be regulated by a municipality under
4 AS 29.35.060 or 29.35.070.

5 (e) In this section, "incumbent local exchange carrier" or "incumbent" has the
6 meaning given to "incumbent local exchange carrier" in 47 U.S.C. 251(h).

7 * **Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).



Part II - Development of Competitive Markets

Historical Note

Sections 251-261 added by P.L. ___ - ___, approved _____, 1996, ___ Stat ___, §101

Interconnection

Section 251 [47 USC Section 251]. - (a) General Duty of Telecommunications Carriers.--Each telecommunications carrier has the duty--

(1) to interconnect directly or indirectly with the facilities and equipment of other telecommunications carriers; and

(2) not to install network features, functions, or capabilities that do not comply with the guidelines and standards established pursuant to Section 255 or 256.

(b) Obligations of All Local Exchange Carriers.--Each local exchange carrier has the following duties:

(1) Resale.--The duty not to prohibit, and not to impose unreasonable or discriminatory conditions or limitations on, the resale of its telecommunications services.

(2) Number portability.--The duty to provide, to the extent technically feasible, number portability in accordance with requirements prescribed by the Commission.

(3) Dialing parity.--The duty to provide dialing parity to competing providers of telephone exchange service and telephone toll service, and the duty to permit all such providers to have nondiscriminatory access to telephone numbers, operator services, directory assistance, and directory listing, with no unreasonable dialing delays.

(4) Access to rights-of-way.--The duty to afford access to the poles, ducts, conduits, and rights-of-way of such carrier to competing providers of telecommunications services on rates, terms, and conditions that are consistent with Section 224.

(5) Reciprocal compensation.--The duty to establish reciprocal compensation arrangements for the transport and termination of telecommunications.

(c) Additional Obligations of Incumbent Local Exchange Carriers.--In addition to the duties contained in subsection (b), each incumbent local exchange carrier has the following duties:

(1) Duty to negotiate.--The duty to negotiate in good faith in accordance with Section 252 the particular terms and conditions of agreements to fulfill the duties described in paragraphs (1) through (5) of subsection (b) and this subsection. The requesting telecommunications carrier also has the duty to negotiate in good faith the terms and conditions of such agreements.

(2) Interconnection.--The duty to provide, for the facilities and equipment of any requesting telecommunications carrier, interconnection with the local exchange carrier's network--

(A) for the transmission and routing of telephone exchange service and exchange access;

(B) at any technically feasible point within the carrier's network;



(C) that is at least equal in quality to that provided by the local exchange carrier to itself or to any subsidiary, affiliate, or any other party to which the carrier provides interconnection; and

(D) on rates, terms, and conditions that are just, reasonable, and nondiscriminatory, in accordance with the terms and conditions of the agreement and the requirements of this section and Section 252.

(3) Unbundled access.—The duty to provide, to any requesting telecommunications carrier for the provision of a telecommunications service, nondiscriminatory access to network elements on an unbundled basis at any technically feasible point on rates, terms, and conditions that are just, reasonable, and nondiscriminatory in accordance with the terms and conditions of the agreement and the requirements of this section and Section 252. An incumbent local exchange carrier shall provide such unbundled network elements in a manner that allows requesting carriers to combine such elements in order to provide such telecommunications service.

(4) Resale.—The duty--

(A) to offer for resale at wholesale rates any telecommunications service that the carrier provides at retail to subscribers who are not telecommunications carriers; and

(B) not to prohibit, and not to impose unreasonable or discriminatory conditions or limitations on, the resale of such telecommunications service, except that a State commission may, consistent with regulations prescribed by the Commission under this section, prohibit a reseller that obtains at wholesale rates a telecommunications service that is available at retail only to a category of subscribers from offering such service to a different category of subscribers.

(5) Notice of changes.—The duty to provide reasonable public notice of changes in the information necessary for the transmission and routing of services using that local exchange carrier's facilities or networks, as well as of any other changes that would affect the interoperability of those facilities and networks.

(6) Collocation.—The duty to provide, on rates, terms, and conditions that are just, reasonable, and nondiscriminatory, for physical collocation of equipment necessary for interconnection or access to unbundled network elements at the premises of the local exchange carrier, except that the carrier may provide for virtual collocation if the local exchange carrier demonstrates to the State commission that physical collocation is not practical for technical reasons or because of space limitations.

(d) Implementation.—

(1) In general.—Within 6 months after the date of enactment of the Telecommunications Act of 1996, the Commission shall complete all actions necessary to establish regulations to implement the requirements of this section.

(2) Access standards.—In determining what network elements should be made available for purposes of subsection (c)(3), the Commission shall consider, at a minimum, whether—

(A) access to such network elements as are proprietary in nature is necessary; and

(B) the failure to provide access to such network elements would impair the ability of the telecommunications carrier seeking access to provide the services that it seeks to offer.

(3) Preservation of state access regulations.—In prescribing and enforcing regulations to implement the requirements of this section, the Commission shall not preclude the enforcement of any regulation, order, or policy of a State commission that—

(A) establishes access and interconnection obligations of local exchange carriers;

(B) is consistent with the requirements of this section; and

(C) does not substantially prevent implementation of the requirements of this section and the purposes of this part.

(e) Numbering Administration.—

(1) Commission authority and jurisdiction.—The Commission shall create or designate one or more impartial entities to administer telecommunications numbering and to make such numbers available on an equitable basis. The Commission shall have exclusive jurisdiction over those portions of the North American Numbering Plan that pertain to the United States. Nothing in this paragraph shall preclude the Commission from delegating to State commissions or other entities all or any portion of such jurisdiction.

(2) Costs.—The cost of establishing telecommunications numbering administration arrangements and number portability shall be borne by all telecommunications carriers on a competitively neutral basis as determined by the Commission.

(f) Exemptions, Suspensions, and Modifications.—

(1) Exemption for certain rural telephone companies.—

(A) Exemption.—Subsection (c) of this section shall not apply to a rural telephone company until

(i) such company has received a bona fide request for interconnection, services, or network elements, and

(ii) the State commission determines (under subparagraph (B)) that such request is not unduly economically burdensome, is technically feasible, and is consistent with Section 254 (other than subsections (b)(7) and (c)(1)(D) thereof).

(B) State termination of exemption and implementation schedule.—The party making a bona fide request of a rural telephone company for interconnection, services, or network elements shall submit a notice of its request to the State commission. The State commission shall conduct an inquiry for the purpose of determining whether to terminate the exemption under subparagraph (A). Within 120 days after the State commission receives notice of the request, the State commission shall terminate the exemption if the request is not unduly economically burdensome, is technically feasible, and is consistent with Section 254 (other than subsections (b)(7) and (c)(1)(D) thereof). Upon termination of the exemption, a State commission shall establish an implementation schedule for compliance with the request that is consistent in time and manner with Commission regulations.

(C) Limitation on exemption.—The exemption provided by this paragraph shall not apply with respect to a request under subsection (c) from a cable operator providing video programming, and seeking to provide any telecommunications service, in the area in which the rural telephone company provides video programming. The limitation contained in this subparagraph shall not apply to a rural telephone company that is providing video programming on the date of enactment of the Telecommunications Act of 1996.

(2) Suspensions and modifications for rural carriers.—A local exchange carrier with fewer than 2 percent of the Nation's subscriber lines installed in the aggregate nationwide may petition a State commission for a suspension or modification of the application of a requirement or requirements of subsection (b) or (c) to telephone exchange service facilities specified in such petition. The State commission shall grant such petition to the extent that, and for such duration as, the State commission determines that such suspension or modification—

(A) Is necessary—

(i) to avoid a significant adverse economic impact on users of telecommunications services generally;

(ii) to avoid imposing a requirement that is unduly economically burdensome; or

(iii) to avoid imposing a requirement that is technically infeasible; and

(B) Is consistent with the public interest, convenience, and necessity.

The State commission shall act upon any petition filed under this paragraph within 180 days after receiving such petition. Pending such action, the State commission may suspend enforcement of the requirement or requirements to which the petition applies with respect to the petitioning carrier or carriers.

(g) Continued Enforcement of Exchange Access and Interconnection Requirements.—On and after the date of enactment of the Telecommunications Act of 1996, each local exchange carrier, to the extent that it provides wireline services, shall provide exchange access, information access, and exchange services for such access to interexchange carriers and information service providers in accordance with the same equal access and nondiscriminatory interconnection restrictions and obligations (including receipt of compensation) that apply to such carrier on the date immediately preceding the date of enactment of the Telecommunications Act of 1996 under any court order, consent decree, or regulation, order, or policy of the Commission, until such restrictions and obligations are explicitly superseded by regulations prescribed by the Commission after such date of enactment. During the period beginning on such date of enactment and until such restrictions and obligations are so superseded, such restrictions and obligations shall be enforceable in the same manner as regulations of the Commission.

(h) Definition of Incumbent Local Exchange Carrier.—

(1) Definition.—For purposes of this section, the term "incumbent local exchange carrier" means, with respect to an area, the local exchange carrier that—

(A) on the date of enactment of the Telecommunications Act of 1996, provided telephone exchange service in such area; and

(B)(i) on such date of enactment, was deemed to be a member of the exchange carrier association pursuant to Section 69.601(b) of the Commission's regulations (47 CFR §69.601(b)); or

(ii) is a person or entity that, on or after such date of enactment, became a successor or assign of a member described in clause (i).

(2) Treatment of comparable carriers as Incumbents.—The Commission may, by rule, provide for the treatment of a local exchange carrier (or class or category thereof) as an Incumbent local exchange carrier for purposes of this section if—

(A) such carrier occupies a position in the market for telephone exchange service within an area that is comparable to the position occupied by a carrier described in paragraph (1);

(B) such carrier has substantially replaced an Incumbent local exchange carrier described in paragraph (1); and

(C) such treatment is consistent with the public interest, convenience, and necessity and the purposes of this section.

(i) Savings Provision.—Nothing in this section shall be construed to limit or otherwise affect the Commission's authority under Section 201.

Procedures For Negotiation, Arbitration, and Approval of Agreements

Section 252 [47 USC Section 252]. - (a) Agreements Arrived at Through Negotiation.—

(1) Voluntary negotiations.—Upon receiving a request for interconnection, services, or network elements pursuant to Section 251, an Incumbent local exchange carrier may negotiate and enter into a binding agreement with the requesting telecommunications carrier or carriers without regard to the standards set forth in subsections (b) and (c) of Section 251. The agreement shall include a detailed schedule of itemized charges for interconnection and each service or network element included in the agreement. The agreement, including any interconnection agreement negotiated before the date of enactment of the Telecommunications Act of 1996, shall be submitted to the State commission under subsection (e) of this section.

(2) Mediation.—Any party negotiating an agreement under this section may, at any point in the negotiation, ask a State commission to participate in the negotiation and to mediate any differences arising in the course of the negotiation.

(b) Agreements Arrived at Through Compulsory Arbitration.—

(1) arbitration.—During the period from the 135th to the 160th day (inclusive) after the date on which an Incumbent local exchange carrier receives a request for negotiation under this section, the carrier or any other party to the negotiation may petition a State commission to arbitrate any open issues.

(2) Duty of petitioner.--

(A) A party that petitions a State commission under paragraph (1) shall, at the same time as it submits the petition, provide the State commission all relevant documentation concerning--

- (i) the unresolved issues;
- (ii) the position of each of the parties with respect to those issues; and
- (iii) any other issue discussed and resolved by the parties.

(B) A party petitioning a State commission under paragraph (1) shall provide a copy of the petition and any documentation to the other party or parties not later than the day on which the State commission receives the petition.

(3) Opportunity to respond.--A non-petitioning party to a negotiation under this section may respond to the other party's petition and provide such additional information as it wishes within 25 days after the State commission receives the petition.

(4) Action by state commission.--

(A) The State commission shall limit its consideration of any petition under paragraph (1) (and any response thereto) to the issues set forth in the petition and in the response, if any, filed under paragraph (3).

(B) The State commission may require the petitioning party and the responding party to provide such information as may be necessary for the State commission to reach a decision on the unresolved issues. If any party refuses or fails unreasonably to respond on a timely basis to any reasonable request from the State commission, then the State commission may proceed on the basis of the best information available to it from whatever source derived.

(C) The State commission shall resolve each issue set forth in the petition and the response, if any, by imposing appropriate conditions as required to implement subsection (c) upon the parties to the agreement, and shall conclude the resolution of any unresolved issues not later than 9 months after the date on which the local exchange carrier received the request under this section.

(5) Refusal to negotiate.--The refusal of any other party to the negotiation to participate further in the negotiations, to cooperate with the State commission in carrying out its function as an arbitrator, or to continue to negotiate in good faith in the presence, or with the assistance, of the State commission shall be considered a failure to negotiate in good faith.

(c) Standards for Arbitration.--In resolving by arbitration under subsection (b) any open issues and imposing conditions upon the parties to the agreement, a State commission shall--

- (1) ensure that such resolution and conditions meet the requirements of Section 251, including the regulations prescribed by the Commission pursuant to Section 251;
- (2) establish any rates for interconnection, services, or network elements according to subsection (d); and
- (3) provide a schedule for implementation of the terms and conditions by the parties to the agreement.

(d) Pricing Standards.—

(1) Interconnection and network element charges.—Determinations by a State commission of the just and reasonable rate for the interconnection of facilities and equipment for purposes of subsection (c)(2) of Section 251, and the just and reasonable rate for network elements for purposes of subsection (c)(3) of such section—

(A) shall be—

(i) based on the cost (determined without reference to a rate-of-return or other rate-based proceeding) of providing the interconnection or network element (whichever is applicable), and

(ii) nondiscriminatory, and

(B) may include a reasonable profit.

(2) Charges for transport and termination of traffic.—

(A) In general.—For the purposes of compliance by an incumbent local exchange carrier with Section 251(b)(5), a State commission shall not consider the terms and conditions for reciprocal compensation to be just and reasonable unless—

(i) such terms and conditions provide for the mutual and reciprocal recovery by each carrier of costs associated with the transport and termination on each carrier's network facilities of calls that originate on the network facilities of the other carrier; and

(ii) such terms and conditions determine such costs on the basis of a reasonable approximation of the additional costs of terminating such calls.

(B) Rules of construction.—This paragraph shall not be construed—

(i) to preclude arrangements that afford the mutual recovery of costs through the offsetting of reciprocal obligations, including arrangements that waive mutual recovery (such as bill-and-keep arrangements); or

(ii) to authorize the Commission or any State commission to engage in any rate regulation proceeding to establish with particularity the additional costs of transporting or terminating calls, or to require carriers to maintain records with respect to the additional costs of such calls.

(3) Wholesale prices for telecommunications services.—For the purposes of Section 251(c)(4), a State commission shall determine wholesale rates on the basis of retail rates charged to subscribers for the telecommunications service requested, excluding the portion thereof attributable to any marketing, billing, collection, and other costs that will be avoided by the local exchange carrier.

(e) Approval by State Commission.—

(1) Approval required.—Any interconnection agreement adopted by negotiation or arbitration shall be submitted for approval to the State commission. A State commission to which an agreement is submitted shall approve or reject the agreement, with written findings as to any deficiencies.



(2) Grounds for rejection.--The State commission may only reject--

(A) an agreement (or any portion thereof) adopted by negotiation under subsection (a) if it finds that--

(i) the agreement (or portion thereof) discriminates against a telecommunications carrier not a party to the agreement; or

(ii) the implementation of such agreement or portion is not consistent with the public interest, convenience, and necessity; or

(B) an agreement (or any portion thereof) adopted by arbitration under subsection (b) if it finds that the agreement does not meet the requirements of Section 251, including the regulations prescribed by the Commission pursuant to Section 251, or the standards set forth in subsection (d) of this section.

(3) Preservation of authority.--Notwithstanding paragraph (2), but subject to Section 253, nothing in this section shall prohibit a State commission from establishing or enforcing other requirements of State law in its review of an agreement, including requiring compliance with intrastate telecommunications service quality standards or requirements.

(4) Schedule for decision.--If the State commission does not act to approve or reject the agreement within 90 days after submission by the parties of an agreement adopted by negotiation under subsection (a), or within 30 days after submission by the parties of an agreement adopted by arbitration under subsection (b), the agreement shall be deemed approved. No State court shall have jurisdiction to review the action of a State commission in approving or rejecting an agreement under this section.

(5) Commission to act if state will not act.--If a State commission fails to act to carry out its responsibility under this section in any proceeding or other matter under this section, then the Commission shall issue an order preempting the State commission's jurisdiction of that proceeding or matter within 90 days after being notified (or taking notice) of such failure, and shall assume the responsibility of the State commission under this section with respect to the proceeding or matter and act for the State commission.

(6) Review of state commission actions.--In a case in which a State fails to act as described in paragraph (5), the proceeding by the Commission under such paragraph and any judicial review of the Commission's actions shall be the exclusive remedies for a State commission's failure to act. In any case in which a State commission makes a determination under this section, any party aggrieved by such determination may bring an action in an appropriate Federal district court to determine whether the agreement or statement meets the requirements of Section 251 and this section.

(f) Statements of Generally Available Terms.--

(1) In general.--A Bell operating company may prepare and file with a State commission a statement of the terms and conditions that such company generally offers within that State to comply with the requirements of Section 251 and the regulations thereunder and the standards applicable under this section.

(2) State commission review.--A State commission may not approve such statement unless such statement complies with subsection (d) of this section and Section 251 and the regulations thereunder. Except as provided in Section 253, nothing in this section shall prohibit a State commission from establishing or enforcing other requirements of State law in its review of such statement, including requiring compliance with intrastate telecommunications service quality standards or requirements.

(3) Schedule for review.--The State commission to which a statement is submitted shall, not later than 60 days after the date of such submission--

(A) complete the review of such statement under paragraph (2) (including any reconsideration thereof), unless the submitting carrier agrees to an extension of the period for such review; or

(B) permit such statement to take effect.

(4) Authority to continue review.--Paragraph (3) shall not preclude the State commission from continuing to review a statement that has been permitted to take effect under subparagraph (B) of such paragraph or from approving or disapproving such statement under paragraph (2).

(5) Duty to negotiate not affected.--The submission or approval of a statement under this subsection shall not relieve a Bell operating company of its duty to negotiate the terms and conditions of an agreement under Section 251.

(g) Consolidation of State Proceedings.--Where not inconsistent with the requirements of this Act, a State commission may, to the extent practical, consolidate proceedings under Sections 214(e), 251(f), 253, and this section in order to reduce administrative burdens on telecommunications carriers, other parties to the proceedings, and the State commission in carrying out its responsibilities under this Act.

(h) Filing Required.--A State commission shall make a copy of each agreement approved under subsection (e) and each statement approved under subsection (f) available for public inspection and copying within 10 days after the agreement or statement is approved. The State commission may charge a reasonable and nondiscriminatory fee to the parties to the agreement or to the party filing the statement to cover the costs of approving and filing such agreement or statement.

(i) Availability to Other Telecommunications Carriers.--A local exchange carrier shall make available any interconnection, service, or network element provided under an agreement approved under this section to which it is a party to any other requesting telecommunications carrier upon the same terms and conditions as those provided in the agreement.

(j) Definition of Incumbent Local Exchange Carrier.--For purposes of this section, the term "incumbent local exchange carrier" has the meaning provided in Section 251(h).

**Removal of Barriers to Entry.**

Section 253 [47 USC Section 253]. - (a) In General.—No State or local statute or regulation, or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications service.

(b) **State Regulatory Authority.**—Nothing in this section shall affect the ability of a State to impose, on a competitively neutral basis and consistent with Section 254, requirements necessary to preserve and advance universal service, protect the public safety and welfare, ensure the continued quality of telecommunications services, and safeguard the rights of consumers.

(c) **State and Local Government Authority.**—Nothing in this section affects the authority of a State or local government to manage the public rights-of-way or to require fair and reasonable compensation from telecommunications providers, on a competitively neutral and nondiscriminatory basis, for use of public rights-of-way on a nondiscriminatory basis, if the compensation required is publicly disclosed by such government.

(d) **Preemption.**—If, after notice and an opportunity for public comment, the Commission determines that a State or local government has permitted or imposed any statute, regulation, or legal requirement that violates subsection (a) or (b), the Commission shall preempt the enforcement of such statute, regulation, or legal requirement to the extent necessary to correct such violation or inconsistency.

(e) **Commercial mobile service providers.**—Nothing in this section shall affect the application of Section 332(c)(3) to commercial mobile service providers.

(f) **Rural Markets.**—It shall not be a violation of this section for a State to require a telecommunications carrier that seeks to provide telephone exchange service or exchange access in a service area served by a rural telephone company to meet the requirements in Section 214(e)(1) for designation as an eligible telecommunications carrier for that area before being permitted to provide such service. This subsection shall not apply—

(1) to a service area served by a rural telephone company that has obtained an exemption, suspension, or modification of Section 251(c)(4) that effectively prevents a competitor from meeting the requirements of Section 214(e)(1); and

(2) to a provider of commercial mobile services.

Universal Service.

Section 254 [47 USC Section 254].

(a) Procedures to Review Universal Service Requirements.--

(1) Federal-state joint board on universal service.--Within one month after the date of enactment of the Telecommunications Act of 1996, the Commission shall institute and refer to a Federal-State Joint Board under Section 410(c) a proceeding to recommend changes to any of its regulations in order to implement Section 214(e) and this section, including the definition of the services that are supported by Federal universal service support mechanisms and a specific timetable for completion of such recommendations. In addition to the members of the Joint Board required under Section 410(c), one member of such Joint Board shall be a State-appointed utility consumer advocate nominated by a national organization of State utility consumer advocates. The Joint Board shall, after notice and opportunity for public comment, make its recommendations to the Commission 9 months after the date of enactment of the Telecommunications Act of 1996.

(2) Commission action.--The Commission shall initiate a single proceeding to implement the recommendations from the Joint Board required by paragraph (1) and shall complete such proceeding within 15 months after the date of enactment of the Telecommunications Act of 1996. The rules established by such proceeding shall include a definition of the services that are supported by Federal universal service support mechanisms and a specific timetable for implementation. Thereafter, the Commission shall complete any proceeding to implement subsequent recommendations from any Joint Board on universal service within one year after receiving such recommendations.

(b) Universal Service Principles.--The Joint Board and the Commission shall base policies for the preservation and advancement of universal service on the following principles:

(1) Quality and rates.--Quality services should be available at just, reasonable, and affordable rates.

(2) Access to advanced services.--Access to advanced telecommunications and information services should be provided in all regions of the Nation.

(3) Access in rural and high cost areas.--Consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.

(4) Equitable and nondiscriminatory contributions.--All providers of telecommunications services should make an equitable and nondiscriminatory contribution to the preservation and advancement of universal service.

(5) Specific and predictable support mechanisms.--There should be specific, predictable and sufficient Federal and State mechanisms to preserve and advance universal service.

(6) Access to advanced telecommunications services for schools, health care, and libraries.--Elementary and secondary schools and classrooms, health care providers, and libraries should have access to advanced telecommunications services as described in subsection (h).



(7) Additional principles.--Such other principles as the Joint Board and the Commission determine are necessary and appropriate for the protection of the public interest, convenience, and necessity and are consistent with this Act.

(c) Definition.--(1) In general.--Universal service is an evolving level of telecommunications services that the Commission shall establish periodically under this section, taking into account advances in telecommunications and information technologies and services. The Joint Board in recommending, and the Commission in establishing, the definition of the services that are supported by Federal universal service support mechanisms shall consider the extent to which such telecommunications services--

(A) are essential to education, public health, or public safety;

(B) have, through the operation of market choices by customers, been subscribed to by a substantial majority of residential customers;

(C) are being deployed in public telecommunications networks by telecommunications carriers; and

(D) are consistent with the public interest, convenience, and necessity.

(2) Alterations and modifications.--The Joint Board may, from time to time, recommend to the Commission modifications in the definition of the services that are supported by Federal universal service support mechanisms.

(3) Special services.--In addition to the services included in the definition of universal service under paragraph (1), the Commission may designate additional services for such support mechanisms for schools, libraries, and health care providers for the purposes of subsection (h).

(d) Telecommunications Carrier Contribution.--Every telecommunications carrier that provides interstate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, to the specific, predictable, and sufficient mechanisms established by the Commission to preserve and advance universal service. The Commission may exempt a carrier or class of carriers from this requirement if the carrier's telecommunications activities are limited to such an extent that the level of such carrier's contribution to the preservation and advancement of universal service would be de minimis. Any other provider of interstate telecommunications may be required to contribute to the preservation and advancement of universal service if the public interest so requires.

(e) Universal Service Support.--After the date on which Commission regulations implementing this section take effect, only an eligible telecommunications carrier designated under Section 214(e) shall be eligible to receive specific Federal universal service support. A carrier that receives such support shall use that support only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. Any such support should be explicit and sufficient to achieve the purposes of this section.

(f) State Authority.--A State may adopt regulations not inconsistent with the Commission's rules to preserve and advance universal service. Every telecommunications carrier that provides intrastate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, in a manner determined by the State to the preservation and advancement of universal service in that State. A State may adopt regulations to provide for additional definitions and standards to preserve and advance universal service within that State only to the extent that such regulations adopt additional specific, predictable, and sufficient mechanisms to support such definitions or standards that do not rely on or burden Federal universal service support mechanisms.



(g) Interexchange and Interstate Services.--Within 6 months after the date of enactment of the Telecommunications Act of 1996, the Commission shall adopt rules to require that the rates charged by providers of interexchange telecommunications services to subscribers in rural and high cost areas shall be no higher than the rates charged by each such provider to its subscribers in urban areas. Such rules shall also require that a provider of interstate interexchange telecommunications services shall provide such services to its subscribers in each State at rates no higher than the rates charged to its subscribers in any other State.

(h) Telecommunications Services for Certain Providers.--

(1) In general.--(A) Health care providers for rural areas.--A telecommunications carrier shall, upon receiving a bona fide request, provide telecommunications services which are necessary for the provision of health care services in a State, including instruction relating to such services, to any public or nonprofit health care provider that serves persons who reside in rural areas in that State at rates that are reasonably comparable to rates charged for similar services in urban areas in that State. A telecommunications carrier providing service under this paragraph shall be entitled to have an amount equal to the difference, if any, between the rates for services provided to health care providers for rural areas in a State and the rates for similar services provided to other customers in comparable rural areas in that State treated as a service obligation as a part of its obligation to participate in the mechanisms to preserve and advance universal service.

(B) Educational providers and libraries.--All telecommunications carriers serving a geographic area shall, upon a bona fide request for any of its services that are within the definition of universal service under subsection (c)(3), provide such services to elementary schools, secondary schools, and libraries for educational purposes at rates less than the amounts charged for similar services to other parties. The discount shall be an amount that the Commission, with respect to interstate services, and the States, with respect to intrastate services, determine is appropriate and necessary to ensure affordable access to and use of such services by such entities. A telecommunications carrier providing service under this paragraph shall--

(i) have an amount equal to the amount of the discount treated as an offset to its obligation to contribute to the mechanisms to preserve and advance universal service, or

(ii) notwithstanding the provisions of subsection (e) of this section, receive reimbursement utilizing the support mechanisms to preserve and advance universal service.

(2) Advanced services.--The Commission shall establish competitively neutral rules--

(A) to enhance, to the extent technically feasible and economically reasonable, access to advanced telecommunications and information services for all public and nonprofit elementary and secondary school classrooms, health care providers, and libraries; and

(B) to define the circumstances under which a telecommunications carrier may be required to connect its network to such public institutional telecommunications users.

(3) Terms and conditions.--Telecommunications services and network capacity provided to a public institutional telecommunications user under this subsection may not be sold, resold, or otherwise transferred by such user in consideration for money or any other thing of value.

(4) Eligibility of users.--No entity listed in this subsection shall be entitled to preferential rates or treatment as required by this subsection, if such entity operates as a for-profit business, is a school described in paragraph (5)(A) with an endowment of more than \$50,000,000, or is a library or library consortium not eligible for assistance from a State library administrative agency under the Library Services and Technology Act.

(5) Definitions.—For purposes of this subsection:

(A) Elementary and secondary schools.—The term "elementary and secondary schools" means elementary schools and secondary schools, as defined in paragraphs (14) and (25), respectively, of Section 14101 of the Elementary and Secondary Education Act of 1965 (20 USC 8801).

(B) Health care provider.—The term "health care provider" means—

(i) post-secondary educational institutions offering health care instruction, teaching hospitals, and medical schools;

(ii) community health centers or health centers providing health care to migrants;

(iii) local health departments or agencies;

(iv) community mental health centers;

(v) not-for-profit hospitals;

(vi) rural health clinics; and

(vii) consortia of health care providers consisting of one or more entities described in clauses (i) through (vi).

(C) Public institutional telecommunications user.—The term "public institutional telecommunications user" means an elementary or secondary school, a library, or a health care provider as those terms are defined in this paragraph.

(l) Consumer Protection.—The Commission and the States should ensure that universal service is available at rates that are just, reasonable, and affordable.

(j) Lifeline Assistance.—Nothing in this section shall affect the collection, distribution, or administration of the Lifeline Assistance Program provided for by the Commission under regulations set forth in Section 69.117 of title 47, Code of Federal Regulations, and other related sections of such title.

(k) Subsidy of Competitive Services Prohibited.—A telecommunications carrier may not use services that are not competitive to subsidize services that are subject to competition. The Commission, with respect to interstate services, and the States, with respect to intrastate services, shall establish any necessary cost allocation rules, accounting safeguards, and guidelines to ensure that services included in the definition of universal service bear no more than a reasonable share of the joint and common costs of facilities used to provide those services.

Historical Note

Subparagraph (h)(4) amended by P.L. 104-208, approved September 28, 1996, ___ Stat ___, §709(a)(8).

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electronic publishing, but does not include any use of any such capability for the management, control, or operation of a telecommunications system or the management of a telecommunications service.

"(42) **INTERLATA SERVICE.**—The term 'interLATA service' means telecommunications between a point located in a local access and transport area and a point located outside such area.

"(43) **LOCAL ACCESS AND TRANSPORT AREA.**—The term 'local access and transport area' or 'LATA' means a contiguous geographic area—

"(A) established before the date of enactment of the Telecommunications Act of 1996 by a Bell operating company such that no exchange area includes points within more than 1 metropolitan statistical area, consolidated metropolitan statistical area, or State, except as expressly permitted under the AT&T Consent Decree; or

"(B) established or modified by a Bell operating company after such date of enactment and approved by the Commission.

"(44) **LOCAL EXCHANGE CARRIER.**—The term 'local exchange carrier' means any person that is engaged in the provision of telephone exchange service or exchange access. Such term does not include a person insofar as such person is engaged in the provision of a commercial mobile service under section 332(c), except to the extent that the Commission finds that such service should be included in the definition of such term.

"(45) **NETWORK ELEMENT.**—The term 'network element' means a facility or equipment used in the provision of a telecommunications service. Such term also includes features, functions, and capabilities that are provided by means of such facility or equipment, including subscriber numbers, databases, signaling systems, and information sufficient for billing and collection or used in the transmission, routing, or other provision of a telecommunications service.

"(46) **NUMBER PORTABILITY.**—The term 'number portability' means the ability of users of telecommunications services to retain, at the same location, existing telecommunications numbers without impairment of quality, reliability, or convenience when switching from one telecommunications carrier to another.

"(47) **RURAL TELEPHONE COMPANY.**—The term 'rural telephone company' means a local exchange carrier operating entity to the extent that such entity—

"(A) provides common carrier service to any local exchange carrier study area that does not include either—

"(i) any incorporated place of 10,000 inhabitants or more, or any part thereof, based on the most recently available population statistics of the Bureau of the Census; or

"(ii) any territory, incorporated or unincorporated, included in an urbanized area, as defined by the Bureau of the Census as of August 10, 1993;

"(B) provides telephone exchange service, including exchange access, to fewer than 50,000 access lines;

"(C) provides telephone exchange service to any local exchange carrier study area with fewer than 100,000 access lines; or

"(D) has less than 15 percent of its access lines in communities of more than 50,000 on the date of enactment of the Telecommunications Act of 1996.

"(48) **TELECOMMUNICATIONS.**—The term 'telecommunications' means the transmission, between or among points specified by the user, of information of the user's choosing, without change in the form or content of the information as sent and received.

"(49) **TELECOMMUNICATIONS CARRIER.**—The term 'telecommunications carrier' means any provider of telecommunications services, except that such term does not include aggregators of telecommunications services (as defined in section 226). A telecommunications carrier shall be treated as a common carrier under this Act only to the extent that it is engaged in providing telecommunications services, except that the Commission shall determine whether the provision of fixed and mobile satellite service shall be treated as common carriage.

"(50) **TELECOMMUNICATIONS EQUIPMENT.**—The term 'telecommunications equipment' means equipment, other than customer premises equipment, used by a carrier to provide telecommunications services, and includes software integral to such equipment (including upgrades).

"(51) **TELECOMMUNICATIONS SERVICE.**—The term 'telecommunications service' means the offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available directly to the public, regardless of the facilities used."

(b) **COMMON TERMINOLOGY.**—Except as otherwise provided in this Act, the terms used in this Act have the meanings provided in section 3 of the Communications Act of 1934 (47 U.S.C. 153), as amended by this section.

(c) **STYLISTIC CONSISTENCY.**—Section 3 (47 U.S.C. 153) is amended—

(1) in subsections (e) and (n), by redesignating clauses (1), (2) and (3), as clauses (A), (B), and (C), respectively;

(2) in subsection (w), by redesignating paragraphs (1) through (5) as subparagraphs (A) through (E), respectively;

(3) in subsections (y) and (z), by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively;

(4) by redesignating subsections (a) through (ff) as paragraphs (1) through (32);

(5) by indenting such paragraphs 2 em spaces;

(6) by inserting after the designation of each such paragraph—

(A) a heading, in a form consistent with the form of the heading of this subsection, consisting of the term defined by such paragraph, or the first term so defined if such paragraph defines more than one term; and

(B) the words "The term";

(7) by changing the first letter of each defined term in such paragraphs from a capital to a lower case letter (except for

**Remarks by William Kennard Chairman
Federal Communications Commission to USTA's Inside
Washington Telcom (April 27, 1998)**

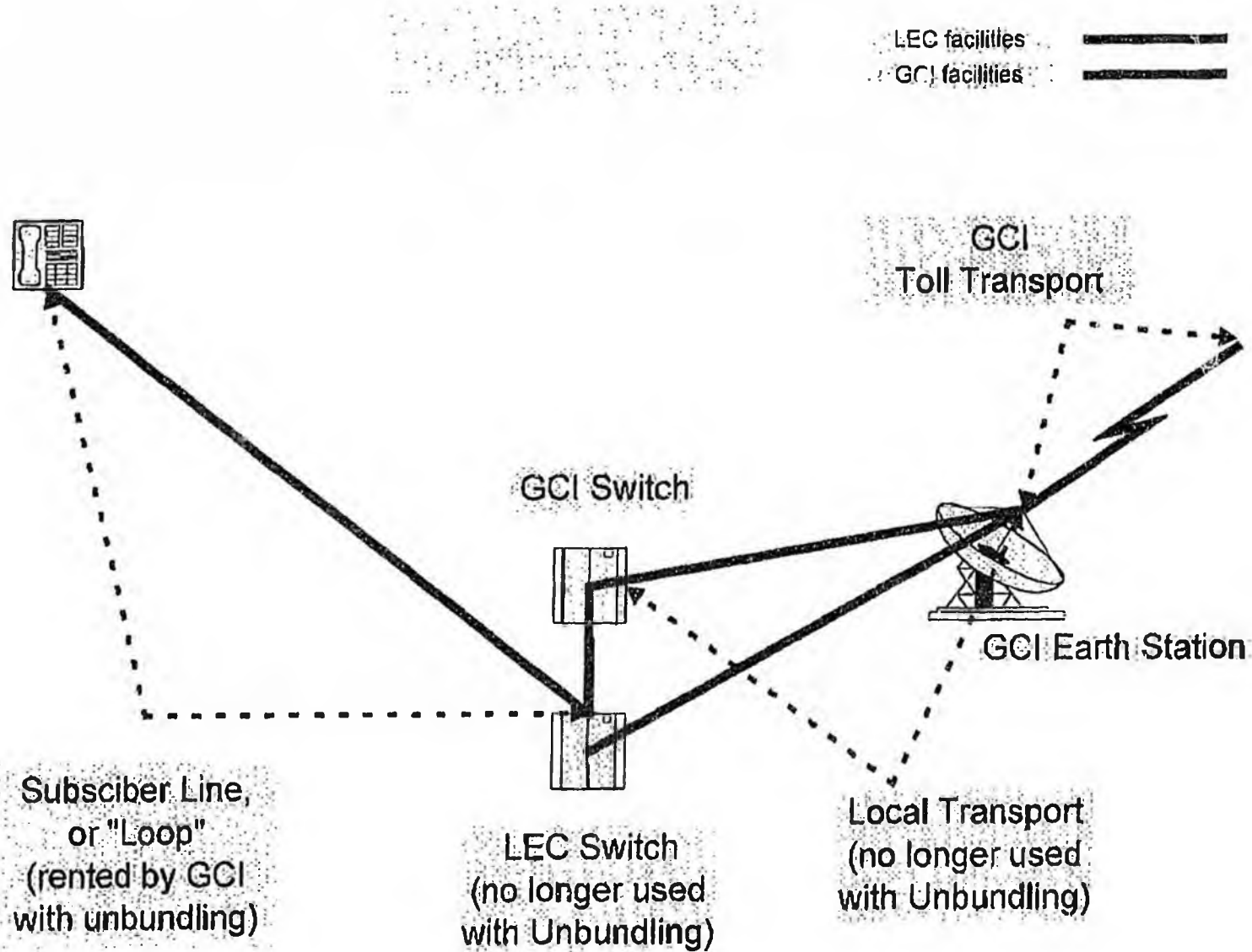
- ▶ "When it comes to our country's smaller, rural telephone companies -- companies that serve one-third the nation's geography but only about 5% of the population -- if it ain't broke, don't fix it.
- ▶ That may not be the way common carrier lawyers are supposed to talk, but that's really the way I feel."

Monthly Cost and Cost Recovery Alaskan Local Exchange Carriers

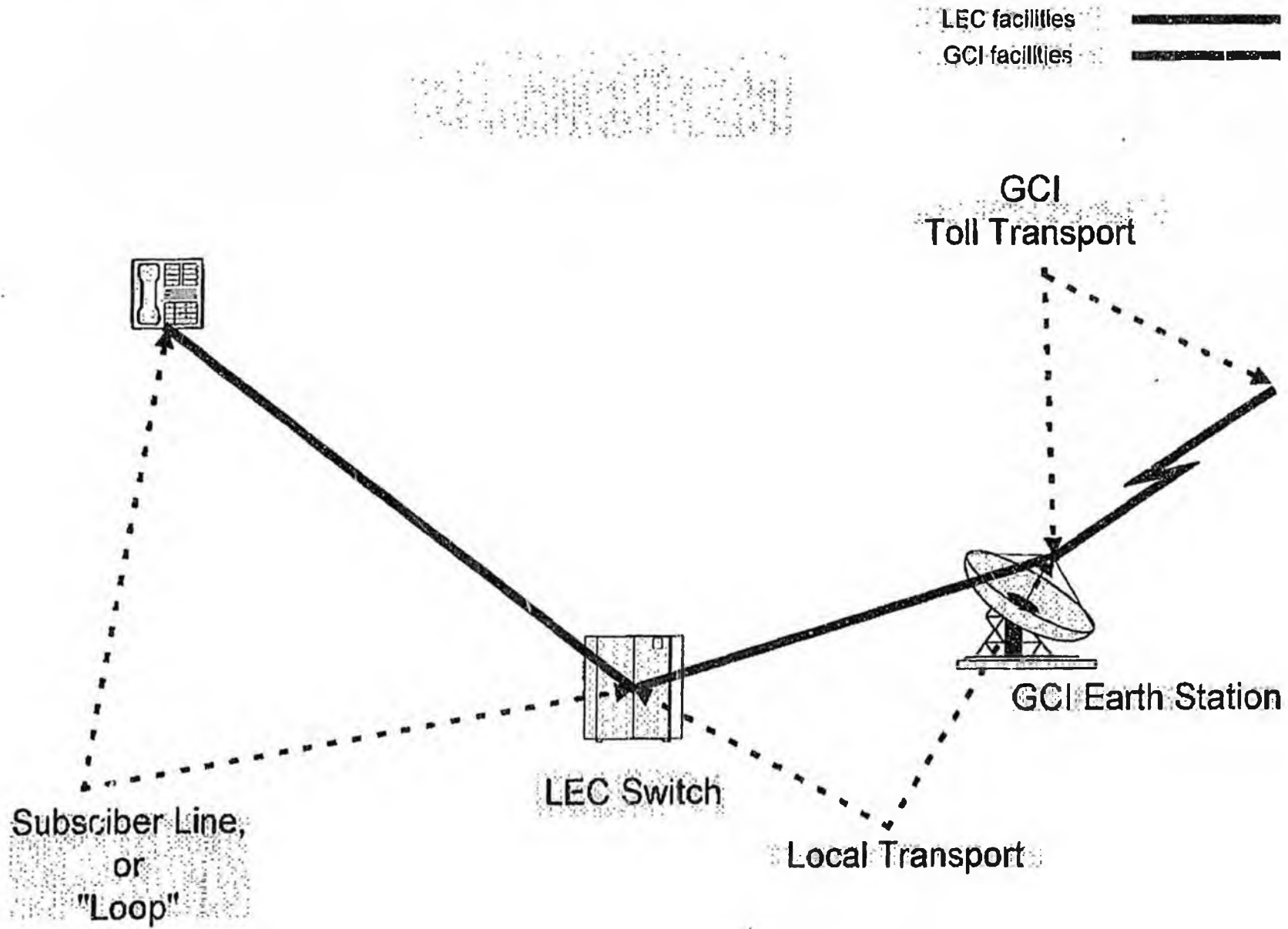
	Arctic Slope	Bush Tel	OTZ	Yukon	Bristol Bay	Interior	Mukluk
Recovery							
Subscriber Line Charges	5	4	4	4	5	4	4
Local Rates	25	27	18	33	24	33	18
Intrastate Access Charges	18	80	17	23	13	21	39
Interstate Access Charges	74	90	39	76	40	68	51
Interstate Universal Service Fund	33	28	5	19	19	28	43
Total Cost Recovery per Access Line	155	229	83	155	101	154	155
% of Cost Recovered by Local Rates	16%	12%	22%	21%	24%	21%	12%

A significant portion of the three shaded lines will be
LOST to the LEC's if they are required to unbundle their networks.

Unbundled Elements



Network Elements



ILEC Cost Structure - AFTER Competition

Even assuming 100% variable costs

	# of Lines	Cost /Line	Total Cost
A	10	9	90
B	8	20	160
C	2	100	200
Total	20	22.5	450

This is what is called a "Death Spiral"

ILEC Cost Structure BEFORE Competition

ILEC Cost Structure -
Before Competition

	# of Lines	Cost /Line	Total Cost
A	20	9	180
B	8	20	160
C	2	100	200
Total	30	18	540

(ILEC is forced to subsidize the CLEC,
\$2/line in Zone B; \$82/line in Zone C)

CLEC Cost Structure
Build + Resale

	# of Lines	Cost /Line	Total Cost
A	10	9	90
B	4	18	72
C	1	18	18
Total	15	12	180

Build @ \$9 Cost

Rent from ILEC @ \$18

Rent from ILEC @\$18

Alaska State Legislature

REPRESENTATIVE
PETER KELLY

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While in Juneau
State Capitol
Juneau, Alaska
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House District 31

House Of Representatives

March 26, 1998

Memorandum

To: Representative Joe Green, Chair
House Judiciary Committee



From: Representative Pete Kelly

Please schedule House Bill 416 for a hearing at your earliest convenience.

House Bill 416 provides the Alaska Public Utilities Commission with a policy statement supporting competition in local phone service.

This bill is controversial, in that local phone companies now operating under the monopoly argue against competition, seeking to preserve the existing price and subsidy structure. Competition, however, is now required in the United States, following passage of the Telecommunications Act in 1996.

Alaska State Legislature

REPRESENTATIVE
PETER KELLY

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Sponsor Statement

HB 416

Telecommunications Competition

House Bill 416 requires the Alaska Public Utilities Commission (APUC) to adopt regulations permitting local telephone competition by December 31, 1998. History has proven competition gives consumers lower costs, increased technology and more choices.

In 1996, Congress passed the Telecommunications Act allowing and promoting local telephone competition nationwide. The APUC recently exempted the local phone company in Fairbanks and Juneau from full local competition because of fears that competition might harm the existing phone company (PTI). PTI was purchased last year by Century Telephone, which has its headquarters in Louisiana. The purchase of PTI made Century the 10th largest phone company in the United States.

The bill will bring benefits to both rural and urban users of the public airways. The fears that promoted the APUC to delay full competition in Fairbanks and Juneau are the same fears that caused the APUC to delay long distance competition in Alaska for many years. As we have all seen, those fears were unfounded and long distance competition produced better quality, new services and lower prices for consumers throughout the state.

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Sectional

HB 416

An Act providing for competition in local telephone service.

Section 1. (a) Finds competition in local exchange telephone service to be of benefit to consumers throughout the state.

(b) Requires the commission to adopt regulations to enable local competition.

(c) The Legislature provides the commission (APUC) with the finding that an applicant for local exchange competition is convenient and necessary for the public. The commission has 90 days to determine if the applicant is fit, willing and able to provide the service.

(d) A municipality may not regulate a utility competing in a local telephone exchange under this law.

an exclusive, or monopoly, grant to furnish electrical energy within the corporate limits of a city. *Chugach Elec. Ass'n v. City of Anchorage*, 426 P.2d 1001 (Alaska 1967).

A public utility's certificate did not grant to it the exclusive right to furnish electrical energy within the corporate limits of a city. *Homer Elec. Ass'n v. City of Kenai*, 423 P.2d 285 (Alaska 1967).

Municipality may compete with certificated utility. — The delineation of a service area contained in a certificate of public convenience and necessity does not provide the basis for precluding a municipality from competing, within its own corporate limits, with a certificated utility. *Chugach Elec. Ass'n v. City of Anchorage*, 426 P.2d 1001 (Alaska 1967).

The legislature did not intend, by virtue of its passage of the 1963 amendments to this chapter, that a certificate of public convenience and necessity was to be a monopoly grant in relation to competition from a municipally owned and operated utility. *Homer Elec. Ass'n v. City of Kenai*, 423 P.2d 285 (Alaska 1967).

The Public Service Commissioner's issuance, to a public utility, of a certificate of public convenience and necessity providing for a service area which encompassed within its territory a city did not preclude such city from furnishing electrical energy within its own city limits, in competition with such public utility's electrical distribution system. *Homer Elec. Ass'n v. City of Kenai*, 423 P.2d 285 (Alaska 1967).

Legislative intent. — In enacting subsection (b) of this section the legislature indicated its intention that any right afforded certificated utilities under former AS 42.05.196 was not saved. *Alaska Pub. Utils. Comm'n v. Chugach Elec. Ass'n*, 580 P.2d 687 (Alaska 1978), overruled on other grounds, *City & Borough of Juneau v. Thibodeau*, 595 P.2d 626 (Alaska 1979).

Sec. 42.05.230. [Repealed, § 5 ch 113 SLA 1970.]

Sec. 42.05.231. Application. Application for a certificate shall be in writing and shall be in the form and contain the information required by the commission by regulation. (§ 6 ch 113 SLA 1970)

Sec. 42.05.240. [Repealed, § 5 ch 113 SLA 1970.]

Sec. 42.05.241. Conditions of issuance. A certificate may not be issued unless the commission finds that the applicant is fit, willing and able to provide the utility services applied for and that the services are required for the convenience and necessity of the public. The commission may issue a certificate granting an application in whole or in part and attach to the grant of it the terms and conditions it considers necessary to protect and promote the public interest including the condition that the applicant may or shall serve an area or provide a necessary service not contemplated by the applicant. The commission may, for good cause, deny an application with or without prejudice. (§ 6 ch 113 SLA 1970)

NOTES TO DECISIONS

Services of particular applicant. — Under AS 42.05.221, a showing of public convenience and necessity is required and is limited specifically to "services;" thus, the Alaska Public Utilities Commission (APUC) only needs to make a determination whether there is a substantial need for a service. Similarly, the require-

ment of AS 42.05.271, which provides for the modification, suspension or revocation of certificates for several listed reasons, including the requirements of public convenience and necessity. *Alaska Pub. Utils. Comm'n v. Chugach Elec. Ass'n*, 580 P.2d 687 (Alaska 1978), overruled on other grounds, *City & Borough of Juneau v. Thibodeau*, 595 P.2d 626 (Alaska 1979).

Subsection (d) of this section relates to questions of duplication of electrical services or facilities and the interpretation of a utility's certificate of public convenience and necessity. *Greater Anchorage Area Borough v. City of Anchorage*, 504 P.2d 1027 (Alaska 1972), overruled on other grounds, *City & Borough of Juneau v. Thibodeau*, 595 P.2d 626 (Alaska 1979).

Operation of garbage disposal sites does not constitute a utility service; it is only the passing over of control of solid waste to the disposal site operator which is regulated as a utility function. *McClellan v. Kenai Peninsula Borough*, 565 P.2d 175 (Alaska 1977).

Dumpsters are not equivalent of final landfill sites. — Interpretation that dumpsters serving as intermediate dump sites qualify as the functional equivalent of final landfill sites is not reasonable in that it would allow the Borough to place dumpsters in such a pervasive fashion as to completely vitiate the requirement of former AS 29.48.033(b) and former subsection (f) of this section that certificate holders be compensated for their interests. *McClellan v. Kenai Peninsula Borough*, 565 P.2d 175 (Alaska 1977).

Quoted in *Homer Elec. Ass'n v. City of Kenai*, 816 P.2d 182 (Alaska 1991).

Cited in *Drake v. Fairbanks N. Star Borough*, 715 P.2d 1167 (Alaska 1986).

ment of AS 42.05.241 that APUC find the applicant to be "fit, willing and able to provide the utility services applied for" only requires the commission to focus on the applicant. Neither inquiry requires an exploration into the costs associated with environmental externalities or public subsidies not paid for by consumers as

ANCHORAGE/FAIRBANKS LOCAL SERVICE COMPARISON*

The attached spread sheet details the availability and prices for some local services in Anchorage and Fairbanks.

Basic Dial-Tone:

This section includes basic dial-tone rates for residential and business users.

Non-recurring charges:

One-time charges for adding services or ordering service calls. The non-recurring charges in Anchorage were dropped with the advent of competition. Expectations are that competition may further drive down prices for basic services in Anchorage.

Custom Calling Feature Package:

Custom calling feature packages are bundled services priced at a discount for choosing two or more services. Services are for either residential or business users. Both areas offer promotional packages of bundled service, which in the case of Anchorage residential users, includes a free caller I.D. box.

Advanced Telecommunications Services:

ISDN is Integrated Services Digital Network. It is a popular method of providing greater bandwidth over the traditional copper wires which access residential and business users. ISDN is capable of carrying simultaneous voice and video/data. It is often used with telecommuting applications.

BRI is basic rate interface and is the product most residential users choose. It carries up to 128 Kbps.

PRI is primary rate interface and is often used by businesses. It carries up to 1.54 megabits per second.

Direct Inward Dialing is a common business feature which allows an outside caller to call an internal extension number without having to pass through an operator or attendant.

	<u>Anc</u>	<u>Ebx</u>
<u>Dial Tone Charges</u>		
Residential	\$9.40	\$12.50
Single-line Business	\$24.45	\$25.50
Multi-line business	\$31.00	\$29.50
DA after two free calls	\$0.50	\$0.75

<u>Non-recurring charges</u>		
Service Order Charge Res	\$0.00	\$25.50
Service Order Charge Bus	\$0.00	\$20.00
Prem visit - two cable pair	\$35.00	\$30.00
Prem visit - each add'l cable pair	\$0.00	\$15.00
Line Connection Charge	\$0.00	\$22.20

<u>Custom Calling Features Package</u>		
3 choices	\$7.85	none
2 choices	\$5.60	none

Advance Telecom Services:

<u>ISDN</u>		
Basic Rate Interface Res	\$3.55	N/A
BRI per minute charge Res	\$0.01	N/A
Basic Rate Interface Bus	\$4.95	N/A
BRI per minute charge Bus	\$0.01	N/A
Primary Rate Interface recurring	\$780.00	N/A
PRI volume discount	\$456.00	N/A
PRINRC	\$800.00	N/A

<u>Digital Subscriber Service</u>		
DSS 1-6 trunks per trunk	\$33.25	N/A
DSS NRC per trunk	\$31.40	N/A
DSS Service Order Charge	\$500.00	N/A
BDSS per month	\$516.00	N/A
BDSS NRC	\$800.00	N/A

<u>Direct Inward Dialing</u>		
Direct Inward Dialing	\$50.00	\$65.00
NRC for DID	\$0.00	\$26.00
DID Exchange Trunk each trunk	\$31.00	\$50.75
Installation per line	\$0.00	\$48.00
DID Two-way exchange trunk	\$31.00	\$65.00
NRC for above	\$0.00	\$48.00

<u>Promotional Offering</u>		
R1	\$9.40	\$12.50
Call Waiting/Cancel Call Waiting	\$3.50	\$3.00
Caller ID	\$6.75	\$6.00
Caller ID on Call Waiting	\$1.95	N/A
Subscriber Line Charge	\$3.50	\$3.50
Total of Individual prices	\$25.10	\$25.00

Promotional Price	\$19.95	\$25.00
Caller ID Box value \$100	\$0.00	\$100.00

NETWORK UNBUNDLING

The Federal "Telecommunications Act of 1996" requires local exchange carriers to allow competitors to use "unbundled" portions of their network to provide local service.¹ For example, local exchange carriers are required to "unbundle" the local loop (wire) to customers and make the loop available to another carrier to provide service. The Federal law does not have similar requirement for long distance carriers.

"Unbundling" of local exchange carriers is necessary because local exchange carriers have monopoly control over "bottleneck" facilities. This means that, without unbundling, the only telecommunications link to end users is through the facilities of the local exchange carrier. Absent the regulatory requirement, local exchange carriers have absolutely no incentive to allow competitors to use their network.

A similar situation does not exist in the long distance market. There are already multiple facilities-based carriers in the long distance market, and each carrier offers a long distance link. There are not "bottleneck" facilities. Competitors without facilities have a choice of obtaining the facilities from multiple facilities based carriers. GCI has an entire department devoted to serving other carriers, providing them a competitive choice to AT&T Alascom.

The only locations where a competitive choice does not exist is in the rural locations where GCI is prevented by regulation from constructing long distance facilities. Every LEC in those locations has supported the restriction and should not now complain that the restriction limits their own competitive choices.

Furthermore, GCI and Alascom both each offer services to other carriers based on wholesale rates, approved by the Commission, that break out service by segments. GCI is very willing to, and does, provide unbundled services such as operator services to other carriers upon request.

¹ "Rural" carriers are exempt from this requirement until they receive a specific request for "unbundling" and the APUC makes specific determinations

HB 416 WILL NOT PROMOTE
"CREAM SKIMMING" OR "CHERRY PICKING"

One of the arguments presented against telephone competition and against HB 416 is that new competitors will "cream skim" or "cherry pick" the market, serving only the profitable and high volume customers and leaving the unprofitable, low volume customers to the existing carrier. This argument is but one of the many "bogeymen" that telephone monopolists have used for many years to prevent competition. In fact, the APUC retains full power to prevent cream skimming and, historically, cream skimming has not been a problem

The federal Telecommunications Act specifically states that the APUC can require a new competitor to offer service throughout an rural local phone company's area. Thus, as a condition of offering any local service, the APUC has full power to require a new competitor to offer service to all customers in the area, not just the most profitable, high volume customers.

HB 416 does not in any way affect the APUC's right to require a competitor to serve all customers in the area.

In any event, history has demonstrated that the fear of cream skimming is only a bogeyman. In Anchorage, the APUC did not have the authority described above, because Anchorage is not "rural". Legally, GCI could have served the high volume customers only. In fact, GCI constructed facilities to serve all of Anchorage. GCI interconnected at every ATU wire center, in the business areas of downtown and midtown and in the residential areas like Rabbit Creek.

The exact same fear of cream skimming was raised regarding long distance competition, and long distance competition was delayed for years because of the But long distance competition actually benefited all consumers, high volume and low volume alike.

HB 416 WILL PROMOTE UNIVERSAL SERVICE

One of the arguments presented against HB 416 and local competition is that competition will somehow harm universal service. Universal service is the concept that phone service should be available to all citizens at reasonable costs.

In fact, HB 416 will promote universal service in several ways. First, the legislation requires the APUC to complete the regulatory proceedings that are necessary for the introduction of full competition. One of the pending APUC proceedings that needs to be completed, R-97-6, specifically concerns the adoption of rules to promote and protect universal service. Thus, HB 416 actually requires the APUC to complete, by year end, a proceeding to protect universal service.

The APUC is given the power to protect universal service by both Federal and State law. Nothing in HB 416 affects that power.

Furthermore, competition will itself promote universal service. Competition brings higher quality service at lower rates. Every consumer in Anchorage today has a choice of more services, at lower rates, than were available only six months ago. Competition will accomplish the same thing across the entire state--promoting universal service.

The claims that competition will harm universal service have been around for decades. In 1973, 25 years ago, the Chairman of AT&T opposed competition against MCI with the following statements: "We believe that the public interest, construed as we must construe it as the widest availability of high quality communications at the lowest over-all cost to all its users, cannot help but be impaired by the duplication of facilities from the further encroachment of competition in an industry where compatibility of components and precise coordination of process are crucial.... Where will the burden [of competition] fall? Again, it will fall on the average customer in the form of higher exchange rates, higher long distance rates."

We all know that long distance competition in telecommunications actually benefited all users. The claims that competition will harm universal service are no more true today than they were in 1973.

**IMPLEMENTING THE TELECOMMUNICATIONS ACT OF 1996:
GCI'S RESPONSE TO
ALASKA TELEPHONE ASSOCIATION CONTENTIONS**

1. The Telecommunications Act of 1996 focuses on local exchange competition and universal service. It concerns long distance competition only peripherally, because the long distance market has been open to competition for many years. The responsibilities of the APUC under the Act also focus on local exchange competition, not long distance competition. All of the responsibilities listed by ATA concern local exchange competition, and only one (barriers to entry) concerns long distance competition.

2. Pending decision to need to be coordinated with FCC decisions. However, that does not mean that the APUC can, or should, wait for the FCC to make all its decisions before the APUC makes decisions.

At any time, the APUC must make its decisions based on the existing state of the law, including FCC decisions. At the same time, the APUC must remain ready, willing, and able to act promptly in response to new FCC decisions and policies. In almost all cases, the FCC gives advance warning of new directions, it sets an effective date for decisions months after the decision is made, and in many instances it established a phase-in period. The APUC has ample time to act on new FCC decisions after they are made.

The alternative approach -- waiting until the FCC makes all its decisions before the APUC makes any decisions -- is based on the fundamentally false premise that the FCC will make a group of decisions and then "the world will stand still" so the APUC can make its decisions. In fact, the FCC decisions are in a constant state of change and that will remain the case so long as the telecommunications marketplace is evolving -- a very long time. The proposal to "wait until the FCC is finished" is a recipe for permanent inaction.

3. The APUC does have those proceedings underway. Unfortunately, the APUC's progress on those proceedings has been very slow. HB 416 directs the Commission to complete those proceedings, and any other proceedings necessary for competition, by January 31, 1998. Existing regulations do not discriminate in favor of GCI or AT&T Alascom.

4. HB 416 is not special interest legislation for GCI. It is legislation that will benefit the entire Alaskan public by promoting high quality telecommunications services at low rates. The legislation addresses a basic policy issue, which is whether or not the APUC will allow local competition outside of Anchorage. It is comparable to the policy level legislation 8 years ago on long distance competition, which has produced enormous benefits. While GCI would support deadlines for other proceedings before the Commission, those proceedings involve implementation matters and not basic policy decision comparable to HB 416.



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March 12, 1998

The Honorable Jeannette James
Chair, House State Affairs Committee
State Capitol
Juneau, AK 99801

Dear Chairwoman James:

I am writing to express MCI's support for House Bill 416 introduced by Representative Pete Kelly which will allow competition in all local phone markets in Alaska.

Without the passage of House Bill 416, consumers outside of Anchorage will be denied the benefits of competition. In those areas where competition in the local market has begun to take hold, consumers not only have a choice of who provides their phone service but they have also seen a reduction in prices. Competition has also spurred the introduction of new services.

One only has to look at the long distance market to imagine the benefits competition can bring to local phone service. The cost of an interstate long distance call has decreased over 70 percent, hundreds of new products and services have been introduced, over 400 companies offer long distance service, the quality of service has improved dramatically and no incumbent monopoly provider has gone out of business.

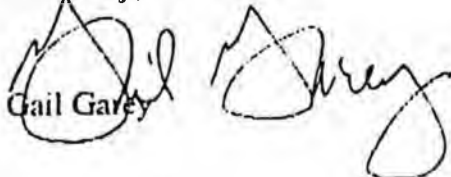
Despite claims to the contrary during the break up of Ma Bell, AT&T continues to post record earnings. In 1984, AT&T had over 90 percent of the market with revenues of around \$36 billion. Today, while AT&T's market share has declined to just over 50 percent, revenues have grown to about \$51 billion.

Similar claims of despair are being made by today's monopoly providers. They are simply scare tactics meant to protect the monopoly's profits at the expense of Alaska consumers. Once competition begins to flourish the market will expand as more and more people take advantage of new choices, higher quality service and lower prices.

It is time for all consumers no matter where they live to realize the benefits of the pro-competitive policy established when Congress passed the Telecommunications Act of 1996.

Thank you for your consideration of MCI's views on HB 416. If you have any questions, please do not hesitate to contact me at 888-475-7218 Ext 5 (toll free).

Sincerely,


Gail Garey