

ALASKA LEGISLATURE COMMITTEE FILES 1997-1998 80/2

9630 SENATE LABOR & COMMERCE

machine no objection

AMENDMENT #1

OFFERED IN THE SENATE

BY SENATOR LEMAN

TO: CSSB 335(), Draft Version "E"

- 1 Page 4, line 16, following "license":
- 2 Insert "practitioner"

- 3 Page 4, line 18, following "":
- 4 Insert "A person licensed as an instructor is considered to be licensed as a
- 5 practitioner, and is subject to the same requirements that a practitioner is subject to,
- 6 in the same area for which the person is licensed as an instructor except that, for
- 7 purposes of setting fees under AS 08.01.065, the department shall consider instructors
- 8 to be an occupation separate from practitioners. An instructor license shall state the
- 9 areas of practice (barbering, hairdressing, manicuring, esthetics, or any combination)
- 10 in which the licensee is qualified to instruct and practice."

SENATE BILL NO. 335

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Introduced: 3/9/98

Referred: L&C, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to barbers, hairdressers, and cosmetologists."

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

3 * Section 1. AS 08.13.010(b) is amended to read:

4 (b) The board consists of

5 (1) two persons licensed as barbers under this chapter;

6 (2) two persons licensed as hairdressers under this chapter, one of

7 whom is also licensed as an esthetician [A COSMETOLOGIST] under this chapter;

8 and

9 (3) one public member.

10 * Sec. 2. AS 08.13.030 is amended to read:

11 Sec. 08.13.030. Powers and duties of the board. (a) The board shall

12 exercise general control over the vocations of barbering, hairdressing, and esthetics

13 [COSMETOLOGY].

14 (b) The board shall

15 (1) examine applicants and approve the issuance of licenses and permits

1 to practice;

2 (2) authorize the issuance of licenses for schools of barbering,
3 hairdressing, and esthetics [COSMETOLOGY].

4 (c) The board may

5 (1) suspend or revoke a license or permit;

6 (2) on its own motion or upon receipt of a written complaint, conduct
7 hearings and request the Department of Commerce and Economic Development to
8 investigate the practices of a person, shop, or school involved in the practice or
9 teaching of barbering, hairdressing, or esthetics [COSMETOLOGY];

10 (3) adopt regulations or do any act necessary to carry out the provisions
11 of this chapter.

12 * Sec. 3. AS 08.13.040 is amended to read:

13 **Sec. 08.13.040. Meetings and examinations.** The board shall meet as often
14 as necessary to conduct its business. It shall conduct separate examinations covering
15 each field of practice: barbering, hairdressing, and esthetics [COSMETOLOGY].
16 Examinations shall be given at least twice in every year for each field of practice for
17 which applications for licensure are pending. An applicant may take an examination
18 in more than one field during the same testing session.

19 * Sec. 4. AS 08.13.070 is amended to read:

20 **Sec. 08.13.070. License required.** A person may not

21 (1) practice barbering, hairdressing, or esthetics [COSMETOLOGY]
22 without a license, temporary permit, temporary license, or student permit unless
23 exempted under AS 08.13.160(d);

24 (2) practice barbering, hairdressing, or esthetics [COSMETOLOGY]
25 except in a shop or school licensed under this chapter unless exempted under
26 AS 08.13.160(d) or permitted under AS 08.13.160(c);

27 (3) open or conduct a school of barbering, hairdressing, or esthetics
28 [COSMETOLOGY] without a license;

29 (4) teach in a school of barbering, hairdressing, or esthetics
30 [COSMETOLOGY], or supervise an apprentice without an instructor's license;

31 (5) operate a shop in violation of AS 08.13.120;

1 (6) permit an employee or other person being supervised who is not
 2 exempted under AS 08.13.160(d) to practice barbering, hairdressing, or esthetics
 3 [COSMETOLOGY] without a license, temporary permit, temporary license, or student
 4 permit;

5 (7) permit the use of the person's license, temporary permit, temporary
 6 license, or student permit by another person;

7 (8) obtain or attempt to obtain a license, temporary permit, temporary
 8 license, or student permit by fraudulent means.

9 * Sec. 5. AS 08.13.080 is amended to read:

10 **Sec. 08.13.080. Qualifications of applicants.** An applicant for examination
 11 must

12 (1) have successfully completed all courses that a school with a
 13 curriculum in barbering approved by the board is required to teach in order to be
 14 licensed under AS 08.13.110 if applying for a license to practice barbering;

15 (2) have successfully completed all courses that a school with a
 16 curriculum in hairdressing approved by the board is required to teach to be licensed
 17 under AS 08.13.110 if applying for a license to practice hairdressing;

18 (3) have successfully completed all courses that a school with a
 19 curriculum in esthetics [COSMETOLOGY] approved by the board is required to teach
 20 in order to be licensed under AS 08.13.110 if applying for a license to practice
 21 esthetics [COSMETOLOGY];

22 (4) have served an apprenticeship under AS 08.13.082;

23 (5) specify the field of practice in which the applicant intends to teach
 24 and have held a license to practice in the field for three years or have held a license
 25 in the field for one year and have completed 600 hours of student training as an
 26 instructor in the field of practice from a licensed school with a curriculum approved
 27 by the board if applying for a license as an instructor; or

28 (6) have completed a combination of course work and apprenticeship
 29 acceptable to the board.

30 * Sec. 6. AS 08.13.082(c) is amended to read:

31 (c) The period of apprenticeship required to qualify an applicant for a license

1 to practice esthetics [COSMETOLOGY] is 350 hours. The apprenticeship must be
 2 served in a shop approved by the board. The apprenticeship may not be completed in
 3 less than six months from the date of its commencement and must be completed in not
 4 more than one year from the date of its commencement.

5 * **Sec. 7.** AS 08.13.100(b) is amended to read:

6 (b) A license shall state the areas of practice (barbering, hairdressing, esthetics
 7 [COSMETOLOGY], or any combination) that the practitioner is qualified to perform.

8 * **Sec. 8.** AS 08.13.100(c) is amended to read:

9 (c) The board may by regulation create areas of limited professional licensing
 10 in the field of esthetics [COSMETOLOGY], except that the board may not restrict or
 11 otherwise regulate the practice of manicure or pedicure. Any limitation shall be stated
 12 on the license.

13 * **Sec. 9.** AS 08.13.100(d) is amended to read:

14 (d) A person holding a current valid license from a board of barbering,
 15 hairdressing, or esthetics [COSMETOLOGY] in another state is entitled to a license
 16 under this chapter without examination in this state. An application must include [:]

17 (1) proof of a valid license issued by another licensing jurisdiction;

18 (2) proof of completed training, testing, and working experience that
 19 the board finds to meet the minimum requirements of the state; and

20 (3) payment of a credential investigation fee.

21 * **Sec. 10.** AS 08.13.110 is amended to read:

22 **Sec. 08.13.110. School license.** The board shall adopt regulations for the
 23 licensing of schools of barbering, hairdressing, and esthetics [COSMETOLOGY]. The
 24 regulations must include details of the curriculum, minimum hours of instruction,
 25 physical condition of the facilities, and financial responsibility of the owner.

26 * **Sec. 11.** AS 08.13.130 is amended to read:

27 **Sec. 08.13.130. Display of license or permit.** A practitioner shall display the
 28 practitioner's license in a conspicuous location in the practitioner's place of business.
 29 Each shop owner is responsible for the display of the licenses of employees. A person
 30 holding a student permit, temporary license, or temporary permit shall display the
 31 permit or license in a conspicuous location in the school in which the person is

1 enrolled or the shop in which the person [APPRENTICE] works. The school or shop
2 owner is responsible for the display of a permit or license for each enrolled student,
3 [OR] apprentice, or temporary license holder.

4 * **Sec. 12.** AS 08.13.150 is amended to read:

5 **Sec. 08.13.150. Grounds for refusal, suspension, or revocation of a license**
6 **or permit.** The board may refuse, suspend, or revoke a license, student permit,
7 temporary license, or temporary permit for failure to comply with this chapter, with
8 a regulation adopted under this chapter, or with an order of the board.

9 * **Sec. 13.** AS 08.13.160(d) is amended to read:

10 (d) The licensing and permit provisions of this chapter do not apply to

11 (1) a person practicing barbering, hairdressing, or esthetics
12 [COSMETOLOGY] in a community having a population of less than 1,000 people that
13 is not within 25 miles of a community of more than 1,000 people and who uses only
14 chemicals available to the general public;

15 (2) a shampoo person;

16 (3) a licensed health care professional;

17 (4) a person licensed by another licensing jurisdiction in a field of
18 practice licensed by this chapter while demonstrating techniques or products to persons
19 holding licenses or permits under this chapter.

20 * **Sec. 14.** AS 08.13.170 is amended to read:

21 **Sec. 08.13.170. Temporary permits.** The department shall issue a temporary
22 permit to an applicant for licensing who holds a license to practice as a barber,
23 hairdresser, or esthetician [COSMETOLOGIST] in another state. The permit is valid
24 until the board either issues a permanent license or rejects the application. The board
25 shall act on an application within six months.

26 * **Sec. 15.** AS 08.13 is amended by adding a new section to read:

27 **Sec. 08.13.175. Temporary license.** A person who meets the requirements
28 of AS 08.13.080(1), (2), (3), (4), or (6) is entitled to be temporarily licensed after
29 applying for examination under this chapter if the applicant works under the direct
30 supervision, and within the physical presence, of a person who is licensed in the area
31 of practice for which the applicant has applied for examination. A temporary license

1 issued under this section is valid for 120 days and is nonrenewable. A person may not
 2 receive more than one temporary license for each area of practice licensed under this
 3 chapter. An application for a temporary license must be signed by the supervising
 4 licensee and accompanied by the temporary license fee required under AS 08.13.185.

5 * Sec. 16. AS 08.13.180 is amended to read:

6 **Sec. 08.13.180. Student permits.** A person attending a licensed school of
 7 barbering, hairdressing, or esthetics [COSMETOLOGY,] and a person apprenticed to
 8 a licensed instructor in a shop approved by the board shall obtain a student permit.
 9 A student permit to practice barbering or hairdressing is valid for two years. A student
 10 permit to practice esthetics [COSMETOLOGY] is valid for one year. A student
 11 permit may not be renewed, but, upon application, the board may issue a new permit
 12 to the same person [,] or extend an expired permit to the date of the next scheduled
 13 examination. Credit earned under an expired student permit may be transferred to a
 14 new permit as determined by the board.

15 * Sec. 17. AS 08.13.185(a) is amended to read:

16 (a) The Department of Commerce and Economic Development shall set fees
 17 under AS 08.01.065 for initial licenses and renewals for the following:

- 18 (1) schools;
- 19 (2) school owners;
- 20 (3) instructor;
- 21 (4) shop owner;
- 22 (5) practitioner of barbering;
- 23 (6) practitioner of hairdressing;
- 24 (7) practitioner of esthetics [COSMETOLOGY];
- 25 (8) temporary permit;
- 26 (9) temporary license;
- 27 (10) student permit.

28 * Sec. 18. AS 08.13.190 is amended to read:

29 **Sec. 08.13.190. Failure to possess a license or permit.** A person who
 30 practices barbering, hairdressing, or esthetics [COSMETOLOGY], or operates a shop,
 31 or operates a school of barbering, hairdressing, or esthetics [COSMETOLOGY], or

1 teaches in a school of barbering, hairdressing, or esthetics [COSMETOLOGY],
 2 without a license, temporary permit, temporary license, or student permit and who is
 3 not exempt under AS 08.13.120 or under AS 08.13.160(d) is guilty of a class B
 4 misdemeanor.

5 * Sec. 19. AS 08.13.210 is amended to read:

6 **Sec. 08.13.210. Health and sanitary conditions.** Health and sanitary
 7 conditions in shops and schools of barbering, hairdressing, and esthetics
 8 [COSMETOLOGY] shall be supervised by the Department of Environmental
 9 Conservation.

10 * Sec. 20. AS 08.13.220(4) is amended to read:

11 (4) "esthetics" ["COSMETOLOGY"] means the use of the hands,
 12 appliances, cosmetic preparations, antiseptics, or lotions in massaging, cleansing,
 13 stimulating, or similar work on the scalp, face or neck, including skin care, make-up,
 14 and temporary removal of superfluous hair, for cosmetic purposes for a fee:

15 * Sec. 21. AS 08.13.220(5) is amended to read:

16 (5) "hairdressing" means performing, for a fee, the following services
 17 for cosmetic purposes:

18 (A) [SHAVING,] trimming [,] or cutting the beard of a living
 19 person; and

20 (B) arranging, styling, dressing, curling, temporary waving,
 21 permanent waving, cutting, singeing, bleaching, coloring, cleansing,
 22 conditioning, or similar work on the hair of a living person;

23 * Sec. 22. AS 08.13.220(6) is amended to read:

24 (6) "instructor" means a person who teaches barbering, hairdressing, or
 25 esthetics [COSMETOLOGY] in a school or who supervises an apprentice;

26 * Sec. 23. AS 08.13.220(7) is amended to read:

27 (7) "practitioner" means a person licensed to practice barbering,
 28 hairdressing, or esthetics [COSMETOLOGY] under this chapter:

29 * Sec. 24. AS 08.13.220(9) is amended to read:

30 (9) "shop" is an establishment operated for the purpose of engaging in
 31 barbering, hairdressing, or esthetics [COSMETOLOGY].

1 * Sec. 25. AS 44.46.020 is amended to read:

2 **Sec. 44.46.020. Duties of department.** The Department of Environmental
3 Conservation shall

4 (1) have primary responsibility for coordination and development of
5 policies, programs, and planning related to the environment of the state and of the
6 various regions of the state;

7 (2) have primary responsibility for the adoption and enforcement of
8 regulations setting standards for the prevention and abatement of all water, land,
9 subsurface land, and air pollution, and other sources or potential sources of pollution
10 of the environment, including by way of example only, petroleum and natural gas
11 pipelines;

12 (3) promote and develop programs for the protection and control of the
13 environment of the state;

14 (4) take actions that are necessary and proper to further the policy
15 declared in AS 46.03.010;

16 (5) adopt regulations for

17 (A) the prevention and control of public health nuisances;

18 (B) the regulation of sanitation and sanitary practices in the
19 interest of public health;

20 (C) standards of cleanliness and sanitation in connection with
21 the construction, operation, and maintenance of a camp, cannery, food handling
22 establishment, food manufacturing plant, mattress manufacturing establishment,
23 industrial plant, school, barbershop, hairdressing or esthetics
24 [COSMETOLOGY] establishment, soft drink establishment, beer and wine
25 dispensaries, and for other similar establishments in which lack of sanitation
26 may create a condition that causes disease;

27 (D) the regulation of quality and purity of commercially
28 compressed air sold for human respiration.



A HEAD OF TIME

- Professional Styling Salon
- Retail & Training Center

3801 Old Seward Hwy #8
 Anchorage, Alaska 99503
 562-2372

March 24, 1998

ATTENTION :State Senate Labor Commerce Committee Members

I am writing in regards to Bill #355 up for proposal today. Speaking on behalf of instructors currently working at a beauty training facility, we are strongly opposed to this proposition. We feel that all graduates should be licensed first, otherwise this proposition seems to defeat the purpose of having a State Board Examination to become a professional hairdresser. If this bill is proposed because salon owners feel the need to have immediate hairdresser working, action should be taken sooner to ensure a quicker licensing process.

Thank-you,

Mae Canady

Seena Hanson

Sandy McDowell

S B

3 3 6

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. SB 336

| | | |
|---|----------------------------|------------------------------|
| Revision Date (Note if correction) _____ | Dept. Affected _____ | Labor _____ |
| Title <u>Workers' Comp: Exempt Hockey Players</u> | BRL _____ | <u>Workers' Compensation</u> |
| | Component _____ | <u>Workers' Compensation</u> |
| Sponsor <u>Senate L&C</u> | | |
| Requester <u>Senate L&C</u> | Component Serial No. _____ | <u>344</u> |

Expenditures/Revenues (Thousands of Dollars)

| OPERATING EXPENDITURES | FY 99 | FY 00 | FY 01 | FY 02 | FY 03 | FY 04 |
|------------------------|-------|-------|-------|-------|-------|-------|
| Personal Services | | | | | | |
| Travel | | | | | | |
| Contractual | | | | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

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

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|--------------------------|----|-----|-----|-----|-----|-----|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other (Specify Type) | | | | | | |
| TOTAL | 0. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY98) cost: 0.0

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-time | | | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: *(Attach a separate page if necessary)*

This proposed bill amends AS 23.30.230(a) to include persons employed as a player or coach of a professional hockey team as persons not covered by workers' compensation. The passage of this bill is not anticipated to result in any noticable activity.

Prepared by Paul Grossi, Director
 Division Workers' Compensation
 Approved by Commissioner: Tom Cashen
 Agency Labor

Phone 465-2790
 Date 3/13/98
 Date 3/13/98

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SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 3/9/98

FURTHER: Finance

Date of 5-Day Notice: 3-12-98
 (in accordance with Uniform Rule 23)

DATE TURNED
 IN TO OFFICE: 3-23-98

Labor and Commerce Committee considered

SENATE BILL NO. 336

"An Act relating to excluding professional hockey team members from worker's compensation coverage."

and recommends:

- be replaced with _____ CS SB 336 (LTC)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
- new title
- House Bill:**
- same title
- technical title
- new: SCR# _____

| SIGNING <u>DO</u> PASS | DP | OTHER RECOMMENDATIONS | NR | DNP | AM |
|---------------------------|-------------------------------------|-----------------------|-------------------------------------|-----|----|
| | | <i>T. Kelly</i> | <input checked="" type="checkbox"/> | | |
| | | <i>[Signature]</i> | <input checked="" type="checkbox"/> | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| CHAIR: <i>[Signature]</i> | <input checked="" type="checkbox"/> | CHAIR: | | | |

NEW FISCAL NOTE(S):

| Department | Date | Zero | Fiscal |
|--------------|----------------|-------------------------------------|--------|
| <i>Labor</i> | <i>3/13/98</i> | <input checked="" type="checkbox"/> | |
| | | | |
| | | | |
| | | | |
| | | | |

to C.S. also

PREVIOUS FISCAL NOTE(S):*

| Department | Date | Zero | Fiscal |
|------------|------|------|--------|
| | | | |
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| | | | |
| | | | |

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

Alaska State Legislature

Senate



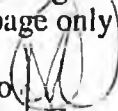
Official Business

State Capitol
Juneau, AK. 99801-1182

Senate Labor & Commerce Committee

Memo

TO: Mike Ford, Legal Counsel
Legislative Research and Legal Services
via fax: X 2029 this page only

FROM: Annette Kreitzer, Aide to 
Senate Labor & Commerce Committee
PH: X 3844

DATE: March 20, 1998

RE: CS SB 336 (L&C)

The L&C Committee moved SB 336 from committee with the following conceptual amendment:

Page 2, Line 13: following "under a health care insurance plan"

Insert: comparable to medical coverage under a workers' compensation plan

I'm uncertain (with the amendment) if you have to reference the worker's comp statutes as you referenced the health care insurance definition included on page 2, lines 14-15.

Please call with any questions you have. If you believe that the amendment can be incorporated in a straightforward fashion, then I'll take the CS in FINAL form; if you believe there may be questions as to the committee's intent, please prepare the CS as a DRAFT.

The committee's intent in adopting the amendment was to ensure that those covered under the new insurance plan would be guaranteed the same coverage available to them now under the medical coverage portion of Workers' Compensation provisions.

Alaska State Legislature

Senate



Official Business

State Capitol
Juneau, AK. 99801-1182

Senate Labor & Commerce Committee

*expected to be present

*CHAIRMAN, Senator Leman
*VICE CHAIRMAN, Senator Mackie
Senator Miller
*Senator Kelly
*Senator Hoffman

Agenda
1:30 p.m.
Fahrenkamp Room
Thursday, March 19, 1998

Teleconference Sites: ANC, offnets

+*SB 336: Workers' Comp: Exempt Hockey Players By Senate Labor & Commerce Committee, Sponsor

Expected Witnesses:

- ✓ Lorali Meier, aide to Senator Leman to present legislation
(offnet 269-5200)
- ✓ Stan Garlington, Division of Insurance (ANC LIO)
- ✓ Derek Donald, General Manager, Anchorage Aces (offnet: (520) 622-6611)
- Dwight Perkins, Special Assistant, Dept. of Labor

+*HB 33: Real Estate Licensing By Representative Rokeberg by Request, Sponsor

Expected Witnesses:

- Representative Norman Rokeberg, to present bill
 - Grace Oakley, Executive Administrator, Alaska Real Estate Commission
(offnet: 338-1594)
 - Ruth Blackwell, Chairman, Alaska Real Estate Commission
(offnet: 338-1594)
 - Larry Spencer, Member Alaska Real Estate Commission (offnet: 338-1594)
 - Catherine Reardon, for Department of Commerce
 - Jim Wakefield, Real Estate Agent (JNU)
 - Art Clark, Real Estate Agent
 - Bill Erady, Real Estate Agent
 - Eric Dyrud, Real Estate Agent
 - Bob Bae, Real Estate Agent
-

Alaska State Legislature

Senate



Official Business

State Capitol
Juneau, AK. 99801-1182

Senate Labor & Commerce Committee

Sponsor Statement

SB 336: "An Act relating to excluding professional hockey team members from worker's compensation coverage"

This bill amends Worker's Compensation provisions by adding professional hockey teams to the list of persons not covered under AS 23.30.230. In exchange for this exemption, a team owner would have to provide a medical and disability program to cover the players (and anyone else associated with the team who is in the same Worker's Comp risk category, e.g., coaches, assistant coaches, but not office personnel) 100% of the time - whether on duty, travel or their own time. The owner is responsible for the cost of the premiums on this coverage. The idea is taken from Florida's approach to this problem.

The committee was asked to introduce this legislation by the sole professional hockey team in the state, the Anchorage Aces.

The Department of Labor, Division of Worker's Compensation has reviewed the legislation and is neutral on the bill.

TONY KNOWLES, GOVERNOR

DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

3601 C STREET, SUITE 1324
ANCHORAGE, ALASKA 99503-5948
PHONE: (907) 269-7900
FAX: (907) 269-7910
TDD: (907) 465-5437

September 11, 1997

Judi LeSuer Johnson
Alaska Business Insurance, Inc.
1400 West Benson, Suite 410
Anchorage, Alaska 99503

Dear Ms. Johnson:

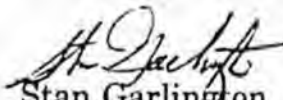
Re: Anchorage Aces
Workers' Compensation Insurance Requirement

This will acknowledge receipt of your fax dated September 8, 1997 to Director Burke. The director requested that I respond on her behalf.

The Division of Workers' Compensation is the appropriate government agency that you should contact if you wish to amend the Alaska Workers' Compensation Statute to add professional athletes as persons not covered (see AS 23.30.230).

As I am sure you are aware, although such an exemption will reduce your client's workers' compensation premiums for professional athletes, the exemption will eliminate the exclusive remedy defense to claims against your client by professional athletes. Therefore, there are risks as well as benefits to be considered by your client under such an approach.

Very truly yours,


Stan Garlington
Insurance Analyst

*Wagner's copy
out*

CALLAHAN & CICHETTI, P.A.
ATTORNEYS AT LAW

MICHAEL T. CALLAHAN*
TAMMY DESOTO CICHETTI
LISA MAGILL FORAN
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RYAN M. GARRETT
DARRELL W. HINSON**

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e-mail ecclaw@polaris.net

KELLY R. MONEY
LEGAL ASSISTANT

July 19, 1996

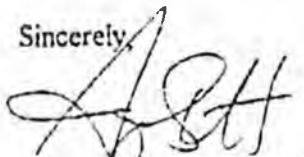
Walt Edwards
Vice President/Business Operations
1659 Folkstone Road
Tallahassee, FL 32312

Re: Eastern Indoor Soccer League

Dear Walt:

I have enclosed a copy of § 440.09(8) and 440.02(15)(c)(3), Florida Statutes, which discusses exemption of professional athletes from Florida's Workers Compensation requirements in certain situations as you requested. As you will notice, professional soccer players are not specifically mentioned, although a plain reading of the language of the statute seems to include them. I took a quick look at the case law and found no cases specifically including or excluding professional soccer.

As always, please call with any questions.

Sincerely,

Tammy deSoto Cicchetti

TdC/nw

- 440.525 Examination of carriers.
 440.53 Effect of unconstitutionality.
 440.54 Violation of child labor law.
 440.55 Proceedings against state.
 440.572 Authorization for individual self-insurer to provide coverage.
 440.585 Workers' compensation group self-insurance fund application disclosure.
 440.59 Reporting requirements.
 440.591 Administrative procedure; rulemaking authority.
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 440.60 Application of laws.

440.01 Short title.—This chapter may be cited as the "Workers' Compensation Law."

History.—s. 1, ch. 17481, 1905; ss. 1906 Supp., 1905-11; s. 23, ch. 78-300, ss. 1, 124, ch. 79-40, s. 21, ch. 79-312, s. 43, ch. 83-289, s. 56, ch. 90-20, s. 52, ch. 91-1.

440.015 Legislative Intent.—It is the intent of the Legislature that the Workers' Compensation Law be interpreted so as to assure the quick and efficient delivery of disability and medical benefits to an injured worker and to facilitate the worker's return to gainful reemployment at a reasonable cost to the employer. It is the specific intent of the Legislature that workers' compensation cases shall be decided on their merits. The workers' compensation system in Florida is based on a mutual renunciation of common-law rights and defenses by employers and employees alike. In addition, it is the intent of the Legislature that the facts in a workers' compensation case are not to be interpreted liberally in favor of either the rights of the injured worker or the rights of the employer. Additionally, the Legislature hereby declares that disputes concerning the facts in workers' compensation cases are not to be given a broad liberal construction in favor of the employee on the one hand or of the employer on the other hand, and the laws pertaining to workers' compensation are to be construed in accordance with the basic principles of statutory construction and not liberally in favor of either employee or employer. It is the intent of the Legislature to ensure the prompt delivery of benefits to the injured worker. Therefore, an efficient and self-executing system must be created which is not an economic or administrative burden. The Division of Workers' Compensation shall administer the Workers' Compensation Law in a manner which facilitates the self-execution of the system and the process of ensuring a prompt and cost-effective delivery of payments.

History.—s. 8, ch. 90-201; s. 6, ch. 91-1, s. 1, ch. 92-413.

440.02 Definitions.—When used in this chapter, unless the context clearly requires otherwise, the following terms shall have the following meanings:

(1) "Accident" means only an unexpected or unusual event or result that happens suddenly. A mental or nervous injury due to stress, fright, or excitement only, or disability or death due to the accidental acceleration or aggravation of a venereal disease or of a disease due to the habitual use of alcohol or controlled substances or narcotic drugs, or a disease that manifests itself in the fear of or dislike for an individual because of the individu-

al's race, color, religion, sex, national origin, age, or handicap is not an injury by accident arising out of the employment if a preexisting disease or anomaly is accelerated or aggravated by an accident arising out of and in the course of employment, only acceleration of death or acceleration or aggravation of the preexisting condition reasonably attributable to the accident is compensable, with respect to death or permanent impairment.

(2) "Adoption" or "adopted" means legal adoption prior to the time of the injury.

(3) "Carrier" means any person or fund authorized under s. 440.38 to insure under this chapter and includes a self-insurer, and a commercial self-insurance fund authorized under s. 624.462.

(4) "Casual" as used in this section shall be taken to refer only to employments when the work contemplated is to be completed in not exceeding 10 working days, without regard to the number of men employed, and when the total labor cost of such work is less than \$100.

(5) "Child" includes a posthumous child, a child legally adopted prior to the injury of the employee, and a stepchild or acknowledged child born out of wedlock dependent upon the deceased, but does not include married children unless wholly dependent on him. "Grandchild" means a child as above defined of a child as above defined. "Brother" and "sister" include stepbrothers and stepsisters, half brothers and half sisters, and brothers and sisters by adoption, but does not include married brothers or married sisters unless wholly dependent on the employee. "Child," "grandchild," "brother," and "sister" include only persons who at the time of the death of the deceased employee are under 18 years of age, or under 22 years of age if a full-time student in an accredited educational institution.

(6) "Compensation" means the money allowance payable to an employee or to his dependents as provided for in this chapter.

(7) "Construction industry" means for-profit activities involving the carrying out of any building, clearing, filling, excavation, or substantial improvement in the size or use of any structure or the appearance of any land. When appropriate to the context, "construction" refers to the act of construction or the result of construction. However, "construction" shall not mean a landowner's act of construction or the result of a construction upon his or her own premises, provided such premises are not intended to be sold or resold.

(8) "Date of maximum medical improvement" means the date after which further recovery from, or lasting improvement to, an injury or disease can no longer reasonably be anticipated, based upon reasonable medical probability.

(9) "Death" as a basis for a right to compensation means only death resulting from an injury.

(10) "Department" means the Department of Labor and Employment Security.

(11) "Disability" means incapacity because of the injury to earn in the same or any other employment the wages which the employee was receiving at the time of the injury.

(12) "Division" means the Division of Workers' Compensation of the Department of Labor and Employment Security.

- 440.525 Examination of carriers.
- 440.53 Effect of unconstitutionality.
- 440.54 Violation of child labor law.
- 440.55 Proceedings against state.
- 440.572 Authorization for individual self-insurer to provide coverage.
- 440.585 Workers' compensation group self-insurance fund application disclosure.
- 440.59 Reporting requirements.
- 440.591 Administrative procedure, rulemaking authority.
- 440.593 Electronic reporting.
- 440.60 Application of laws.

440.01 Short title.—This chapter may be cited as the "Workers' Compensation Law."

History.—s. 1, ch. 17481, 1935; ss. 222, 1528, Sec. 596911, s. 23, ch. 78-300, ss. 1, 12, ch. 79-40, s. 21, ch. 79-312, s. 43, ch. 83-289, s. 56, ch. 90-257, s. 52, ch. 91-1.

440.015 Legislative Intent.—It is the intent of the Legislature that the Workers' Compensation Law be interpreted so as to assure the quick and efficient delivery of disability and medical benefits to an injured worker and to facilitate the worker's return to gainful reemployment at a reasonable cost to the employer. It is the specific intent of the Legislature that workers' compensation cases shall be decided on their merits. The workers' compensation system in Florida is based on a mutual renunciation of common-law rights and defenses by employers and employees alike. In addition, it is the intent of the Legislature that the facts in a workers' compensation case are not to be interpreted liberally in favor of either the rights of the injured worker or the rights of the employer. Additionally, the Legislature hereby declares that disputes concerning the facts in workers' compensation cases are not to be given a broad liberal construction in favor of the employee on the one hand or of the employer on the other hand, and the laws pertaining to workers' compensation are to be construed in accordance with the basic principles of statutory construction and not liberally in favor of either employee or employer. It is the intent of the Legislature to ensure the prompt delivery of benefits to the injured worker. Therefore, an efficient and self-executing system must be created which is not an economic or administrative burden. The Division of Workers' Compensation shall administer the Workers' Compensation Law in a manner which facilitates the self-execution of the system and the process of ensuring a prompt and cost-effective delivery of payments.

History.—s. 6, ch. 90-201; s. 6, ch. 91-1; s. 1, ch. 93-413.

440.02 Definitions.—When used in this chapter, unless the context clearly requires otherwise, the following terms shall have the following meanings:

(1) "Accident" means only an unexpected or unusual event or result that happens suddenly. A mental or nervous injury due to stress, fright, or excitement only, or disability or death due to the accidental acceleration or aggravation of a venereal disease or of a disease due to the habitual use of alcohol or controlled substances or narcotic drugs, or a disease that manifests itself in the fear of or dislike for an individual because of the individu-

al's race, color, religion, sex, national origin, age, or handicap is not an injury by accident. Injury out of the employment if a preexisting disease or annuity is accelerated or aggravated by an accident arising out of and in the course of employment, only acceleration or death or acceleration or aggravation of the preexisting condition reasonably attributable to the accident is compensable, with respect to death or permanent impairment.

(2) "Adoption" or "adopted" means legal adoption prior to the time of the injury.

(3) "Carrier" means any person or fund authorized under s. 440.38 to insure under this chapter and includes a self-insurer, and a commercial self-insurance fund authorized under s. 624.462.

(4) "Casual" as used in this section shall be taken to refer only to employments when the work contemplated is to be completed in not exceeding 10 working days, without regard to the number of men employed, and when the total labor cost of such work is less than \$100.

(5) "Child" includes a posthumous child, a child legally adopted prior to the injury of the employee, and a stepchild or acknowledged child born out of wedlock dependent upon the deceased, but does not include married children unless wholly dependent on him. "Grandchild" means a child as above defined of a child as above defined. "Brother" and "sister" include stepbrothers and stepsisters, half brothers and half sisters, and brothers and sisters by adoption, but does not include married brothers or married sisters unless wholly dependent on the employee. "Child," "grandchild," "brother," and "sister" include only persons who at the time of the death of the deceased employees are under 16 years of age, or under 22 years of age if a full-time student in an accredited educational institution.

(6) "Compensation" means the money allowance payable to an employee or to his dependents as provided for in this chapter.

(7) "Construction industry" means for-profit activities involving the carrying out of any building, clearing, filling, excavation, or substantial improvement in the size or use of any structure or the appearance of any land. When appropriate to the context, "construction" refers to the act of construction or the result of construction. However, "construction" shall not mean a landowner's act of construction or the result of a construction upon his or her own premises, provided such premises are not intended to be sold or resold.

(8) "Date of maximum medical improvement" means the date after which further recovery from, or lasting improvement to, an injury or disease can no longer reasonably be anticipated, based upon reasonable medical probability.

(9) "Death" as a basis for a right to compensation means only death resulting from an injury.

(10) "Department" means the Department of Labor and Employment Security.

(11) "Disability" means incapacity because of the injury to earn in the same or any other employment the wages which the employee was receiving at the time of the injury.

(12) "Division" means the Division of Workers' Compensation of the Department of Labor and Employment Security.

(13)(a) "Employee" means any person engaged in any employment under any appointment or contract of hire or apprenticeship, express or implied, oral or written, whether lawfully or unlawfully employed, and includes, but is not limited to, aliens and minors.

(b) "Employee" includes any person who is an officer of a corporation and who performs services for remuneration for such corporation within this state, whether or not such services are continuous.

1. Any officer of a corporation may elect to be exempt from this chapter by filing written notice of the election with the division as provided in s. 440.05.

2. As to officers of a corporation who are actively engaged in the construction industry, no more than three officers may elect to be exempt from this chapter by filing written notice of the election with the division as provided in s. 440.05.

3. An officer of a corporation who elects to be exempt from this chapter by filing a written notice of the election with the division as provided in s. 440.05 is not an employee.

Services are presumed to have been rendered to the corporation if the officer is compensated by other than dividends upon shares of stock of the corporation which he owns.

(c) "Employee" includes a sole proprietor or a partner who devotes full time to the proprietorship or partnership and, except as provided in this paragraph, elects to be included in the definition of employee by filing notice thereof as provided in s. 440.05. Partners or sole proprietors actively engaged in the construction industry are considered employees unless they elect to be excluded from the definition of employee by filing written notice of the election with the division as provided in s. 440.05. However, no more than three partners in a partnership that is actively engaged in the construction industry may elect to be excluded. A sole proprietor or partner who is actively engaged in the construction industry and who elects to be exempt from this chapter by filing a written notice of the election with the division as provided in s. 440.05 is not an employee. For purposes of this chapter, an independent contractor is an employee unless he meets all of the conditions set forth in subparagraph (d)1).

(d) "Employee" does not include:

1. An independent contractor, if:

a. The independent contractor maintains a separate business with his own work facility, truck, equipment, materials, or similar accommodations;

b. The independent contractor holds or has applied for a federal employer identification number, unless the independent contractor is a sole proprietor who is not required to obtain a federal employer identification number under state or federal requirements;

c. The independent contractor performs or agrees to perform specific services or work for specific amounts of money and controls the means of performing the services or work;

d. The independent contractor incurs the principal expenses related to the service or work that he performs or agrees to perform.

e. The independent contractor is responsible for the satisfactory completion of work or services that he performs or agrees to perform and is or could be held liable for a failure to complete the work or services;

f. The independent contractor receives compensation for work or services performed for a commission or on a per-job or competitive-bid basis and not on any other basis;

g. The independent contractor may realize a profit or suffer a loss in connection with performing work or services;

h. The independent contractor has continuing or recurring business liabilities or obligations; and

i. The success or failure of the independent contractor's business depends on the relationship of business receipts to expenditures.

However, the determination as to whether an individual included in the Standard Industrial Classification Manual of 1987, Industry Numbers 0711, 0721, 0722, 0751, 0761, 0762, 0781, 0782, 0783, 0811, 0831, 0851, 2411, 2421, 2435, 2436, 2448, or 2449, or a newspaper delivery person, is an independent contractor is governed not by the criteria in this paragraph but by common-law principles, giving due consideration to the business activity of the individual.

2. A real estate salesperson or agent, if that person agrees, in writing, to perform for remuneration solely by way of commission.

3. Bands, orchestras, and musical and theatrical performers, including disk jockeys, performing in licensed premises as defined in chapter 562, if a written contract evidencing an independent contractor relationship is entered into before the commencement of such entertainment.

4. An owner-operator of a motor vehicle who transports property under a written contract with a motor carrier which evidences a relationship by which the owner-operator assumes the responsibility of an employer for the performance of the contract, if the owner-operator is required to furnish the necessary motor vehicle equipment and all costs incidental to the performance of the contract, including, but not limited to, fuel, taxes, licenses, repairs, and hired help; and the owner-operator is paid a commission for his transportation service and is not paid by the hour or on some other time-measured basis.

5. A person whose employment is both casual and not in the course of the trade, business, profession, or occupation of the employer.

6. A volunteer, except a volunteer worker for the state or a county, municipality, or other governmental entity. A person who does not receive monetary remuneration for his services is presumed to be a volunteer unless there is substantial evidence that a valuable consideration was intended by both employer and employee. For purposes of this chapter, the term "volunteer" includes, but is not limited to:

a. Persons who serve in private nonprofit agencies and who receive no compensation other than expenses in an amount less than or equivalent to the standard mileage and per diem expenses provided to salaried employees in the same agency or, if such agency does

not have salaried employees who receive mileage and per diem, than such volunteers who receive no compensation other than expenses in an amount less than or equivalent to the customary mileage and per diem paid to salaried workers in the community as determined by the division; and

b. Volunteers participating in federal programs established under Pub. L. No. 93-113.

7. Any officer of a corporation who elects to be exempt from this chapter.

8. A sole proprietor or officer of a corporation who actively engages in the construction industry, and a partner in a partnership that is actively engaged in the construction industry, who elects to be exempt from the provisions of this chapter. Such sole proprietor, officer, or partner is not an employee for any reason until the notice of revocation of election filed pursuant to s. 440.05 is effective.

9. An exercise rider who does not work for a single horse farm or breeder, and who is compensated for riding on a case-by-case basis, provided a written contract is entered into prior to the commencement of such activity which evidences that an employee/employer relationship does not exist.

10. A taxicab, limousine, or other passenger vehicle-for-hire driver who operates said vehicles pursuant to a written agreement with a company which provides any dispatch, marketing, insurance, communications, or other services under which the driver and any fees or charges paid by the driver to the company for such services are not conditioned upon, or expressed as a proportion of, fare revenues.

(14) "Employer" means the state and all political subdivisions thereof, all public and quasi-public corporations therein, every person carrying on any employment, and the legal representative of a deceased person or the receiver or trustee of any person. If the employer is a corporation, parties in actual control of the corporation, including, but not limited to, the president, officers who exercise broad corporate powers, directors, and all shareholders who directly or indirectly own a controlling interest in the corporation, are considered the employer for the purposes of ss. 440.105 and 440.106.

(15)(a) "Employment," subject to the other provisions of this chapter, means any service performed by an employee for the person employing him.

(b) "Employment" includes:

1. Employment by the state and all political subdivisions thereof and all public and quasi-public corporations therein, including officers elected at the polls.

2. All private employments in which four or more employees are employed by the same employer or, with respect to the construction industry, all private employment in which one or more employees are employed by the same employer.

3. Volunteer firefighters responding to or assisting with fire or medical emergencies whether or not the firefighters are on duty.

(c) "Employment" does not include service performed by or as:

1. Domestic servants in private homes.

2. Agricultural labor performed on a farm in the employ of a bona fide farmer, or association of farmers,

who employs 5 or fewer regular employees and who employs fewer than 12 other employees at one time for seasonal agricultural labor that is completed in less than 30 days, provided such seasonal employment does not exceed 45 days in the same calendar year. The term "farm" includes stock, dairy, poultry, fruit, fur-bearing animals, fish, and truck farms, ranches, nurseries, and orchards. The term "agricultural labor" includes field foremen, limekeepers, checkers, and other farm labor supervisory personnel.

3. Professional athletes, such as professional boxers, wrestlers, baseball, football, basketball, hockey, polo, tennis, jai alai, and similar players, and motorsports teams competing in a motor racing event as defined in s. 549.08.

4. Labor under a sentence of a court to perform community services as provided in s. 316.193.

(16) "Misconduct" includes, but is not limited to, the following, which shall not be construed in pari materia with each other:

(a) Conduct evincing such willful or wanton disregard of an employer's interests as is found in deliberate violation or disregard of standards of behavior which the employer has the right to expect of his employee; or

(b) Carelessness or negligence of such a degree or recurrence as to manifest culpability, wrongful intent, or evil design, or to show an intentional and substantial disregard of an employer's interests or of the employee's duties and obligations to his employer.

(17) "Injury" means personal injury or death by accident arising out of and in the course of employment, and such diseases or infection as naturally or unavoidably result from such injury. Damage to dentures, eyeglasses, prosthetic devices, and artificial limbs may be included in this definition only when the damage is shown to be part of, or in conjunction with, an accident. This damage must specifically occur as the result of an accident in the normal course of employment.

(18) "Parent" includes stepparents and parents by adoption, parents-in-law, and any persons who for more than 3 years prior to the death of the deceased employee stood in the place of a parent to him and were dependent on the injured employee.

(19) "Permanent impairment" means any anatomic or functional abnormality or loss determined as a percentage of the body as a whole, existing after the date of maximum medical improvement, which results from the injury.

(20) "Person" means individual, partnership, association, or corporation, including any public service corporation.

(21) "Self-insurer" means:

(a) Any employer who has secured payment of compensation pursuant to s. 440.38(1)(b) or (6) as an individual self-insurer;

(b) Any employer who has secured payment of compensation through a group self-insurance fund under s. 624.4621;

(c) Any group self-insurance fund established under s. 624.4621;

(d) A public utility as defined in s. 364.02 or a contractor or subcontractor pursuant to s. 440.57; or

(e) Any local government self-insurance fund established under s. 624.4622.

(22) "Spouse" includes only a spouse substantially dependent for financial support upon the decedent and living with the decedent at the time of the decedent's injury and death, or substantially dependent upon the decedent for financial support and living apart at that time for justifiable cause.

(23) "Time of injury" means the time of the occurrence of the accident resulting in the injury.

(24) "Wages" means the money rate at which the service rendered is recompensed under the contract of hiring in force at the time of the injury and includes only the wages earned and reported for federal income tax purposes on the job where the employee is injured and any other concurrent employment where he is also subject to workers' compensation coverage and benefits, together with the reasonable value of housing furnished to the employee by the employer which is the permanent year-round residence of the employee, and gratuities to the extent reported to the employer in writing as taxable income received in the course of employment from others than the employer and employer contributions for health insurance for the employee or the employee's dependents. However, housing furnished to migrant workers shall be included in wages unless provided after the time of injury. In employment in which an employee receives consideration for housing, the reasonable value of such housing compensation shall be the actual cost to the employer or based upon the Fair Market Rent Survey promulgated pursuant to s. 8 of the Housing and Urban Development Act of 1974, whichever is less. However, if employer contributions for housing or health insurance are continued after the time of the injury, the contributions are not "wages" for the purpose of calculating an employee's average weekly wage.

(25) "Weekly compensation rate" means and refers to the amount of compensation payable for a period of 7 consecutive days, including any Saturdays, Sundays, holidays, and other nonworking days which fall within such period of 7 consecutive days. When Saturdays, Sundays, holidays, or other nonworking days immediately follow the first 7 days of disability or occur at the end of a period of disability as the last day or days of such period, such nonworking days constitute a part of the period of disability with respect to which compensation is payable.

(26) "Construction design professional" means an architect, professional engineer, landscape architect, or surveyor and mapper, or any corporation, professional or general, that has a certificate to practice in the construction design field from the Department of Business and Professional Regulation.

(27) "Individual self-insurer" means any employer who has secured payment of compensation pursuant to s. 440.38(1)(b) as an individual self-insurer.

(28) "Domestic individual self-insurer" means an individual self-insurer

(a) Which is a corporation formed under the laws of this state

(b) Who is an individual who is a resident of this state or whose primary place of business is located in this state or

(c) Which is a partnership whose principals are residents of this state or whose primary place of business is located in this state.

(29) "Foreign individual self-insurer" means an individual self-insurer:

(a) Which is a corporation formed under the laws of any state, district, territory, or commonwealth of the United States other than this state;

(b) Who is an individual who is not a resident of this state and whose primary place of business is not located in this state; or

(c) Which is a partnership whose principals are not residents of this state and whose primary place of business is not located in this state.

(30) "Insolvent member" means an individual self-insurer which is a member of the Florida Self-Insurers Guaranty Association, Incorporated, or which was a member and has withdrawn pursuant to s. 440.385(1)(b), and which has been found insolvent, as defined in paragraph (31)(a), paragraph (31)(b), or paragraph (31)(c), by a court of competent jurisdiction in this or any other state, or meets the definition of paragraph (31)(d).

(31) "Insolvency" or "insolvent" means:

(a) With respect to an individual self-insurer:

1. That all assets of the individual self-insurer, if made immediately available, would not be sufficient to meet all the individual self-insurer's liabilities;

2. That the individual self-insurer is unable to pay its debts as they become due in the usual course of business;

3. That the individual self-insurer has substantially ceased or suspended the payment of compensation to its employees as required in this chapter; or

4. That the individual self-insurer has sought protection under the United States Bankruptcy Code or has been brought under the jurisdiction of a court of bankruptcy as a debtor pursuant to the United States Bankruptcy Code.

(b) With respect to an employee claiming insolvency pursuant to s. 440.25(5), a person is insolvent who:

1. Has ceased to pay his debts in the ordinary course of business and cannot pay his debts as they become due; or

2. Has been adjudicated insolvent pursuant to the federal bankruptcy law.

(32) "Arising out of" pertains to occupational causation. An accidental injury or death arises out of employment if work performed in the course and scope of employment is the major contributing cause of the injury or death.

(33) "Soft-tissue injury" means an injury that produces damage to the soft tissues, rather than to the skeletal tissues or soft organs.

(34) "Catastrophic injury" means a permanent impairment constituted by

(a) Spinal cord injury involving severe paralysis of an arm, a leg, or the trunk;

(b) Amputation of an arm, a hand, a foot, or a leg involving the effective loss of use of that appendage;

(c) Severe brain or closed-head injury as evidenced by

Severe sensory or motor disturbances.

- 2 Severe communication disturbances.
- 3 Severe complex integrated disturbances of cerebral function;
- 4 Severe episodic neurological disorders; or
- 5 Other severe brain and closed-head injury conditions at least as severe in nature as any condition provided in subparagraphs 1.-4.:

(d) Second-degree or third-degree burns of 25 percent or more of the total body surface or third-degree burns of 5 percent or more to the face and hands:

- (e) Total or industrial blindness; or
- (f) Any other injury that would otherwise qualify under this chapter of a nature and severity that would qualify an employee to receive disability income benefits under Title II or supplemental security income benefits under Title XVI of the federal Social Security Act as the Social Security Act existed on July 1, 1992, without regard to any time limitations provided under that act.

(35) "insurer" means a group self-insurers fund authorized by s. 624.4621, an individual self-insurer authorized by s. 440.38, a commercial self-insurance fund authorized by s. 624.462, an assessable mutual insurer authorized by s. 628.6011, and an insurer licensed to write workers' compensation and employer's liability insurance in this state. The term "carrier," as used in this chapter, means an insurer as defined in this subsection.

(36) "Statement," for the purposes of ss. 440.105 and 440.106, includes, but is not limited to, any notice, representation, statement, proof of injury, bill for services, diagnosis, prescription, hospital or doctor record, X ray, test result, or other evidence of loss, injury, or expense.

History.—s. 2, ch. 17481, 1935; s. 1, ch. 17482, 1935; s. 1, ch. 17483, 1935; CGL 1936 Supp. 390427; s. 1, ch. 78413, 1937; s. 1, ch. 20872, 1941; s. 1, ch. 20238, 1953; s. 1, ch. 20778, 1955; s. 1, ch. 87-168, s. 1, ch. 37-225, s. 1, ch. 59-100, s. 1, ch. 66-184, s. 1, ch. 87-354, ss. 17, 26, ch. 83-103, s. 1, ch. 71-80, s. 182, ch. 71-377, s. 1, ch. 72-243; s. 1, ch. 73-127; s. 1, ch. 73-233; s. 118, ch. 73-333; s. 1, ch. 74-48; s. 1, ch. 74-124; s. 1, ch. 74-137; s. 1, ch. 75-209; s. 1, ch. 77-174; s. 1, ch. 77-290; ss. 1, 23, ch. 78-300; s. 15, ch. 79-7; ss. 2, 124, ch. 79-40; s. 21, ch. 79-312; s. 1, ch. 80-738; s. 3, ch. 81-119; ss. 1, 23, ch. 83-308; s. 1, ch. 84-267; s. 6, ch. 86-171; s. 1, ch. 87-330; s. 1, ch. 88-202; s. 2, ch. 87-81; ss. 3, 43, ch. 88-289; ss. 9, 56, ch. 90-201; ss. 7, 52, ch. 91-1; s. 1, ch. 91-2; s. 2, ch. 93-415; s. 117, ch. 94-119; s. 39, ch. 94-218.

*Note.—Transferred to s. 624.4622 by s. 81, ch. 93-415.
 *Note.—Reenacted as subsection (31)(a)1, by s. 2, ch. 93-415.
 *Note.—Reenacted as subsection (31)(a)2, by s. 2, ch. 93-415.
 *Note.—Reenacted as subsection (31)(a)3, by s. 2, ch. 93-415.
 *Note.—Reenacted as subsection (31)(a)4, by s. 2, ch. 93-415.

440.021 Exemption of workers' compensation from chapter 120.—Workers' compensation adjudications by judges of compensation claims are exempt from chapter 120 and no judge of compensation claims shall be considered an agency or a part thereof. Communications of the result of investigations by the division pursuant to s. 440.185(4) are exempt from chapter 120. In all instances in which the division institutes action to collect a penalty or interest which may be due pursuant to this chapter, the penalty or interest shall be assessed without hearing, and the party against which such penalty or interest is assessed shall be given written notice of such assessment and shall have the right to protest within 20 days of such notice. Upon receipt of a timely notice of protest and after such investigation as may be necessary, the division shall, if it agrees with such protest, notify the protesting party that the assessment has been revoked. If the division does not agree with the protest, it shall refer the matter to the judge of compensation claims for

determination pursuant to s. 440.25(3) and (4). Such action of the division is exempt from the provisions of chapter 120.

History.—s. 1, ch. 77-289; s. 1, ch. 79-391; s. 1, ch. 79-40; s. 4, 21, ch. 79-112; s. 4, ch. 81-119; s. 2, ch. 81-25; s. 47, ch. 82-267; s. 21, ch. 90-201; s. 3, ch. 91-1; s. 2, ch. 91-48.

*Note.—Section 81, ch. 77-289, which created subsection (3), and subsection (4) of section 440.021, are hereby repealed.
 *Note.—Reenacted as s. 440.021 by s. 37, ch. 93-415.

440.03 Application.—Every employer and employee as defined in s. 440.02 shall be bound by the provisions of this chapter.

History.—s. 1, ch. 17481, 1935; CGL 1936 Supp. 396531; s. 1, ch. 19-148; s. 23, ch. 79-100; s. 11; s. ch. 78-40; s. 21, ch. 79-312; s. 43, ch. 89-289; s. 38, ch. 90-201; s. 32, ch. 91-.

440.04 Waiver of exemption.—

(1) Every employer having in his employment any employee not included in the definition "employee," or excluded or exempted from the operation of this chapter may at any time waive such exclusion or exemption and accept the provisions of this chapter by giving notice thereof as provided in s. 440.05, and by so doing be as fully protected and covered by the provisions of this chapter as if such exclusion or exemption had not been contained herein.

(2) When any policy or contract of insurance specifically secures the benefits of this chapter to any person not included in the definition of "employee" or whose services are not included in the definition of "employment" or who is otherwise excluded or exempted from the operation of this chapter, the acceptance of such policy or contract of insurance by the insured and the writing of same by the carrier shall constitute a waiver of such exclusion or exemption and an acceptance of the provisions of this chapter with respect to such person, notwithstanding the provision of s. 440.05 with respect to notice.

(3) A corporate officer who has exempted himself by proper notice from the operation of this chapter may at any time revoke such exemption and thereby accept the provisions of this chapter by giving notice as provided in s. 440.05.

History.—s. 4, ch. 17481, 1935; CGL 1936 Supp. 396447; s. 2, ch. 18413, 1937; s. 2, ch. 29778, 1955; s. 6, ch. 70-148; s. 2, ch. 74-107; s. 22, ch. 78-300; s. 124, ch. 79-40; s. 21, ch. 79-312; s. 43, ch. 89-289; s. 58, ch. 90-201; s. 52, ch. 91-.

440.05 Election of exemption; revocation of election; notice; certification.—

(1) Each corporate officer who elects not to accept the provisions of this chapter or who, after electing such exemption, revokes that exemption shall mail to the division in Tallahassee notice to such effect in accordance with a form to be prescribed by the division.

(2) Each sole proprietor or partner who elects to be included in the definition of "employee" or who, after such election, revokes that election must mail to the division in Tallahassee notice to such effect, in accordance with a form to be prescribed by the division.

(3) Each sole proprietor, partner, or officer of a corporation who is actively engaged in the construction industry and who elects an exemption from this chapter or who, after electing such exemption, revokes that exemption, must mail a written notice to such effect to the division on a form prescribed by the division. The notice of election to be exempt from the provisions of

This chapter must be notarized and under oath. The election must list the name, federal tax identification number, social security number, and all certified or registered licenses issued pursuant to chapter 489 held by the person seeking the exemption. The form must identify each sole proprietorship, partnership, or corporation that employs the person electing the exemption and must list the social security number or federal tax identification number of each such employer. In addition, the election form must provide that the sole proprietor, partner, or officer electing an exemption is not entitled to benefits under this chapter, must provide that the election does not exceed exemption limits for officers and partnerships provided in s. 440.02, and must certify that any employees of the sole proprietor, partner, or officer electing an exemption are covered by workers' compensation insurance. Upon receipt of the notice of the election to be exempt and a determination that the notice meets the requirements of this subsection, the division shall issue a certification of the election to the sole proprietor, partner, or officer. The certificate of election must list the names of the sole proprietorship, partnership, or corporation listed in the request for exemption. A new certificate of election must be obtained each time the person is employed by a new sole proprietorship, partnership, or corporation that is not listed on the certificate of election. A copy of the certificate of election must be sent to each workers' compensation carrier identified in the request for exemption. The certification of the election is valid until the sole proprietor, partner, or officer revokes his election. Upon filing a notice of revocation of election, a sole proprietor, partner, or officer who is a subcontractor must notify his contractor.

(4) A notice given under subsection (1), subsection (2), or subsection (3) is not effective until 30 days after the date it is mailed to the division in Tallahassee. However, if an accident or occupational disease occurs less than 30 days after the effective date of the insurance policy under which the payment of compensation is secured or the date the employer qualified as a self-insurer, such notice is effective as of 12:01 a.m. of the day following the date it is mailed to the division in Tallahassee.

(5) Any contractor responsible for compensation under s. 440.10 may register in writing with the workers' compensation carrier for any subcontractor and shall thereafter be entitled to receive written notice from the carrier of any cancellation or nonrenewal of the policy.

(6) The division may assess a fee, not to exceed \$50, with each request for election or renewal of election under this section. The funds collected by the division shall be used to administer this section and to audit the businesses that pay the fee for compliance with any requirements of this chapter.

History.—s. 6, ch. 17481, 1983; C.S. 1932 Supp. § 96251, ss. 17, 22, ch. 68-106, § 2, ch. 79-148, § 1, ch. 79-430, § 3, ch. 79-197, § 2, ch. 78-209, § 22, ch. 78-300, § 24, ch. 79-40, § 21, ch. 79-312, § 43, ch. 89-289, § 52, ch. 90-201, § 32, ch. 91-1, § 2, ch. 91-2, § 2, ch. 93-415.

440.055 Notice requirements.—An employer who employs fewer than four employees, who is permitted by law to elect not to secure payment of compensation under this chapter, and who elects not to do so shall post clear written notice in a conspicuous location at

each worksite directed to all employees and other persons performing services at the worksite of their lack of entitlement to benefits under this chapter.

History.—s. 10, ch. 90-201, § 6, ch. 91-1, § 4, ch. 93-415.

440.06 Failure to secure compensation; effect.—Every employer who fails to secure the payment of compensation under this chapter as provided in s. 440.38 may not, in any suit brought against him by an employee subject to this chapter to recover damages for injury or death, defend such a suit on the grounds that the injury was caused by the negligence of a fellow servant, that the employee assumed the risk of his employment, or that the injury was due to the comparative negligence of the employee.

History.—s. 6, ch. 17481, 1983; C.S. 1932 Supp. § 96251, § 5, ch. 79-148, § 23, ch. 78-300, ss. 4, 124, ch. 78-40, § 21, ch. 79-312, § 43, ch. 89-289, § 54, ch. 90-201, § 62, ch. 91-1.

440.075 When corporate officer rejects chapter; effect.—Every corporate officer who elects to reject this chapter shall, in any action to recover damages for injury or death brought against the corporate employer, proceed as at common law, and the employer in such suit may avail itself of all defenses that exist at common law.

History.—s. 4, ch. 74-187, § 23, ch. 78-300, § 124, ch. 79-40, § 21, ch. 79-312, § 43, ch. 89-289, § 56, ch. 90-201, § 52, ch. 91-1.

440.077 When a sole proprietor, partner, or officer rejects chapter; effect.—A sole proprietor, partner, or officer of a corporation who is actively engaged in the construction industry and who elects to be exempt from the provisions of this chapter may not recover benefits under this chapter.

History.—s. 2, ch. 91-2.

440.09 Coverage.—

(1) The employer shall pay compensation or furnish benefits required by this chapter if the employee suffers an accidental injury or death arising out of work performed in the course and the scope of employment. The injury, its occupational cause, and any resulting manifestations or disability shall be established to a reasonable degree of medical certainty and by objective medical findings. Mental or nervous injuries occurring as a manifestation of an injury compensable under this section shall be demonstrated by clear and convincing evidence.

(a) This chapter does not require any compensation or benefits for any subsequent injury the employee suffers as a result of an original injury arising out of and in the course of employment unless the original injury is the major contributing cause of the subsequent injury.

(b) If an injury arising out of and in the course of employment combines with a preexisting disease or condition to cause or prolong disability or need for treatment, the employer must pay compensation or benefits required by this chapter only to the extent that the injury arising out of and in the course of employment is and remains the major contributing cause of the disability or need for treatment.

(c) Death resulting from an operation by a surgeon furnished by the employer for the cure of hernia as required in s. 440.15(6) shall for the purpose of this chapter be considered to be a death resulting from the accident causing the hernia.

(1) If an accident happens while the employee is employed elsewhere than in this state, which would entitle him or his dependents to compensation if it had happened in this state, the employee or his dependents are entitled to compensation if the contract of employment was made in this state, or the employment was principally localized in this state. However, if an employee receives compensation or damages under the laws of any other state, the total compensation for the injury may not be greater than is provided in this chapter.

(2) Benefits are not payable in respect of the disability or death of any employee covered by the Federal Employer's Liability Act, the Longshoremen's and Harbor Worker's Compensation Act, or the Jones Act.

(3) Compensation is not payable if the injury was occasioned primarily by the intoxication of the employee; by the influence of any drugs, barbiturates, or other stimulants not prescribed by a physician; or by the willful intention of the employee to injure or kill himself, herself, or another.

(4) An employee shall not be entitled to compensation or benefits under this chapter if any administrative hearing officer, court, or jury convened in this state determines that the employee has knowingly or intentionally engaged in any of the acts described in s. 440.105 for the purpose of securing workers' compensation benefits.

(5) If injury is caused by the knowing refusal of the employee to use a safety appliance or observe a safety rule required by statute or lawfully adopted by the division, and brought prior to the accident to the employee's knowledge, or if injury is caused by the knowing refusal of the employee to use a safety appliance provided by the employer, the compensation as provided in this chapter shall be reduced 25 percent.

(6) Except as provided in this chapter, a construction design professional who is retained to perform professional services on a construction project, or an employee of a construction design professional in the performance of professional services on the site of the construction project, is not liable for any injuries resulting from the employer's failure to comply with safety standards on the construction project for which compensation is recoverable under this chapter, unless responsibility for safety practices is specifically assumed by contracts. The immunity provided by this subsection to a construction design professional does not apply to the negligent preparation of design plans or specifications.

(7)(a) To ensure that the workplace is a drug-free environment and to deter the use of drugs and alcohol at the workplace, if the employer has reason to suspect that the injury was occasioned primarily by the intoxication of the employee or by the use of any drug, as defined in this chapter, which affected the employee to the extent that the employee's normal faculties were impaired, and the employer has not implemented a drug-free workplace pursuant to ss. 440.101 and 440.102, the employer may require the employee to submit to a test for the presence of any or all drugs or alcohol in his system.

(b) If the employee has, at the time of the injury, a blood alcohol level equal to or greater than the level

specified in s. 316.193, or if the employee has a positive confirmation of a drug as defined in this act, it is presumed that the injury was occasioned primarily by the intoxication of, or by the influence of the drug upon, the employee. In the absence of a drug-free workplace program, this presumption may be rebutted by clear and convincing evidence that the intoxication or influence of the drug did not contribute to the injury. Percent by weight of alcohol in the blood must be based upon grams of alcohol per 100 milliliters of blood. If the results are positive, the testing facility must maintain the specimen for a minimum of 90 days. Blood serum may be used for testing purposes under this chapter; however, if this test is used, the presumptions under this section do not arise unless the blood alcohol level is proved to be medically and scientifically equivalent to or greater than the comparable blood alcohol level that would have been obtained if the test were based on percent by weight of alcohol in the blood. However, if, before the accident, the employer had actual knowledge of and expressly acquiesced in the employee's presence at the workplace while under the influence of such alcohol or drug, the presumptions specified in this subsection do not apply.

(c) If the injured worker refuses to submit to a drug test, it shall be presumed in the absence of clear and convincing evidence to the contrary that the injury was occasioned primarily by the influence of drugs.

(d) The division shall provide by rule for the authorization and regulation of drug-testing policies, procedures, and methods. Testing of injured employees shall not commence until such rules are adopted.

(8) If, by operation of s. 440.04, benefits become payable to a professional athlete under this chapter, such benefits shall be reduced or setoff in the total amount of injury benefits or wages payable during the period of disability by the employer under a collective bargaining agreement or contract for hire.

History.—s. 9, ch. 17481, 1985; COL. 1838 Supp. 5882 by s. 3, ch. 18413, 1987; s. 1, ch. 28238, 1983; s. 1, ch. 87-293, s. 2, ch. 73-127; s. 3, ch. 74-187, s. 3, ch. 75-309; s. 2, ch. 77-290; s. 22, ch. 78-300; s. 124, ch. 78-40; s. 21, ch. 78-312; s. 7, ch. 88-171; ss. s. 3, 6, 43, ch. 89-282; ss. 11, 64, ch. 90-261; ss. 9, 52, ch. 91-11; ss. 3, 83, ch. 93-418.

None.—Repealed by s. 3, ch. 82-237.

440.091 Law enforcement officer; when acting within the course of employment.—If an employee:

(1) Is elected, appointed, or employed full time by a municipality, the state, or any political subdivision and is vested with authority to bear arms and make arrests and his primary responsibility is the prevention or detection of crime or the enforcement of the penal, criminal, traffic, or highway laws of the state;

(2) Was discharging that primary responsibility within the state in a place and under circumstances reasonably consistent with that primary responsibility; and

(3) Was not engaged in services for which he was paid by a private employer, and he and his public employer had no agreement providing for workers' compensation coverage for that private employment;

the employee shall be deemed to have been acting within the course of employment. The term "employee" as used in this section includes all certified supervisors and command personnel whose duties include, in whole

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SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 3/26/98

FURTHER: Finance

Date of 5-Day Notice: 4-2-98
 (in accordance with Uniform Rule 23)

DATE TURNED
 IN TO OFFICE: 4-8-98

Labor and Commerce Committee considered SENATE BILL NO. 346

"An Act relating to competition in the provision of local exchange telephone service; and providing for an effective date."

and recommends:

- be replaced with _____ CS SB 346 (L.C.)
- adopt previous _____ CS _____
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill: same title
- new title
- House Bill:**
- same title
- technical title
- new: SCR# _____

| SIGNING DO PASS | DP | OTHER RECOMMENDATIONS | NR | DNP | AM |
|---------------------------|-------------------------------------|-----------------------|-------------------------------------|-----|----|
| <i>Mike Miller</i> | <input checked="" type="checkbox"/> | <i>Tim Kelly</i> | <input checked="" type="checkbox"/> | | |
| | | <i>[Signature]</i> | <input checked="" type="checkbox"/> | | |
| | | <i>[Signature]</i> | | | |
| | | <i>[Signature]</i> | | | |
| | | <i>[Signature]</i> | | | |
| CHAIR: <i>[Signature]</i> | <input checked="" type="checkbox"/> | CHAIR: | | | |

NEW FISCAL NOTE(S):

| Department | Date | Zero | Fiscal |
|--------------------|------|------|--------|
| <i>Fin to come</i> | | | |
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PREVIOUS FISCAL NOTE(S):*

| Department | Date | Zero | Fiscal |
|------------|------|------|--------|
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| | | | |

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. SB 346 | _____

Revision Date (Note if correction) _____ Dept. Affect: Commerce & Economic Development
 Title Competition in local exchange telephone service BRU AK Public Utilities Commission
 Component AK Public Utilities Commission

Sponsor Labor & Commerce/Senate
 Requester Finance 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 | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------------|--------------|--------------|-------------|------------|------------|------------|
| 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: 0.0

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
 Division APUC
 Approved by Commissioner [Signature]
 Agency [Signature]

Phone 276-6222
 Date 4/8/98
 Date 4/8/98

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

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SB 346 - Preliminary Fiscal Analysis

SB 346 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."

SB 346 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 SB 346 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.

SB 346 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 UEA III will be required to analyze the filings for the first two years. Thereafter, a half-time UEA III will be required 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.

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'Neill, 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 Reimer, 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 |
| Skogway | 983 | 868 |
| Tetlin | 324 | 29 |
| Tok | 883 | 938 |
| Whale Pass | 046 | 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, 333,337,338,341,342,343, 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 |
| Jlm River Camp | 541 | 3 |
| | | Total 68 |

**BRISTOL BAY TELEPHONE
 COOPERATIVE, INC.**
 RO. 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 |
| Igluglg | 533 | 30 |
| King Salmon, Naknek and South Naknek | 246 | 1,241 |
| Kollganek | 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 |
| Steelmute | 449 | 19 |
| Stony River | 537 | 19 |
| | | Total 679 |

**COPPER VALLEY TELEPHONE
COOPERATIVE, INC.**

PO. 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 Pamia 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 |
| Tatitlek | 325 | 49 |
| Valdez | 835 | 3,099 |
| | | Total 4,872 |

CORDOVA TELEPHONE COOPERATIVE

PO. 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 MUNICIPAL 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. Krogue
Staff Mgr.-Tariff & Access Costs Dean Randall

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

**MUSHAGAK 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 Shimanek
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 | 209 | 86 |
| | | Total 1,915 |

**OTZ TELEPHONE
COOPERATIVE, INC.**
P.O. Box 324
Kotzebue, Alaska 99752
Telephone 907/442-3114
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 |
| Kiana | 475 | 119 |
| Kivallina | 645 | 107 |
| Kobuk | 946 | 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 | | 87 |
| Chatanika | 389 | 22 |
| Chena Hot Springs | 369 | |
| | | 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 |
| Gakona | 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 |
| Ellm | 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 |
| Fl. Walnwright | 356 | 3,029 |
| Juneau | 463,465,596,780 | 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 |
| Kaltag | 534 | 85 |
| Karluk | 241 | 26 |

(continued)

TELEPHONE UTILITIES (continued)

| | | |
|---------------------|---------|--------|
| Kasaan | 542 | 25 |
| Kazakoff Bay | 381 | 36 |
| Kenal | 283 | 5,837 |
| Klawock | 755 | 488 |
| Kodiak/Kodiak C.G. | 486,487 | 6,942 |
| Kokhanok | 202 | 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 Kenal | 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 Alsworth | 781 | 76 |
| Port Graham | 284 | 80 |
| Port Heiden | 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
 Presiden/CEO Steve Hamlen
 Executive Vice President Chuck Russell
 Controller Marianne Turner

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

| Exchange | Prefix | Subscriber Access Lines |
|----------------|--------|----------------------------|
| Akiachak | 825 | 109 |
| Akiak | .765 | 71 |
| Alakanuk | 238 | 122 |
| Arctic Village | 587 | 26 |
| Atmautluak | 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 |
| Kasigluk | 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 |
| Livengood | 295 | 15 |
| Manley Hot Springs | 672 | 65 |
| Marshall | 679 | 77 |
| Mekoryuk | 827 | 84 |
| Minto | 798 | 54 |
| Mountain Village | 591 | 191 |
| Napaklak | 589 | 73 |
| Napaskiak/Oscarville | 737 | 83 |
| Newtok | 237 | 54 |
| Nightmute | 647 | 47 |
| Nikolai | 293 | 28 |
| Nunapitluk | 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 |
| Telka | 843 | 6 |
| Togiak | 493 | 206 |
| Toksook Bay | 427 | 123 |
| Tuluksak | 695 | 67 |
| Tuntutullak | 256 | 77 |
| Tununak | 652 | 90 |
| Twin Hills | 525 | 22 |
| Veneue | 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 St.
Whitler 99607*

\$1,962,000 Inv.

7 Employees

President J. Clifton Eller

Exchange
Ruby
Tanana
Whittier

Prefix
468
366
472

Subscriber
Access Lines
78
128
185
Total 391



Official Business

Alaska State Legislature

SENATE

State Capitol
Juneau, AK 99801-1182

Senate Labor & Commerce Committee

Memo

TO: Terry Cramer, Legal Counsel
Legislative Legal and Research Services
via fax: X 2029 this page only

FROM: Annette Kreitzer, Aide to
Senate Labor & Commerce Committee
PH: X 3844

DATE: April 8, 1998

RE: FINAL CS SB346 (L&C)

Please deliver a final L&C Committee Substitute for SB 346 to Capitol Room 115 with the following change:

Page 2, Line 16: DELETE [1,500]
 Insert 5,000

The Senate L&C Committee moved this bill from committee yesterday. Call if you have questions. Senator Leman would like to have this in time to be read in the Senate Chambers under Committee Reports today.

04/07/98
13:46:27

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM
PARTICIPANT LIST (TESTIFIERS ONLY)
TCN:80617 SCHEDULED FOR:04/07/98 13:30 TO 15:00
PUBLIC HEARING SENATE LABOR & COMMERCE

LTN1150
BY:JNU
FOR:ALL

LOCATION:ANCHORAGE

| | | | | |
|--------|----------|----------|--------------------------|---------|
| SB 349 | JOHN | PENN | ANCH FOOTBALL | TESTIFY |
| SB 349 | PATRICIA | LILLIAN | AK AMAT SOFTBALL | TESTIFY |
| SB 349 | GARY | MATTHEWS | AK SCHOOL ACT. | TESTIFY |
| SB 349 | BOB | WALKER | SOFTBALL | TESTIFY |
| SB 346 | TOM | MEADE - | TEL AK | TESTIFY |
| SB 346 | DAVID | FAUSKE | <i>Article 5/000 Tel</i> | TESTIFY |
| SB 346 | KEN | TROJT | SUMMIT TELE CO | TESTIFY |

LOCATION:BETHEL

| | | | | |
|--------|-------|--------|------------------|---------|
| SB 346 | STEVE | HAMLEN | UNITED UTILITIES | TESTIFY |
|--------|-------|--------|------------------|---------|

LOCATION:FAIRBANKS

| | | | | | |
|--------|-----|--------|-----------|-----------------|---------|
| SB 349 | MR. | JERRY | WATSON | F.N. UMPIRES | TESTIFY |
| SB 349 | MR. | BRUCE | KEMMERER | ALASKA A.S.A. | TESTIFY |
| SB 349 | MR. | LEFTY | SCHALLOCK | FBX BASKETB. AS | TESTIFY |
| SB 349 | MS. | KIM | KILLION | OFFICIALS ASSOC | TESTIFY |
| SB 349 | MR. | ROBERT | WALKOTTE | FBX FOOTBALL AS | TESTIFY |

LOCATION:MATSU

| | | | | |
|--------|----|------|------------------------|---------|
| SB 346 | MR | GREG | BERBERICH ^K | TESTIFY |
|--------|----|------|------------------------|---------|

LOCATION:VALDEZ

NO

04/07/98
13:26:24

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM
PARTICIPANT LIST (ALL PARTICIPANTS)

LTN1150
BY:MAT
FOR:MAT

TCN:80617 SCHEDULED FOR:04/07/98 13:30 TO 15:00
PUBLIC HEARING SENATE LABOR & COMMERCE

LOCATION:MATSU
SB 346

MR

GREG

BERBERICH

TESTIFY

04/07/98 13:32:17 LEGISLATIVE TELECONFERENCE NETWORK SYSTEM
MESSAGE FROM: LIOCJEN IN ANCHORAGE

LTN1120
JNU

RE TCN: 80617 SCHEDULED FOR:04/07/98 13:30 TO 15:00
SPONSOR: SENATE LABOR & COMMERCE PURPOSE: PUBLIC HEARING

MESSAGE TEXT: BRIAN THOMAS, OF1, IS ON LINE FROM
VANCOUVER TO T ON SB 346

Jim Rowe, Director, Alaska Telephone Association
SB 346, Labor and Commerce Committee
April 7, 1998

▶ The Telecommunications Act of 1996 does **not** mandate (open market) competition in every telecommunications market. The Act conditions every competitive section with the restriction that it be consistent with Section 254 of the Act. Section 254 is a mandate to **maintain and advance universal service.**

▶ Congress acknowledged that rural areas presented a telecommunications environment where competition might put universal service at risk. Recognizing that risk, the Telcom Act provides an exemption for rural carriers from unbundling network elements and collocation. It specifically says "*The State commission shall conduct an inquiry for the purpose of determining whether to terminate the exemption....*" [Sec. 251(f)(1)(b)].

Sec. 870(b)(1) of this bill (p.2, lines 8-12) prevents the APUC from making that determination. This conflict is particularly significant when we consider that Congress was thinking of rural Virginia and West Virginia, not Bush Alaska, when they wrote rural safeguards into the federal legislation.

▶ In the decision that frustrated GCI into pursuing this legislation, the APUC conducted a very lengthy hearing and decided that until further information was available regarding access reform and universal service support, it couldn't determine that universal service -- that is affordable rates -- could be maintained. The APUC refused to lift the rural exemption.

That decision meant

GCI could build facilities to compete

GCI could resell the local carrier's service at retail

GCI could buy the local carrier's service at a wholesale rate.

All GCI can not do is resell the local carrier's unbundled network elements and collocate.

So now GCI comes before you asking you to circumvent a public policy safeguard that says "*The State commission shall conduct an inquiry for the purpose of determining whether to terminate the exemption....*"

April 7, 1998

The Honorable Loren Leman
Alaska State Legislature
MS-3100
Juneau, Alaska 99801

Dear Senator Leman:

I am writing you today in opposition to House Bill 416. This bill is being aggressively pushed by GCI after the APUC denied GCI's request to unbundle and collocate with PTI in Juneau and Fairbanks.

GCI has launched a statewide campaign promoting the idea that "competition" will miraculously lead to lower prices and better service. This story line has great appeal on the surface but I have severe doubts that the rhetoric will ever become reality.

Currently, as a telephone Cooperative member, I pay some of the lowest residential rates in the state and well below the national average. I understand that this is possible because the Cooperative uses cross subsidies from access charges, universal service funding and business services to keep residential rates below their cost. Long distance companies like GCI pay the Coop. access revenues, to use the local network that I and my fellow Cooperative owners have built. Universal service support mandated by the Federal government promotes affordable telephone service in rural and high cost serving areas. Finally, business services are priced slightly higher than their actual cost to help keep residential rates affordable. What effect will GCI have on these subsidies to local residential rates if unbundling and collocation are allowed?

GCI can avoid paying access charges by unbundling local loops and connecting them to their switch. They are not required to pass on this savings to subscribers. If given the choice between rewarding stock holders or consumers, I don't think there is any doubt on which way they will choose.

GCI will receive universal service funding for each customer it serves. This creates a deficit revenue stream to finance maintenance and expansion of the network. Pricing is forced upwards to make up this loss of subsidy, which nullifies the intent of the fund!

GCI will aggressively target the Cooperative's most lucrative, high volume business customers, who help cross subsidize residential rates. This is standard industry practice for long distance carriers as shown by the attached web page of quotes by the leadership of AT&T and MCI. MCI is a major stock holder of GCI.

The bulk of GCI's media blitzkrieg doesn't ring true. How will prices be lowered for all residential consumers when access charges are avoided? Embedded costs to build and maintain the network don't change, just GCI's status from a paying user to a free rider. Universal service support diverted to GCI's stock holders forces pricing upwards for all

subscribers. Cream skimming of business customers will diminish the amount of cross subsidy to residential rates. Subsidies keep residential pricing below the cost to provide residential service. How will diminishing subsidies lead to lower rates?

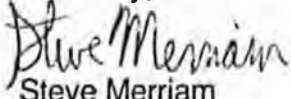
GCI's states "competition in local service will drive pricing towards cost, as it did in long distance". This disingenuous statement is as close to the truth as they venture. Long distance service was priced above cost prior to GCI's entry; local residential service is priced below cost prior to their entry. Competition that siphons off cross subsidies *will* move pricing towards cost, and in the case of local residential service the movement will be upwards. The cause and effect relationship will be the same, but with a different end result. Rates will go up in local service for the same reasons they went down in long distance. Ask them to explain how they are going to lower rates in light of their own example.

The APUC is a savvy consumer protection agency that understood the potential impact to consumers if GCI's request to unbundle services and collocate were approved. Having failed to hoodwink the agency with a firm grasp on the issues, GCI has turned to the legislature, with the hope that you will be mesmerized by this lofty talk of "competition lowering rates", getting rid of "subsidy based pricing" in favor of "competitive based pricing" etc. It is a feel good fairy tale that, by their own historical example, will lead to higher rates.

Cnn recently reported the Federal government was investigating the major airlines for artificially cutting fares below cost in a war of attrition, thereby driving out competition by small regional carriers. This is very similar to the predatory practices of the Anchorage Daily News. I remember what advertising rates were before and after the Daily News crushed the Anchorage Times. Maybe GCI needs to be a little more forthright in identifying who the "us" really is referring to in their slogan "Competition makes us all better". They certainly owe you and us folks out in rural Alaska more information than the superficial fluff of their web site, testimony and commercials.

As always, I have absolute faith in your ability to do what is right for Alaska.

Sincerely,



Steve Merriam

P. O. Box 683

Valdez, Alaska 99686

attachment

Call Them on It!Your Local
Phone CompaniesWhat You
Need to Know

The Details

Long distance carriers have been quite vocal about their business plans in the newly-competitive telecommunications marketplace. These are a few examples of how they see competition shaping up in local markets.

"It's logical that bees follow honey and banks are robbed because that's where the money is, and our focus will be on concentrated markets in major cities with concentrations of business customers."

-- Robert Allen, AT&T Chairman, *Newsday*, February 9, 1996

"You go where the money is and work your way down the money chain from there. You would recoup your investment really quickly."

-- David Arneke, AT&T Spokesman, *Triangle Business Journal*-Raleigh, NC, June 21, 1996

"For the rest of the country, we want to use other people's assets and capital everywhere we can."

-- Harry S. Bennett, AT&T Vice President of Local Services Division, *Business Week*, July 8, 1996

"We will certainly go after those parts of the market that we consider most profitable. It will be business. It will be certain areas of the residential community."

-- Bert Roberts, MCI Chief Executive Officer, *Moneyline*, (talk show) August 1, 1996

"There's nobody in the world who doesn't believe that MCI, with its marketing and sales strength, can't pick off 15% of any market. We could pick off that much of the shoe market, and we don't even make shoes."

-- Be. Roberts, Jr., Chairman and CEO of MCI, *The Washington Post*, March 28, 1994

"Ten years ago, we killed off their ma. Now, let's finish off her seven little bastards."

-- Timothy Price referring to AT&T and the regional Bell companies, President of MCI Long Distance Division, *Business Week*, September 25, 1995

"The RBOC's (regional Bell operating companies) ability to compete in long distance and their experience in competition is 'zilch'."

-- Robert Allen, Chairman and CEO of AT&T, Merrill Lynch Analysts Conference, March 22, 1995

"Baltimore is a very big deal for AT&T...We can't win in Maryland without

winning in Baltimore."

**-- Jack McMaster, AT&T Lead Executive for Atlantic States Region,
Warfield's Business Record, July 1, 1996**

"There is a lot that we can bring to the table in terms of helping accelerate MCI into the local loop such as how to leverage other people's infrastructure that has been resold [and] how to look at the approach of business versus residential." Mockett added that British Telecom's long-term plans don't include penetration much below the "top 30 percent" of residential customers at all.

-- Alfred Mockett, President of International Division of Concert, The Washington Post, November 10, 1996

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Dan and Lisbeth Hejl

HC 05 Box 6797-D

Palmer, AK 99645

Fax (907)745-6787

Home Phone (907)745-6788

April 09, 1998

Mr. Loren Leman
AK State Legislature, State Capitol Room # 113
Juneau AK 99801

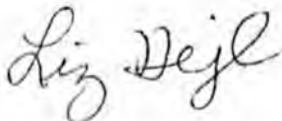
Dear Dear Mr. Leman,

I am writing to express my concern over HB 416. I do not believe this legislation is in the public's best interest and urge your support in defeating this bill. I am concerned that the one agency, the Alaska Public Utility Commission (APUC), who is responsible for ensuring that my telephone rates remain affordable, will be limited by this legislation in its role as a consumer advocate.

It is my understanding that although the 1996 Telecommunications Act made competition in the local exchange market a mandate, that in rural areas, the state public utility commissions must determine which forms of competition are appropriate. We are all familiar with the deregulation of the airline industry and what competition in that industry has done for air travel in rural areas. Is it wise to limit the oversight of the one agency who is responsible to ensure that consumers, not companies, benefit from this new competitive environment?

As a consumer of telecommunications services, I am extremely concerned that the consumer protection role of the APUC is strengthened, **not weakened**, as we go about bringing competition to the local exchange market. I urge you to vote NO on HB 416.

Sincerely,



Liz Hejl

TELE BILL

DEAR SENATOR

VOTE NO ON SB346. RURAL ALASKA HAS VERY LOW PHONE RATES, AND COMPETITION AS GCI WOULD LIKE TO HAVE IT WILL NOT LOWER YOUR TELEPHONE RATES. RURAL PHONE RATES ARE SUSTAINED BY PRICE SUPORT MECHANISMS WHICH THIS BILL WOULD UNDERMINE. WHILE COMPETION MAY BE A GOOD THING, GCI STYLE COMPETITION IN RURAL TELEPHONE SERVICE WILL NOT GIVE FAIR COMPETITION AS LOCAL RURAL PHONE BILLS ARE SUBSIDISED BY THE INDUSTRY AS A HOLE, SOME WHAT LIKE ALASKA'S MAIL IS. OBVIOUSLY, IT COSTS LESS TO MAIL A LETTER IN THE LOWER FOURTY-EIGHT THAN FROM HERE TO THE LOWER FOURTY-EIGHTY WHICH MEANS THAT OUR MAIL IS IN A SENSE BEING SUBSIDISED. RURAL TELEPHONE RATES ARE BEING IN A SENSE SUBSIDISED BY URBAN PHONE RATES, FOR OBVIOUSLY IT COST MORE TO PROVIDE RURAL PHONE SERVICE BUT, RATES ARE COMPARABLE IN BOTH AREAS.

LET THE ALASKA PUBLIC UTILITIES COMMISSION DO THE JOB OF FORMULATING THE STATE WIDE RULES TO BRING COMPETITION TO RURAL ALASKA IN A FAIR MANNER FOR ALL.

VOTE NO ON SB346.

SINCERELY,

MARK TRUAX

April 11, 1998

Representative Bill Hudson
Alaska State Legislature
State Capitol Building, Room 108
Juneau, Alaska 99801

Dear Representative Hudson:

Nearly every business one can think of has extended the hours they are open to their customers, are offering a better array of services and merchandise, and prices are actually going down on many of them. The businesses which come readily to mind are banks, retail stores, copying services, and computer hardware. Why have the customers of these businesses and products seen these improvements? They've seen them because these businesses must compete with like businesses to gain customers.

My phone company has made some improvements in the past years; they've added calling features but they have also cut back in areas which are important to customers - they closed the Juneau office. There are no options for people who wish to pay cash - they must go to the expense of purchasing money orders and stamps. There are no options for people who want to discuss their accounts with a person face to face. They must rely on phones and voice mail systems. Not one of these people has a choice! They are the customer, yet they are faced with either doing without a service or complying with the demands of their phone service. In today's business environment, this is unacceptable.

If telephone competition was allowed, a customer could make choices. If competition were allowed, PTI would suddenly decide to have an office open to customers. If competition is allowed, the only way it will happen in a reasonable period of time is if the legislature votes for the passage of either House Bill 416 or Senate Bill 346. I urge your support for these two bills.

Sincerely,



Susan Kay Gerstner
1022 Coogan Dr., #3
Juneau, Alaska 99801

cc: Representative Pete Kelly
Senator Loren Leman

April 6, 1998

Senator Loren Leman
Alaska State Legislature
State Capital (MS 3100)
Room 113
Juneau, AK 99801-1182

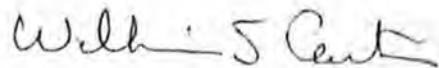
Dear Senator Leman:

I am writing to you to express my concern over SB346. I do not believe this legislation is in the public's best interest and urge your support in defeating this bill. I am concerned that the one agency, the Alaska Public Utility Commission (APUC), who is responsible for ensuring that my phone rates remain affordable, will be limited by this legislation in its role as a consumer advocate.

It is my understanding that although the 1996 Telecommunications Act made competition in the local exchange market a mandate, the state public utility commissions must determine which forms of competition are appropriate in rural areas. We are all familiar with the deregulation of the airline industry and what competition in that industry has done for air travel in rural areas. Is it wise to limit the oversight of the one agency who is responsible to ensure that consumers, not companies, benefit from this new competitive environment?

As a consumer of telecommunications services, I am extremely concerned that the consumer protection role of the APUC is strengthened, not weakened, as we go about bringing competition to the local exchange market. I urge you to VOTE NO on SB346.

Sincerely,



William S. Carter
3600 Spruce Top Circle
Wasilla, AK 99654
(907) 376-8661

Lee A. Stoner
940 Serrano Drive
Wasilla, Alaska 99654

Senator Loren Leman
Alaska State Legislature
State Capitol (MS 3100)
Room #113
Juneau, AK 99801-1182

April 7, 1998

Dear Senator Loren Leman,

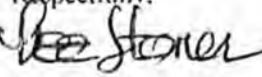
I am writing to express my concerns about SB346. It seems to me that there are two areas of conflict in the situation that prompted the introduction of this bill. One was the refusal of the APUC to lift the rural exemption of Pacific Telecom Inc. of Fairbanks, Juneau, Kenai and other rural areas. The second is the concern of other carriers that service a large part of the rural Alaskan communities, but have some urban base to offset the high cost of rural service. These carriers are only able to provide affordable service to these rural customers because they have the income from their urban customer base.

It appears that there is a telephone utility that would basically like to service the core urban market, but not the rural areas. In the old days this would have been called "highgrading."

There is another issue here. If a telephone company, or an electric utility, in other words, any public utility, will not accept a ruling by the body that is responsible for the governance of said utilities, then perhaps said utility has overstepped it's boundaries. The APUC is an important part of our state economy and though the legislature can, and is entitled to, reverse or overturn a decision made by the APUC, I would question the future effectiveness of the APUC from that point forward.

I have a stake in this, and a selfish one at that. I live in one of those rural areas, Wasilla, and would probably pay a higher cost for my telephone service if my local co-op were to lose its urban base, mostly the Eagle River area. Some of my neighbors and friends would be out of work too, maybe my kids would lose some of their friends and classmates, some of the members of the little league team might have a short season. Ya know what? I was born in Anchorage and have spent most of my life within a hundred miles of there and I can't think of a single person that I know that works for GCI. That's odd, isn't it?

I would urge you to vote no on SB346.

Respectfully,

Lee Stoner

4/7/98

To The Senate Standing Labor & Commerce Committee
Attn: Senator Loren Leman
Alaska State Legislature
State Capitol (MS 3100)

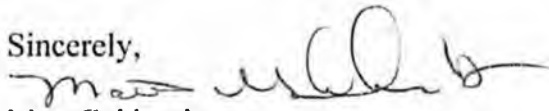
Dear Senator Leman:

Please VOTE NO on SB 346. GCI, the prime sponsor of this bill, has claimed that we need competition laws to give local telephone users lower rates for phone service. That is blatantly incorrect. Phone users in today's Alaska pay rates far below the actual cost to provide that service. These rates have been sustained through a system of price support mechanisms that this bill will prematurely tear down.

The APUC has begun the task of dismantling the support mechanisms in such a manner that rates won't rise to unaffordable levels. This process, done correctly, takes time. GCI can promise you anything they want, but they're not accountable nor will they, an independent and for profit business, sell a service for less than it costs them to provide it. Rates will come down if SB 346 passes? No way! GCI would have the APUC move faster—not to lower consumer rates (that are already below cost), but to take unfair advantage of hastily enacted rules which only enhance GCI's profits.

Who benefits from SB 346? Only GCI, certainly not the consumer. VOTE NO!!

Sincerely,



Matt Gebhardt



**City of
Ketchikan**

334 Front Street
Ketchikan, Alaska 99901
Phone 907-225-3111
Fax 907-225-5075

April 7, 1998

Senator Loren Leman
State Capitol Room 113
Juneau, Alaska 99801-1182

Dear Senator Leman:

At its regular meeting of April 2, 1998, Ketchikan City Council unanimously adopted Resolution No. 98-1905 (copy attached) which opposes House Bill No. 416 and Senate Bill No. 346. These are identical bills that reverse a recent APUC decision and mandate competition in the local, rural telephone exchange market. If these bills become law Alaska, the most rural state in the union, will become the only state to eliminate the competition protections for rural telephone areas. These protections were built into the Telecommunications Act of 1996 and FCC regulations to protect small telephone companies such as Ketchikan and their residential customers from the impact of sudden and undisciplined competitive onslaughts by large, strongly financed competitors. In order to provide this initial protection, the Telecommunications Act of 1996 and FCC regulations charged the state public utility commissions with determining on a case-by-case basis when rural telephone serving areas were ripe for local competition. The APUC recently rejected an application to compete after careful consideration of the matter; as noted above, the legislation is simply an attempt to eliminate the existing process and any protection for small telephone companies in the state.

If these bills become law they will require the incumbent local company to sell certain portions of its service at cost to competitors who can then cherry pick the most profitable customers and leave the less profitable customers to the incumbent, thus driving up the rates of the less profitable customers. This should not be allowed to happen without case-by-case determination as provided for in federal law and regulation.

I want to point out that reasonable local telephone competition is already authorized in rural Alaska. Any telephone company can build its own facilities in any community and compete with the incumbent local company on a head-to-head basis. Also, any telephone company can negotiate to buy wholesale telephone services from the incumbent wholesale and resell those services by classification (i.e. residential, business, etc.).

In closing, the proposed legislation clearly is not in the best interest of most telephone ratepayers in Ketchikan. I ask your support in our opposition to HB416 and SB346.

Sincerely,



Bob Weinstein
Mayor



AT&T Alascom

210 East Bluff Drive
Anchorage AK 99501-1100

April 7, 1998

The Honorable Loren Leman, Chairman
Senate Labor and Commerce Committee
Alaska State Senate
State Capitol (MS 3100)
Juneau, AK 99801-1182

Sent Via Facsimile

Dear Senator Leman:

It is my understanding that Senate Bill 346, sponsored by the Senate Labor and Commerce Committee, relating to competition in the provision of local exchange service in Alaska, will be the subject of a public hearing before the Senate Labor and Commerce Committee today. I would like to take this opportunity to comment on this piece of legislation.

AT&T Alascom has reviewed SB 346 and would like to state for the record that we are not opposed to this bill in its current form.

Thank you for allowing me the opportunity to present AT&T Alascom's view on this piece of legislation and we look forward to participating in further discussions regarding this legislation.

Sincerely,

A handwritten signature in cursive script that reads "Laurie Herman".

Laurie Herman
External Affairs Director



TELECOPIER COVER SHEET

DATE: 4-7-98

TO: Office of Senator Susan Leman

FAX NUMBER: _____

FROM: Laurie Herman - External Affairs

PHONE NUMBER: (907) 264-7382 or 1-800-478-9000 x7382

FAX NUMBER: (907) 274-5029

NUMBER OF PAGES (INCLUDING COVER SHEET): 2

REMARKS:



INTERIOR TELEPHONE COMPANY

2121 Abbott Road • Anchorage, Alaska 99507 • (907) 349-2400 • Fax (907) 349-1858

April 3, 1998

TelAlaska, Inc.

INTERIOR TELEPHONE CO., INC.

MURKIN TELEPHONE CO., INC.

TELHAIYAH, INC.

TELALASKA LONG DISTANCE, INC.

ETLCOAL, INC.

TELALASKANET

Dear Customer:

Current legislation is being proposed right now in the Alaska Legislature that will raise your residential phone bill by over 200%! This is alarming news for all our rural customers. I am writing to urge you to express your opinion to the legislative committee that is reviewing House Bill 416 (HB 416).

This legislation will allow competition in rural areas *before* the Alaska Public Utilities Commission has the opportunity to assess the impact on rural telephone customers. The fact is that competition in rural areas will force your rates to be closer to the actual cost of your telephone service. Currently, while you pay only \$19.85 per month for your local telephone service, the actual cost of your service is \$150.00 per month. This legislation will force local phone companies to eliminate support mechanisms in their existing rate structure and more than double your residential rates to approximately \$46.00! The rates could go much higher.

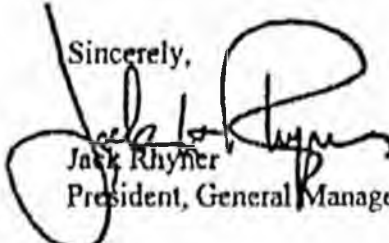
Although we've all been taught that competition is a good thing, experience has shown that in rural areas competition does not live up to its promise of more choices and lower prices. Competition for local telephone service in rural Alaska will work just like airline competition has. Your rates will go up, not down. You will have to pay more for exactly the same service you have today!

Because the cost of doing service in remote areas is so high, competition does exactly the opposite- it gives you the same service and costs you more.

What can you do? If you share my concern and want to make sure your phone service rates do not skyrocket you can do two things: (1.) Call your legislators at the numbers listed on the next page and urge them to *vote NO on HB 416*. (2.) Fill out this postage-paid card and drop it in the mail today. There is no time to delay as HB 416 is being considered now!

If you have any questions, please give me a call at (907) 349-2400.

Sincerely,


Jack Rhyner
President, General Manager

465-3835

Devin J...



KETCHIKAN PUBLIC UTILITIES

2830 TONGAREE AVENUE

KETCHIKAN, ALASKA 99801

TELEPHONE 807-325-1000
FAX 807-325-1888

April 6, 1998

MUNICIPALLY OWNED
ELECTRIC TELEPHONE WATER

Senator Loren Lehman
Chairman, Labor & Commerce Committee
Alaska State Legislature
Juneau, AK 98901

Dear Senator Lehman:

Ketchikan Public Utilities opposes Senate Bill No. 346 and its companion House Bill 416. These bills have been advertised as allowing local telephone competition in Alaska. In truth, if these bills become law Alaska, the most rural state in the union, will become the first state to eliminate the competition protections for rural telephone areas. These protections were built into the Telecommunications Act of 1996 and FCC regulations to protect small telephone companies such as Ketchikan's and their residential customers from the impact of sudden and undisciplined competitive onslaughts by large, strongly financed competitors. In order to provide this initial protection, the Telecommunications Act of 1996 and FCC regulation charged the state public utility commissions with determining on a case-by-case basis when rural telephone serving areas were ripe for local competition.

If these bills become law they will require the incumbent local company to sell certain portions of its service at cost to competitors who can then cherry pick the most profitable customers and leave the less profitable customers to the incumbent, thus driving up the rates of the less profitable customers. This should not be allowed to happen without case-by-case determination as provided for in federal law and regulation.

I want to point out that reasonable local telephone competition is already authorized in rural Alaska. Any telephone company can build its own facilities in any community and compete with the incumbent local company on a head-to-head basis. Also, resale of services by classification (i.e. residential, business, etc.) is available to competitive telephone service providers.

KPU opposes SB 346.

Sincerely,

John A. Magyar
General Manager

JAM:nl

cc: Senator Robin Taylor
Representative Bill Williams

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April 6, 1998

Senator Loren Leman
Alaska State Legislature
State Capitol (MS 3100)
Room #113
Juneau, Alaska 99801-1182

Dear Senator Leman:

I am writing you to express my concern over HB 416. I do not believe this legislation is in the public's best interest and urge your support in defeating this bill. I am concerned that the one agency, the Alaska Public Utility Commission (APUC), who is responsible for ensuring that my telephone rates remain affordable, will be limited by this legislation in its role as a consumer advocate.

It is my understanding that although the 1996 Telecommunications Act made competition in the local exchange market a mandate, that in rural areas, the state public utility commissions must determine which forms of competition are appropriate. We are all familiar with the deregulation of the airline industry and what competition in that industry has done for air travel in rural areas. Is it wise to limit the oversight of the one agency who is responsible to ensure that consumers, not companies, benefit from this new competitive environment?

As a consumer of telecommunications services, I am extremely concerned that the consumer protection role of the APUC is strengthened, not weakened, as we go about bringing competition to the local exchange market. Urge you to "VOTE NO" on HB 416.

Sincerely,

Marcie Obremski

Marcie Obremski
P.O. Box 1091
Palmer, AK 99645
(907) 748-9178

Senator Loren Leman
Alaska State Legislature
Juneau, Alaska 99801-1182

Dear Senator Leman:

I am writing to express my concern over SB 346, a bill to promote competition in the provision of local exchange telephone service. GCI, the primary supporter of the bill has promised "better local phone service at lower prices." I am not opposed to competition, but I do believe that any decision must be made only after consideration of all the facts. Therefore, I am urging you, as my elected representative, to take a closer look at the bill and the promises that are being made.

Thanks to the universal service concept, telephone service is already available and affordable. In fact, most Alaskans pay considerably less than the cost to provide their service. The complex pricing rules needed to achieve affordable rates in rural Alaska apply to the entire telecommunications industry. Removing one piece will have an affect on the whole. GCI would have you believe that you can introduce state-wide competition by fiat without considering the delicate balance between rural and urban areas.

Supporters of the bill suggest that lower prices will result for all Alaskans. The truth is that all areas of Alaska are not the same. What is true for Anchorage is not necessarily so in Tyonek. One of the safeguards put in place to protect all rate payers is the Alaska Public Utilities Commission (APUC). The APUC has been given the task of formulating state-wide rules which will introduce competition in a manner that is fair for all Alaskans. The process is a lengthy and time-consuming one, but one that must be completed in order to hear from everyone.

GCI also speculates that, without competition, the state will be divided into technology "haves" and "have-nots". What competitive telecommunications provider will bring broadband services to rural communities where there are few customers to absorb the costs? Funding mechanisms that include contributions from the densely populated areas will be needed to ensure affordable rates. The state must be looked at as a whole, not piecemeal. At this point, the facts just are not all in.

In conclusion, I would urge you to vote "NO" when SB 346 comes to vote on the floor. This is not a vote against competition in Alaska. It is simply an affirmation of the belief that SB 346 is premature and its passage could harm telephone ratepayers in many areas of the state.

Sincerely,

Duke Leman
P.O. Box 871744
Wasilla, AK 99687
(907) 745-8669

Senator Loren Leman
Alaska State Legislature
State Capitol (MS 3100)
Room #113
Juneau, AK 99801

April 6, 1998

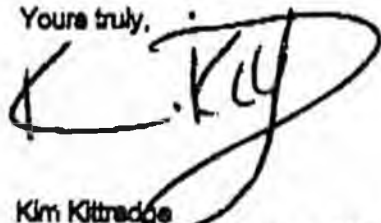
Dear Senator

I am writing you to express my concern over SB348. I do not believe this legislation is in the public's best interest and urge for your support in defeating this bill. I am concerned that the one agency, the Alaska Public Utility Commission (APUC), who is responsible for ensuring that my telephone rates remain affordable, will be limited by this legislation in its role as a consumer advocate.

It is my understanding that although the 1996 Telecommunication Act made competition in the local exchange market a mandate, that in rural areas, the state public utility commissions must determine which forms of competition are appropriate. We are all familiar with the deregulation of the airline industry and what competition in that industry has done for air travel in rural areas. Is it wise to limit oversight of the one agency who is responsible to ensure that consumers, not the companies, benefit from this new competitive environment?

As a consumer of telecommunication services, I am extremely concerned that the consumer protection role of the APUC is strengthened, not weakened, as we go about bringing competition to the local exchange market. Please vote "NO" on SB348.

Yours truly,



Kim Kittredge
8585 Ruth dr. Eagle River, AK. 99577
(907) 698-1304

Senator Loren Leman
Alaska State Legislature
State Capitol (MS 3100)
Room #
Juneau, Alaska 99801-1182

Dear Senator Leman:

I am writing to express my concern over SB 348, a bill to promote competition in the provision of local exchange telephone service. GCI, the primary supporter of the bill has promised "better local phone service at lower prices." I am not opposed to competition, but I do believe that any decision must be made only after consideration of all the facts. Therefore, I am urging you, as my elected representative, to take a closer look at the bill and the promises that are being made.

Thanks to the universal service concept, telephone service is already available and affordable. In fact, most Alaskans pay considerably less than the cost to provide their service. The complex pricing rules needed to achieve affordable rates in rural Alaska apply to the entire telecommunications industry. Removing one piece will have an affect on the whole. GCI would have you believe that you can introduce state-wide competition by fiat without considering the delicate balance between rural and urban areas.

Supporters of the bill suggest that lower prices will result for all Alaskans. The truth is that all areas of Alaska are not the same. What is true for Anchorage is not necessarily so in Tyonek. One of the safeguards put in place to protect all rate payers is the Alaska Public Utilities Commission (APUC). The APUC has been given the task of formulating state-wide rules which will introduce competition in a manner that is fair for all Alaskans. The process is a lengthy and time-consuming one, but one that must be completed in order to hear from everyone.

GCI also speculates that, without competition, the state will be divided into technology "haves" and "have-nots". What competitive telecommunications provider will bring broadband services to rural communities where there are few customers to absorb the costs? Funding mechanisms that include contributions from the densely populated areas will be needed to ensure affordable rates. The state must be looked at as a whole, not piecemeal. At this point, the facts just are not all in.

In conclusion, I would urge you to vote "NO" when SB 348 comes to vote on the floor. This is not a vote against competition in Alaska. It is simply an affirmation of the belief that SB 348 is premature and its passage could harm telephone ratepayers in many areas of the state.

Sincerely,


Doug Boyd

17645 Kahlitna Dr.
Eagle River, Ak 99577
907-696-4444

Karen S. Alden
HC 34 Box 2194-B
Wasilla, Alaska 99654
907-892-8908

April 3, 1998

Senator Loren Leman
Alaska State Legislature
State Capitol (MS 3100)
Room 113
Juneau, Alaska 99801-1182

RE: Senate Bill 346

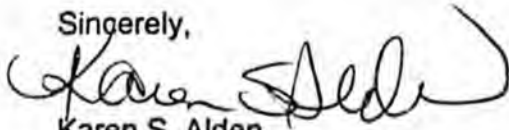
Dear Senator Leman:

I am writing you to express my concern over SB346. This bill will not further competition in Alaska but will only introduce confusion and ultimately delay the day when effective competition comes to Alaska. The Telecom Act of 1996 granted state public utility commission the duty to enact competition rules that are fair to everyone and which will ensure that phone rates will not rise to unaffordable levels in rural areas. That's just what the Alaska Public Utilities Commission has done here in Alaska. I understand that GCI is the primary backer of this legislation and had been spending a lot of money in Juneau to influence your vote. They say the APUC has kept them from competing. That's simply not true. They can compete anywhere in Alaska right now. They don't need this bill to compete. They just don't like some of the recent rulings from the APUC which keep them from taking unfair advantage of the Telecom Act of 1996 to line their pockets.

The implementation of phone competition in Alaska is right on course. The APUC is working diligently to enact unbiased and fair rules for the entire industry. Please don't let the special corporate interests of GCI and the influence money they are spending persuade you to pass laws which likely lead to higher phone rates—not lower ones as they claim.

As a consumer of the telecommunications services, I am extremely concerned that the consumer protection role of the APUC is strengthened, not weakened, as we go about bringing competition to the local exchange market. I urge you to VOTE NO on SB346.

Sincerely,


Karen S. Alden

April 3, 1998

Senator Loren Leman, Chair
Senate Standing Labor & Commerce Committee
State Capital (MS3100)
Capital Office Location #113
Juneau, AK 99801-1182

RE: SB346

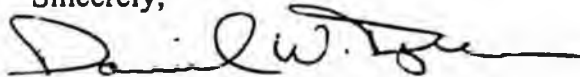
Dear Senator Leman:

Rural Americans understand the meaning of competition. Competition has a way of driving prices toward cost, which is beneficial for the consumer. But, there are times when the overall well being of the consumer is harmed to the benefit of large companies. The deregulation of the air industry in Alaska is an example of this. If a person travels between Anchorage and Seattle, competition may seem very beneficial, whereas, the person traveling within Alaska may have a very different view of the benefits of competition.

SB346 is an example of this, as what may be beneficial for Anchorage, or densely populated areas, may in fact not be in the best interest for other areas within the state.

As a consumer of telecommunications services, I am very concerned that SB346 is not in the best interest of All Alaskans and urge you NOT to support this bill.

Sincerely,



Daniel W. Tegeler
P.O. Box 367
Palmer, AK 99645

cc Senator Lyda Green

*Loren,
you've come a long
way from your roots in
Ninilchik. Congratulations
Dan*

Senator Loren Leman
Alaska State Legislature
State Capitol (MS 3100)
Room # 113
Juneau, Alaska 99801-1182

Dear Senator:

I am writing to express my concern over SB 346, a bill to promote competition in the provision of local exchange telephone service. GCI, the primary supporter of the bill has promised "better local phone service at lower prices." I am not opposed to competition, but I do believe that any decision must be made only after consideration of all the facts.

Supporters of the bill suggest that lower prices will result for all Alaskans. The truth is that all areas of Alaska are not the same. What is true for Anchorage is not necessarily true for rural Alaska. One of the safeguards put in place to protect all rate payers is the Alaska Public Utilities Commission (APUC). It is my understanding that, although the 1996 Telecommunications Act made competition in the local exchange market a mandate, in rural areas the state public utility commissions must determine which forms of competition are appropriate. The APUC has been given the task of formulating state-wide rules which will introduce competition in a manner that is fair for all Alaskans. The process is a lengthy and time-consuming one, but one that must be completed in order to hear from everyone.

Thanks to the universal service concept, telephone service is already available and affordable. In fact, most Alaskans pay considerably less than the cost to provide their service. The complex pricing rules and cost support mechanisms needed to achieve affordable rates in rural Alaska apply to the entire telecommunications industry. GCI would have you believe that you can introduce state-wide competition by decree without considering the delicate balance between rural and urban areas. The truth is that GCI can compete right now, by re-selling discounted services provided by existing carriers.

GCI also speculates that, without competition, the state will be divided into technology "haves" and "have-nots". What competitive telecommunications provider will bring broadband services to rural communities where there are few customers to absorb the costs? Funding mechanisms that include contributions from the densely populated areas will be needed to ensure affordable rates. The state must be looked at as a whole, not piecemeal. At this point, the facts are just not all in.

In conclusion, I would urge you to vote "NO" when SB 346 comes to vote on the floor. This is not a vote against competition in Alaska. It is simply an affirmation of the belief that SB 346 is premature and its passage could harm telephone ratepayers in many areas of the state. I am concerned that the one agency, the Alaska Public Utility Commission, who is responsible for ensuring that my telephone rates remain affordable, will be limited by this legislation in its role as a consumer advocate.

Sincerely,



April 3, 1998

The Honorable Loren Leman
Alaska State Legislature
State Capitol (MS 3100)
Juneau, Ak 99801-1182

Dear Representative Leman:

House bill: H.R. 416, Senate bill: S.346

I have been a member of Copper Valley Telephone for twenty years. I look forward to receiving my capital credit retirement checks as much as I do my Alaska Permanent Fund dividend checks. I opposed the persons that tried to take my dividend and I oppose GCI's attempt to overthrow our cooperative.

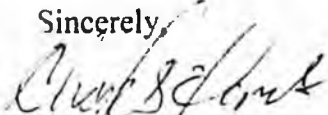
In the years I have had my telephone service with Copper Valley Telephone I have enjoyed dealing with my neighbors on a business level. I do not look forward to explaining my problems to an 800 number. Will the person at GCI be as hollow as their telephone lines are?

GCI runs ads stating competition is good. I guess that's correct since they're the ones wanting to compete. What happens when GCI eliminates the competition? Will we be able to afford the TV, internet service, local & long distance package they offer?

It is my belief that GCI would come in offering package deals to the businesses . use Copper Valley Telephone's equipment leaving us residential customers with a Cooperative that will drown in debt till GCI can buy it up for pennies from the bankruptcy court.

Don't let this happen to us. Just vote no .

Sincerely,



Charles E. Jones

Senator Loren Leman
Alaska State Legislature
State Capitol (MS 3100)
Room # 113
Juneau, Alaska 99801-1182

Dear Senator:

I am writing to express my concern over SB 346, a bill to promote competition in the provision of local exchange telephone service. GCI, the primary supporter of the bill has promised "better local phone service at lower prices." I am not opposed to competition, but I do believe that any decision must be made only after consideration of all the facts.

Supporters of the bill suggest that lower prices will result for all Alaskans. The truth is that all areas of Alaska are not the same. What is true for Anchorage is not necessarily true for rural Alaska. One of the safeguards put in place to protect all rate payers is the Alaska Public Utilities Commission (APUC). It is my understanding that, although the 1996 Telecommunications Act made competition in the local exchange market a mandate, in rural areas the state public utility commissions must determine which forms of competition are appropriate. The APUC has been given the task of formulating state-wide rules which will introduce competition in a manner that is fair for all Alaskans. The process is a lengthy and time-consuming one, but one that must be completed in order to hear from everyone.

Thanks to the universal service concept, telephone service is already available and affordable. In fact, most Alaskans pay considerably less than the cost to provide their service. The complex pricing rules and cost support mechanisms needed to achieve affordable rates in rural Alaska apply to the entire telecommunications industry. GCI would have you believe that you can introduce state-wide competition by decree without considering the delicate balance between rural and urban areas. The truth is that GCI can compete right now, by re-selling discounted services provided by existing carriers.

GCI also speculates that, without competition, the state will be divided into technology "haves" and "have-nots". What competitive telecommunications provider will bring broadband services to rural communities where there are few customers to absorb the costs? Funding mechanisms that include contributions from the densely populated areas will be needed to ensure affordable rates. The state must be looked at as a whole, not piecemeal. At this point, the facts are just not all in.

In conclusion, I would urge you to vote "NO" when SB 346 comes to vote on the floor. This is not a vote against competition in Alaska. It is simply an affirmation of the belief that SB 346 is premature and its passage could harm telephone ratepayers in many areas of the state. I am concerned that the one agency, the Alaska Public Utility Commission, who is responsible for ensuring that my telephone rates remain affordable, will be limited by this legislation in its role as a consumer advocate.

Sincerely,

Senator Loren Leman
Alaska State Legislature
State Capitol (MS 3100)
Room #113
Juneau, Alaska 99801-1182

Dear Senator Loren Leman:

Please VOTE NO on SB 346. I do not believe this legislation is in the public's best interest and urge your support in defeating this bill.

It is my understanding that although the 1996 Telecommunications Act mandated competition in the local exchange, that in rural areas, the various state public utility commissions must determine which forms of competition are appropriate and best serving to the public. We are all familiar with the deregulation of the airline industry and what competition has done for air travel in our rural areas. As a consumer, I am extremely concerned about efforts that attempt to erode the consumer protection role of The Alaska Public Utilities Commission (APUC). They have worked long and hard to make rules and establish mechanisms keeping telecommunications rates at an affordable level in the face of tremendous expense to provide that service. I question the wisdom in limiting the oversight of the one agency who continually ensures that the consumers benefit from new competitive environments.

I am not opposed to competition. However, I do believe the APUC needs your vote of confidence to continue to be the single agency responsible for analyzing all facts relevant to our competitive environment, and making decisions in the best interest of all Alaskans.

I once again urge you to vote "NO" on SB 346.

Sincerely,



Brad Wolf

Senator Loren Leman, Chair
Alaska State Legislature
State Capitol (MS 3100)
Room # 113
Juneau, Alaska 99801-1182

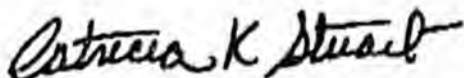
Dear Senator Loren Leman:

I am writing to ask you to vote **NO** on ~~HB 416~~ **HB 416**. I would like to see more time spent working out the process so that everyone benefits from competition, especially Alaskans, not just those jumping on the band wagon first. Take a look at the airline industry and what the cost is to fly within Alaska. Please don't allow this to happen in the telephone industry by allowing HB416 to pass. GCI, the primary supporter of the bill has promised "better local phone service at lower prices." I am not opposed to competition, but I do believe that any decision must be made only after consideration of all the facts. Therefore, I am urging you, as my elected representative, to take a closer look at the bill and the promises that are being made.

Thanks to the universal service concept, telephone service is already available and affordable. In fact, most Alaskans pay considerably less than the cost to provide their service. The complex pricing rules needed to achieve affordable rates in rural Alaska apply to the entire telecommunications industry. Removing one piece will have an affect on the whole. GCI would have you believe that you can introduce state-wide competition by fiat without considering the delicate balance between rural and urban areas.

In conclusion, I would urge you to vote "NO" when HB 416 comes to vote on the floor. This is not a vote against competition in Alaska. It is simply an affirmation of the belief that HB 416 is premature and its passage could harm telephone ratepayers in many areas of the state.

Sincerely,



Patricia K. Stuart
H.C. 33 Box 3208K
Wasilla, AK 99654
(907) 376-8423

April 6, 1998

SENATE STANDING LABOR & COMMERCE COMMITTEE

Senator, Loren Leman, Chair
Alaska State Legislature
State Capitol (MS 3100)
Rcom # 113
Juneau, Alaska 99801-1182

Dear Representative Loren Leman, Chair:

VOTE NO on HB 416! This bill will not further fair competition in Alaska. In fact, it could eventually have an adverse affect, such as job losses in the local communities and increased phone rates.

The Telecom Act of 1996 granted state public utility commissions the duty to enact competition rules that are fair to everyone and this takes time!! The APUC was set up to represent the PUBLIC and for them to be limited by this legislation is WRONG!!!! GCI states the APUC has kept them from competing. That's not true! They just don't like some of the recent APUC rulings which keep them from taking unfair advantage to line their pockets.

I understand that GCI is the primary backer of this legislation and have been spending a lot of money to influence your vote. As our Representative, please represent all citizens of Alaska and not GCI!!!

I am not opposed to competition, but it must be done fairly. Our rural areas must be considered. Should GCI just come in and take over the prime spots (high density areas)? What about our rural areas? Due to the universal service concept, phone rates have been kept at a lower and affordable rate for urban and rural areas. Can you imagine what would happen to the cost of phone service in the rural areas? It would be unaffordable!! The APUC has been given the task for formulating state-wide rules which will introduce competition in a manner that is fair for all Alaskans. This process is a lengthy and time-consuming one that needs to be completed in order to hear from everyone. Please let them do their jobs and give them the time to do it in.

Again, I urge you to vote NO on HB416. Please don't hurt the telephone ratepayers in all parts of Alaska!!!

Sincerely yours,



Anita Stephenson
P.O. Box 665
Palmer, Alaska 99645

To Whom it may concern;

When Senate SB 346 comes up for a vote I would appreciate that you would vote no.

Benny Cottle
Chairman MTA Board of Directors

Benny Cottle

To Senator Leman,

I am writing in regards to SB346/HB416. I am concerned that GCI is only thinking of their own bread and butter when they propose to open up the whole state for local competition. The way I understand it the bill would actually give an unfair advantage to GCI ie they wouldn't have to follow the same rules as the co-op that I am an owner/member of. In other words would this bill 'in the spirit of true competition' allow us to follow the same guidelines... compete on an equal footing anywhere with GCI? I believe not!! Just recently GCI approached the APUC for basically the same thing and they were denied. So the next step is to go to the legislature and short circuit the APUC. Sounds a little bit like my son Gabe coming to me for a dollar and I say no for good reasons and so Gabe goes to Mom and asks for the same thing hoping Mom will be less informed. Maybe even word it a little different but the bottom line is to still try to get the dollar!! I believe that everyone is an expert in their own field and that you and the rest of the Labor and Commerce Committee would be wise to listen to what the APUC has already said to GCI and also listen to their reasons as there are very valid reasons to say no. I believe that one of the greatest areas of concern are the rural areas where there are neither the economic nor population base to support this sort of bill.

I would appreciate you sharing these comments with the rest of your committee and anyone else you feel you should. As a concerned coop member/owner I welcome competition but just ask for fairness and concern for the rural areas that will be the most affected and perhaps have the least to say. I would welcome any and all return comments from you or your staff.

Thankyou

Carl Serencha
HC Box 5329AJ
Wasilla, Ak. 99654
9073730665

April 3, 1998

Senator Loren Lehman
Alaska State Legislature
State Capitol (MS 3100)
Juneau, Alaska 99801-1182

Dear Senator Lehman:

I am writing to urge you to VOTE NO on SB 346. GCI, the prime sponsor of this bill, has claimed that we need competition laws to give local telephone users lower rates for phone service. That's dead wrong! Most of Alaska's phone users now pay rates far below the actual cost to provide that service. Monthly rates from \$9 - \$15 per month are common in Alaska. These low rates have been sustained only through a system of price support mechanisms that this bill would prematurely tear down.

The Alaska Public Utilities Commission has begun the task of dismantling the support mechanisms so that rates will not rise to unaffordable levels. Such a process takes some time to ensure that the right thing is done. GCI can promise you things all day long - but they are not accountable. The APUC is accountable and is doing the right thing - in the right time frame. GCI wants them to move faster - not to lower consumer rates, they are already below cost, but to take unfair advantage of hastily enacted rules which will only enhance GCI's profits.

Consumers don't need SB 346. Only GCI needs SB 346. VOTE NO!

Sincerely,

Janet Aslin
12520 Crested Butte Drive
Eagle River, Alaska 99577

Consumers don't need SB 346

Only GCI needs SB 346

Vote NO!!!!

April 5, 1998

SENATE STANDING LABOR & COMMERCE COMMITTEE

Senator Loren Leman, Chair
Alaska State Legislature
State Capitol (MS 3100)
Room # 113
Juneau, Alaska 99801-1182

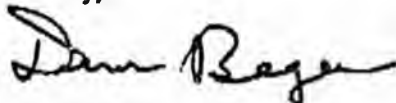
Dear Senator Leman:

As a resident of the Valley for 17 years and a member/owner of MTA, I am writing you to express my concern over HB416 & SB346. Prior to living in the Valley, I lived in the Glennallen area for over eight years and was a member/owner of CVTA. I am well aware of the fact that my local service has been kept low and affordable because of subsidies and the "watch dog" efforts of the APUC.

Don't get me wrong. I am in favor of competition. But who will GCI and other carriers be responsible to if they are allowed to enter our area? With MTA I am able to vote and elect the Board of Directors. Where do the Board of Directors for GCI work and live? Not in the Valley that's for sure! Perhaps we need to slow down and study the effects before allowing competition in the Valley. I watched as competition came to the Valley in the form of Carr's grocery store. We no longer have Kodlowsky's and the small meat markets. Carr's did not bring prices down they did succeed in running the small guys out. I don't want to see this happen to MTA. They're the ones bringing low costs (to the customers) to the Valley as well as Healy.

Please slow down a little before passing SB346. We don't need this "Bill" at this time. Only GCI will benefit not the member/owners of MTA. I care about the Valley. It's where I live and work. I don't want to see MTA forced into selling GCI local service at "wholesale" rates and GCI in turn reselling those services to the Valley. MTA and it's member/owners brought low cost phone service to the Valley; don't allow MTA to be forced out in the name of "competition". Don't allow GCI to take unfair advantage of hastily enacted rules; that would only help GCI's profits, not the people of the Valley.

Sincerely,



Dennis Begen
HC04 9363
Palmer, AK 99645