

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10575 SENATE JUDICIARY

Fe` Seymour  
GFCS Logistics  
907-374-4387



**Subject: Re: RCA**

**Date:** Thu, 30 May 2002 17:33:33 -0800

**From:** "Jim Fassler" <jim.fassler@acsalaska.net>

**To:** "Senator Taylor" <Senator\_Robin\_Taylor@legis.state.ak.us>

THANK YOU for the reply!!!

I sent the same message to many other legislators. I changed a little, but hopefully they understand my frustration & will see that you are doing a good thing. I think the RCA is necessary, but they need basic economics lessons

Thanks again

Jim

----- Original Message -----

**From:** Senator Taylor

**To:** Jim Fassler

**Sent:** Thursday, May 30, 2002 1:43 PM

**Subject:** Re: RCA

Dear Jim:

Thanks for writing, as you know I'm under extreme political pressure from the Gov., GCI and their partner the Anch Daily News. I need the support of others in the legis. Please forward your e-mail to other legis. and explain to them how unfair you feel the current system is. As RCA is going to function for the next year if we do nothing, the next legis and the next gov. could easily decide this issue during the next session. The only reason that we are being forced into a special session is because Knowles and GCI see a major advantage to GCI by preventing the next gov. and legis. from taking this matter up. Get the word out every way you can -- talk radio, letters to the editor, sit down in the evening and call all of your friends. The consumers of Alaska deserve a better and fairer shake than this unbalanced playing field.

Sen. Robin Taylor

Jim Fassler wrote:

Thank you for keeping the legislation on the RCA in your desk. The only way the playing field will be leveled for ACS is to let the RCA expire.

I am an ACS employee and this is my opinion and not that of the company. There is no way that ACS can survive if it is forced to wholesale its services for less than it costs to maintain the system.

I have no problem with the RCA if they make responsible decisions. It is my opinion that we need to either replace the members of the RCA or teach them simple math.

<?xml:namespace prefix = o ns =  
"urn:schemas-microsoft-com:office:office" />

I use the analogy of a 100 room motel – let's say you own it.

It costs you \$35.00 per day per room to maintain this facility. You are getting \$49.95 from your customers.

Now, I come along & want 40% of those rooms – HOWEVER, I am only going to pay \$33.00 per day & sell them for \$47.50.

By the way, after a year, I decide you must add 10 more rooms for me. I still will pay \$33.00 & your cost is still \$35.00 plus the interest you must pay to borrow the money to add these rooms.

My question – How fair is this to you?

If you wish, I can be contacted during the day at (907) 714-8748

Thanks again

Jim

Legislative Hearings

**Subject: Legislative Hearings**  
**Recent From: all\_rcas@rcs.state.ak.us**

The Senate Judiciary Committee has scheduled hearings on the ACA for June 11 starting at 1:30 and June 12 starting at 10 in the Anchorage LJO. To date, no witnesses have been subpoenaed and the committee has not published any information about the format of the hearings. The hearings are open to the public, and the committee may take public comments.

Craig Tillery from the AG's office, with support from Elizabeth Michelson, will represent the agency and any witnesses called from the agency. Please let them and me know if you are subpoenaed, and they will work with you on preparation for the hearing.

TO: VIC KOURING  
OF: HOUSE OF REP.

IF MY FAX IS LEGIBLE PLEASE  
REMOVE. SEND TO ROBIN TAYLOR  
IF YOU FEEL HE WOULD BE INTERESTED.

HE SHOULD SUBPOENA PARALEGAL: ANITA AND  
STATE I KNOW DON'T WANT ANY AGO REP.  
HEARING OFFICER: PATRICIA, THEY HAVE

VERY GOOD INFORMATION AND WOULD LIKE THE  
OPPORTUNITY TO GIVE IT TO HIM.

PLEASE, DON'T LET ANYONE KNOW I FAXED  
THIS OR LET THEM SEE THIS NOTE.

REMEMBER THE COMMISSIONERS ARE TYPICAL  
JACK-UP THATS WHY SOMEONE APPOINTED  
THEM: THEY WILL - REPUBLICANS INCLUDED,  
LIE THROUGH THEIR TEETH TO KEEP THEIR  
LUCRATIVE JOBS - THEY DON'T DO WELL.

Dear Robert:

Your letter will be added to the Judiciary committee file. Who informed you that anything bad would happen to the RCA if they were not early extended? Attorney General's opinion 1994 clearly states that RCA would be, business as usual, if the early extension is not granted. Do you have contrary information and if so from whom? As the Judiciary committee will be holding hearings in the next few weeks, before June 24, it will be important to know what you have based your conclusions upon so your response to this question is requested.

Sen. Robin Taylor  
Judiciary Co. Chair

"Lindquist, Robert" wrote:

Dear Senators

I serve as Director of Regulatory Affairs for Waste Management of Alaska, a refuse company serving over 59,000 businesses and households throughout the state. Kirk Duncan, general manager of Waste Management's Alaska Division, requested that I forward to each of you an e-mail sent to Senator Halford on Monday afternoon. This e-mail expressly sets out Waste Management's sentiments regarding re-authorization of the RCA.

I look forward to hearing from any senate member to discuss further Waste Management's position on this issue.

Robert K. Lindquist  
Waste Management of Alaska  
6301 Rosewood Street  
Anchorage, AK 99518  
Tel? (907) 273-2754  
Fax (866) 728-7336  
Cell (907) 230-6466  
\*<mailto:rlindquist@wm.com>>

The information contained in this e-mail message is privileged, confidential and protected from disclosure. If you are not the intended recipient, any dissemination, distribution or copying is strictly prohibited. If you think that you have received this e-mail message in error, please e-mail the sender at [rlindquist@wm.com](mailto:rlindquist@wm.com)

<<Robert.Lindquist.vcf>>

-----Original Message-----

From: Duncan, Kirk-Alaska  
Sent: Monday, May 20, 2002 4:24 PM  
To: 'Senator\_Rick\_Halford@legis.state.ak.us'  
Subject: RCA Sunset Review

Dear Senator,

Waste Management is a regulated refuse utility with district offices throughout the state. We serve 59,000 residential and commercial customers from Nome to Ketchikan and from Fairbanks to Dutch Harbor, including Anchorage, Mat-Su Borough, Kenai Peninsula Borough, Kodiak Island Borough and the City and Borough of Juneau. We advocate the re-authorization of the RCA. To do otherwise will severely hamper our ability to facilitate tariff revisions that are necessary to meet the changing demands of our 59,000 customers. Accordingly, in the strongest terms, Waste Management of Alaska, Inc. is asking you and the Senate to work towards authorizing the RCA for another term.

Please feel free to distribute this email to other members of the Senate or your caucus. I look forward to hearing from you or other Senate members should you have questions regarding our position.

Thanks,

Kirk Duncan  
Division Manager  
Waste Management of Alaska, Inc.  
6301 Rosewood Street  
Anchorage, Alaska 99518  
tel: (907) 273-2727  
kduncan@wm.com

7/16 W. 4/4

Sen.  
Records  
File

Mr. Chairman and other legislators, thank you for listening to my comments this morning.

My name is Judith White. I live in Peters Creek. I retired from the State of Alaska four years ago, and for twenty years I worked for the Alaska Public Utilities. For almost two decades I was the chief of the Tariff Section. I want to assure you that I am not a disgruntled employee. During the time that I worked for the Commission, I received nothing but outstanding performance evaluations. I still have friends at the Commission. I recently recommended that another friend apply for employment at the Commission.

There is also not a doubt in my mind that the Commission is going to continue to exist in some form – next month, next year and the next year and the next year. I was an employee of the Commission the last time the Commission went into its “winddown year” and when I worked there, there was absolutely no change in the way my section did business insofar as considering tariff proposals. I have a vague recollection that there was some movement in the agency to clean up old dockets that had dragged on for years but that was a good sign in my opinion.

I do think that there are legitimate areas of Commission performance for the legislature to consider. For example, the issue of time keeping – did the Legislature previously require a time keeping system to be established? If so, was that done? If not, why not?

But I am not here this morning to criticize the Commission’s performance. I am here to speak briefly about the Regulatory Cost Charge. I would like to make three points:

First, the Regulatory Cost Charge probably violates the Alaska Constitutional provision that prohibits dedicated funds. Remember, the reason for the Constitutional provision regarding the Permanent Fund is that we had to pass a Constitutional Amendment because of the general prohibition against dedicated funds.

[ Section 9.7 - Dedicated Funds. The proceeds of any state tax or license shall not be dedicated to any special purpose, except as provided in section 15 of this article or when required by the federal government for state participation in federal programs. This provision shall not prohibit the continuance of any dedication for special purposes existing upon the date of ratification of this section by the people of Alaska. ]

A few weeks ago, while listening to the radio, I heard a Commission representative argue that one reason for reauthorizing the Commission was that otherwise there would be budgetary implications since the Commission was funded by the regulatory cost charge.

Clearly, this Commission representative was just acknowledging a reality – the Regulatory Cost Charge is, in fact, a dedicated fund. It probably violates the letter of Alaska’s Constitution, and it absolutely violates the spirit of the Constitutional prohibition against dedicated funds.

The second point I would make is that even the Constitutional provision against dedicated funds

is not, in my mind, the major argument against the Regulatory Cost Charge. I urge the legislators to think back just a few weeks to all the controversy involved with the income tax provisions the House adopted. It was subject to huge criticism. But there were those who argued that nevertheless the income tax proposal adopted was better than a much more regressive sales tax.

Think about the Regulatory Cost Charge. It is the embodiment of all the negative aspects of a regressive sales tax. The major argument against sales taxes is that they tend to be regressive, or at least flat. States that adopt sales taxes often take steps to minimize the regressive nature of such taxes. They frequently exempt services from the excise tax. Almost always rent is exempt. Some states exempt food. Sometimes states have sales tax holidays around the time people are buying school clothes.

But in Alaska we have the Regulatory Cost Charge. We don't have an excise tax on your indoor swimming pool or your fur coat or your expensive stereo. We just tax you for the essential stuff. Tax your basic phone service. Tax that long distance call from Anchorage to your mother in Bethel. Tax the gas that heats your home. Tax that electricity that gives you light in the winter. Tax your water. Tax your sewer bill. In short, place a tax on the most essential services that individuals receive and that low income people absolutely cannot avoid. It is almost incredible to me that there are legislators in this state who argue against general sales taxes but defend the existing excise charge on fundamental utility services.

My third point is that the regulatory cost charge makes for bad government. The legislature has many priorities. The Regulatory Cost Charge gives the legislature a good excuse for not really examining the Commission's performance. The legislature has so many budgets to examine in a limited time, that it's just easier to ignore this budget because the Regulatory Cost Charge makes it possible to do so. Has the Legislature truly examined the growth of the Commission's budget or its expansion of employees at a time of declining state revenues? Is it really in the best interests of the State to increase the number of state employees who are utility regulators while decreasing the number who are state troopers or child support enforcement officials? These are the kinds of questions that do not get asked when there is a Regulatory Cost Charge. The Regulatory Cost Charge provides no incentive for an agency to be efficient - it is, in fact, a blank check.

In summary, I urge that whatever actions you take with respect to extending the Regulatory Commission of Alaska, that you rid Alaska of this terrible Regulatory Cost Charge which violates our Constitution and is terrible public policy.

Sen Records  
File

ALASKA STATE LEGISLATURE  
Senator Rick Halford  
*President of the Senate*

While in Session:  
State Capitol  
Juneau, AK 99801-1182  
907-465-4958

While in Interim:  
P.O. Box 670190  
Chugiak, AK 99567  
907-694-4958

June 10, 2004

Commissioner James W. Duncan  
Department of Administration  
State of Alaska  
State Office Building - 10th Floor  
Juneau, Alaska 99811-0200

Dear Commissioner Duncan:

As you are aware from your 24 years of distinguished service in both the House and Senate, the State Legislature has long exercised a leadership role in the formation of telecommunications policy for Alaska. In the 1970's we established the basic framework for telecommunications regulation in the state with the Alaska Public Utilities Commission Act. At the end of the 1980's, we modified that Act to introduce competition into the long distance markets within Alaska. Two years ago, we transformed the agency which administers that Act into the Regulatory Commission of Alaska. In each case, the Legislature examined the needs of Alaskan consumers, determined what policies were required to address those needs and adopted measures promoting those policies.

The telecommunications industry continues to undergo major changes. Driven by diverse forces - technology, federal law and regulation and consumer demand - service providers confront substantial operational, organizational and financial challenges in their efforts to deal with competitors, customers and government. It is critical to the telecommunications health of Alaska that governmental policies be properly adjusted over time in order to achieve two long term goals: de-emphasizing government involvement in markets; and emphasizing consumer demand as the proper focus of private sector efforts.

The five years which have passed since the Telecommunications Act of 1996 have not seen the achievement of these goals. Notwithstanding the efforts of the Legislature, the current welter of regulatory proceedings and decisions, both state and federal, has obscured rather than clarified the telecommunications picture in the State. Thus confusion has been compounded by judicial appeals which produce opinions but not enforcement by the affected agency. The absence of clarity and certainty sends mixed signals to consumers and investors alike. Uncertainty increases business risk and discourages the investment in infrastructure upon which Alaska depends for its future. Unnecessary government involvement distracts the private sector by emphasizing regulatory manipulation at the expense of market competition.

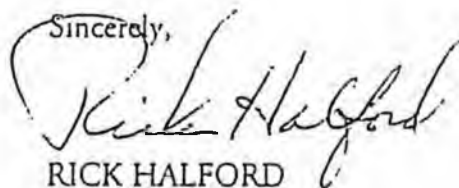
The Legislature finds that it is time, once again, to determine what policies may be appropriate to the needs of Alaskan consumers and to adopt measures promoting those policies. To do so requires first and foremost an impartial, comprehensive and expert examination and analysis of the current conditions attending the telecommunications industry and markets in the State. We need a dispassionate and insightful inquiry into five primary issues: universal service, infrastructure, investment, competition, deregulation, and agency performance. As to each area, the Legislature needs to ascertain the scope and extent of current issues and their implications for Alaska's telecommunications future. We need to know what has been done to date; what remains to be done; and the best way of formulating and implementing policies to see that it is done.

The Legislature has determined that the best way to obtain these facts and this analysis is to direct the retention of a nationally-known, outside expert in current telecommunications issues. Legislative staff resources do not embody the scope of experience and knowledge which this project requires. Existing agency personnel have not yet acquired sufficient expertise in these matters. Moreover, the agency and its previous consultants are not sufficiently disinterested parties, given current sunset provisions relating to the agency and the likelihood of further deregulatory legislation on the road to full and fair competition in open markets.

Therefore, the Legislature has appropriated funds to your Department for the purposes of securing such an outside consultant. We would expect to work closely with you and that consultant to fashion and execute a project plan directed to developing the information we need, as set out above. Where appropriate and desirable, the Legislature will undertake supporting activities, such as public hearings, to ensure the development of an adequate information base and a full record for further legislative action. I emphasize the need for true expertise and a national perspective: the uniqueness of Alaska's telecommunications environment does not equate to or justify a narrow review of Alaskan telecommunication solutions.

A properly conducted study will provide relevant information now unavailable. Armed with this information, the Legislature can assess current status and future directions for legislative action in this area. Clear policies will promote sound economic decisions by all service providers, to the ultimate benefit of Alaskan consumers. The Legislature has confidence in your Department's ability to impartially and rapidly carry out this task, and we look forward to assisting in this work as needed.

Please feel free to contact me anytime at 907.694.4958 if I can be of assistance to you on this project.

Sincerely,  
  
RICK HALFORD

Heller Ehman White & McAuliffe LLP  
550 WEST 7TH AVENUE, SUITE 1900  
ANCHORAGE, ALASKA 99501-3571  
TELEPHONE (907) 277-1900

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STATE OF ALASKA

REGULATORY COMMISSION OF ALASKA

Before Commissioners:

G. Nanette Thompson, Chair  
Patty DeMarco  
Will Abbott  
Jim Strandberg  
Bernie Smith

In the Matter of the Tariff Revision,  
Designated as TA226-8, Filed by Chugach  
Electric Association, Inc., for a Rate Increase  
and Rate Redesign

U-01-108

AFFIDAVIT OF EUGENE N. BJORNSTAD

STATE OF ALASKA }  
THIRD JUDICIAL DISTRICT } ss.

Eugene N. Bjornstad, being duly sworn, deposes and says:

1. I am the General Manager for Chugach Electric Association, Inc. (Chugach).

I have personal knowledge of the facts stated herein.

2. I and my direct reports have supervised much of Chugach's efforts to comply with the second round of discovery requests from Alaska Electric Generation Transmission, Inc./Homer Electric Association, Inc. and Homer Electric Association, Inc. (jointly AEG&T/HEA) and Matanuska Electric Association, Inc. (MEA).

3. At times, Chugach has had as many as 40 employees, the majority of whom are in management positions, including senior management, working on nothing but responses to discovery requests in this matter. I estimate that in excess of 1,600 hours of

Heller Ehman White & McAuliffe LP  
550 WEST 7TH AVENUE, SUITE 1900  
ANCHORAGE, ALASKA 99501-3571  
TELEPHONE (907) 277-1900

1 employee time has been spent responding to the recent second round of discovery in this  
2 matter.

3 4. Chugach has had to make available on very short notice, 11 employees,  
4 including me, for depositions by AEG&T/HEA and MEA.

5 5. These deponents necessarily had to spend numerous hours away from their  
6 normal duties in preparing for and attending their depositions.

7 6. In addition to the multiple first round discovery requests by the parties, and  
8 including copies made for Chugach's use and one set to the Discovery Master, Chugach  
9 has now made nearly half a million copies of pages responsive to discovery requests in this  
10 matter. In total, the parties have now propounded a total of 184 interrogatories, 190  
11 requests for production, and 13 requests for admission, in just the first two rounds of  
12 discovery. Referring to U-96-37, the Commission stated, in Order No. 5 of this docket,  
13 that it intended to limit the contentiousness of the case by limiting the number of discovery  
14 requests. Yet the number of requests in this docket has already surpassed that of the 1998  
15 Test Year matter. In the 1998 Test Year, there were 148 interrogatories and 115 requests  
16 for production.

17 7. The discovery practice in this case has been extremely disruptive,  
18 burdensome and expensive for Chugach. Employees are so involved with responding to  
19 discovery requests that their time to tend to the normal business at hand has been  
20 hampered. Tasks that have been negatively affected include: critical operational projects  
21 such as the oversight of daily operation, maintenance, overhaul and planning for overhaul  
22 of generation units (e.g., Bernice Lake Unit No. 4 and planning for a major outage and  
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Heller Ehman White & McAuliffe LLP  
550 WEST 7TH AVENUE, SUITE 1900  
ANCHORAGE, ALASKA 99501-3571  
TELEPHONE (907) 277-1900

1 overhaul of Beluga Unit No. 8 in June), meaningful input into the Commission's current  
2 regulatory dockets, and Chugach's G&T Line Loss Factor and Line Extension dockets.

3 8. Chugach suffers foregone potential revenues in the amount of \$221,799 for  
4 each month that implementation of its requested final rates is delayed.

5  
6 9. The volume of discovery and the resultant schedule adopted by the  
7 Commission in Order 12 is harmful to Chugach in three ways:

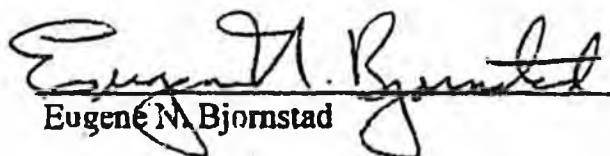
8 a. It jeopardizes obtaining a ruling from the Commission on FAS 71  
9 amortization of the costs of Chugach's rate lock by calendar year end,  
10 making determination of the level of Chugach's earned margins and thus  
11 Chugach's accurate accounting, very difficult.

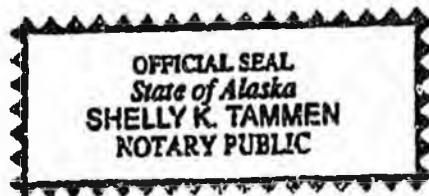
12 b. It delays collection by Chugach of the additional general rates that it had  
13 forecast when it filed its case in July, 2001.

14 c. It threatens to continue to divert inordinate amounts of time of Chugach's  
15 managers from important operational issues.

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18 FURTHER YOUR AFFIANT SAYETH NAUGHT.

19 The foregoing instrument was acknowledged before me this 30th day of  
20 April, 2002.

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Eugene N. Bjornstad



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Notary Public for Alaska  
My commission expires 9/12/05

### Why Commission Reform Is Needed

A small group of Mat-Valley homeowners, in a subdivision named Crimson View, formed an association and pooled their money to build a water supply system using a common well and a DEC inspected and approved system.

A developer, who happened to have fairly substantial political influence, decided that since the water system was in place, he should be able to tap into it for expansion of an expanded phase of the subdivision he helped finance. All he needed was the help of the state utility regulatory body to accomplish the task. So the developer through his attorney, turned to the Commission in Anchorage for assistance.

A petition was filed with the Commission to declare the tiny water system a public one and therefore available for his use. The Commission then ruled that the homeowner system was public and came under their jurisdiction. The Homeowners spent the next two years in costly legal battles and political wrangling trying to save the integrity of the water system they paid for.

When DEC was asked why they approved the newly proposed water system that they had never even inspected, their answer was they don't always physically inspect water systems before approving them. Both the Commission and DEC were informed that the system the developer had installed was not up to code and that the well drilled by the homeowners would not support the new system being forced upon them.

A local legislative office got involved and determined that of the hundreds of small water systems commonly owned in Alaska, this was the only one the Commission seemed to be interested in regulating. In addition when question by staff of the legislator, the Commission declared that they could pick and choose which ones to regulate. When that legislator introduced a bill to give small water utilities the same exemption that small electric and telephone utilities now enjoy, a lobbyist in Juneau began working to kill the bill as an unofficial representative of the influential developer. The Commission maintained they had the jurisdiction to selectively regulate small water utilities.

Only after a year and a half and some fairly revealing and strong allegations of special interest and undue scrutiny by the legislative office, did the new RCA relax its involvement in the matter. This relaxation did not include a full and legal exemption by the Commission. Nor are the homeowners in Crimson view sure that the water system they installed and paid for, cannot be made available to those who might convince the Commission otherwise.

**Conclusion:** The RCA should not be involved in matters such as Crimson View. As a regulatory agency they have both an inherent and legal obligation for fair and impartial consideration in both the jurisdiction and application of law in all utility matters. As an organization intended for major utility regulation, the Commission should never work economic hardship and political pressure on citizens or other groups such as Crimson View.

*Jan Stanchiff  
Former Chief of Staff  
Rep. Scott Olson*



STATE OF ALASKA  
*Department Of Administration*  
*Information Technology Group*  
5900 E. Tudor Road  
Anchorage, AK 99507

**Request For Proposals**  
RFP 2002-0200-3329  
Date of Issue: April 16, 2002

Title and Purpose Of RFP:

Statewide Telecommunications Study Consultant

The Information Technology Group (ITG) is seeking a qualified team of experts in telecommunications to assist the State of Alaska in performing a study of the telecommunications environment in the State of Alaska.

Offerors Are Not Required to Return This Form.

**IMPORTANT NOTICE:** If you received this solicitation from the State's "Online Public Notice" web site, you must register with the Procurement Officer listed on this document to receive subsequent solicitations. Failure to contact the Procurement Officer may result in the rejection of your offer.

*Hagen*  
Procurement Officer  
Department Of Administration  
Information Technology Group(ITG)

*Andy Kline*  
Project Director  
Department Of Administration  
Information Technology Group  
ITG

## TABLE OF CONTENTS

|  |    |
|--|----|
| SECTION ONE .....  | 5  |
| INTRODUCTION AND INSTRUCTIONS .....  | 5  |
| 1.01 RETURN MAILING ADDRESS, CONTACT PERSON, TELEPHONE & FAX NUMBERS, DEADLINE FOR RECEIPT OF PROPOSALS..... | 5  |
| 1.02 CONTRACT TERM & WORK SCHEDULE .....   | 5  |
| 1.03 PURPOSE OF THE REQUEST FOR PROPOSAL (RFP).....  | 6  |
| 1.04 BUDGET .....  | 6  |
| 1.05 LOCATION OF WORK .....  | 6  |
| 1.06 ASSISTANCE TO OFFERORS WITH A DISABILITY.....   | 6  |
| 1.07 REQUIRED REVIEW .....   | 7  |
| 1.08 QUESTIONS RECEIVED PRIOR TO OPENING OF PROPOSALS.....   | 7  |
| 1.09 AMENDMENTS .....  | 7  |
| 1.10 ALTERNATE PROPOSALS .....   | 7  |
| 1.11 RIGHT OF REJECTION.....   | 7  |
| 1.12 STATE NOT RESPONSIBLE FOR PREPARATION COSTS .....   | 8  |
| 1.13 DISCLOSURE OF PROPOSAL CONTENTS .....   | 8  |
| 1.14 SUBCONTRACTORS.....   | 8  |
| 1.15 JOINT VENTURES .....  | 8  |
| 1.16 OFFEROR'S CERTIFICATION.....  | 9  |
| 1.17 CONFLICT OF INTEREST.....   | 9  |
| 1.18 RIGHT TO INSPECT PLACE OF BUSINESS.....   | 9  |
| 1.19 SOLICITATION ADVERTISING.....   | 9  |
| 1.20 NEWS RELEASES .....   | 9  |
| 1.21 ASSIGNMENT.....   | 10 |
| 1.22 DISPUTES.....   | 10 |
| 1.23 SEVERABILITY.....   | 10 |
| 1.24 FEDERAL REQUIREMENTS.....   | 10 |
| SECTION TWO.....   | 11 |
| STANDARD PROPOSAL INFORMATION.....   | 11 |
| 2.01 AUTHORIZED SIGNATURE.....   | 11 |
| 2.02 PRE-PROPOSAL CONFERENCE.....  | 11 |
| 2.03 SITE INSPECTION .....   | 11 |
| 2.04 AMENDMENTS TO PROPOSALS.....  | 11 |
| 2.05 SUPPLEMENTAL TERMS AND CONDITIONS.....  | 11 |
| 2.06 DISCUSSIONS WITH OFFERORS.....  | 11 |
| 2.07 MINIMUM REQUIREMENTS AND RESTRICTIONS .....   | 12 |
| 2.08 EVALUATION OF PROPOSALS .....   | 12 |
| 2.09 VENDOR TAX ID .....   | 12 |
| 2.10 F.O.B. POINT.....   | 12 |
| 2.11 ALASKA BUSINESS LICENSE & OTHER REQUIRED LICENSES.....  | 12 |
| 2.12 APPLICATION OF PREFERENCES.....   | 13 |
| 2.13 5% ALASKA BIDDER PREFERENCE.....  | 13 |
| 2.14 15% EMPLOYMENT PROGRAM PREFERENCE .....   | 14 |
| 2.15 10% ALASKANS WITH DISABILITIES PREFERENCE .....   | 15 |
| 2.16 10% EMPLOYERS OF PEOPLE WITH DISABILITIES PREFERENCE .....  | 16 |
| 2.17 QUALIFYING FOR DISABILITY RELATED PREFERENCES .....   | 18 |
| 2.18 FORMULA USED TO CONVERT COST TO POINTS .....  | 18 |
| 2.19 ALASKA OFFEROR'S PREFERENCE .....   | 19 |

|  |    |
|--|----|
| 2.20 CONTRACT NEGOTIATIONS .....   | 20 |
| 2.21 FAILURE TO NEGOTIATE.....   | 20 |
| 2.22 NOTICE OF INTENT TO AWARD (NIA) —OFFEROR NOTIFICATION OF SELECTION.....       | 20 |
| 2.23 PROTEST.....  | 20 |
| SECTION THREE.....   | 22 |
| STANDARD CONTRACT INFORMATION.....   | 22 |
| 3.01 CONTRACT TYPE.....  | 22 |
| 3.02 CONTRACT APPROVAL.....  | 22 |
| 3.03 STANDARD CONTRACT PROVISIONS .....  | 22 |
| 3.04 PROPOSAL AS A PART OF THE CONTRACT .....                                      | 22 |
| 3.05 ADDITIONAL TERMS AND CONDITIONS.....  | 22 |
| 3.06 INSURANCE REQUIREMENTS .....  | 22 |
| 3.07 BID BOND - PERFORMANCE BOND - SURETY DEPOSIT.....                             | 22 |
| 3.08 CONTRACT FUNDING .....  | 22 |
| 3.09 PROPOSED PAYMENT PROCEDURES .....   | 23 |
| 3.10 CONTRACT PAYMENT .....  | 23 |
| 3.11 INFORMAL DEBRIEFING.....  | 23 |
| 3.12 CONTRACT PERSONNEL .....  | 23 |
| 3.13 INSPECTION & MODIFICATION - REIMBURSEMENT FOR UNACCEPTABLE DELIVERABLES ..... | 23 |
| 3.14 TERMINATION FOR DEFAULT.....  | 23 |
| 3.15 LIQUIDATED DAMAGES.....   | 23 |
| 3.16 CONTRACT CHANGES - UNANTICIPATED AMENDMENTS .....                             | 24 |
| 3.17 CONTRACT INVALIDATION.....  | 24 |
| SECTION FOUR.....  | 25 |
| BACKGROUND INFORMATION .....   | 25 |
| 4.01 BACKGROUND INFORMATION .....  | 25 |
| SECTION FIVE .....   | 26 |
| SCOPE OF WORK.....   | 26 |
| 5.01 SCOPE OF WORK.....  | 26 |
| 5.02 DELIVERABLES.....   | 26 |
| 5.03 WORK SCHEDULE .....   | 27 |
| 5.04 RESPONSIBILITIES OF THE CONTRACTOR .....                                      | 27 |
| 5.05 RESPONSIBILITIES OF THE STATE.....  | 27 |
| SECTION SIX.....   | 28 |
| PROPOSAL FORMAT AND CONTENT .....  | 28 |
| 6.01 GENERAL INSTRUCTIONS .....  | 28 |
| 6.02 TECHNICAL PROPOSAL FORMAT .....   | 28 |
| 6.03 COST PROPOSAL REQUIREMENTS.....   | 30 |
| 6.04 EVALUATION CRITERIA.....  | 30 |
| SECTION SEVEN.....   | 31 |
| EVALUATION CRITERIA AND CONTRACTOR SELECTION.....                                  | 31 |
| 7.01 UNDERSTANDING OF THE PROJECT—10% .....  | 31 |
| 7.02 MANAGEMENT APPROACH AND PROJECT METHODOLOGY—25% .....                         | 31 |
| 7.03 OFFEROR EXPERIENCE AND QUALIFICATIONS—15%.....                                | 32 |
| 7.04 INDIVIDUAL / KEY PERSONNEL EXPERIENCE, QUALIFICATIONS - 20%.....              | 32 |
| 7.05 CONTRACT COST—20%.....  | 33 |
| 7.06 ALASKA OFFEROR'S PREFERENCE (10%).....  | 33 |
| SECTION EIGHT .....  | 34 |
| ATTACHMENTS.....   | 34 |
| 8.01 ATTACHMENTS .....   | 34 |



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|                                   |    |
|-----------------------------------|----|
| GENERAL PROVISIONS.....           | 36 |
| INDEMNITY AND INSURANCE.....      | 38 |
| NOTICE OF INTENT TO AWARD.....    | 39 |
| SAMPLE EVALUATION FORM.....       | 41 |
| OFFEROR'S COST PROPOSAL FORM..... | 50 |

## SECTION ONE INTRODUCTION AND INSTRUCTIONS

### 1.01 Return Mailing Address, Contact Person, Telephone & Fax Numbers, Deadline for Receipt of Proposals

This Request for Proposal (RFP) and all amendments will be published on the State's "Online Public Notice" web site, accessible from the state's primary site ([www.state.ak.us](http://www.state.ak.us)).

Offerors must submit one (1) Electronic copy of the proposal in Word Format to the following email address: [marlys\\_hagen@admin.state.ak.us](mailto:marlys_hagen@admin.state.ak.us) . Also, offerors must submit seven (7) copies of their proposal, in writing, to the procurement officer in a sealed envelope. It must be addressed as set out below.

Department of Administration  
Information Technology Group  
Attention: Mariys Hagen  
RFP Number: 2002-0200-3329  
Project Name: Telecommunications Study Consultant  
5900 E. Tudor Road  
Anchorage, AK 99507

Proposals must be received no later than 4:30 PM, Alaska prevailing time on May 15, 2002. Fax proposals are acceptable but not encouraged. Oral proposals are not acceptable.

An offeror's failure to submit their proposal prior to the deadline will cause their proposal to be disqualified. Late proposals or amendments will not be opened or accepted for evaluation.

PROCUREMENT OFFICER: Mariys Hagen- PHONE 907-269-5050 - FAX 907-269-5562 - TDD 907-269-5442 Email: [marlys\\_hagen@admin.state.ak.us](mailto:marlys_hagen@admin.state.ak.us)

PROJECT DIRECTOR: Andy Kline- PHONE 907-465-1387- FAX 907-465-3450 - TDD 907-269-5442 Email: [andy\\_kline@admin.state.ak.us](mailto:andy_kline@admin.state.ak.us)

CONTACT PERSON: Mariys Hagen- PHONE 907-269-5050 - FAX 907-269-5562 - TDD 907-269-5442 Email: [marlys\\_hagen@admin.state.ak.us](mailto:marlys_hagen@admin.state.ak.us)

One RFP is provided by the State. Additional RFPs may be purchased for the cost of reproduction, \$.25 per page.

### 1.02 Contract Term & Work Schedule

The contract term and work schedule set out herein represent the State's best estimate of the schedule that will be followed. If a component of this schedule, such as the opening date, is delayed, the rest of the schedule may be shifted by the same number of days.

The length of the contract will be from the date of award, approximately June 15, 2002, until completion, approximately Oct. 15, 2002.

The approximate contract schedule is as follows;

- [a] Issue RFP 4/16/02,
- [b] Pre-Proposal Questions Due, 4/29/02,
- [c] Answers to Pre-proposal questions provided to all prospective offerors, 5/6/02
- [d] Proposals due 5/15/02
- [e] Proposal Evaluation Committee complete evaluation by 6/1/02
- [f] State issues Notice of Intent to Award a Contract 6/2/02,
- [g] State issues contract 6/15/02,
- [h] Contract starts 6/15/02

### 1.03 Purpose of the Request for Proposal (RFP)

The Department of Administration, Information Technology Group (ITG) is seeking a firm with extensive national and Alaskan experience in the telecommunications field. We anticipate the need to assess the current telecommunications environment in Alaska, with attention to existing infrastructure and the regulatory environment.

The successful offeror will be a qualified consulting firm that has a proven track record of developing similar large scale studies which encompass a wide range telecommunications issues.

### 1.04 Budget

Department of Administration, Information Technology Group estimates a budget of up to \$300,000 for completion of this project. Proposals priced at more than \$300,000 may be considered non-responsive.

### 1.05 Location of Work

ITG anticipates numerous extended meetings with policy makers and other stakeholders will be required in Anchorage and Juneau and some other locations, such as Fairbanks, as required. State video and audio conference facilities will be made available for these meetings at no charge to the successful offeror.

Offerors should include in their price proposal: transportation, lodging and per diem.

### 1.06 Assistance to Offerors With a Disability

The State of Alaska complies with Title II of the Americans with Disabilities Act of 1990. Individuals with disabilities who may need auxiliary aids, services, and/or special modifications to participate in this procurement should contact the Information Technology Group at one of the following numbers no later than 10 days before the date proposals are due to make any necessary arrangements.

Telephone: 907-269-5050  
Fax: 907-269-5562  
TDD: 907-269-5442

## 1.07 Required Review

Offerors should carefully review this solicitation for defects and questionable or objectionable matter. Comments concerning defects and objectionable material must be made in writing and received by the procurement officer at least ten days before the proposal opening. This will allow issuance of any necessary amendments. It will also help prevent the opening of a defective solicitation and exposure of offeror's proposals upon which award could not be made. Protests based on any omission or error, or on the content of the solicitation, will be disallowed if these faults have not been brought to the attention of the contracting officer, in writing, at least ten days before the time set for opening.

## 1.08 Questions Received Prior to Opening of Proposals

All questions must be in writing and directed to the issuing office, addressed to the procurement officer. Telephone conversations must be confirmed in writing by the interested party.

Two types of questions generally arise. One may be answered by directing the questioner to a specific section of the RFP. These questions may be answered over the telephone. Other questions may be more complex and may require a written amendment to the RFP. The procurement officer will make that decision.

All questions should be submitted in writing to the procurement officer no later than April 29, 2002. All questions will be answered on or before May 6, 2002.

## 1.09 Amendments

If an amendment is issued it will be provided to all known holders of the RFP.

## 1.10 Alternate Proposals

Offerors may only submit one proposal for evaluation.

In accordance with 2 AAC 12.830 alternate proposals (proposals that offer something different than what is asked for) will be rejected.

## 1.11 Right of Rejection

Offerors must comply with all of the terms of the RFP, the State Procurement Code (AS 36.30), and all applicable local, State, and federal laws, codes, and regulations. The procurement officer may reject any proposal that does not comply with all of the material and substantial terms, conditions, and performance requirements of the RFP.

Offerors may not restrict the rights of the State or qualify their proposal. If an offeror does so, the procurement officer may determine the proposal to be a non-responsive counter-offer and the proposal may be rejected.

Minor informalities that:

- ? do not affect responsiveness,
- ? are merely a matter of form or format,
- ? do not change the relative standing or otherwise prejudice other offers,
- ? do not change the meaning or scope of the RFP,
- ? are trivial, negligible, or immaterial in nature,
- ? do not reflect a material change in the work; or,
- ? do not constitute a substantial reservation against a requirement or provision,

may be waived by the procurement officer.

The State reserves the right to refrain from making an award if it determines that to be in its best interest.

## 1.12 State Not Responsible for Preparation Costs

The State will not pay any cost associated with the preparation, submittal, presentation, or evaluation of any proposal related to this RFP #2002-0200-3329.

## 1.13 Disclosure of Proposal Contents

All proposals and other material submitted become the property of the State of Alaska and may be returned only at the State's option. AS 09.25.110 requires public records to be open to reasonable inspection. All proposal information, including detailed price and cost information, will be held in confidence during the evaluation process and prior to the time a Notice of Intent to Award is issued. Thereafter, proposals will become public information.

Trade secrets and other proprietary data contained in proposals may be held confidential if the offeror requests, in writing, that the procurement officer does so, and if the procurement officer agrees, in writing, to do so. Material considered confidential by the offeror must be clearly identified and the offeror must include a brief statement that sets out the reasons for confidentiality.

## 1.14 Subcontractors

Subcontractors may be used to perform work under this contract. If an offeror intends to use subcontractors the offeror must identify in their proposal the names of the subcontractors and the portions of the work the subcontractors will perform.

If a proposal with subcontractors is selected, the offeror must provide the following information concerning each prospective subcontractor within five working days from the date of the State's request:

- [a] complete name of the subcontractor,
- [b] complete address of the subcontractor,
- [c] type of work the subcontractor will be performing,
- [d] percentage of work the subcontractor will be providing,
- [e] evidence, as set out in the relevant section of this RFP, that the subcontractor holds a valid Alaska business license,
- [f] a written statement, signed by each proposed subcontractor, that clearly verifies that the subcontractor is committed to render the services required by the contract.

An offeror's failure to provide this information within the time set, may cause the State to consider their proposal non-responsive and reject the proposal.

The substitution of one subcontractor for another may be made only at the discretion of the project director and with prior written approval from the project director.

## 1.15 Joint Ventures

Joint ventures are acceptable. If submitting a proposal as a joint venture, the offeror must submit a copy of the joint venture agreement which identifies the principles involved, and their rights and responsibilities regarding performance and payment.

## 1.16 Offeror's Certification

By signature on their proposal, offerors certify that they comply with;

- [a] the laws of the State of Alaska,
- [b] the applicable portion of the Federal Civil Rights Act of 1964,
- [c] the Equal Employment Opportunity Act and the regulations issued thereunder by the federal government,
- [d] the Americans with Disabilities Act of 1990, and the regulations issued thereunder by the federal government,
- [e] all terms and conditions set out in this RFP,
- [f] a condition that the proposal submitted was independently arrived at, without collusion, under penalty of perjury, and
- [g] that their offers will remain open and valid for at least 90 days.

By signature on their proposal, offerors also certify that programs, services, and activities provided to the general public under the resulting contract are in conformance with the Americans with Disabilities Act of 1990, and the regulations issued thereunder by the federal government.

If any offeror fails to comply with [a] through [g] of this paragraph, the State reserves the right to disregard the proposal, terminate the contract, or consider the contractor in default.

## 1.17 Conflict of Interest

Each proposal shall include a statement indicating whether or not the firm or any individuals working on the contract has a possible conflict of interest (e.g., employed by the State of Alaska, any association with any telecommunications company that could affect the objectivity of those individuals) and, if so, the nature of that conflict. The Commissioner, Department of Administration, reserves the right to cancel the award if any interest disclosed from any source could either give the appearance of a conflict or cause speculation as to the objectivity of the program to be developed by the offeror. The Commissioner's determination regarding any questions of conflict of interest shall be final.

## 1.18 Right to Inspect Place of Business

At reasonable times, the State may inspect those areas of the contractor's place of business that are related to the performance of a contract. If the State makes such an inspection, the contractor must provide reasonable assistance.

## 1.19 Solicitation Advertising

Public notice has been provided in accordance with 2 AAC 12.220.

## 1.20 News Releases

News releases related to this RFP will not be made without prior approval of the Commissioner of Administration and then only in coordination with the project director.

## **1.21 Assignment**

Per 2 AAC 12.480, the contractor may not transfer or assign any portion of the contract without prior written approval from the chief procurement officer or the head of the purchasing agency.

## **1.22 Disputes**

Any dispute arising out of this agreement will be resolved under the laws of Alaska. Any appeal of an administrative order or any original action to enforce any provision of this agreement or to obtain relief from or remedy in connection with this agreement may be brought only in the superior court for the third Judicial District of Alaska.

## **1.23 Severability**

If any provision of the contract or agreement is declared by a court to be illegal or in conflict with any law, the validity of the remaining terms and provisions will not be affected; and, the rights and obligations of the parties will be construed and enforced as if the contract did not contain the particular provision held to be invalid.

## **1.24 Federal Requirements**

The offeror must identify all known federal requirements that apply to the proposal, the evaluation, or the contract.

## SECTION TWO

### STANDARD PROPOSAL INFORMATION

#### 2.01 Authorized Signature

All proposals must be signed by an individual authorized to bind the offeror to the provisions of the RFP. Proposals must remain open and valid for at least ninety (90) days from the opening date.

#### 2.02 Pre-proposal Conference

The State is not anticipating having a pre-proposal conference, but reserves the right to hold one if we feel the need arises. All questions about the RFP may be submitted to the procurement officer in writing on or April 29, 2002 and will be answered on or before May 6, 2002 .

#### 2.03 Site Inspection

The State may conduct on-site visits to evaluate the offeror's capacity to perform the contract. Offerors must agree, at risk of being found non-responsive and having their proposal rejected, to provide the State reasonable access to relevant portions of their work sites. Site inspection will be made by individuals designated by the procurement officer at the State's expense.

#### 2.04 Amendments to Proposals

Amendments to or withdrawals of proposals will only be allowed if acceptable requests are received prior to the deadline set for receipt of proposals. No amendments or withdrawals will be accepted after the deadline unless they are in response to the State's request in accordance with 2 AAC 12.290.

#### 2.05 Supplemental Terms and Conditions

Proposals including supplemental terms and conditions will be accepted, but supplemental conditions that conflict with those contained in this RFP or that diminish the State's rights under any contract resulting from the RFP will be considered null and void. The State is not responsible for identifying conflicting supplemental terms and conditions before issuing a contract award. After award of contract:

- [a] if conflict arises between a supplemental term or condition included in the proposal and a term or condition of the RFP, the term or condition of the RFP will prevail; and
- [b] if the State's rights would be diminished as a result of application of a supplemental term or condition included in the proposal, the supplemental term or condition will be considered null and void.

#### 2.06 Discussions with Offerors

The State may conduct discussions with offerors for the purpose of clarification in accordance with AS 36.30.240 and 2 AAC 12.290. The purpose of these discussions will be to ensure full understanding of the requirements of the RFP and proposal. Discussions will be limited to specific sections of the RFP identified by the procurement officer. Discussions will only be held with offerors who have submitted a proposal deemed reasonably susceptible for award by the procurement officer. Discussions, if held, will be after initial evaluation of proposals by the PEC. If modifications are made as a result of these discussions they will be put in writing. Following discussions, the procurement officer may set a time for best and final proposal submissions from those offerors with whom

discussions were held. Proposals may be reevaluated after receipt of best and final proposal submissions. Reevaluation will be limited to the specific sections of the RFP opened to discussion by the procurement officer.

Offerors with a disability needing accommodation should contact the procurement officer prior to the date set for discussions so that reasonable accommodation can be made.

## 2.07 Minimum Requirements and Restrictions

In order for their offers to be considered responsive, offerors must meet these minimum prior experience requirements:

1. Offerors must have had at least one (1) prior engagement similar in scope to that required by this RFP and completed within the last two years.
2. Offerors must have a minimum of 10 years of recent experience in the telecommunications industry in an environment comparable to Alaska's environment.

An offeror's failure to meet these minimum prior experience requirements will cause their proposal to be considered non-responsive and their proposal will be rejected.

## 2.08 Evaluation of Proposals

The procurement officer, or an evaluation committee made up of the procurement officer and at least two State employees, will evaluate proposals. The evaluation will be based solely on the evaluation factors set out in section seven of this RFP.

## 2.09 Vendor Tax ID

A valid Vendor Tax ID must be submitted to the issuing office with the proposal or within five days of the State's request.

## 2.10 F.O.B. Point

N/A

## 2.11 Alaska Business License & Other Required Licenses

At the time the proposals are opened, all offerors must hold a valid Alaska business license and any necessary applicable professional licenses required by Alaska Statute. Offerors should contact the Department of Community and Economic Development, Division of Occupational Licensing, P.O. Box 110806, Juneau, Alaska 99811-0806, for information on these licenses. Offerors must submit evidence of a valid Alaska business license with their proposal. An offeror's failure to submit this evidence with their proposal will cause their proposal to be determined non-responsive. Acceptable evidence that the offeror possesses a valid Alaska business license may consist of any one of the following:

- [a] copy of an Alaska business license;
- [b] certification on the proposal that the offeror has a valid Alaska business license and has included the license number in the proposal;
- [c] a canceled check for the Alaska business license fee;
- [d] a copy of the Alaska business license application with a receipt stamp from the State's occupational licensing office; or

(e) a sworn and notarized affidavit that the offeror has applied and paid for the Alaska business license.

## 2.12 Application of Preferences

Certain preferences apply to all contracts for professional services, regardless of their dollar value. The following sections contain excerpts from the relevant statutes and codes; explains when they apply; and, provide examples of how to calculate the preferences.

### 2.13 5% Alaska Bidder Preference 2 AAC 12.260. & AS 36.30.170

An Alaska Bidder Preference of five percent will be applied prior to evaluation. The preference will be given to a person who:

- (a) holds a current Alaska business license;
- (b) submits a proposal for goods or services under the name on the Alaska business license;
- (c) has maintained a place of business within the state staffed by the offeror, or an employee of the offeror, for a period of six months immediately preceding the date of the proposal;
- (d) is incorporated or qualified to do business under the laws of the State, is a sole proprietorship, and the proprietor is a resident of the state or is a partnership, and all partners are residents of the state;
- (e) if a joint venture, is composed entirely of entities that qualify under (a)-(d) of this subsection.

#### Alaska Bidder Preference Affidavit

In order to receive the Alaska Bidder Preference, proposals must include an affidavit certifying that the offeror is eligible to receive the Alaska Bidder Preference.

#### **EXAMPLE**

##### Sample Application 5% Alaska Bidder Preference

#### [STEP 1]

List the raw proposal prices and identify those eligible for preference.

|            |   |                     |          |
|------------|---|---------------------|----------|
| Offeror #1 | - | Non-Alaskan Offeror | \$40,000 |
| Offeror #2 | - | Alaskan Offeror     | \$45,000 |
| Offeror #3 | - | Alaskan Offeror     | \$50,000 |

#### [STEP 2]

Calculate the amount of the 5% Alaska Bidder Preference by multiplying the Alaskan proposals by .05 and deducting that amount from the price(s).

|            |   |                                 |                                 |
|------------|---|---------------------------------|---------------------------------|
| Offeror #2 | - | $\$45,000 \times .05 = \$2,250$ | $\$45,000 - \$2,250 = \$42,750$ |
| Offeror #3 | - | $\$50,000 \times .05 = \$2,500$ | $\$50,000 - \$2,500 = \$47,500$ |

#### [STEP 3]

List all proposal prices, adjusted where appropriate, by the application of the Alaska Bidder Preference.

|            |   |                     |          |
|------------|---|---------------------|----------|
| Offeror #1 | - | Non-Alaskan Offeror | \$40,000 |
|------------|---|---------------------|----------|



|            |   |                 |          |
|------------|---|-----------------|----------|
| Offeror #2 | - | Alaskan Offeror | \$42,750 |
| Offeror #3 | - | Alaskan Offeror | \$47,500 |

**[STEP 4]**

Identify the lowest priced proposal. In the example, Offeror #1 (\$40,000) is lowest and would get the benefits allotted to the lowest priced proposal, provided it is a responsive and responsible proposal.

**2.14 15% Employment Program Preference**  
**AS 36.30.250. & AS 36.30.170**

If an offeror

- ? qualifies for the Alaska Bidder Preference,
- ? is offering services through a qualified employment program; and,
- ? offers a proposal that is not more than fifteen percent higher than the lowest proposal,

the procurement officer will award the maximum number of points allocated for cost to that offeror.

**EXAMPLE**

**15% Employment Program Preference**

**[STEP 1]**

List the raw proposal prices and identify those eligible for preference.

|            |   |  |          |
|------------|---|--|----------|
| Offeror #1 | - | Non-Alaskan Offeror<br>No Employment Program | \$40,000 |
| Offeror #2 | - | Alaskan Offeror<br>No Employment Program     | \$45,000 |
| Offeror #3 | - | Alaskan Offeror<br>With Employment Program   | \$50,000 |

**[STEP 2]**

Calculate the amount of the 5% Alaska Bidder Preference by multiplying the Alaskan proposals by .05 and deducting that amount from the price(s).

|            |   |                                 |                                 |
|------------|---|---------------------------------|---------------------------------|
| Offeror #2 | - | $\$45,000 \times .05 = \$2,250$ | $\$45,000 - \$2,250 = \$42,750$ |
| Offeror #3 | - | $\$50,000 \times .05 = \$2,500$ | $\$50,000 - \$2,500 = \$47,500$ |

**[STEP 3]**

List all proposal prices, adjusted where appropriate, by the application of the Alaska Bidder Preference.

|            |   |  |          |
|------------|---|--|----------|
| Offeror #1 | - | Non-Alaskan Offeror<br>No Employment Program | \$40,000 |
| Offeror #2 | - | Alaskan Offeror<br>No Employment Program     | \$42,750 |
| Offeror #3 | - | Alaskan Offeror<br>With Employment Program   | \$47,500 |

**[STEP 4]**

Calculate the amount of the 15% Employment Program Preference by multiplying the lowest priced proposal by .15.

Offeror #1 - \$40,000 x .15 = \$6,000

**[STEP 5]**

List the adjusted proposal prices by the application of the Alaska Bidder Preference, and where appropriate, deduct the Employment Program Preference.

|              |  |                               |
|--------------|--|-------------------------------|
| Offeror #1 - | Non-Alaskan Offeror<br>No Employment Program | \$40,000                      |
| Offeror #2 - | Alaskan Offeror<br>No Employment Program     | \$42,750                      |
| Offeror #3 - | Alaskan Offeror<br>With Employment Program   | \$47,500 - \$6,000 = \$41,500 |

**[STEP 6]**

Identify the lowest priced proposal. In the example, Offeror #1 (\$40,000) is lowest and would get the benefits allotted to the lowest priced proposal, provided it is a responsive and responsible proposal.

**2.15 10% Alaskans with Disabilities Preference  
AS 36.30.250. & AS 36.30.170**

If an offeror

- ? qualifies for the Alaska Bidder Preference;
- ? is a qualifying entity as defined in AS 36.30.170(e); and
- ? offers a proposal that is not more than ten percent higher than the lowest proposal,

the procurement officer will award the maximum number of points allocated for cost to that offeror.

**EXAMPLE**

**10% Alaskans With Disabilities Preference**

**[STEP 1]**

List the raw proposal prices and identify those eligible for preference.

|              |                                     |          |
|--------------|-------------------------------------|----------|
| Offeror #1 - | Non-Alaskan Offeror<br>Not Disabled | \$40,000 |
| Offeror #2 - | Alaskan Offeror<br>Not Disabled     | \$45,000 |
| Offeror #3 - | Alaskan Offeror<br>Disabled Alaskan | \$50,000 |

**[STEP 2]**

Calculate the amount of the 5% Alaska Bidder Preference by multiplying the Alaskan proposals by .05 and deducting that amount from the price(s).

---

Offeror #2 -  $\$45,000 \times .05 = \$2,250$   $\$45,000 - \$2,250 = \$42,750$

Offeror #3 -  $\$50,000 \times .05 = \$2,500$   $\$50,000 - \$2,500 = \$47,500$

### [STEP 3]

List all proposal prices, adjusted where appropriate, by the application of the Alaska Bidder Preference.

|              |                                     |          |
|--------------|-------------------------------------|----------|
| Offeror #1 - | Non-Alaskan Offeror<br>Not Disabled | \$40,000 |
| Offeror #2 - | Alaskan Offeror<br>Not Disabled     | \$42,750 |
| Offeror #3 - | Alaskan Offeror<br>Disabled Alaskan | \$47,500 |

### [STEP 4]

Calculate the amount of the 10% Alaskans with Disabilities Preference by multiplying the lowest priced proposal by .10.

Offeror #1 -  $\$40,000 \times .10 = \$4,000$

### [STEP 5]

List all proposal prices, adjusted where appropriate, by the application of the Alaska Bidder Preference, and where appropriate, deduct the Alaskans with Disabilities Preference.

|              |                                     |                                 |
|--------------|-------------------------------------|---------------------------------|
| Offeror #1 - | Non-Alaskan Offeror<br>Not Disabled | \$40,000                        |
| Offeror #2 - | Alaskan Offeror<br>Not Disabled     | \$42,750                        |
| Offeror #3 - | Alaskan Offeror<br>Disabled Alaskan | $\$47,500 - \$4,000 = \$43,500$ |

### [STEP 6]

Identify the lowest priced proposal. In the example, Offeror #1 (\$40,000) is lowest and would get the benefits allotted to the lowest priced proposal, provided it is a responsive and responsible proposal.

## 2.16 10% Employers of People with Disabilities Preference AS 36.30.250. & AS 36.30.170

If an offeror

- ? qualifies for the Alaska Bidder Preference;
- ? employs a staff that is made up of fifty percent or more people with disabilities; and,
- ? offers a proposal that is not more than ten percent higher than the lowest proposal,

the procurement officer will award the maximum number of points allocated for cost to that offeror.

### EXAMPLE

#### 10% Employers Of People With Disabilities Preference

### [STEP 1]

List the raw proposal prices and identify those eligible for preference.

|              |   |          |
|--------------|---|----------|
| Offeror #1 - | Non-Alaskan Offeror<br>Not Employer of Disabled | \$40,000 |
| Offeror #2 - | Alaskan Offeror<br>Not Employer of Disabled     | \$45,000 |
| Offeror #3 - | Alaskan Offeror<br>Employer of Disabled         | \$50,000 |

### [STEP 2]

Calculate the amount of the 5% Alaska Bidder Preference by multiplying the Alaskan proposals by .05 and deducting that amount from the price(s).

|              |                                 |                                 |
|--------------|---------------------------------|---------------------------------|
| Offeror #2 - | $\$45,000 \times .05 = \$2,250$ | $\$45,000 - \$2,250 = \$42,750$ |
| Offeror #3 - | $\$50,000 \times .05 = \$2,500$ | $\$50,000 - \$2,500 = \$47,500$ |

### [STEP 3]

List all proposal prices, adjusted where appropriate by the application of the Alaska Bidder Preference.

|              |   |          |
|--------------|---|----------|
| Offeror #1 - | Non-Alaskan Offeror<br>Not Employer of Disabled | \$40,000 |
| Offeror #2 - | Alaskan Offeror<br>Not Employer of Disabled     | \$42,750 |
| Offeror #3 - | Alaskan Offeror<br>Employer of Disabled         | \$47,500 |

### [STEP 4]

Calculate the amount of the 10% Employers of People with Disabilities Preference by multiplying the lowest priced proposal by .10.

|              |                                 |
|--------------|---------------------------------|
| Offeror #1 - | $\$40,000 \times .10 = \$4,000$ |
|--------------|---------------------------------|

### [STEP 5]

List all proposal prices, adjusted where appropriate, by the application of the Alaska Bidder Preference, and where appropriate, deduct the Employers of People with Disabilities Preference.

|              |   |                                 |
|--------------|---|---------------------------------|
| Offeror #1 - | Non-Alaskan Offeror<br>Not Employer of Disabled | \$40,000                        |
| Offeror #2 - | Alaskan Offeror<br>Not Employer of Disabled     | \$42,750                        |
| Offeror #3 - | Alaskan Offeror<br>Employer of Disabled         | $\$47,500 - \$4,000 = \$43,500$ |

### [STEP 6]

Identify the lowest priced proposal. In the example, Offeror #1(\$40,000) is lowest and would get the benefits allotted to the lowest priced proposal, provided, it is a responsive and responsible proposal.

## 2.17 Qualifying for Disability Related Preferences AS 36.30.170.

The Division of Vocational Rehabilitation in the Department of Education keeps a list of qualified employment programs, a list of entities that qualify under 36.30.170(e), and a list of persons who qualify as employers with 50 percent or more of their employees being persons with disabilities. A person or entity must be on this list at the time the bid is opened in order to qualify for a preference under this section.

As evidence of an individual's or a business' right to a certain preference, the Division of Vocational Rehabilitation will issue a certification letter. To take advantage of the employment program or disabilities preferences described above, an individual or business must be on the appropriate Division of Vocational Rehabilitation list at the time the bid is opened, and must provide the procurement officer a copy of their certification letter. Bidders must attach a copy of their certification letter to their bid. The bidder's failure to provide the certification letter mentioned above with their bid, will cause the State to disallow the preference.

## 2.18 Formula used to Convert Cost to Points AS 36.30.250 & 2 AAC 12.260.

The distribution of points based on cost will be determined as set out in 2 AAC 12.260 (d). The lowest cost proposal will receive the maximum number of points allocated to cost. The point allocations for cost on the other proposals will be determined through the method set out below.

### EXAMPLE

#### Formula Used To Convert Cost To Points

#### [STEP 1]

List the raw proposal prices and identify those eligible for preference.

|            |   |                     |          |
|------------|---|---------------------|----------|
| Offeror #1 | - | Non-Alaskan Offeror | \$40,000 |
| Offeror #2 | - | Alaskan Offeror     | \$45,000 |
| Offeror #3 | - | Alaskan Offeror     | \$50,000 |

#### [STEP 2]

Calculate the amount of the 5% Alaska Bidder Preference by multiplying the Alaskan proposals by .05 and deducting that amount from the price(s).

|            |   |                                 |                                 |
|------------|---|---------------------------------|---------------------------------|
| Offeror #2 | - | $\$45,000 \times .05 = \$2,250$ | $\$45,000 - \$2,250 = \$42,750$ |
| Offeror #3 | - | $\$50,000 \times .05 = \$2,500$ | $\$50,000 - \$2,500 = \$47,500$ |

#### [STEP 3]

List all proposal prices, adjusted where appropriate, by the application of the Alaska Bidder Preference.

|            |   |                     |          |
|------------|---|---------------------|----------|
| Offeror #1 | - | Non-Alaskan Offeror | \$40,000 |
| Offeror #2 | - | Alaskan Offeror     | \$42,750 |



Offeror #3 - Alaskan Offeror \$47,500

**[STEP 4]**

Convert cost to points using this formula.

$$\frac{[(\text{Price of Lowest Cost Proposal}) \times (\text{Maximum Points for Cost})]}{(\text{Cost of Each Higher Priced Proposal})} = \text{POINTS}$$

The RFP allotted 40% (40 points) of the total of 100 points for cost.

**Offeror #1 receives 40 points.**

The reason they receive that amount is because the lowest cost proposal, in this case \$40,000, receives the maximum number of points allocated to cost, 40 points.

**Offeror #2 receives 37.4 points.**

$$\begin{array}{rclclclcl} \$40,000 & \times & 40 & = & 1,600,000 & ? & 42,750 & = & 37.4 \\ \text{LOWEST COST} & & \text{MAX POINTS} & & & & \text{OFFEROR \#2} & & \text{POINTS} \\ & & & & & & \text{ADJUSTED BY} & & \\ & & & & & & \text{ALASKA BIDDER} & & \\ & & & & & & \text{PREFERENCE} & & \end{array}$$

**Offeror #3 receives 33.7 points.**

$$\begin{array}{rclclclcl} \$40,000 & \times & 40 & = & 1,600,000 & ? & 47,750 & = & 33.7 \\ \text{LOWEST COST} & & \text{MAX POINTS} & & & & \text{OFFEROR \#3} & & \text{POINTS} \\ & & & & & & \text{ADJUSTED BY} & & \\ & & & & & & \text{ALASKA BIDDER} & & \\ & & & & & & \text{PREFERENCE} & & \end{array}$$

**2.19 Alaska Offeror's Preference  
 AS 36.30.250. & 2 AAC 12.260.**

2 AAC 12.260 (e) provides Alaska offerors a 10 percent overall evaluation point preference. Alaska Bidders, as defined in AS 36.30.170(b), are eligible for the preference. This preference will be added to the overall evaluation score of each Alaska offeror. Each Alaska offeror will receive 10% of the total available points added to their evaluation score as a preference.

**EXAMPLE**

**Alaska Offeror's Preference**

**[STEP 1]**

Determine the number of points available to Alaskan offerors under the preference.

Total number of points available - 100 Points

$$\begin{array}{rclclcl} 100 & \times & 10\% & = & 10 \\ \text{Total Points} & & \text{Alaska Offerors} & & \text{Number of Points} \\ \text{Available} & & \text{Percentage Preference} & & \text{Given to Alaska Offerors} \\ & & & & \text{Under the Preference} \end{array}$$

**[STEP 2]**

Add the preference points to the Alaskan offers. There are three offerors: Offeror #1, Offeror #2, and Offeror #3. Offeror #2 and Offeror #3 are eligible for the Alaska Preference. For the purpose of this example presume that all of the proposals have been completely evaluated based on the evaluation criteria in the RFP. Their scores at this point are:

*Offeror #1 - 89 points*  
*Offeror #2 - 80 points*  
*Offeror #3 - 88 points*

Offeror #2 and Offeror #3 each receive 10 additional points. The final scores for all of the offers are:

*Offeror #1 - 89 points*  
*Offeror #2 - 90 points*  
*Offeror #3 - 98 points*

Offeror #3 is awarded the contract.

## 2.20 Contract Negotiations

After completion of the evaluation, including any discussions held with offerors during the evaluation, the State may elect to initiate contract negotiations. The option of whether or not to initiate contract negotiations rests solely with the State. If the State elects to initiate contract negotiations, these negotiations cannot involve changes in the State's requirements or the contractor's proposal which would, by their nature, affect the basis of the source selection and the competition previously conducted. If contract negotiations are commenced, they may be held in Anchorage, Alaska.

The offeror will be responsible for their travel and per diem expenses.

## 2.21 Failure to Negotiate

If the selected offeror

- 1 fails to provide the information required to begin negotiations in a timely manner; or
- 2 fails to negotiate in good faith; or
- 3 indicates they cannot perform the contract within the budgeted funds available for the project; or
- 4 the contractor and the State, after a good faith effort, simply cannot come to terms.

the State may terminate negotiations with the offeror initially selected and commence negotiations with the next highest ranked offeror.

## 2.22 Notice of Intent to Award (NIA) —Offeror Notification of Selection

After the completion of contract negotiations the procurement officer will issue a written Notice of Intent to Award (NIA) and send copies to all offerors. The NIA will set out the names and addresses of all offerors and identify the proposal selected for award. The scores and placement of other offerors will not be part of the NIA.

## 2.23 Protest

AS 36.30.560 provides that an interested party may protest the content of a solicitation (RFP).

An interested party is defined in 2 AAC 12.990(a)(7) as "an actual or prospective bidder or offeror whose economic interest might be affected substantially and directly by the issuance of a contract solicitation, the award of a contract, or the failure to award a contract."

If an interested party wishes to protest the content of a solicitation, the protest must be received, in writing, by the procurement officer at least ten days prior to the deadline for receipt of proposals.

AS 36.30.560 also provides that an interested party may protest the award of a contract or the proposed award of a contract.

If an offeror wishes to protest the award of a contract or the proposed award of a contract, the protest must be received in writing by the procurement officer within ten days of the date the Notice of Intent to Award the contract is issued.

A protester must have submitted a proposal in order to have sufficient standing to protest the proposed award of a contract. Protests must include the following information:

- [a] the name, address, and telephone number of the protester,
- [b] the signature of the protester or the protester's representative,
- [c] identification of the contracting agency and the solicitation or contract at issue,
- [d] a detailed statement of the legal and factual grounds of the protest, including copies of relevant documents, and
- [e] the form of relief requested.

Protests filed by telex or telegram are not acceptable because they do not contain a signature. FAX copies containing a signature are acceptable.

The procurement officer will issue a written response to the protest. The response will set out the procurement officer's decision and contain the basis of the decision within the statutory time limit in AS 36.30.580. A copy of the decision will be furnished to the protester by certified mail, FAX or another method that provides evidence of receipt.

All offerors will be notified of any protests. The review of protests, decisions of the procurement officer, appeals, and hearings, will be conducted in accordance with the State Procurement Code (AS 36.30), Article 9, "Legal and Contractual Remedies".

## SECTION THREE STANDARD CONTRACT INFORMATION

### 3.01 Contract Type

This contract is a firm fixed price contract.

### 3.02 Contract Approval

This RFP does not, by itself, obligate the State. The State's obligation will commence when the contract is approved by the Commissioner of the Department of Administration, the commissioner's designate, or the procurement officer. Upon written notice to the contractor, the State may set a different starting date for the contract. The State will not be responsible for any work done by the contractor, even work done in good faith, if it occurs prior to the contract start date set by the State.

### 3.03 Standard Contract Provisions

The contractor will be required to sign and submit the attached State's Standard Agreement Form for Professional Services Contracts (form 02-093/Appendix A). The contractor must comply with the contract provisions set out in this attachment. No alteration of these provisions will be permitted without prior written approval from the Department of Law. If an offeror objects to any of the provisions in Appendix A, they must set out their objections in their proposal.

### 3.04 Proposal as a Part of the Contract

Part or all of this RFP and the successful proposal may be incorporated into the contract.

### 3.05 Additional Terms and Conditions

The State reserves the right to add terms and conditions during contract negotiations. These terms and conditions will be within the scope of the RFP and will not affect the proposal evaluations.

### 3.06 Insurance Requirements

The successful offeror must provide proof of workers' compensation insurance prior to contract approval.

The successful offeror must secure the insurance coverage required by the State. The coverage must be satisfactory to the Division of Risk Management. An offeror's failure to provide evidence of such insurance coverage is a material breach and grounds for withdrawal of the award or termination of the contract.

Offerors must review form Appendix B1 (attached) for details on required coverages.

### 3.07 Bid Bond - Performance Bond - Surety Deposit

N/A

### 3.08 Contract Funding

Payment for the contract is subject to funds already appropriated and identified.

### **3.09 Proposed Payment Procedures**

The State will make payments based on a negotiated payment schedule. Each billing must consist of an invoice and progress report. No payment will be made until the progress report and invoice have been approved by the project director.

### **3.10 Contract Payment**

No payment will be made until the contract is approved by the Commissioner of the Department of Administration, or the commissioner's designee. Under no conditions will the State be liable for the payment of any interest charges associated with the cost of the contract.

The State is not responsible for and will not pay local, state, or federal taxes. All costs associated with the contract must be stated in U.S. currency.

### **3.11 Informal Debriefing**

When the contract is completed, an informal debriefing may be performed at the discretion of the project director. If performed, the scope of the debriefing will be limited to the work performed by the contractor.

### **3.12 Contract Personnel**

Any change of the project team members named in the proposal must be approved, in advance and in writing, by the project director. Personnel changes that are not approved by the State may be grounds for the State to terminate the contract.

### **3.13 Inspection & Modification - Reimbursement for Unacceptable Deliverables**

The contractor is responsible for the completion of all work set out in the contract. All work is subject to inspection, evaluation, and approval by the project director. The State may employ all reasonable means to ensure that the work is progressing and being performed in compliance with the contract. Should the project director determine that corrections or modifications are necessary in order to accomplish its intent, the project director may direct the contractor to make such changes. The contractor will not unreasonably withhold such changes.

Substantial failure of the contractor to perform the contract may cause the State to terminate the contract. In this event, the State may require the contractor to reimburse monies paid (based on the identified portion of unacceptable work received) and may seek associated damages.

### **3.14 Termination for Default**

If the project director determines that the contractor has refused to perform the work or has failed to perform the work with such diligence as to ensure its timely and accurate completion, the State may, by providing written notice to the contractor, terminate the contractor's right to proceed with part or all of the remaining work.

This clause does not restrict the State's termination rights under the contract provisions of Appendix A (attached).

### **3.15 Liquidated Damages**

N/A

### **3.16 Contract Changes - Unanticipated Amendments**

During the course of this contract, the contractor may be required to perform additional work. That work will be within the general scope of the initial contract. When additional work is required, the project director will provide the contractor a written description of the additional work and request the contractor to submit a firm time schedule for accomplishing the additional work and a firm price for the additional work. Cost and pricing data must be provided to justify the cost of such amendments per AS 36.30.400.

The contractor will not commence additional work until the project director has secured any required State approvals necessary for the amendment and issued a written contract amendment, approved by the Commissioner of the Department of Administration; the Commissioner's designee.

### **3.17 Contract Invalidation**

If any provision of this contract is found to be invalid, such invalidation will not be construed to invalidate the entire contract.

## SECTION FOUR BACKGROUND INFORMATION

### 4.01 Background Information

The state of Alaska's landmass (over 586,412 square miles) is equivalent to one-fifth the size of the lower 48 states combined. Spanning a distance of 1,400 miles north to south, and 2,700 miles east to west, Alaska covers an extensive variety of terrain ranging from temperate island rain forests to desert-like arctic tundra. Spread across the state's vast expanse of land, Alaska's 615,000 plus citizens inhabit communities that vary from the State's largest city, Anchorage, with a population of over 250,000, to small towns and villages, many with populations of less than fifty. Only 44 of the State's 277 communities are connected by roadways. Harsh winter weather conditions routinely cut-off communities from air, sea and land transportation. Reliable cost-effective telecommunications are a necessity, not a convenience. Low population density combined with harsh weather conditions, extreme terrain, and a lack of transportation infrastructure has made it difficult to develop comprehensive, reliable and affordable telecommunication services. Telecommunications services are critical to maintaining the often-precarious lines of communications that tie communities in Alaska together.

The telecommunications industry is undergoing significant change. Driven by diverse forces – technology, federal law and regulation and consumer demand – service providers confront substantial operational organizational and financial challenges.

Policy makers in Alaska and all over the world are struggling with what the appropriate role for government is in light of industry convergence, globalization, and legislative changes. The Telecommunications Act of 1996 (Act) sought to encourage innovations in the telecommunications industry through market forces rather than through the historic paradigm of heavily regulated monopolies. The Act recognized that market forces may operate differently in less densely populated areas, and imposed additional responsibilities on state regulators in sparsely populated states. Further, the Act pre-empted the jurisdiction of state and local governments to limit the ability of any entity to provide telecommunications services. In this environment, the state of Alaska seeks guidance on what policies it should implement to make sure that all Alaskans have access to a modern telecommunications services delivered by a healthy telecommunications industry.

## SECTION FIVE SCOPE OF WORK

### 5.01 Scope of Work

#### Project Objective:

The primary objective of this RFP is to contract with a firm that will provide the state with a set of recommendations, based on best practices nationwide, for a statewide framework that promotes a cost effective delivery of telecommunications services throughout Alaska. These recommendations should meet the needs of both urban and rural residents, take into account federal laws, and address the following policy goals:

- 1) Universal service of basic and advanced telecommunications services in both rural and urban areas of the state.
- 2) Innovative and cost effective deployment of publicly available advanced telecommunications infrastructure that can be shared by federal, state, and local and tribal government entities, and privately owned business to deliver services to all Alaskans.
- 3) An appropriate level of government involvement to ensure competitive neutrality and consistent service delivery to consumers.
- 4) Appropriate levels of regulation for the evolving telecommunications industry to encourage the industry to work towards these policy goals.
- 5) Consistent actions by the legislature, regulatory agencies and executive branches of the government to promote the goals of universal service, infrastructure development, competitive neutrality and appropriate levels of regulation.
- 6) Implementation of the Telecommunications Act of 1996 (Act) in Alaska in a manner that addresses its unique characteristics and needs.

ITG expects that in fulfilling this scope of work, the successful bidder will conduct a number of interviews with various stakeholders in Alaska.

### 5.02 Deliverables

The contractor will be required to provide the following deliverables:

- [a] general design document and Steering Committee briefing including an initial outline of final Study Document, outline of methodology and narrative of what information needs to be collected, who needs to participate in the study, and general requirements needed to fulfill terms of the contract. Due July 15, 2002.
- [b] documentation of stakeholder interview findings. Due Sept. 15, 2002.
- [c] draft Telecommunications Study document and Steering Committee briefing due Sept. 15, 2002.
- [d] final Telecommunications Study document and Steering Committee briefing due Oct. 15, 2002
- [e] document and Steering Committee briefing specifically defining opportunities for the State of Alaska with regards to the Telecommunications Act of 1996. Due Oct. 15, 2002.

Briefings may be conducted via teleconferencing if necessary and more efficient.

### 5.03 Work Schedule

The contract term and work schedule set out herein represent the State's desired schedule that will be followed. If a component of this schedule, such as the opening date, is delayed, the rest of the schedule may be shifted by the same number of days. However, the final schedule will be negotiated with the winning vendor.

The length of the contract will be from the date of award, approximately June 15, 2002, until completion, approximately October 15, 2002.

The approximate contract schedule is as follows:

#### SAMPLE WORK SCHEDULE:

- [a] State award contract 6/15/2002
- [b] Contractor provides final Planning document 10/15/02

### 5.04 Responsibilities of the Contractor

5.04.01 Project Management - The contractor shall provide project management for the duration of the contract. Project management activities shall include: establish and administer controls to insure that the quality of deliverables are acceptable to the State, provide and regularly update a detailed work plan and schedule; monitor project activities to ensure project schedules are met; provide weekly and monthly status reports; and participate in State meetings that are project related.

5.04.02 Preparation of Deliverables - The contractor is responsible for all aspects of deliverable preparation. The contractor is responsible for writing, printing, and delivery of draft and final Telecommunications Study documents. The contractor must provide draft copies of each written deliverable to the State's Project Manager prior to publishing a final product. The State will review the draft material as expeditiously as possible and return comments. A final project deliverable shall not be published until the State approves a draft version as ready for final publication. The contractor must provide a minimum of three (3) copies of draft and final documents. All documents must be submitted in an electronic format (Microsoft Word 97) in addition to a printed version.

### 5.05 Responsibilities of the State

5.05.01 Assign State Project Manager - The State will assign a Project Manager who will coordinate project activities with the Contractor. The State Project Manager will arrange specific State resources and State personnel needed to fulfill contract requirements. The State Project Manager will receive all project deliverables and coordinate their review and final acceptance by the State.

5.05.02 Provide State Resources as follows - Any information upon request from the contractor, if it's readily available, suitable work space as needed, audio and video conference facilities.

## SECTION SIX PROPOSAL FORMAT AND CONTENT

### 6.01 General Instructions

The State discourages overly lengthy and costly proposals, however, in order for the State to evaluate proposals fairly and completely, offerors should follow the format set out herein and provide all of the information requested.

Proposals must confirm that the firm will comply with all of the provisions in this RFP, and if applicable, provide notice that the firm qualifies as an Alaskan bidder. Proposals must be signed by a company officer empowered to bind the company. An offeror's failure to include these items in the proposal may cause the proposal to be determined to be non-responsive and the proposal may be rejected.

So that the State can fairly and expeditiously evaluate all proposals, a uniform format has been established. The minimum required content for each section is described in subsequent paragraphs of this section.

The proposal shall be:

- ? Seven (7) copies submitted and labeled as specified in section 1.01
- ? One (1) electronic copy sent to [marlys\\_hagen@admin.state.ak.us](mailto:marlys_hagen@admin.state.ak.us)
- ? Split into two parts - a technical proposal and cost proposal; and
- ? Submitted in two sealed packages (one sealed package for the technical proposal and one sealed package for the cost proposal), marked clearly on the outside of the package with "Technical Proposal" or "Cost Proposal."

### 6.02 Technical Proposal Format

#### 6.02.01 Introduction

*Cover Letter:* A cover letter on the offeror's letterhead signed by the responsible official in the organization certifying the accuracy of all information in the proposal and certifying that the proposal will remain valid for at least 90 days from the date it is submitted. The letter should also include the offeror's valid Alaska Business License Number.

*Subcontractor and Joint Venture Information:* If any portion of the work is to be subcontracted, or if the offeror is a joint venture, provide information as requested in sections 1.14 and 1.15 as applicable.

*Conflict of Interest:* Provide here a statement indicating whether or not the firm or any individuals who may work on the contract have a possible conflict of interest. See section 1.17 of this RFP.

*Affidavit of Alaska Bidder Preference:* If applicable, provide here an affidavit of the firm's qualification for Alaska Vendor/Offeror preference as outlined in section 2.13 of this RFP.

#### 6.02.02 Understanding of the Project:

Offerors must provide a comprehensive narrative statement that illustrates their understanding of the requirements of the project and the project schedule. At a minimum the proposal shall:

Provide a statement, which demonstrates a thorough understanding of the intent of this RFP and resultant contract, the objectives and scope of the proposed contract. Offerors must demonstrate an understanding of the issues involved and any constraints that may affect the performance of services under any resultant contract. Please do not simply restate information presented in this RFP. The successful offeror will be able to demonstrate an understanding of the challenge facing the State of Alaska considerably beyond information provided here.

#### 6.02.03 Management Approach & Project Methodology

Offerors must provide a complete description of how they intend to perform and manage the delivery of services. Since the consulting team we are seeking will likely be relatively small, each member of the team will play a critical role in the project's success. At a minimum, the proposal shall:

- 1 Describe the organization of the proposed team and each key individual assigned. Include individual staff responsibilities with lines of authority and interfaces with State staff.
- 2 Describe the proposed project management and control methodology. Include management and administrative procedures used in ensuring work is performed on a timely, cost effective and quality basis. Provide sufficient detail to demonstrate expertise in use of proven methodologies.
- 3 Describe the general work plan and proposed schedule that will be used to perform the work required.

#### 6.02.04 Offeror Experience and Qualifications

*Corporate Background:* Offerors must explain why their firm is particularly suited to fulfill the requirements of this RFP. Also, include the firm's primary business, years of operation, number of employees, ownership (public company, partnership, subsidiary, etc.), years providing professional consulting services as requested in this RFP. Also provide this information for any proposed subcontractors and/or all joint venture partners, as applicable.

*Relevant Experience:* Offerors must describe previous engagements that the firm has performed within the last 5 years that demonstrate the firm's capability to perform the services required in this RFP; explain why these engagements are of a similar nature, size, and complexity as required by the State. Also include references of clients for whom similar work has been performed. Offerors must also describe the firm's experience in and knowledge of: (1) The Alaskan telecommunications environment including technological, geographic, regulatory, political and cultural factors, (2) project management techniques in studying the telecommunications environment in Alaska, and (3) experience in assisting other organizations (public and private sector) in performing similar studies to that contemplated by the State of Alaska.

#### 6.02.05 Individual / Key Personnel Experience and Qualifications

The offeror must provide a list of key individuals who will perform work on this project along with an estimated number of hours that each individual will expend on the project. Resumes of key individuals (including subcontracted personnel) who will be responsible for implementing and providing the services required in this RFP must be provided. Resumes should also be included for managers, senior consulting staff, and other key staff responsible for managing the services requested in this RFP.

Resumes need to identify individuals by name and contain the individual's relevant experience citing specific projects. Resumes must clearly delineate whether the individual is employed by the offeror or a subcontractor, and how the individual meets or exceeds the minimum requirements of this RFP.

Resumes must describe the individual(s) experience in and knowledge of: (1) The Alaskan telecommunications environment including technological, geographic, regulatory, political and cultural factors, (2) project management techniques in studying the telecommunications environment in Alaska, and (3) experience in assisting other organizations (public and private sector) in performing similar studies to that contemplated by the State of Alaska.

### 6.03 Cost Proposal Requirements

The cost proposal shall be prepared in the format contained in the Attachments section of the RFP. The cost proposal must be sealed in a separate package and clearly marked. The cost proposal must include the following:

- ? A statement that the offeror certifies the costs contained in their cost proposal have been arrived at independently without collusion, and that, unless otherwise required by law, the price quoted has not been knowingly disclosed by the offeror prior to award, directly or indirectly to any other offeror or to any other competitor.
- ? The Offeror's Cost Proposal Form provided in the Attachments Section.

### 6.04 Evaluation Criteria

All proposals will be reviewed to determine if they are responsive. They will then be evaluated using the criteria set out in section seven.

## SECTION SEVEN EVALUATION CRITERIA AND CONTRACTOR SELECTION

THE TOTAL NUMBER OF POINTS USED  
TO SCORE THE RESPONSES IS 100

### 7.01 Understanding of the Project—10%

Proposals will be evaluated against the questions set out below.

- [a] How well has the offeror demonstrated a thorough understanding of the purpose and scope of the project?
- [b] How well has the offeror identified pertinent issues and potential problems related to the project?
- [c] How well has the offeror demonstrated that it understands the deliverables the State expects it to provide?
- [d] How well has the offeror demonstrated that it understands the State's time schedule and can meet it?

### 7.02 Management Approach and Project Methodology—25%

Proposals will be evaluated against the questions set out below.

- [a] How well does the methodology depict a logical approach to fulfilling the requirements of the RFP?
- [b] How well does the methodology match and contribute to achieving the objectives set out in the RFP?
- [c] How well does the methodology interface with the time schedule in the RFP?
- [d] How well does the management plan support all of the project requirements and logically lead to the deliverables required in the RFP?
- [e] Is accountability completely and clearly defined?
- [f] Is the organization of the project team clear?
- [g] How well does the management plan illustrate the lines of authority and communication?
- [h] Does it appear that the offeror can meet the schedule set out in the RFP?
- [i] Has the contractor offered alternate deliverables and gone beyond the minimum tasks necessary to meet the objectives of the RFP?
- [j] Is the work plan practical, logical, and consistent with the methodology and approach?
- [k] Is the proposal practical and feasible?
- [l] How realistically do the number of hours proposed by vendor fit the tasks described in the proposal?

### 7.03 Offeror Experience and Qualifications—15%

Proposals will be evaluated against the questions set out below.

- [a] How well has the firm demonstrated experience in completing similar projects on time and within budget?
- [b] How successful is the general history of the firm regarding timely and successful completion of projects?
- [c] Has the firm provided letters of reference from previous clients?
- [d] How reasonable are the firm's cost estimates?
- [e] If a subcontractor will perform work on the contract, how well do they measure up to the evaluation used for the offeror?
- [f] How experienced is the firm in the telecommunications industry and how recent is that experience?
- [g] Does the firm have recent experience in the Alaskan telecommunications environment?
- [h] Does the firm have recent experience in managing projects that include the types of telecommunications services described in this RFP?
- [i] Are there significant conflicts of interest that will impact how the firm will carry out the contract?

### 7.04 Individual / Key Personnel Experience, Qualifications - 20%

- [a] Do the individuals assigned to the project have experience on similar projects?
- [b] Are resumes complete and do they demonstrate backgrounds that would be desirable for individuals engaged in the work the project requires?
- [c] How extensive is the applicable education and experience of the personnel designated to work on the project?
- [d] How knowledgeable are the offeror's personnel of the local area and how many individuals have worked in the area previously?
- [e] How experienced are the personnel in the telecommunications industry and how recent is that experience?
- [f] How experienced are the personnel in the Alaskan telecommunications environment and how recent is that experience?
- [g] How experienced are the personnel in the national telecommunications environment and how recent is that experience?
- [h] Do the individuals assigned to the project have recent experience in managing projects that include the types of telecommunications services described in this RFP?

## 7.05 Contract Cost—20%

Overall, a minimum of 20% of the total evaluation points will be assigned to cost. The cost amount used for evaluation may be affected by one or more of the preferences set out below.

*5% Alaskan Bidder Preference—See section 2.13*

*15% Employment Program Preference—See section 2.14*

*10% Alaskans with Disabilities Preference—See Section 2.15*

*10% Employers of People with Disabilities Preference—See section 2.16*

### *Converting Cost to Points*

The lowest cost proposal will receive the maximum number of points allocated to cost. The point allocations for cost on the other proposals will be determined through the method set out in Section 2.18.

## 7.06 Alaska Offeror's Preference (10%)

If an offeror qualifies for the Alaska Bidder Preference, the offeror will receive an Alaska Offeror's Preference. The preference will be 10% of the total available points. This amount will be added to the overall evaluation score of each Alaska offeror.

## SECTION EIGHT ATTACHMENTS

### 8.01 Attachments

#### *Attachments*

1. Standard Agreement Form
2. Appendix A
3. Appendix B1
4. Notice of Intent to Award
5. Proposal Evaluation Form
6. Cost Proposal Form

THE  
FOLLOWING  
DOCUMENT(S)  
ARE  
POOR  
ORIGINAL  
COPIES

# AGREEMENT FORM

Attachment 1

|  |                    |                                   |                                |                          |
|--|--------------------|-----------------------------------|--------------------------------|--------------------------|
|  | 2. ASPS Number     | 3. Financial Coding               | 4. Agency Assigned Encumbrance |                          |
| Vendor Number                            |                    | 6. Alaska Business License Number |                                |                          |
| Contract is between the State of Alaska, |                    |                                   |                                |                          |
| Department of                            |                    | Division                          |                                | hereafter the State, and |
| Contractor                               |                    |                                   |                                |                          |
| hereafter the Contractor                 |                    |                                   |                                |                          |
| Address                                  | Street or P.O. Box | City                              | State                          | ZIP+4                    |

- ARTICLE 1. Appendices:** Appendices referred to in this contract and attached to it are considered part of it.
- ARTICLE 2. Performance of Service:**
- 2.1 Appendix A (General Provisions), Articles 1 through 14, governs the performance of services under this contract.
  - 2.2 Appendix B sets forth the liability and insurance provisions of this contract.
  - 2.3 Appendix C sets forth the services to be performed by the contractor.
3. **Period of Performance:** The period of performance for this contract begins \_\_\_\_\_, and ends \_\_\_\_\_

**Considerations:**

1. In full consideration of the contractor's performance under this contract, the State shall pay the contractor a sum not \_\_\_\_\_ in accordance with the provisions of Appendix D.

When billing the State, the contractor shall refer to the Authority Number or the Agency Contract Number and send

|  |                        |
|--|------------------------|
|  | Attention: Division of |
|  | Attention:             |

|                           |                |   |      |
|---------------------------|----------------|---|------|
| <b>CONTRACTOR</b>         |                |   |      |
|                           | Representative | Date                                    |      |
| Authorized Representative |                |   |      |
| Employer ID No. (EIN) or  |                |   |      |
| <b>CONTRACTING AGENCY</b> |                | Signature of Head of Contracting Agency | Date |
|                           | Date           |   |      |
| Typed or Printed Name     |                |   |      |
| or                        |                | Title                                   |      |
|                           |                |   |      |

\* has no effect until signed by the head of contracting agency or designee.

SA

## GENERAL PROVISIONS

...endices, "Project Director" or "Agency Head" or "Procurement Officer" means the person who signs this  
...the Requesting Agency and includes a successor or authorized representative.

...ncy" means the department for which this contract is to be performed and for which the Commissioner or  
...ted in a signing this contract.

...rts.

...ect, in the manner and at reasonable times it considers appropriate, all the contractor's facilities and  
...ct.

...progress and other reports in the manner and at the times the department reasonably requires.

...estion of fact arising under this contract which is not disposed of by mutual agreement shall be  
...S 36.30.620-632.

...unity.

...nate against any employee or applicant for employment because of race, religion, color, national  
...cal handicap, sex, marital status, changes in marital status, pregnancy or parenthood when the  
...tion(s) do not require distinction on the basis of age, physical handicap, sex, marital status,  
...ncy, or parenthood. The contractor shall take affirmative action to insure that the applicants are  
...that employees are treated during employment without unlawful regard to their race, color,

...physical handicap, age, sex, marital status, changes in marital status, changes in marital status,  
...ion must include, but need not be limited to, the following: employment, upgrading, demotion,  
...advertising, layoff or termination, rates of pay or other forms of compensation, and selection

...The contractor shall post in conspicuous places, available to employees and applicants for  
...provisions of this paragraph.

...tations or advertisements for employees to work on State of Alaska contract jobs, that it is  
...at all qualified applicants will receive consideration for employment without regard to race,  
...sical handicap, sex, marital status, changes in marital status, pregnancy or parenthood.

...r union or representative of workers with which the contractor has a collective bargaining  
...nding a notice advising the labor union or workers' compensation representative of the  
...le and post copies of the notice in conspicuous places available to all employees and

...s of this article in every contract, and shall require the inclusion of these provisions in  
...ubcontractors, so that those provisions will be binding upon each subcontractor. For  
...n any contract or subcontract, as required by this contract, "contractor" and  
...appropriately the name or designation of the parties of the contract or subcontract,  
...te efforts which seek to deal with the problem of unlawful discrimination, and with all  
...tent practices under this contract, and promptly comply with all requests and  
...man Rights or any of its officers or agents relating to prevention of discriminatory

...s not limited to, being a witness in any proceeding involving questions of unlawful  
...or agency of the State of Alaska; permitting employees of the contractor to be  
...volving questions of unlawful discrimination, if that is requested by any official or  
...etings; submitting periodic reports on the equal employment aspects of present  
...e contractor's facilities; and promptly complying with all State directives  
...e State of Alaska to insure compliance with all federal and State laws,  
...n of discriminatory employment practices.  
...aternal breach of the contract.

...act, in whole or in part, when it is in the best interest of the State. The State  
...sions of this contract for services rendered before the effective date of

...rt of it, or any right to any of the money to be paid under it, except with

No claim for additional services, not specifically provided in this contract, performed or furnished by the contractor, will be allowed, nor may the contractor do any work or furnish any material not covered by the contract unless the work or material is ordered in writing by the Project Director and approved by the Agency Head.

**Article 8. Independent Contractor.**

The contractor and any agents and employees of the contractor act in an independent capacity and are not officers or employees or agents of the State in the performance of this contract.

**Article 9. Payment of Taxes.**

As a condition of performance of this contract, the contractor shall pay all federal, State, and local taxes incurred by the contractor and shall require their payment by any Subcontractor or any other persons in the performance of this contract. Satisfactory performance of this paragraph is a condition precedent to payment by the State under this contract.

**Article 10. Ownership of Documents.**

All designs, drawings, specifications, notes, artwork, and other work developed in the performance of this agreement are produced for hire and remain the sole property of the State of Alaska and may be used by the State for any other purpose without additional compensation to the contractor. The contractor agrees not to assert any rights and not to establish any claim under the design patent or copyright laws. The contractor, for a period of three years after final payment under this contract, agrees to furnish and provide access to all retained materials at the request of the Project Director. Unless otherwise directed by the Project Director, the contractor may retain copies of all the materials.

**Article 11. Governing Law.**

This contract is governed by the laws of the State of Alaska. All actions concerning this contract shall be brought in the Superior Court of the State of Alaska.

**Article 12. Conflicting Provisions.**

Unless specifically amended and approved by the department of Law the General Provisions of this contract supersede any provisions in other appendices.

**Article 13. Officials Not to Benefit.**

Contractor must comply with all applicable federal or State laws regulating ethical conduct of public officers and employees.

**Article 14. Covenant Against Contingent Fees.**

The contractor warrants that no person or agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, contingent fee, or brokerage except employees or agencies maintained by the contractor for the purpose of securing business. For the breach or violation of this warranty, the State may terminate this contract without liability or in its discretion deduct from the contract price or consideration the full amount of the commission, percentage, brokerage, or contingent fee.

SAF2.DOC

**INDEMNITY AND INSURANCE****Article 1. Indemnification**

The Contractor shall indemnify, hold harmless, and defend the contracting agency from and against any claim of, or liability for error, omission or negligent act of the Contractor under this agreement. The Contractor shall not be required to indemnify the contracting agency for a claim of, or liability for, the independent negligence of the contracting agency. If there is a claim of, or liability for, the joint negligent error or omission of the Contractor and the independent negligence of the Contracting agency, the indemnification and hold harmless obligation shall be apportioned on a comparative fault basis. "Contractor" and "Contracting agency", as used within this and the following article, include the employees, agents and other contractors who are directly responsible, respectively, to each. The term "independent negligence" is negligence other than in the Contracting agency's selection, administration, monitoring, or controlling of the Contractor and in approving or accepting the Contractor's work.

**Article 2. Insurance**

Without limiting Contractor's indemnification, it is agreed that Contractor shall purchase at its own expense and maintain in force at all times during the performance of services under this agreement the following policies of insurance. Where specific limits are shown, it is understood that they shall be the minimum acceptable limits. If the Contractor's policy contains higher limits, the state shall be entitled to coverage to the extent of such higher limits. Certificates of Insurance must be furnished to the Contracting Officer prior to beginning work and must provide for a 30-day prior notice of cancellation, nonrenewal or material change of conditions. Failure to furnish satisfactory evidence of insurance or lapse of the policy is a material breach of this contract and shall be grounds for termination of the Contractor's services. All insurance policies shall comply with, and be issued by insurers licensed to transact business of insurance under AS 21.

**2.1 Workers' Compensation Insurance:** The Contractor shall provide and maintain, for all employees engaged in work under this contract, coverage as required by AS 23.30.045, and; where applicable, any other statutory obligations including but not limited to Federal U.S.L. & H. and Jones Act requirements. The Contractor must waive subrogation against the State.

**Commercial General Liability Insurance:** covering all business premises and operations used by the Contractor in the performance of services under this agreement with minimum coverage limits of \$300,000 combined single limit per occurrence.

**Commercial Automobile Liability Insurance:** covering all vehicles used by the Contractor in the performance of services under this agreement with minimum coverage limits of \$300,000 combined single limit per occurrence.

**NOTICE OF INTENT TO AWARD**

|   |                |
|---|----------------|
| 1. Name of Program, Project, or Service (Use RFP Title) | 2. Date Issued |
|---|----------------|

|                        |                                |
|------------------------|--------------------------------|
| 3. Authority Number(s) | 4. Name of Procurement Officer |
|------------------------|--------------------------------|

This is notice of the State's intent to award a contract. The offeror, identified here as the apparent successful offeror, is instructed not to proceed until a signed contract or other written notice of award is received from the State. A firm or person who proceeds prior to receiving a signed contract or other written notice of award does so at their own risk. AS 36.30.365.

An offeror who wishes to protest this Notice of Intent must file a protest within ten (10) calendar days following the date this notice is issued. If the tenth day falls on a weekend or holiday, the last day of the protest period is the first working day following the tenth day.

The protest shall be filed with the procurement officer in writing and include the following information:

- (1) the name, address, and telephone number of the protester;
- (2) the signature of the protester or the protester's representative;
- (3) identification of the contracting agency and the solicitation or contract at issue;
- (4) a detailed statement of the legal and factual grounds of the protest, including copies of relevant documents; and
- (5) the form of relief requested (AS 36.30.560 and AS 36.30.565).

|  |
|--|
| 5. Name and Address of Apparent Successful Offeror |
|--|

|   |
|---|
| 6. Names and Addresses of All Other Respondents (in alphabetical order) |
|---|

### NOTICE OF INTENT TO AWARD ENTRY DEFINITIONS

project, program, or service.

issue date of form to all respondents).

ask Professional Services (ASPS) number assigned by the Department of Administration (DOA) for \$25,000.

officer. The person responsible for contractor selection. If there are appeals they should be on.

eror(s).

imes.

ATTACHMENT 5  
SAMPLE EVALUATION FORM

All proposals will be reviewed for responsiveness and then evaluated using the criteria set out herein.

Person or Firm Name \_\_\_\_\_

Name of PEC Member \_\_\_\_\_

Date of Review \_\_\_\_\_

RFP Number \_\_\_\_\_

**EVALUATION CRITERIA AND SCORING**  
**THE TOTAL NUMBER OF POINTS USED TO SCORE THIS CONTRACT IS 100**

**7.01 Understanding of the Project—10%**

· Maximum Point Value for this Section -- 10 Points  
100 Points x 10% = 10 Points

Proposals will be evaluated against the questions set out below.

[a] *How well has the offeror demonstrated a thorough understanding of the purpose and scope of the project?*

\_\_\_\_\_  
\_\_\_\_\_

[b] *How well has the offeror identified pertinent issues and potential problems related to the project?*

\_\_\_\_\_  
\_\_\_\_\_

[c] *How well has the offeror demonstrated that it understands the deliverables the State expects it to provide?*

\_\_\_\_\_  
\_\_\_\_\_

[d] *How well has the offeror demonstrated that it understands the State's time schedule and can meet it?*

\_\_\_\_\_  
\_\_\_\_\_

EVALUATOR'S POINT TOTAL FOR 7.01 \_\_\_\_\_



## **7.02 Management Approach and Project Methodology—25%**

- Maximum Point Value for this Section -- 25 Points  
*100 Points x 25% = 25 Points*

Proposals will be evaluated against the questions set out below.

*[a] How well does the methodology depict a logical approach to fulfilling the requirements of the RFP?*

---

---

*[b] How well does the methodology match and contribute to achieving the objectives set out in the RFP?*

---

---

*[c] How well does the methodology interface with the time schedule in the RFP?*

---

---

*[d] How well does the management plan support all of the project requirements and logically lead to the deliverables required in the RFP?*

---

---

*[e] Is accountability completely and clearly defined?*

---

---

*[f] Is the organization of the project team clear?*

---

---

*[g] How well does the management plan illustrate the lines of authority and communication?*

---

---

[h] Does it appear that offeror can meet the schedule set out in the RFP?

---

---

[i] Has the contractor offered alternate deliverables and gone beyond the minimum tasks necessary to meet the objectives of the RFP?

---

---

[j] Is the proposal practical and feasible?

---

---

[k] Is the work plan practical, logical, and consistent with the methodology and approach?

---

---

[l] How realistically do the number of hours proposed by vendor fit the tasks described in the proposal?

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EVALUATOR'S POINT TOTAL FOR 7.02

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### **7.03 Offeror Experience and Qualifications—15%**

· Maximum Point Value for this Section -- 15 Points

*100 Points x 15% = 15 Points*

Proposals will be evaluated against the questions set out below.

[a] *How well has the firm demonstrated experience in completing similar projects on time and within budget?*

---

---

[b] *How successful is the general history of the firm regarding timely and successful completion of projects?*

---

---

[c] *Has the firm provided letters of reference from previous clients?*

---

---

[d] *How reasonable are the firm's cost estimates?*

---

---

[e] *If a subcontractor will perform work on the contract, how well do they measure up to the evaluation used for the offeror?*

---

---

[f] *How experienced is the firm in the telecommunications industry and how recent is that experience?*

---

---

[g] *Does the firm have recent experience in the Alaskan telecommunications environment?*

---

---

[h] *Does the firm have recent experience in managing projects that include the types of telecommunications services described in this RFP?*

---

---



*[i] Are there significant conflicts of interest that will impact how the firm will carry out the contract?*

---

---

EVALUATOR'S POINT TOTAL FOR 7.03

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## **7.04 Individual / Key Personnel Experience and Qualifications—20%**

- Maximum Point Value for this Section -- 20 Points  
100 Points x 20% = 20 Points

Proposals will be evaluated against the questions set out below.

*[a] Do the individuals assigned to the project have experience on similar projects?*

---

---

*[b] Are resumes complete and do they demonstrate backgrounds that would be desirable for individuals engaged in the work the project requires?*

---

---

*[c] How extensive is the applicable education and experience of the personnel designated to work on the project?*

---

---

*[d] How knowledgeable are the offeror's personnel of the local area and how many individuals have worked in the area previously?*

---

---

*[e] How experienced are the personnel in the telecommunications industry and how recent is that experience?*

---

---

*[f] How experienced are the personnel in the Alaskan telecommunications environment and how recent is that experience?*

---

---

*[g] How experienced are the personnel in the national telecommunications environment and how recent is that experience?*

---

---

*[g] Do the individuals assigned to the project have recent experience in managing projects that include the types of telecommunications services described in this RFP?*



EVALUATOR'S POINT TOTAL FOR 7.04

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## **7.05 Contract Cost —20%**

- Maximum Point Value for this Section -- 20 Points  
*100 Points x 20% = 20 Points*

Overall, a minimum of 20% of the total evaluation points will be assigned to cost. The cost amount used for evaluation may be affected by one or more of the following preferences.

- ? *5% Alaskan Bidder Preference*
- ? *15% Employment Program Preference*
- ? *10% Alaskans with Disabilities Preference*
- ? *10% Employers of People with Disabilities Preference*

### **CONVERTING COST TO POINTS**

The lowest cost proposal will receive the maximum number of points allocated to cost. The point allocations for cost on the other proposals will be determined through the method set out in Section 2.

**EVALUATOR'S POINT TOTAL FOR 7.05** \_\_\_\_\_

### **7.06 Alaska Offeror's Preference 10%**

- Alaska Bidders receive a 10% overall evaluation point preference.
- Point Value for Alaska Bidders in this Section -- 10 Points  
*100 Points x 10% = 10 Points*

If an offeror qualifies for the Alaska Bidder Preference, the offeror will receive an Alaska Offeror's Preference. The preference will be 10% of the total available points. This amount will be added to the overall evaluation score of each Alaska offeror.

**EVALUATOR'S POINT TOTAL FOR 7.06 (either 0 or 10)** \_\_\_\_\_

**EVALUATOR'S COMBINED POINT TOTAL FOR ALL SECTIONS** \_\_\_\_\_

ATTACHMENT 6  
OFFEROR'S COST PROPOSAL FORM

TOTAL COST TO PERFORM THE WORK REQUIRED BY THIS RFP  
(Including all labor, materials and expenses)

\$ \_\_\_\_\_

By signature on this form the offeror certifies that the costs contained in this cost proposal have been arrived at independently without collusion, and that, unless otherwise required by law, the price quoted has not been knowingly disclosed by the offeror prior to award, directly or indirectly to any other offeror or to any other competitor.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## NOTICE OF INTENT TO AWARD

|  |                                |
|--|--------------------------------|
| 1. Name of Program, Project or Service (Use RFP Title)<br>Statewide Telecommunications Study | 2. Date Issued<br>May 31, 2002 |
|--|--------------------------------|

|   |  |
|---|--|
| 3. Authority Number (s)<br>2002-0200-3329 | 4. Name of Procurement Officer<br>Marlys Hagen, C.P.M. <i>Marlys Hagen, C.P.M.</i> |
|---|--|

This is notice of the State's intent to award a contract. The offeror, identified here as the apparent successful offeror, is instructed not to proceed until a signed contract or other written notice of award is received from the State. A firm or person who proceeds prior to receiving a signed contract or other written notice of award does so at their own risk. AS 36.30.365

An offeror who wishes to protest this Notice of Intent must file a protest within ten (10) calendar days following the date this notice is issued. If the tenth day falls on a weekend or holiday, the last day of the protest period is the first working day following the tenth day.

The protest shall be filed with the procurement officer in writing and include the following information:

- (1) the name, address, and telephone number of the protester;
- (2) the signature of the protester or the protester's representative;
- (3) identification of the contracting agency and the solicitation or contract at issue;
- (4) a detailed statement of the legal and factual grounds of the protest, including copies of relevant documents; and
- (5) the form of relief requested (AS 36.30.560 and AS 36.30.565).

## Name and Address of Apparent Successful Offeror

KPMG Consulting, 400 Capitol Mall #1500, Sacramento, CA 95814

## 6. Names and Addresses of All Other Respondents (in alphabetical order)

\*\* Gartner Group  
3743 Coventry Drive  
Anchorage, AK 99507

Healy & Company  
2694 Bishop Drive #213  
San Ramon, CA 94583

Jullanna Guy  
1084 Potlatch Circle  
Anchorage, AK 99503-1728

\*\* Mark A. Foster and Associates  
2141 Esquire Drive  
Anchorage, AK 99517

National Economic Research Associates  
875 North Michigan Ave #3650  
Chicago, IL 60611

New Horizons Telecom, Inc.  
901 Cope Industrial Way  
Palmer, AK 99645-6739

Vertex Consulting Group  
3329 Patriot Drive  
Plano, TX 75025

\*\* Proposer declared non-responsive due to potential conflicts of interest.

# Alaska State Legislature

Chairman,  
Judiciary Committee  
Administrative Regulations  
Revenue Committee

Vice Chairman,  
Resources Committee



*Senator Robin L. Taylor*

State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-3873  
Fax: (907) 465-3922

50 Front Street  
Suite 209  
Ketchikan, Alaska 99901  
(907) 225-0088  
Fax: (907) 225-0713

May 21, 2002

Mr. Parker Erkmann  
Ms. Hillary Burchuk  
U. S. Department of Justice  
950 Pennsylvania Avenue NW  
Washington, DC 20530-0001

**RE: ONGOING INVESTIGATION OF GENERAL COMMUNICATIONS, INC.**

Dear Mr. Erkmann and Ms. Burchuk:

Thank you for taking the time to call my office this morning. Your call was greatly appreciated.

I respectfully request that the Department of Justice expand its current investigation of General Communications, Inc., (GCI) to include the reasons for the tremendous political pressure being brought to bear on the Alaska State legislature to continue the Regulatory Commission of Alaska, the quasi-judicial agency that regulates all utilities within this state.

The current Governor politically appointed every member of the RCA. The Governor first threatened, and then called special sessions of the Legislature to prevent any further review or study of the functions of this agency. Copies of his threatening letter to me and his Proclamations calling the Special Sessions are attached. Also attached are newspaper articles and letters from affected utilities and board members.

The Alaska Legislature appropriated \$300,000 one year ago to have this Governor's administration conduct a study on telecommunications in Alaska. That study could not have been done without reviewing and examining the unique roll of GCI and RCA and would have addressed the non-competitive, monopolistic aspects of the current situation in Alaska.

The Governor and his administration only put out the Request for proposal for the telecommunications study one month ago, with receipt of replies due May 15, 2002. The Legislature was scheduled to adjourn May 13, 2002. As the session drew to a close, the Governor and his administration, through the use of key legislators, attempted to quietly reappropriate the \$300,000 to a suicide prevention program, thus effectively killing the

District A:

Ilyur • Ketchikan • Kuproanof • Meyer's Chuok • Petersburg • Saxman • Sitka • Wrangell

Mr. Parker Erkmann  
Ms. Hillary Burchuk  
U. S. Department of Justice  
950 Pennsylvania Avenue NW  
Washington, DC 205300-0001  
May 20, 2002  
Page 2 of 2

study of telecommunications funded by the Legislature. They backed off when killing the telecommunications study came to the attention of the Legislature.

If we do not pass the Governor's RCA extension, RCA will not terminate, nor will it be slowed down on any business coming before it this next year. (see attached legal opinion by Tamara Cook) it will go into what is called a wind down year and would be terminated at the end of that year, failing legislative action next year. Failure to extend RCA this year would allow the Legislature and the people of Alaska to do a searching review of the agency next year, a review this governor obviously opposes.

Your department's ongoing investigation of both Sherman and Clayton Act compliance by GCI may uncover critical information that would significantly enhance the Alaska Legislature's examination of the forces at play which directly affect the policies to be set regarding the continuation of the RCA.

The Anchorage Daily News is a partner with GCI in "Alaska.com". (see attached press release) They each sell advertising and each share in the profits.

This Governor politically appointed every member of this board. This Governor attempted to slow down and stop any legislative investigation of telecommunications in this state. This Governor is using his office to threaten me, and has held us hostage for seven days to force this legislature to reauthorize RCA, without any review. This Governor and key legislators have close political ties to GCI.

Your attention to these issues is requested.

Sincerely,

  
Senator Robin L. Taylor

Encl: Letter from Governor to Senator Taylor  
Proclamations for Special Session  
ADN/GCI Press Release  
Legal Opinion by Attorney General  
Newspaper Articles  
Letters from Utilities and Members

June 13, 2001

Dana Heidemann, GCI, (907) 265-5355; [dheidemann@gci.com](mailto:dheidemann@gci.com)

**FOR IMMEDIATE RELEASE**

**Daily News, GCI to launch Alaska.com web site**

**ANCHORAGE, AK – ALASKA.COM will become the state's most prestigious address in cyberspace under a development plan announced today by the Anchorage Daily News and GCI.**

Working together with other key business partners, the state's largest news organization and Alaska's premier integrated telecommunications company will produce a portal site designed to serve both Alaskans and the worldwide audience of people interested in the state.

"This will be the complete site - for Alaskans, visitors and would-be-residents," said Mike Sexton, Daily News publisher. "Internet users will be able to read statewide news, search the classifieds, check the weather, book an airline flight, view Alaska photos, find local goods and services, plan a vacation - everything, all in one place."

ALASKA.COM, which has served as a directory of GCI's business customers, will be officially relaunched as the new ALASKA.COM "geographic portal" on August 15.

In addition to the Daily News and GCI, initial participants will include Alaska Airlines, Juneau radio station KINY, and Tanana Valley TV, owner of the CB<sup>3</sup> and Fox television affiliates in Fairbanks. In addition, "we're actively discussing participation with a number of other companies," Sexton said.

"This agreement will combine the content and services of some of the best companies in Alaska with the unprecedented promotion of a single brand," said Ron Duncan, President and CEO of GCI.

"The strategy is simple," Sexton explained. "Combine the most complete and compelling content of any Alaska website with the most powerful promotional vehicles in the state. The Daily News is Alaska's No. 1 news and advertising organization; GCI is Alaska's top cable TV company as well as its preeminent Internet service provider."

As part of the agreement, the Daily News purchased the ALASKA.COM domain name from GCI. The newspaper's New Media Department will develop the site and coordinate the participation of other companies and organizations.

Both the Daily News and GCI will sell advertising to support the site.

One of the key elements of ALASKA.COM will be a statewide business directory. The directory will be an "electronic yellow pages," a searchable database that allows web visitors to identify vendors, find maps to businesses, and access e-mail, fax and hypertext links to businesses, with information about current sales and special offers.

"This is the future of local yellow pages," Duncan said, "comprehensive, immediate... and interactive."

ALASKA.COM will offer information organized by regions of the state, including community calendars and general information, and a searchable database of more than 200,000 newspaper stories.

The Daily News will continue to operate its popular newspaper website, [sdn.com](http://sdn.com).

GCI (NASDAQ: GNCMA) is an Alaska-based integrated communications provider that delivers voice, video and data services through its fiber optic, satellite, hybrid fiber coaxial and metropolitan area network facilities. More information about GCI can be found at [www.gci.com](http://www.gci.com)

###

top of page

## **Technical Proposal to Develop a Telecommunication Study for a Statewide Policy and Feasibility Study for the State of Alaska**

*KPMG Consulting, Inc. agrees to the terms, conditions and provisions included in this solicitation and agree to furnish any and all items upon which prices are offered at the price set opposite each item.*

**KPMG Consulting Inc.**  
Steven Fehr, Managing Director  
400 Capitol Mall,  
Suite 1500  
Sacramento CA. 95814  
Phone 916-554-1745  
FAX 916-554-1149  
Sfehr@kpmg.com



**KPMG Consulting Offeror**  
Steven Fehr, Managing Director

### **Restriction on Disclosure and Use of Data**

This data is furnished in connection with the proposal submittal to the State of Alaska with relation to the request for proposal for the development of a telecommunication study, and shall not be duplicated, used or disclosed in whole or in part for any purpose other than for evaluative purposes. The data subject to this restriction applies to all pages of this submittal. This restriction does not limit the Government's right to use information obtained from another source without restriction.

S.  
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From:  
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STATE OF ALASKA  
THE REGULATORY COMMISSION OF ALASKA

Before Commissioners: G. Nanette Thompson, Chair  
Bernie Smith  
Patricia M. DeMarco  
Will Abbott  
James S. Strandberg

In the Matter of the Petition by the Public )  
Advocacy Section to Adopt Regulations ) Docket No. R-02-2  
Regarding its Role as a Party in )  
Commission Proceedings Under AS )  
42.04.150 )  
)

Comments of the Alaska Telephone Association

The Alaska Telephone Association welcomes this opportunity to discuss  
modifications to the role of the Public Advocacy Section ("PAS") and, more broadly, to  
offer comments on clarifying the separation of the adjudicatory and advocacy  
responsibilities of the commission.

1 **i. Introduction**

2  
3 In 1999, the Alaska Legislature took a major step in overhauling the way the  
4 state regulated public utilities. The Legislature created the Regulatory Commission of  
5 Alaska ("Commission") "to respond to industry proposals for changes in utility services,  
6 and to protect the interests of ratepayers."<sup>1</sup> Moreover, the Legislature understood that  
7 consumers benefited not only from efficient utilities, but also from efficiency in the  
8 regulatory process. Thus, the Legislature created within the Commission a separate  
9 Public Advocacy Section.  
10  
11

12 The Legislature perceived the need for a separate PAS to "address the problems  
13 created by changing APUC staff's role between advocate and advisor."<sup>2</sup> The idea for  
14 Alaska's PAS came out of a study by the National Regulatory Research Institute  
15 ("NRRI") recommending that the only way to bring fairness, efficiency, and uniformity to  
16 Commission dockets was to create a "Chinese Wall" between advisory and advocacy  
17 staff.<sup>3</sup> Under the NRRI model, "the advisor and advocate would be separated."<sup>4</sup> The  
18  
19  
20  
21

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22 <sup>1</sup> Id.

23 <sup>2</sup> House Journal, Reports of Standing Committees, May 13, 1999.

24 <sup>3</sup> Testimony of Sen. Drue Pearce, 99 HL&C, May 7, 1999 1526.

25 <sup>4</sup> Id. at 1400.

1 Legislature intended to avoid the *ex parte* conflicts that had kept industry and  
2 Commission staff from engaging in the meaningful dialogue and negotiations that could  
3 often avoid expensive and protracted litigation before the Commission.  
4

5 Rather than create the legislature's intended "Chinese Wall" however, the  
6 Commission has merely created a second barrier. Today, while the PAS exists to  
7 represent consumers' interests, Commission Staff continues to duplicate this role. The  
8 main problems inherent in the current regulatory scheme are:  
9

- 10 • the Commission, through its various sections, continues to act  
11 simultaneously as investigator, inquisitor, prosecutor, and adjudicator in  
12 its own dockets;  
13
- 14 • duplicate participation by the PAS and Commission staff risk inconsistent  
15 and conflicting consumer advocacy positions taken by the same agency;  
16
- 17 • expensive, protracted litigation results over matters that could be better  
18 framed, and negotiated by open communication between parties lacking *ex*  
19 *parte* barriers;  
20
- 21 • increased expense and delay in the regulatory process ultimately results  
22 in higher rates to consumers.  
23

24 Continued participation by Commission staff in matters involving the PAS has  
25 thus largely gutted the Legislature's 1999 reforms of their intended effectiveness.

1 Currently, the Commission is seeking proposals for a new system of handling its  
2 backlog of dockets.  
3

4  
5 **II. Now is the time for a "sea change" in the roles of the Commission and the PAS**

6 Recognizing the problems inherent in the current system, efforts are surfacing to  
7 better implement the legislative intent behind the 1999 reforms. Already the PAS has  
8 responded with its own "Draft Regulations for the Public Advocacy Section."<sup>5</sup>  
9

10 Unfortunately the PAS' proposal fails to address the above problems, seeking instead to  
11 usurp Commission power and recast the PAS more as a regulator than a consumer  
12 advocate.  
13

14  
15 Therefore industry, through groups such as the ATA, must now offer a sensible  
16 and efficient model for utility regulation in Alaska. To achieve this goal, the ATA must  
17 propose nothing short of a fundamental "sea change" in the way the Commission  
18 operates. The goal of the ATA's proposals must be to:  
19

- 20  
21
  - **completely eliminate Commission Staff from the consumer advocacy role;**  
22

23  
24 

---

<sup>5</sup> See In Re Request by the Regulatory Commission of Alaska Public Advocacy Section to Adopt  
25 Regulations regarding the role of the Public Advocacy Section, R-02-02.

- 1 • clearly define the PAS' role as an equal party in Commission
- 2 proceedings, not a superfluous duplicate regulatory agency;
- 3
- 4 • identify and promote fiscally attractive ways to regulate public utilities.

5 Advocating a policy that will provide the much-needed restructuring of the  
6 Commission, the ATA is fortunate to have a number of persuasive points on which to  
7 draw. These include:

- 9 • The original legislative intent behind the creation of the PAS;
- 10
- 11 • The successful models at work in neighboring states;
- 12
- 13 • Alaska's current fiscal crisis;
- 14
- 15 • The growing realization that efficiency and healthy competition in the  
16 utility industry equates with real consumer protection.

17 In creating the PAS the Legislature did not intend to create just a second,  
18 superfluous regulatory body. Instead, the Legislature's goals were clearly to eliminate  
19 the Commission from operating as both "advocate and advisor,"<sup>6</sup> and thus to "bring  
20 more uniformity to each issue."<sup>7</sup> These goals can never be realized as long as  
21 Commission Staff and the PAS are permitted to operate concurrently in the same  
22

23  
24 \_\_\_\_\_  
25 <sup>6</sup> House Journal, Reports of Standing Committees, May 13, 1999

1 matters. Commission Staff must be completely removed from this process so that the  
2 regulatory process can function as the Legislature intended.

3  
4 Completely removing Commission Staff from the advocacy process, while a  
5 major change in Alaska, is far from a revolutionary idea in neighboring states. In  
6 Hawaii, for example, statutes provide that "the responsibility for advocating the interests  
7 of the consumer of utility services **shall be separate and distinct from the**  
8 **responsibilities of the public utilities commission and those assistants employed**  
9 **by the commission.**"<sup>8</sup>

10  
11  
12 In Washington it is the "duty of the attorney general to represent and appear for  
13 the people of the state of Washington and the commission in all actions and  
14 proceedings" before the Commission.<sup>9</sup> The advantages of regulatory participation by  
15 Washington's Public Counsel Section of the Attorney General's Office are readily  
16 apparent from the Public Counsel's success in reaching positive settlements with  
17 utilities without undergoing protracted litigation. In a recent case, for example, a utility  
18  
19  
20  
21

22  
23 <sup>7</sup>Pat Carter Testimony to the House Committee, 99 HL&C, May 7, 1999 at 1526.

24 <sup>8</sup> Hawaii Revised Statutes § 269.51 (2002) (emphasis added).

25 <sup>9</sup> Revised Code of Washington § 80.01.100 (2002).

1 sought to raise electricity rates by 10 percent.<sup>10</sup> Due to a settlement reached before  
2 resorting to litigation, however, the parties were able to "reduce the immediate rate  
3 impact on consumers and provide assistance for those struggling to pay the rising  
4 energy costs."<sup>11</sup> Clearly Alaska needs a system where industry and the PAS can work  
5 together to bring settlements and well-framed issues before the Commission.  
6  
7

8       Perhaps most unique of all neighboring states' approaches to utilities regulation,  
9 Oregon not only has a fully independent nonprofit public corporation charged with public  
10 advocacy, but it receives no funding whatsoever from the state.<sup>12</sup> Nonetheless, since  
11 1984, Oregon's Citizens' Utility Board has effectively represented the interests of  
12 consumers before the state's Public Utilities Commission.  
13  
14

15       Even without the success stories offered by other states, the promise of a lean,  
16 efficient regulatory system holds a special appeal in light of Alaska's current fiscal crisis.  
17 The State of Alaska now faces a projected \$1.1 billion budget deficit.<sup>13</sup> In response, the  
18  
19

---

20       <sup>10</sup> See *AG Reaches Settlement with Avista Utilities to Lower Rate Increase*, available at  
21 [http://www.gov/agp/releases/rel\\_avista\\_022102.html](http://www.gov/agp/releases/rel_avista_022102.html) (Apr. 08, 2002).

22       <sup>11</sup> Id.

23       <sup>12</sup> See ORS Chapter 774 (2001).

24       <sup>13</sup> Mike Chambers, *\$2.2 Billion Budget Clears House*, Anchorage Daily News, Mar. 19, 2002 at  
25 B1.

1 new House budget "reduces spending in every area of government, imposing cuts on  
2 environmental **and regulatory programs.**"<sup>14</sup> Discontinuing the performance of  
3 advocacy functions by Commission Staff should be a change welcomed by the current  
4 Legislature.  
5

6 Even more important than saving the state's money, completely removing  
7 Commission Staff from the consumer advocacy role will save consumers' money. As  
8 our statutory scheme allows utilities a reasonable rate of return in the determination of  
9 their rates, ultimately the consumer pays for inefficient adjudication and duplicative  
10 layers of government regulation.  
11

12 Regulations should make clear that advisory staff's role is not one of advocacy,  
13 but one of research and support for the commissioners to ensure that they have  
14 adequate information upon which to make an informed decision. Information submitted  
15 as part of a response should not be utilized to promote a staff position.  
16  
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19

### 20 **III. Summary**

21 In summary, the ATA wants to see regulations that

- 22 • completely eliminate Commission Staff from the consumer advocacy role;

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23  
24  
25 <sup>14</sup> Id. (emphasis added).

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- clearly define that PAS' role is as an equal party in Commission proceedings, not a superfluous duplicate regulatory agency;
- identify and promote fiscally attractive ways to regulate public utilities; and
- define the staff role as well as the PAS role in agency actions.

Dated this 28<sup>th</sup> day of May, 2002

By \_\_\_\_\_

James Rowe  
Executive Director  
Alaska Telephone Association  
201 E. 56<sup>th</sup>, Suite 114  
Anchorage, Alaska 99518

S. Records  
File  
From:  
Jack  
Rhyme

STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

G. Nanette Thompson, Chair  
Bernie Smith  
Patricia M. DeMarco  
Will Abbott  
James S. Strandberg

In the Matter of the Petition by the Public )  
Advocacy Section to Adopt Regulations )  
Regarding Its Role as a Party in Commission )  
Proceedings Under AS 42.04.150 ) R-02-2  
\_\_\_\_\_ )

COMMENTS OF THE  
ALASKA EXCHANGE CARRIERS ASSOCIATION, INC.  
ON REGULATIONS FOR THE PUBLIC ADVOCACY SECTION

**I. Introduction.**

The Alaska Exchange Carriers Association, Inc. ("AECA"), by and through its attorneys, Brena, Bell & Clarkson, P.C., hereby respectfully submits its comments, pursuant to the Regulatory Commission of Alaska's ("Commission") Order No. R-02-2(1) which invited comments on the proposed regulation changes to the role and functioning of the Public Advocacy Section ("PAS" or "adjudicatory Staff"). In theory, the Legislature intended to transfer the advocacy functions of the Staff to a properly staffed and separate adjudicatory Staff. In practice, the advocacy functions of the Staff continue to be split between advisory Staff and an understaffed adjudicatory Staff. At its core, the proposed regulations strengthen the independence and adjudicatory role of the PAS within the Commission. Accordingly, AECA supports the

proposed regulations as a helpful first step toward fulfilling the Legislature's intention of creating a regulatory model which clearly separated the advisory and advocacy functions of Staff.

## II. Legislative History.

The Legislative history associated with the creation of the PAS strongly supports the transfer of the advocacy functions of Staff to a properly staffed and separate PAS. In fact, the primary reason given by the Legislature for creating the PAS was to solve the problems inherent with having the Staff perform in the dual role of being both an advisor and an advocate. By creating the PAS, the Legislature intended to eliminate this dual role for Staff and to vest all adjudicatory functions in a properly staffed and separate PAS.

Senator Pearce was the primary sponsor of SB 133 that created both this Commission and the PAS. Senator Pearce first identified the problems caused by the dual role of Staff before the Senate Resources Committee, in which she stated:

One of the reasons you have a PUC is in rate making for utilities. The PUC is supposed to function as the entity that watches over rates for the consumers and we have an interesting, sometimes probably schizophrenic situation in that staff members who work for the PUC are in one case asked to act as the advocacy person who represents the public -- the rate payers but that same person may be asked in another case or another docket for the same commissioners to work the case for the Commission and not act -- act for the Commission, not as an advocate and so they end up trying to deal with the same commissioners in a -- in two different functions, one of which leads them to act on a more confidential basis and the other which does not and the internal audit that the PUC did said that there were some questions about how effective anybody can be when they are attempting to be working for both entities and so we took the recommendation that we would out-source the activities for the public kind of as a -- as an idea of how to get out of that kind of strange

situation. We are asking people to do two different jobs that are sometimes antagonistic.

Senate Resources Committee (April 12, 1999) at 26-27 (emphasis added).

In subsequently offering the amendment to SB 133 which created the PAS, Senator Pearce, later made the following comments to the Senate Finance Committee:

Amendment five, the public advocacy section, as I mentioned in my earlier testimony, there has been concern raised primarily by regulated utilities about the present advocacy situation in that individuals are expected to be advocates and staff of the commission at the same time and they are chosen as advocates by the executive director so the commission doesn't have control of that. . . . This amendment would establish a separate public advocacy section but within the commission staff. The section would represent the public interest in adjudicatory functions before the commission rather than the commission staff serving a dual role as both advisor and advocate. I said time and time again this dual role function has been problematic. By having a separate, semi-independent section internally within the staff, that should alleviate those problems because the people who are the advocates are always advocates, they don't often try to act as staff to the commission and the commission will be able to have their own staff to advise them on issues . . . .

Senate Finance Committee (April 29, 1999) at 13-14 (emphasis added).

Senator Pearce repeated her reasons to support the creation of the PAS in her testimony on SB 133 before the House Labor and Commerce Committee. Senator Pearce stated:

Senator Pearce: It works exactly like both the FTC and the FERC work where they have se -- and like many other commissions working in the states. There is a separate advocacy section within the commission led by an attorney and a hearing officer and they develop their record on the advocacy side and develop the arguments if an advocate is assigned to the particular docket or the particular rule making. There are people in the commission now with the expertise and they are attempting in some cases to be both advocates and advisors at the same time and there is no way

to truly separate those functions even though I think the individuals probably do the best they can to not have the conflict of interest but those are inherently conflicted activities by definition. So the NRRI report recommended we set up separate sections. Frankly, it's my feeling that if the PUC needs a few more staff in terms of some number of people to set up a separate advocacy section and gain that expertise, that is for the protection of the consumers of Alaska and that's exactly what we should do. That's the whole point of an advocacy section, is you're protecting the public.

House Labor and Commerce Committee (May 7, 1999) at 18 (emphasis added).

Before the same committee, Senator's Pearce's legislative assistant, Mr. Carter, further commented that the purpose of the PAS was to separate the advisory and adjudicatory roles of Staff. Mr. Carter commented:

What we're doing is removing -- as it works currently, the staff may work on several different items -- dockets throughout a day and they may be advisor on one and advocate on another and the NRRI report pointed it out and it's also reflected in some of the comments from staff at the end of the NRRI report that -- where they talked about trying to put this Chinese wall up in your head where you're acting as advisor to a commissioner on one hand and then you're not able to convey a message to him on a similar issue where you're acting as an advocate because you need to separate those things in an adjudicatory function but even if you could separate those things, when you come back before the commission as advisor or as advocate on rule making where you're setting regulations that affect all the cases that you work on, you certain -- it would be, I think, virtually impossible not to bring some level of bias to that depending on where your role is in that thing. So by separating out the two roles and therefore, staff as well, that's the intent is to bring some -- a little more uniformity to each issue.

House Labor and Commerce Committee (May 7, 1999) at 20 (emphasis added).

The Legislature's intention to separate the advisory and adjudicatory functions of Staff was also specifically discussed and intended with regard to the communication carrier section. In response to the question from Representative Murkowski as to whether Senator Pearce was "envisioning the same type of a separation then with regards to this communications carrier section," the response from both Mr. Carter and Senator Pearce was in the affirmative. Mr. Carter specifically responded, "And aside from the separation of the advocacy section, it's [communication carrier section] -- will largely continue to function as is." House Labor and Commerce Committee (May 7, 1999) at 22. Senator Pearce also specifically responded, "[T]he section already exists and we're not trying to further isolate those people. We are trying to isolate the advocates." House Labor and Commerce Committee (May 7, 1999) at 22-23.

### **III. Public Advocacy Staff and Advisory Staff Roles.**

Consistent with the Legislature's clear intention, the Commission should vest advocacy functions in a properly staffed and separate PAS. To accomplish this separation between the advisory and advocacy functionality of the Staff as well as to maintain the integrity of the Commission's quasi-judicial role, the Commission should not allow advisory Staff to advocate positions and policies outside of the regulatory model envisioned by the Legislature, but should, instead, assign those advocacy functions to its PAS. This regulatory model envisioned by the Legislature should be specifically considered within three different and typical contexts in which the underlying issues seem to reoccur: (1) applications and tariff filings; (2) adjudicatory dockets; (3) rulemaking dockets. Each of these contexts are briefly set forth below:

#### **A. Initial Applications and Tariff Filings.**