

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10588 SENATE • JUDICIARY

I would like to request an investigation  
of the R.C.A, I believe there record of decisions  
shows a bias toward GCI

DJ Giboney  
3002 Eureka ST  
Anch. 99503

907-569-6020

TO WHOM IT MAY CONCERN,

I would like to request THAT THE  
R. C. A. be investigated FOR imPROPRIETIES  
CONCERNING IT'S DECISIONS IN REGARD TO  
THE TELEPHONE INDUSTRY.

MICHAEL HARDING  
4600 EAST 135TH  
ANCHORAGE, AK. 99516

To whom it may concern, 20 June 02

I am very concerned about the  
RCA, and it's unfair rulings.

This is very personal to me.  
I depend on this for my job.

There rulings are always for GCI  
GCI and Anchorage daily news has  
tainted the well.

The De Regulation we have in  
ALASKA is NOT the way it is in  
THE lower 48 & NOT the way it  
is intended to be.

PLEASE SENSETT + INVESTIGATE  
THE RCA.

BRYAN NELSON

Bryan Nelson

PO Box 4822

PALMER AK 99697

ALASKA STATE LEGISLATURE

BOX 1441

WRANGELL, AK 99929



# FAX

TO: ATT: ROBIN L TAYLOR FROM: SENATOR ROBIN L. TAYLOR

DATE: 6/20/02

PHONE: \_\_\_\_\_ PHONE: 907-874-2318

FAX PHONE: 907-2109-0229 FAX : 907-874-3470

NUMBER OF PAGES INCLUDING COVER

6

CC:



REMARKS:

**IMPORTANT**

PLEASE DELIVER TO SENATOR

ROBIN L. TAYLOR "IMMEDIATELY"

IN HIS MEETING &

THANK YOU RHONDA DAWSON

Mary Hoyt, Secretary to Senator Taylor

Email: [Mary\\_Hoyt@legis.state.ak.us](mailto:Mary_Hoyt@legis.state.ak.us)



# Homer Electric Association, Inc.

Corporate Office  
3977 Lake Street  
Homer, Alaska 99603-7680  
Phone (907) 235-8551  
FAX (907) 235-3313

Central Peninsula Service Center  
280 Airport Way  
Kenai, Alaska 99611-5280  
Phone (907) 283-5831  
FAX (907) 283-2394

## TELEFAX COVER SHEET

*From the office of the General Manager  
Fax (907) 235-3323*

DATE: June 20, 2002

TO: SENATOR ROBIN Taylor, Chairman, Senate Judiciary Committee 874-3470

Senate Judiciary Committee:  
Senator Dave Donley 269-0238  
Senator John Cowdery 269-0223  
Senator Johnny Ellis 269-0172  
Senator Gene Theriault 488-4271

FROM:  N. L. Story, General Manager  
 Susan Saxton, Executive Assistant

Number of pages (including this page) 5  Hard copy to follow by mail.

We are using a Xerox Pro 745. If you do NOT receive all the pages, please contact the sender at telephone (907) 235-8551 or (907) 235-8167.



## Homer Electric Association, Inc.

Corporate Office  
3977 Lake Street  
Homer, Alaska 99603-7680  
Phone (907) 235-8551  
FAX (907) 235-3513

Central Peninsula Service Center  
280 Airport Way  
Kenai, Alaska 99611-5280  
Phone (907) 283-5831  
FAX (907) 283-7122

June 20, 2002

Senator Robin Taylor  
Chairman, Senate Judiciary Committee  
PO Box 1441  
Wrangell, AK 99929

Re: Regulatory Commission of Alaska - Sunset Review

Dear Senator Taylor:

Homer Electric Association, Inc., is an electric cooperative serving most of the 50,000 residents of the Kenai Peninsula with electric power. Homer Electric has been closely following the sunset review of the Regulatory Commission of Alaska. Issues have arisen related to the review that have the potential to directly affect the cost of power to the customers of Homer Electric.

Homer Electric purchases practically all of its wholesale power from Chugach Electric Association under the terms of a wholesale power contract. The contract provides that the rate for power will be set by the RCA.

Homer Electric has a concern that Chugach's communications with the committee have created an erroneous impression about a current rate case in which Homer Electric is a significant party. It is totally inappropriate to create pressure on a regulatory body to rule in favor of one filer over another by tactics such as these. Homer Electric vehemently objects to any attempt by Chugach to use the legislative review process to inappropriately influence a regulatory body in a pending adjudicatory matter.

Homer Electric has supported the ARECA position regarding the continuation of the Commission. HEA believes that the legislature should indicate the issues that need to be addressed and then give the commission up to two years to address those issues. The issues are complex. Thus, if the commission is extended in this manner the RCA should be given clear direction as to the issues to be addressed. HEA believes that such a course of action will avoid placing an additional and complex burden on a number of legislative committees who already are immersed in the multitude of other pressing issues confronting the State.

Attached is Homer Electric's response to the issues raised by Chugach. Chugach asserts they are losing money. However, CEA is not losing anything. They are just recovering less than what they asked for. Additionally, Chugach's filing does not include six years worth of data in it. It is true that their filing is influenced by what decisions the RCA has made over the last six years, but it is also influenced by what the AFUC decided back in 1986 and 1987. It would be as inaccurate to claim that their filing includes data going back 15 years (to 1986), as it would be to assert that it includes these six years of data. Their filing includes one year of data.

Page 2

Letter to Senator Robin Taylor  
June 20, 2002

Thank you for letting Homer Electric present its views.

Sincerely,

HOMER ELECTRIC ASSOCIATION, INC.

  
N. L. Story  
General Manager

F:\GENERAL\2002\Homer Electric\publicity committee letter\wpd  
attachment

cc: Senate Judiciary Committee:  
Senator Dave Donley  
Senator John Cowdery  
Senator Gene Theriault  
Senator Johnny Ellis

G. Nanette Thompson, Chair, Regulatory Commission of Alaska

Senator John Torgerson  
Senator Jerry Ward  
Representative Mike Chenault  
Representative Ken Lancaster  
Representative Drew Scalzi

**Homer Electric Association, Inc.**  
**Comments on Chugach Electric's Testimony**  
**June 19, 2002**

Pending before the Commission at this time is a request by Chugach to increase its rates and to significantly alter its rate structure as regards its wholesale customers. One issue of particular interest to Homer Electric has been the testimony of Chugach Electric Association to the committee and the apparent intent of that testimony to influence the rate case pending before the RCA.

Homer Electric has reviewed the prepared testimony of Chugach general manager Joe Griffith and the letter of board president Bruce Davison. Neither witness represents the views of Homer Electric and neither witness is speaking on behalf of the nearly 20,000 members of HEA. Homer Electric was not consulted concerning the testimony, either before or after it was presented. Homer Electric appreciates this opportunity to present a different perspective on some of the issues that we believe were somewhat distorted by the Chugach testimony.

Chugach's main theme was that Chugach is being ill-used by the RCA in a rate proceeding before that quasi-judicial body, and that this body is taking too long to make decisions in its docket. The three main complaints made by Mr. Griffith are responded to in the paragraphs below in some detail. But first it is important to bring to the judiciary committee's attention a basic distinction between two very different time lines within a docket.

The first time-line involves the proceedings from the time of filing through the hearing process. Please understand that there is typically more than one party to a proceeding involving a request for a rate increase, and in many cases the positions of the parties are diametrically opposed. There is a certain amount of time that is necessary for adverse parties to accumulate the information necessary to understand and verify the data presented by each other. This process can take either more or less time, depending on the degree of cooperation by the utility that is being requested to make the information available. As discussed below, Chugach has been less than cooperative in this matter. It is important that the time for conducting discovery not be truncated. A 'rush to judgment' which sacrifices the ability of the parties to present accurate and sufficient information to the RCA is not in the public interest. It is crucial to the public interest to allow all the parties access to information necessary to validate whether and to what extent the rate increase requested can be supported.

The other time-line involves the time it takes the RCA to make a decision, once all the parties have had a chance to present their views to the Panel. This is usually done at a hearing. If the parties do their jobs, the information put before the RCA should allow the Panel to make its decision on the requested rate increase within three months. It is true that it has taken the RCA up to six months on occasion. Taking this long to make a decision is unnecessary and the practice should be sanctioned or at least discouraged.

Homer Electric Association, Inc.  
Comments on Chugach's Testimony  
June 19, 2002

Page 2

Chugach raises three primary problems in its testimony. Homer Electric will respond to them in the order raised.

First, Chugach complains that the Commission took too long to make a decision in a specific case after the hearing was concluded. Chugach expressed concern that it might experience a similar delay in processing its 2001 rate case. Because of the distinction explained above, Homer Electric doesn't view the two situations as analogous. The first matter alluded to by Chugach was the result of a complicated procedural matter involving the need to address rate issues arising in three separate years. Nevertheless, Homer Electric agrees that the case could have been resolved in a more timely fashion. The Chugach rate case filed in July of 2001 is different. It is the first major litigated rate case involving Chugach since 1987. The Chugach filing presents the RCA and the Chugach customers with significant new and untested issues, affecting potentially 110,000 customers, including the members of Homer Electric, who is significant party to the case.

On April 15, 2002, CEA made several major changes to its original July, 2001 filing. The changes have required that the proceeding be extended to allow the other the parties time to review and understand these changes. The issues in the case are of such importance and complexity that adequate time for preparation, including discovery, must be afforded all parties to the case:

Next, Chugach argues that the commission does not control its proceedings well. As an example Chugach complains that it has had to produce approximately 57,000 pages of documents to date in its rate case. It is Homer Electric's observation that the volume of documents that Chugach has produced is the result of Chugach's own doing. For example, shortly after making its filing Chugach declined a request by Homer Electric to establish a more informal discovery process which would have provided for meeting between the parties to exchange information related to the docket. Such a process would have avoided the need for the formal request of a large number of the documents. Other examples can be provided. Indeed, one does not have to be too cynical to believe that Chugach has chosen to maximize the amount of pages it has been required to produce, in order to justify complaining to the RCA that it has been abused by the other parties to the docket. As one of the litigants in the process Homer Electric does not want its rights to information restricted. In fact contrary to the complaint of Chugach, from Homer Electric's perspective the commission has in some instances been too restrictive in limiting the discovery process.

Finally, Chugach complains that the commission considers the same issue in multiple proceedings. It is clear to Homer Electric that Chugach can only be referring to a "rate lock" transaction in which Chugach lost over \$ 5.7 million. Chugach is asking all of Chugach's rate payers to pay for these losses in their rates. Homer Electric is investigating the prudence of this transaction and the appropriateness of including its cost in rates. Chugach suggests that the Commission has considered this issue twice before. In fact, the Commission has never made a decision about the prudence of this transaction.

To whom it may concern,

I am a tax paying Alaskan citizen concerned about the rulings done by our RCA. It seems very apparent their rulings are bias and unfair.

In the light of expert testimony they are ruling in favor of unfair competition.

It is real certain that the RCA is being influenced by bribes and kick backs as well as personal favors. Please investigate the RCA for corruption and bribes.

Richard Burton  
P.O. Box 221272  
Anchorage Ak. 99522

From : Joseph W. Zimmerman

To : Oversight Board - Regulatory Commission of Alaska

Date : 6-20-02

Subj : Discontinuation of RCA authority

The future of quality phone service for all depends on quality outside plant. Due to the past rulings in GCZ favor the RCA has hamstringing ACS and forced a PRIVATE business to provide a livelihood for their competitor. This is wrong.

When ACS goes bankrupt due to subsidizing GCZ's existence, who will repair the old, rotting, unmaintained copper in our state?

Get a clue on this, investigate the money and the influence!

Sincerely, Joseph W. Zimmerman

To Whom it may concern,

Please investigate the R.C.A. board. Their record speaks for itself. Almost 90% in favor of G.C.I. in their rulings. The board is tainted, bought & paid for by G.C.I., with either cash or fishing trips or favors. We are only asking for fair rulings.

JARETT DUPREE  
18612 South Lowrie loop  
Eagle River AK  
99577

6/19/82

Senator Robin Taylor  
50 Front Street, Suite 203  
Ketchikan, Alaska 99901

Dear Senator Taylor,

Thank you for challenging the  
State RCA BOARD. Their recent & past  
decisions against Telecommunications &  
Power Companies ARE wrong. PLS.  
LOOK INTO these POAD rulings. My  
job depends on you investigating  
this Board. Again thank you for  
ALL your time involved.

26 year Resident,  
Ramon R. Martin  
7150 BEAUMONT Cir.  
SAND LAKE - Anch 9950.  
243-0400 (Home)

6/19/02

Rep. ANDREW HALCRO  
716 W 4th Avenue  
ANCH, AK 99501-2133

PLS. Sie investigate the recent &  
Past Decisions of the STATE RCA  
BOARD. Their Decisions against  
Local Telecommunications & Power  
Companies ARE WRONG. My Job  
Depends on you Looking into  
these BAD Ratings -

Thank you for your  
prompt attention to this  
matter. Kamon R. Martin  
1150 Beaumont Cir  
SAND Lake - ANch. 99502

Fax to: Vic Kohring  
Fax # 465-3818  
Subject R.C.A. (Investigating)

I am sending this letter regarding the R.C.A.

In talking to you in the past and supporting you as a voter in all of your past elections, I am asking you to please sunset the R.C.A. for 1-year so an investigation may be conducted on the fairness of the R.C.A. regarding decisions made on rate's between G.C.I. and A.C.S.

Once you look at the R.C.A. I believe you will see that what G.C.I. calls competition is actually subsidized phone rate's for G.C.I. putting unfair burden on A.C.S.

P.S. I would also like a response on how you view the R.C.A. sunset year. E-mail Harding4@mtaonline.net

Ross Harding 373-1384  
Ross Harding

Fax to: SCOTT OGAN  
Fax # 465-3265  
Subject R.C.A. (Investigating)

I am sending this letter regarding the R.C.A.

In talking to you in the past and supporting you as a voter in all of your past elections, I am asking you to please sunset the R.C.A. for 1-year so an investigation may be conducted on the fairness of the R.C.A. regarding decisions made on Rate's between G.C.I. and A.C.S.

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P.S. I would also like a response on how you view the R.C.A. sunset year. E-mail Harding4@mtaonline.net

Ross Harding 373-1384  
Ross Harding

Poor, Randall W. (Randy)

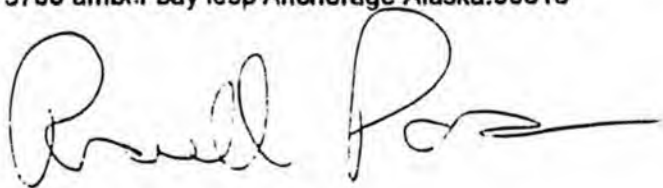
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If anyone really cares anymore

I'm am writing this asking for your support in investigating the RCA. I took the time to go to several of there meeting and I see a real problem. They don't seem to even care that they are one sided in front of the public. All we are asking for is for you to look into this board and staff. I believe in competition but what they have done in the last few years is wrong and is so one sided they must be in someone's pocket.

I have been in Alaska since 1956 and I can't believe it takes this long to get someone attention when they have a board that is on the payroll of the tax payers and is running amuck without you doing anything about it.

Randall W Poor  
3700 amber bay loop Anchorage Alaska.99515

A handwritten signature in cursive script, appearing to read "Randall Poor", with a long horizontal flourish extending to the right.

6/19/02

Rep. Rokeberg,  
716 W 4th Avenue  
Anch - 99501-2133

Pls. Sir investigate the recent <sup>& Past</sup> Decisions  
of the State RCA BOARD. <sup>their</sup>  
Decisions Against Local Telecommuni-  
cations & POWER Companies ARE WRONG.  
My job depends on you Looking  
into ~~these~~ <sup>these</sup> BAD Rulings.

A Loyal Resident  
in South West Anch.

Ramon R. Martin  
7150 BEAUMONT Cir  
Sand Lake - Anch. 995  
995-211-1111 (home)

I would like to see someone take a good hard  
look at the RCA and its practices which always seem  
to be one sided decisions which seem to always favor  
GEI I think something needs to be done to make  
this a fair process.

Thanks for your time

STEVE HUSTON  
5321 Hendrickson Cir  
Anch. 99507

I would like to request an investigation  
of the R.C.A, I believe there record of decisions  
shows a bias toward GCI

DJ Gibbons  
3002 Eureka ST  
Anch. 99503

907-569-6020

TO WHOM IT MAY CONCERN,

I would like to request THAT THE  
R. C. A. be investigated FOR improprieties  
concerning its decisions in REGARD TO  
THE Telephone industry.

MICHAEL HARDING  
4600 EAST 135TH  
ANCHORAGE, AK, 99516

20 June 02.

To whom it may concern,

I am very concerned about the  
RCA, and its UNFAIR RULINGS.

This is very personal to me.  
I depend on this for my job.

There Rulings are always for GCI  
GCI and Anchorage daily News has  
Tainted the well.

The De Regulation we have in  
ALASKA is NOT the way it is in  
THE lower 48 & NOT the way it  
is intended to be.

Please SUNSETT + INVESTIGATE  
THE RCA.

BRYAN NELSON

Bryan Nelson

PO BOX 4822

PALMER AK 99687



**SITE: MAT-LIO**

**SUBJECT OF MEETING:**

**COMMITTEE:**  
*Senate Judiciary*

**UPDATE#:***final*

**DATE:** *06/20/02*

## PLEASE SIGN IN

**P R I N T YOUR NAME**

**ADDRESS (MAILING & ZIP)**

**REPRESENTING**

**DO YOU WANT  
TO TESTIFY?  
Y or N**

<b>P R I N T YOUR NAME</b>	<b>ADDRESS (MAILING &amp; ZIP)</b>	<b>REPRESENTING</b>	<b>DO YOU WANT TO TESTIFY? Y or N</b>
<b>Jim Sykes</b>			<b>Y</b>
<b>Email address:</b>			<b>RCA</b>
<b>Email address:</b>			
<b>Email address:</b>			
<b>Email address:</b>			
<b>Email address:</b>			


**ACS**

**INVESTOR RELATIONS**  
 Alaska Communications Systems

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## Alaska Communications Systems Reports Strong Third Quarter 2001 Results

### Positive Quarterly Cash Flow on Record EBITDA of \$33.3 Million

ANCHORAGE, Alaska, Oct 25, 2001 -- Alaska Communications Systems Group, Inc. ("ACS") (Nasdaq:ALSK) today reported financial results for the third quarter ended September 30, 2001. Revenues for the quarter grew 10.6% to \$82.8 million compared to \$74.9 million in the same period last year. For the third quarter of 2001, EBITDA increased 42.9% to \$33.3 million compared to \$23.3 million for the same period last year.

"We are pleased to report that our overall results continued to improve during the quarter," commented Chuck Robinson, Chairman and CEO of ACS. "We experienced sequential revenue growth in our cellular, directory, Internet and interexchange businesses as we continued to compete well in our marketplaces and win additional customers. EBITDA, which was the highest in the Company's history, showed improvement as we continue to seek efficiencies from our local telephone business. In contrast to the economic downturn the rest of the nation seems to be experiencing, the Alaskan economy remains solid and the prospects for future growth are promising."

"While we are pleased with our progress in many areas," Robinson continued, "we are mindful that on a year-to-date basis total local telephone revenues have decreased over the past year. This is a result of a combination of unfair competitive arbitrage opportunities associated with below cost UNE rates, coupled with decade-old retail rates which do not permit us to earn our regulated revenue requirement. We are currently engaged in several actions before the state regulatory commission that address these issues by increasing retail and interconnection rates and allowing us to compete more effectively in our markets."

ACS experienced its second consecutive free cash flow positive quarter, as cash balances increased \$3.7 million during the quarter. The Company incurred a net loss of \$1.4 million, or \$0.04 per share, for the quarter ended September 30, 2001 -- an improvement of \$1.4 million or \$0.05 per share on a sequential quarter basis. In 2000, ACS reported a third quarter net loss of \$10.9 million, or \$0.33 per share. Income before amortization of goodwill was \$541,000 for the quarter, or \$0.02 per share, compared to a \$9.0 million net loss, or \$0.27 per share in the same period last year.

Kevin P. Hemenway, Senior Vice President and CFO of ACS, stated, "Our EBITDA margin increased to 40.2% from 31.1% last year and 39.2% in the immediately preceding quarter, demonstrating our continued commitment to implementing operating improvements. Going forward we will continue to take the necessary steps to increase our telephone and wireless operating margins while profitably growing our emerging businesses."

## Highlights from the Quarter --- Local telephone:

- Access lines for the quarter were 333,166, an increase of 3,111 over the immediately preceding quarter.
- Local network service revenues grew by 6.6% on a sequential quarter basis, reflecting a strong competitive position and improved collection processes.
- Access revenues were flat with the immediately preceding quarter and grew by over \$3.2 million from last year. Third quarter 2000 revenues included a \$3.6 million reserve for an as yet unresolved dispute regarding interstate access revenues.
- Deregulated and other revenues decreased by \$2.1 million from the immediately preceding quarter as customers deferred capital expenditures on large PBX and CPE equipment and a one-time change to the Company's assessment of late fees.
  - Cellular revenues increased to \$11.0 million for the third quarter of 2001 from \$10.9 million in 2000. Cellular subscribers increased 7.6%, or 5,562, to 78,758 from 73,196 in 2000. Penetration improved to 17.0% compared to 15.9% for 2000.
  - Directory revenues grew 20.0% over the corresponding quarter in 2000 to \$8.7 million.
  - Internet revenues grew 38.4% to \$3.6 million from \$2.6 million in 2000, reflecting increases in DSL customers and the acquisition of MosquitoNet in Fairbanks on July 6th, 2001. With the acquisition of MosquitoNet, ACS is the State's largest provider of paid Internet service. The Company had approximately 6,000 DSL subscribers at September 30, 2001.
  - Interexchange revenues increased 81.3% from \$3.0 million in 2000 to \$5.4 million in 2001. During the quarter, the Company succeeded in adding approximately 1,300 additional customers for its Easy Choices program and has grown its long distance subscriber base by approximately 70% over last year.
  - Operating expenses before depreciation and amortization decreased from the same period last year, despite a 10.6% increase in revenues. This quarter's expenses included approximately \$0.7 million related to the early stages of the Company's rollout of its advanced IP network and service center, and \$0.3 million related to MosquitoNet transition services, which are reflected in Internet expense.

ACS' management will host a conference call at 5:00 P.M. Eastern time on Thursday, October 25, 2001 to discuss the third quarter results and the Company's outlook for the remainder of 2001. The Webcast will be available live from the Company's corporate website at [www.ACSalaska.com](http://www.ACSalaska.com) and via replay beginning two hours after the completion of the call. An audio replay of the call will also be available by dialing 320/365-3844 and entering the passcode 605534. The replay will be available until midnight ET on November 1, 2001.

About Alaska Communications Systems, Inc.

ACS is the leading integrated communications provider in Alaska, offering local telephone service, wireless, long distance, data, and Internet services to business and residential customers throughout Alaska. ACS currently serves approximately 333,000 access lines, 79,000 cellular customers, 67,000 long distance customers and 51,000 Internet customers throughout the State. More information can be found on the Company's website at or replay it at a later date by accessing the Company's website at <http://www.ACSalaska.com>.

Statements contained in this press release that are not historical fact are "forward-looking statements" that involve a number of known and unknown risks or uncertainties. Additional factors, which may affect actual results, are contained in the Company's filings with the SEC. Forward-looking statements in this release are made pursuant to the safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995.

## SCHEDULE 1

ALASKA COMMUNICATIONS SYSTEMS GROUP, INC.  
 CONSOLIDATED STATEMENTS OF OPERATIONS  
 (Unaudited, in Thousands, Except per Share Amounts)

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2001	2000	2001	2000
Operating revenues:				
Local telephone	\$ 53,860	\$ 50,819	\$ 163,018	\$ 167,966
Cellular	11,041	10,947	30,734	29,657
Directory	8,705	7,255	24,857	21,584
Internet	3,584	2,590	9,898	5,247
Interexchange	5,395	2,976	16,557	8,513
Other	235	279	733	853
	-----	-----	-----	-----
Total operating revenues	82,820	74,866	245,197	233,820
Operating expenses:				
Local telephone	29,259	34,166	88,582	103,288
Cellular	5,951	5,913	17,501	17,684
Directory	3,616	3,404	10,478	10,199
Internet	4,583	3,672	11,592	7,788
Interexchange	6,678	4,187	23,043	12,774
Other	470	342	1,429	1,031
Unusual charges	--	2,083	--	2,083
Depreciation and amortization	20,054	17,773	59,292	52,464
	-----	-----	-----	-----
Total operating expenses	70,611	71,540	211,917	207,311
Operating income	12,209	3,326	33,880	26,509
Other income (expense):				
Interest expense	(14,677)	(16,417)	(45,945)	(48,253)
Interest income and other	1,021	2,195	2,777	5,033
Equity in earnings (loss) of investments	--	--	69	(153)
	-----	-----	-----	-----
Total other expense	(13,656)	(14,222)	(43,099)	(43,373)
Loss before income taxes	(1,447)	(10,896)	(9,219)	(16,864)
Income tax benefit	48	20	147	154
	-----	-----	-----	-----
Net loss	\$ (1,399)	\$ (10,876)	\$ (9,072)	\$ (16,710)
	=====	=====	=====	=====
Net loss per share - basic and diluted	\$ (0.04)	\$ (0.33)	\$ (0.29)	\$ (0.51)
	=====	=====	=====	=====
Weighted average shares outstanding	31,550	32,927	31,427	32,806
	=====	=====	=====	=====
EBITDA	\$ 33,284	\$ 23,294	\$ 96,018	\$ 83,853
	=====	=====	=====	=====

Note: Certain reclassifications have been made to the 2000 data to conform with the current presentation.

## SCHEDULE 2

ALASKA COMMUNICATIONS SYSTEMS GROUP, INC.  
CONDENSED CONSOLIDATED BALANCE SHEET DATA  
(Unaudited, in Thousands)

	September 30, 2001	December 31, 2000
Cash and cash equivalents	\$ 34,731	\$ 61,896
Restricted cash	6,890	--
Property, plant and equipment, net	483,907	460,735
Total assets	903,935	908,285
Long-term debt	611,397	614,004
Stockholders' equity	193,634	215,380

## SCHEDULE 3

ALASKA COMMUNICATIONS SYSTEMS GROUP, INC.  
SCHEDULE OF LOCAL TELEPHONE REVENUES  
(Unaudited, in Thousands)

	Three Months Ended September 30		Nine Months Ended September 30	
	2001	2000	2001	2000
Local telephone revenues:				
Local network service	\$ 24,388	\$ 22,679	\$ 70,530	\$ 70,298
Network access revenue	24,993	21,779	76,258	79,835
Deregulated and other	4,479	6,361	16,230	17,833
	-----	-----	-----	-----
Local telephone revenues	\$ 53,860	\$ 50,819	\$163,018	\$167,966
	=====	=====	=====	=====

## SCHEDULE 4

ALASKA COMMUNICATIONS SYSTEMS GROUP, INC.  
KEY OPERATING STATISTICS

	As of September 30,	
	2001	2000
Local telephone:		
Retail access lines	266,040	274,458
Wholesale access lines	20,858	18,110
UNE loops	46,268	36,420
	-----	-----
Total access lines	333,166	328,988
Average access lines for the quarter	331,611	329,604
Annual growth rate	1.3%	1.9%
Cellular:		
Covered population	462,057	460,802
Ending subscribers	78,758	73,196
Average subscribers for the quarter	78,666	73,395
Annual growth rate	7.6%	3.3%
Penetration	17.0%	15.9%
Quarterly minutes of use (000's)	45,272	35,614
Quarterly average revenue per Unit	\$ 46.78	\$ 49.72
Long Distance:		
Long distance subscribers	67,211	39,734
Quarterly minutes of use (000's)	49,337	18,772
Internet:		
Internet subscribers	50,500	43,785

Note: Third quarter 2000 access line counts have been reduced by 3,034 from previously reported amounts to reflect corrections in counting of certain service offerings.


**ACS**

**INVESTOR RELATIONS**  
 Alaska Communications System

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## Alaska Communications Systems Reports Solid Fourth Quarter 2001 Results

### Strong Quarterly Cash Flow on Record Revenues of \$85.9 Million

#### Quarter Highlighted by \$92 Million State of Alaska Award and Improvements in DSL Rollout

ANCHORAGE, Alaska— February 20, 2002--Alaska Communications Systems Group, Inc. ("ACS") (Nasdaq: ALSK) today reported financial results for the fourth quarter and full year ended December 31, 2001. Revenues for the quarter grew 8.5% to \$85.9 million compared to \$79.2 million in the same period last year. For the fourth quarter of 2001, EBITDA increased 17.8% to \$32.6 million compared to \$27.7 million for the same period last year. Revenues for the full year grew 6.0% during 2001 to \$331.7 million compared to \$313.0 million for 2000 and EBITDA increased 15.3% to \$128.7 million for 2001.

"We are pleased to report solid results for the quarter, led by our local telephone and directory businesses," commented Chuck Robinson, Chairman and CEO of ACS. "We came in on target despite normal seasonality and aggressive fourth quarter advertising campaigns launched by our competition in our residential local and long distance markets. Notably, we had improved results in our broadband business, which added about 400 customers per month. The most significant development for us during the quarter was the award of a five year \$92 million contract from the State of Alaska to provide a broad range of telecommunications services," Robinson continued. "The State provides us an anchor tenant for our next generation, IP network and this contract will be the cornerstone of our focused effort to offer advanced services to institutional customers. This award in a highly competitive bid process clearly establishes ACS as the technology leader in Alaska and we are excited about our prospects for winning new customers in this segment of the market."

"On the regulatory front, we implemented 8% and 24% increases to our Anchorage UNE and residential local service rates, respectively," Mr. Robinson continued. "While these increases represented progress in our regulatory strategy, we continue to face a market with unfair competitive arbitrage opportunities associated with below cost UNE rates. For example, our primary competitor in Anchorage did not match our residential rate increase for their CLEC customers, allowing it to capture market share, primarily among lower margin customers."

ACS experienced its third consecutive quarter of free cash flow positive results as cash balances increased \$6.3 million during the quarter to \$47.9 million, including \$6.9 million of restricted cash. For the quarter ended December 31, 2001, the Company incurred a net loss of \$2.2 million, or \$0.07 per share, which compares to a fourth quarter net loss of \$8.5 million, or \$0.26 per share, for the same period last year. For the fourth quarter of 2001, net loss before amortization of goodwill was \$0.2 million, or less than \$0.1 per share, compared

to a net loss of \$6.6 million, or \$0.20 per share, for the same period last year.

For the full year 2001, the Company's net loss was \$11.2 million, or \$0.36 per share compared to \$25.2 million, or \$0.77 per share, for 2000; a \$14.0 million improvement in results. The net loss before amortization of goodwill was \$3.5 million, or \$0.11 per share for the full year 2001.

Kevin P. Hemenway, Senior Vice President and CFO of ACS, stated, "Our EBITDA margin for the fourth quarter improved to 38.0% compared to 35.0% in the same period last year and we had our third consecutive quarter of positive net cash flow. We believe there continues to be room for improvement in operating expense containment and look to improve margins in 2002. In addition, we expect to continue to invest capital in advanced communications services that we believe will result in revenue and EBITDA growth opportunities in the future."

### Highlights from the Quarter

- Local telephone was a strong performer during the quarter with all categories of revenue increasing on both a year-over-year and sequential basis.
  - Access lines for the quarter were flat on a sequential quarter basis totaling 332,923.
  - Local network service revenues grew by 5.5% on a sequential quarter basis, reflecting a regulatory rate increase and improved billing and collection processes.
  - Access revenues increased \$1.7 million, or 6.9%, from the third quarter, as a result of true-ups related to year-end access charge cost studies, principally due to a year-end benefit associated with the company maintaining a stronger than anticipated competitive position in Fairbanks and Juneau.
  - Deregulated and other revenues increased by 32.5% or \$1.5 million from the third quarter of 2001, reflecting increases in Customer Premise Equipment (CPE) sales and other miscellaneous revenues.
- Cellular revenues were essentially flat at \$9.7 million in the seasonally soft fourth quarter of 2001 when compared to \$9.8 million in 2000. Average Revenue per Unit (ARPU) for the quarter declined 7.7% year-over-year, consistent with industry trends, but the Company continued to win new cellular subscribers, adding 5.5%, or 4,187, to 80,120 for the year. The company was also able to improve EBITDA margin during the quarter by approximately 200 basis points to 31.2%, compared to 29.2% last year.
- Directory revenues grew 19.0% over the corresponding quarter in 2000 to \$9.0 million primarily as a result of strong demand for advertising in our regional directories.
- Internet revenues grew sequentially to \$3.8 million from \$3.6 million in the third quarter, reflecting the success of the Company's DSL rollout. ACS ended the quarter with over 7,000 DSL subscribers.
- Interexchange revenues increased 45.8% from \$3.3 million in the fourth quarter of 2000 to \$4.8 million in the same quarter in 2001 but were down sequentially from \$5.4 million in the preceding quarter. The sequential decrease was largely due to churn caused by promotional activity from one of the company's LD competitors, as well as lower calling volumes due to seasonality.
- Operating expenses for the quarter before depreciation and amortization increased 1.4% from the same period last year on an 8.5% increase in revenues.

ACS' management will host a conference call at 5:00 P.M. Eastern time on

Wednesday, February 20, 2002 to discuss the fourth quarter results. The Webcast will be available live from the Company's corporate website at [www.ACSalaska.com](http://www.ACSalaska.com) and via replay beginning two hours after the completion of the call. An audio replay of the call will also be available by dialing 800-475-6701 and entering the passcode 624415. The replay will be available until midnight ET on February 27, 2002.

About Alaska Communications Systems, Inc. ACS is the leading integrated communications provider in Alaska, offering local telephone service, wireless, long distance, data, and Internet services to business and residential customers throughout Alaska. ACS currently serves approximately 333,000 access lines, 80,000 cellular customers, 66,000 long distance customers and 46,000 Internet customers throughout the State. More information can be found on the Company's website at <http://www.ACSalaska.com>.

Statements contained in this press release that are not historical fact are "forward-looking statements" that involve a number of known and unknown risks or uncertainties. Additional factors, which may affect actual results, are contained in the Company's filings with the SEC. Forward-looking statements in this release are made pursuant to the safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995.

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testimony  
Leonard ACS

**Input Pitches for FCC Model  
Unit Cost Inputs**

**DLC Costs, Fairbanks**

	FCC	GCI		ACS	
	Input	Input	Ratio to FCC	Input	Ratio to FCC
2016 Line Fiber, Fixed	\$152,617	\$201,198	1.32	\$315,445	2.07
2016 Line Fiber, Variable	\$74.98	\$80.75	1.08	\$88	1.17
1344 Line Fiber, Fixed	\$107,225	\$146,786	1.37	\$233,778	2.18
1344 Line Fiber, Variable	\$74.98	\$80.75	1.08	\$88	1.17
672 Line Fiber, Fixed	\$97,443	\$130,727	1.34	\$155,390	1.59
672 Line Fiber, Variable	\$74.98	\$80.75	1.08	\$88	1.17
96 Line Fiber, Fixed	\$23,848	\$25,685	1.08	\$30,232	1.27
96 Line Fiber, Variable	\$87.30	\$94.02	1.08	\$88	1.01
24 Line Fiber, Fixed	\$19,881	\$21,412	1.08	\$27,226	1.37
24 Line Fiber, Variable	\$87.30	\$94.02	1.08	\$88	1.01
96 Line Copper, Fixed	\$23,848	\$25,685	1.08	\$31,924	1.34
96 Line Copper, Variable	\$87.30	\$94.02	1.08	\$88	1.01
24 Line Copper, Fixed	\$19,881	\$21,412	1.08	\$28,048	1.41
24 Line Copper, Variable	\$87.30	\$94.02	1.08	\$88	1.01
Site Preparation Cost	\$11,000	\$14,223	1.29	\$13,503	1.23

**DLC Costs, Juneau**

	FCC	GCI		ACS	
	Input	Input	Ratio to FCC	Input	Ratio to FCC
2016 Line Fiber, Fixed	\$152,617	\$164,674	1.08	\$261,906	1.72
2016 Line Fiber, Variable	\$74.98	\$80.90	1.08	\$88	1.17
1344 Line Fiber, Fixed	\$107,225	\$115,696	1.08	\$180,710	1.69
1344 Line Fiber, Variable	\$74.98	\$80.90	1.08	\$88	1.17
672 Line Fiber, Fixed	\$97,443	\$105,141	1.08	\$98,599	1.01
672 Line Fiber, Variable	\$74.98	\$80.90	1.08	\$88	1.17
96 Line Fiber, Fixed	\$23,848	\$25,732	1.08	\$30,837	1.29
96 Line Fiber, Variable	\$87.30	\$94.20	1.08	\$88	1.01
24 Line Fiber, Fixed	\$19,881	\$21,452	1.08	\$27,692	1.39
24 Line Fiber, Variable	\$87.30	\$94.20	1.08	\$88	1.01
96 Line Copper, Fixed	\$23,848	\$25,732	1.08	\$32,507	1.36
96 Line Copper, Variable	\$87.30	\$94.20	1.08	\$88	1.01
24 Line Copper, Fixed	\$19,881	\$21,452	1.08	\$28,483	1.43
24 Line Copper, Variable	\$87.30	\$94.20	1.08	\$88	1.01
Site Preparation Cost	\$11,000	\$14,421	1.31	\$13,503	1.23

**Drop Cost**

	FCC	GCI		ACS	
	Input	Input	Ratio to FCC	Input	Ratio to FCC
Drop Cost per Kilofeet	\$560	\$1,080	1.93	\$2,400	4.29

**Input Pitches for FCC Model  
Unit Cost Inputs**

**Network Interface Device (NID) Cost**

	FCC Input	GCI Input	Ratio to FCC	ACS-FBKS Input	Ratio to FCC	ACS-JNO Input	Ratio to FCC
NID Cost	\$39.50	\$46.45	1.18	\$72.65	1.84	\$73.19	1.85

**Duct Cost per Kilofeet**

	FCC Input	GCI Input	Ratio to FCC	ACS-FBKS Input	Ratio to FCC	ACS-JNO Input	Ratio to FCC
Duct Cost per Kilofeet	\$720	\$990	1.38	\$5,107	7.09	\$5,153	7.16

**Switching Costs, Fairbanks**

	FCC Input	GCI Input	Ratio to FCC	ACS Input	Ratio to FCC
<b>Host / Standalone</b>					
Fixed Cost	\$486,700	\$525,636	1.08	\$3,889,852	7.99
Per Line	\$87	\$94	1.08	\$206	2.36
<b>Remote</b>					
Fixed Cost	\$161,800	\$174,744	1.08	\$258,391	1.60
Per Line	\$87	\$94	1.08	\$215	2.47

**Switching Costs, Juneau**

	FCC Input	GCI Input	Ratio to FCC	ACS Input	Ratio to FCC
<b>Host / Standalone</b>					
Fixed Cost	\$486,700	\$525,636	1.08	\$3,889,852	7.99
Per Line	\$87	\$94	1.08	\$254	2.92
<b>Remote</b>					
Fixed Cost	\$161,800	\$174,744	1.08	\$292,357	1.81
Per Line	\$87	\$94	1.08	\$228	2.62

**Input Pitches for FCC Model  
Unit Cost Inputs**

**Manhole Costs, Fairbanks**

	FCC	GCI		ACS	
	Input	Input	Ratio to FCC	Input	Ratio to FCC
<b>Normal</b>					
2 Ducts	\$1,437	\$1,738	1.21	\$4,873	3.39
4 Ducts	\$4,472	\$5,412	1.21	\$4,873	1.09
9 Ducts	\$5,176	\$6,263	1.21	\$10,338	2.00
99 Ducts	\$3,070	\$3,715	1.21	\$10,338	3.37
<b>Soft Rock</b>					
2 Ducts	\$1,512	\$1,829	1.21	\$4,873	3.22
4 Ducts	\$4,652	\$5,629	1.21	\$4,873	1.05
9 Ducts	\$5,336	\$6,457	1.21	\$10,338	1.94
99 Ducts	\$3,150	\$3,812	1.21	\$10,338	3.28
<b>Hard Rock</b>					
2 Ducts	\$1,587	\$1,920	1.21	\$4,873	3.07
4 Ducts	\$4,832	\$5,847	1.21	\$4,873	1.01
9 Ducts	\$5,496	\$6,650	1.21	\$10,338	1.88
99 Ducts	\$3,230	\$3,908	1.21	\$10,338	3.20

**Manhole Costs, Juneau**

	FCC	GCI		ACS	
	Input	Input	Ratio to FCC	Input	Ratio to FCC
<b>Normal</b>					
2 Ducts	\$1,437	\$1,753	1.22	\$6,168	4.29
4 Ducts	\$4,472	\$5,456	1.22	\$6,168	1.38
9 Ducts	\$5,176	\$6,315	1.22	\$11,741	2.27
99 Ducts	\$3,070	\$3,745	1.22	\$11,741	3.82
<b>Soft Rock</b>					
2 Ducts	\$1,512	\$1,844	1.22	\$6,168	4.08
4 Ducts	\$4,652	\$5,676	1.22	\$6,168	1.33
9 Ducts	\$5,336	\$6,510	1.22	\$11,741	2.20
99 Ducts	\$3,150	\$3,843	1.22	\$11,741	3.73
<b>Hard Rock</b>					
2 Ducts	\$1,587	\$1,936	1.22	\$6,168	3.89
4 Ducts	\$4,832	\$5,896	1.22	\$6,168	1.28
9 Ducts	\$5,496	\$6,705	1.22	\$11,741	2.14
99 Ducts	\$3,230	\$3,941	1.22	\$11,741	3.63

**Input Pitches for FCC Model  
Unit Cost Inputs**

**Drop Terminal, Fairbanks**

	FCC	GCI		ACS	
	Input	Input	Ratio to FCC	Input	Ratio to FCC
<b>Buried</b>					
1 pair	\$133	\$164	1.23	\$577	4.32
6	\$157	\$193	1.23	\$577	3.67
12	\$441	\$543	1.23	\$577	1.31
25	\$451	\$555	1.23	\$577	1.28
50	\$220	\$271	1.23	\$220	1.00
100	\$333	\$410	1.23	\$333	1.00
200	\$665	\$819	1.23	\$665	1.00
400	\$1,331	\$1,638	1.23	\$1,331	1.00
600	\$1,996	\$2,457	1.23	\$1,996	1.00
900	\$2,770	\$3,410	1.23	\$2,770	1.00
1200	\$3,993	\$4,915	1.23	\$3,993	1.00
1800	\$5,539	\$6,819	1.23	\$5,539	1.00
2400	\$7,536	\$9,277	1.23	\$7,536	1.00
3600	\$11,079	\$13,638	1.23	\$11,079	1.00
5400	\$16,618	\$20,457	1.23	\$16,618	1.00
7200	\$21,708	\$26,723	1.23	\$21,708	1.00
<b>Aerial</b>					
1 pair	\$70	\$87	1.23	\$458	6.51
6	\$96	\$118	1.23	\$458	4.77
12	\$132	\$162	1.23	\$458	3.48
25	\$216	\$266	1.23	\$458	2.12
50	\$220	\$271	1.23	\$220	1.00
100	\$333	\$410	1.23	\$333	1.00
200	\$665	\$819	1.23	\$665	1.00
400	\$1,331	\$1,638	1.23	\$1,331	1.00
600	\$1,996	\$2,457	1.23	\$1,996	1.00
900	\$2,770	\$3,410	1.23	\$2,770	1.00
1200	\$3,993	\$4,915	1.23	\$3,993	1.00
1800	\$5,539	\$6,819	1.23	\$5,539	1.00
2400	\$7,536	\$9,277	1.23	\$7,536	1.00
3600	\$11,079	\$13,638	1.23	\$11,079	1.00
5400	\$16,618	\$20,457	1.23	\$16,618	1.00
7200	\$21,708	\$26,723	1.23	\$21,708	1.00
<b>Underground</b>					
1 pair	\$133	\$164	1.23	\$577	4.32
6	\$157	\$193	1.23	\$577	3.67
12	\$441	\$543	1.23	\$577	1.31
25	\$451	\$555	1.23	\$577	1.28
50	\$220	\$271	1.23	\$220	1.00
100	\$333	\$410	1.23	\$333	1.00
200	\$665	\$819	1.23	\$665	1.00
400	\$1,331	\$1,638	1.23	\$1,331	1.00
600	\$1,996	\$2,457	1.23	\$1,996	1.00
900	\$2,770	\$3,410	1.23	\$2,770	1.00
1200	\$3,993	\$4,915	1.23	\$3,993	1.00
1800	\$5,539	\$6,819	1.23	\$5,539	1.00
2400	\$7,536	\$9,277	1.23	\$7,536	1.00
3600	\$11,079	\$13,638	1.23	\$11,079	1.00
5400	\$16,618	\$20,457	1.23	\$16,618	1.00
7200	\$21,708	\$26,723	1.23	\$21,708	1.00

**Input Pitches for FCC Model  
Unit Cost Inputs**

**Drop Terminal, Juneau**

	FCC	GCI		ACS	
	Input	Input	Ratio to FCC	Input	Ratio to FCC
<b>Buried</b>					
1 pair	\$133	\$166	1.24	\$573	4.29
6	\$157	\$195	1.24	\$573	3.65
12	\$441	\$548	1.24	\$573	1.30
25	\$451	\$561	1.24	\$573	1.27
50	\$220	\$274	1.24	\$220	1.00
100	\$333	\$414	1.24	\$333	1.00
200	\$665	\$827	1.24	\$665	1.00
400	\$1,331	\$1,556	1.24	\$1,331	1.00
600	\$1,996	\$2,483	1.24	\$1,996	1.00
900	\$2,770	\$3,446	1.24	\$2,770	1.00
1200	\$3,993	\$4,967	1.24	\$3,993	1.00
1800	\$5,539	\$6,891	1.24	\$5,539	1.00
2400	\$7,536	\$9,375	1.24	\$7,536	1.00
3600	\$11,079	\$13,782	1.24	\$11,079	1.00
5400	\$16,618	\$20,673	1.24	\$16,618	1.00
7200	\$21,708	\$27,005	1.24	\$21,708	1.00
<b>Aerial</b>					
1 pair	\$70	\$88	1.24	\$462	6.55
6	\$96	\$119	1.24	\$462	4.81
12	\$132	\$164	1.24	\$462	3.50
25	\$216	\$269	1.24	\$462	2.14
50	\$220	\$274	1.24	\$220	1.00
100	\$333	\$414	1.24	\$333	1.00
200	\$665	\$827	1.24	\$665	1.00
400	\$1,331	\$1,656	1.24	\$1,331	1.00
600	\$1,996	\$2,483	1.24	\$1,996	1.00
900	\$2,770	\$3,446	1.24	\$2,770	1.00
1200	\$3,993	\$4,967	1.24	\$3,993	1.00
1800	\$5,539	\$6,891	1.24	\$5,539	1.00
2400	\$7,536	\$9,375	1.24	\$7,536	1.00
3600	\$11,079	\$13,782	1.24	\$11,079	1.00
5400	\$16,618	\$20,673	1.24	\$16,618	1.00
7200	\$21,708	\$27,005	1.24	\$21,708	1.00
<b>Underground</b>					
1 pair	\$133	\$166	1.24	\$573	4.29
6	\$157	\$195	1.24	\$573	3.65
12	\$441	\$548	1.24	\$573	1.30
25	\$451	\$561	1.24	\$573	1.27
50	\$220	\$274	1.24	\$220	1.00
100	\$333	\$414	1.24	\$333	1.00
200	\$665	\$827	1.24	\$665	1.00
400	\$1,331	\$1,656	1.24	\$1,331	1.00
600	\$1,996	\$2,483	1.24	\$1,996	1.00
900	\$2,770	\$3,446	1.24	\$2,770	1.00
1200	\$3,993	\$4,967	1.24	\$3,993	1.00
1800	\$5,539	\$6,891	1.24	\$5,539	1.00
2400	\$7,536	\$9,375	1.24	\$7,536	1.00
3600	\$11,079	\$13,782	1.24	\$11,079	1.00
5400	\$16,618	\$20,673	1.24	\$16,618	1.00
7200	\$21,708	\$27,005	1.24	\$21,708	1.00

**Input Pitches for FCC Model  
Unit Cost Inputs**

**SAI, Fairbanks**

	FCC	GCI		ACS	
	Input	Input	Ratio to FCC	Input	Ratio to FCC
<b>Outdoor</b>					
1 pair	\$151	\$169	1.12	\$1,475	9.78
50	\$562	\$628	1.12	\$1,699	3.02
100	\$787	\$880	1.12	\$1,932	2.46
200	\$1,349	\$1,508	1.12	\$2,398	1.78
400	\$2,248	\$2,513	1.12	\$3,376	1.50
600	\$3,147	\$3,518	1.12	\$3,285	1.04
900	\$4,271	\$4,775	1.12	\$4,620	1.08
1200	\$5,395	\$6,032	1.12	\$7,578	1.40
1800	\$7,644	\$8,546	1.12	\$9,039	1.18
2400	\$9,667	\$10,808	1.12	\$9,454	0.98
3600	\$13,489	\$15,081	1.12	\$14,706	1.09
5400	\$18,434	\$20,609	1.12	\$20,302	1.10
7200	\$22,481	\$25,134	1.12	\$26,076	1.16
9000	\$30,125	\$33,680	1.12	\$33,624	1.12
10800	\$35,970	\$40,214	1.12	\$39,562	1.10
12600	\$40,915	\$45,743	1.12	\$45,159	1.10
14400	\$44,962	\$50,268	1.12	\$50,932	1.13
16200	\$52,606	\$58,814	1.12	\$58,480	1.11
18000	\$58,451	\$65,348	1.12	\$64,147	1.10
19800	\$63,396	\$70,877	1.12	\$70,015	1.10
21600	\$67,443	\$75,401	1.12	\$75,789	1.12
23400	\$75,087	\$83,947	1.12	\$83,337	1.11
25200	\$80,932	\$90,482	1.12	\$89,003	1.10
27000	\$85,877	\$96,010	1.12	\$94,600	1.10
28800	\$89,924	\$100,535	1.12	\$100,645	1.12
<b>Indoor</b>					
1 pair	\$151	\$169	1.12	\$1,475	9.78
50	\$220	\$246	1.12	\$1,699	7.72
100	\$333	\$372	1.12	\$1,932	5.80
200	\$665	\$743	1.12	\$2,398	3.61
400	\$1,331	\$1,488	1.12	\$3,376	2.54
600	\$1,996	\$2,232	1.12	\$3,285	1.65
900	\$2,770	\$3,097	1.12	\$4,620	1.67
1200	\$3,993	\$4,464	1.12	\$7,578	1.90
1800	\$5,539	\$6,193	1.12	\$9,039	1.63
2400	\$7,536	\$8,425	1.12	\$9,454	1.25
3600	\$11,079	\$12,386	1.12	\$14,706	1.33
5400	\$16,618	\$18,579	1.12	\$20,302	1.22
7200	\$21,708	\$24,270	1.12	\$26,076	1.20
9000	\$27,247	\$30,462	1.12	\$33,624	1.23
10800	\$32,787	\$36,656	1.12	\$39,562	1.21
12600	\$38,326	\$42,848	1.12	\$45,159	1.18
14400	\$43,416	\$48,539	1.12	\$50,932	1.17
16200	\$48,955	\$54,732	1.12	\$58,480	1.19
18000	\$54,495	\$60,925	1.12	\$64,147	1.18
19800	\$60,034	\$67,118	1.12	\$70,015	1.17
21600	\$65,124	\$72,809	1.12	\$75,789	1.16
23400	\$70,663	\$79,001	1.12	\$83,337	1.18
25200	\$76,203	\$85,195	1.12	\$89,003	1.17
27000	\$81,742	\$91,388	1.12	\$94,600	1.16
28800	\$86,832	\$97,078	1.12	\$100,645	1.16

**Input Pitches for FCC Model  
Unit Cost Inputs**

SAI, Juneau

	FCC	GCI		ACS	
	Input	Input	Ratio to FCC	Input	Ratio to FCC
<b>Outdoor</b>					
1 pair	\$151	\$169	1.12	\$1,454	9.64
50	\$562	\$631	1.12	\$1,674	2.98
100	\$787	\$884	1.12	\$1,904	2.42
200	\$1,349	\$1,515	1.12	\$2,362	1.75
400	\$2,248	\$2,525	1.12	\$3,325	1.48
600	\$3,147	\$3,534	1.12	\$3,238	1.03
900	\$4,271	\$4,796	1.12	\$4,540	1.06
1200	\$5,395	\$6,059	1.12	\$7,425	1.38
1800	\$7,644	\$8,584	1.12	\$8,864	1.16
2400	\$9,667	\$10,856	1.12	\$9,273	0.96
3600	\$13,489	\$15,148	1.12	\$14,405	1.07
5400	\$18,434	\$20,701	1.12	\$19,877	1.08
7200	\$22,481	\$25,246	1.12	\$25,522	1.14
9000	\$30,125	\$33,830	1.12	\$32,895	1.09
10800	\$35,970	\$40,394	1.12	\$38,708	1.08
12600	\$40,915	\$45,948	1.12	\$44,180	1.08
14400	\$44,962	\$50,492	1.12	\$49,825	1.11
16200	\$52,606	\$59,077	1.12	\$57,198	1.09
18000	\$58,451	\$65,640	1.12	\$62,738	1.07
19800	\$63,396	\$71,194	1.12	\$68,482	1.08
21600	\$67,443	\$75,738	1.12	\$74,127	1.10
23400	\$75,087	\$84,323	1.12	\$81,500	1.09
25200	\$80,932	\$90,887	1.12	\$87,041	1.08
27000	\$85,877	\$96,440	1.12	\$92,513	1.08
28800	\$89,924	\$100,985	1.12	\$98,430	1.09
<b>Indoor</b>					
1 pair	\$151	\$169	1.12	\$1,454	9.64
50	\$220	\$247	1.12	\$1,674	7.61
100	\$333	\$374	1.12	\$1,904	5.72
200	\$665	\$747	1.12	\$2,362	3.55
400	\$1,331	\$1,495	1.12	\$3,325	2.50
600	\$1,996	\$2,242	1.12	\$3,238	1.62
900	\$2,770	\$3,111	1.12	\$4,540	1.64
1200	\$3,993	\$4,484	1.12	\$7,425	1.86
1800	\$5,539	\$6,220	1.12	\$8,864	1.60
2400	\$7,536	\$8,463	1.12	\$9,273	1.23
3600	\$11,079	\$12,442	1.12	\$14,405	1.30
5400	\$16,618	\$18,662	1.12	\$19,877	1.20
7200	\$21,708	\$24,378	1.12	\$25,522	1.18
9000	\$27,247	\$30,598	1.12	\$32,895	1.21
10800	\$32,787	\$36,820	1.12	\$38,708	1.18
12600	\$38,326	\$43,040	1.12	\$44,180	1.15
14400	\$43,416	\$48,756	1.12	\$49,825	1.15
16200	\$48,955	\$54,976	1.12	\$57,198	1.17
18000	\$54,495	\$61,198	1.12	\$62,738	1.15
19800	\$60,034	\$67,418	1.12	\$68,482	1.14
21600	\$65,124	\$73,134	1.12	\$74,127	1.14
23400	\$70,663	\$79,355	1.12	\$81,500	1.15
25200	\$76,203	\$85,576	1.12	\$87,041	1.14
27000	\$81,742	\$91,796	1.12	\$92,513	1.13
28800	\$86,832	\$97,512	1.12	\$98,430	1.13

# GCI'S INPUT PITCHES FOR THE FCC MODEL

- I. Input Values
- II. Support Documentation
- III. Common Support Cost Calculations
- IV. DLC Hut Cost Calculation



# I. Input Values

**GCI's Input Pitches for FCC Model  
Network Engineering Issues**

**Fill Factors**

*Copper Cable*

**FCC Inputs**

Density	Feeder	Distr
0	70.0%	50.0%
5	77.5%	55.0%
100	80.0%	55.0%
200	82.5%	60.0%
650	82.5%	70.0%
850	82.5%	75.0%
2550	82.5%	75.0%
5000	82.5%	75.0%
10000	82.5%	75.0%

**GCI Inputs**

Density	Feeder	Distr
0	70.0%	50.0%
5	77.5%	55.0%
100	80.0%	55.0%
200	82.5%	60.0%
650	82.5%	70.0%
850	82.5%	75.0%
2550	82.5%	75.0%
5000	82.5%	75.0%
10000	82.5%	75.0%

**ACS Inputs**

Density	Feeder	Distr
0		
5		
100		
200		
650		
850		
2550		
5000		
10000		

*Fiber Cable*

FCC Input	GCI Input	ACS Input
100%	100%	

**Distribution Plant Mix, Fairbanks**

**FCC Inputs**

Density	UG	Buried	Aerial
0	0.00%	60.00%	40.00%
5	1.00%	62.00%	37.00%
100	2.00%	68.00%	30.00%
200	4.00%	66.00%	30.00%
650	8.00%	62.00%	30.00%
850	20.00%	50.00%	30.00%
2550	40.00%	30.00%	30.00%
5000	60.00%	10.00%	30.00%
10000	90.00%	0.00%	10.00%

**GCI Inputs**

Density	UG	Buried	Aerial
0	0.00%	60.00%	40.00%
5	1.00%	62.00%	37.00%
100	2.00%	68.00%	30.00%
200	4.00%	66.00%	30.00%
650	8.00%	62.00%	30.00%
850	20.00%	50.00%	30.00%
2550	40.00%	30.00%	30.00%
5000	60.00%	10.00%	30.00%
10000	90.00%	0.00%	10.00%

**ACS Inputs**

Density	UG	Buried	Aerial
0			
5			
100			
200			
650			
850			
2550			
5000			
10000			

**GCI's Input Pitches for FCC Model  
Network Engineering Issues**

**Copper Feeder Plant Mix, Fairbanks**

**FCC Inputs**

Density	UG	Buried	Aerial
0	5.00%	50.00%	45.00%
5	5.00%	50.00%	45.00%
100	5.00%	50.00%	45.00%
200	20.00%	40.00%	40.00%
650	40.00%	30.00%	30.00%
850	60.00%	25.00%	15.00%
2550	75.00%	15.00%	10.00%
5000	90.00%	5.00%	5.00%
10000	95.00%	0.00%	5.00%

**GCI Inputs**

Density	UG	Buried	Aerial
0	5.00%	50.00%	45.00%
5	5.00%	50.00%	45.00%
100	5.00%	50.00%	45.00%
200	20.00%	40.00%	40.00%
650	40.00%	30.00%	30.00%
850	60.00%	25.00%	15.00%
2550	75.00%	15.00%	10.00%
5000	90.00%	5.00%	5.00%
10000	95.00%	0.00%	5.00%

**ACS Inputs**

Density	UG	Buried	Aerial
0			
5			
100			
200			
650			
850			
2550			
5000			
10000			

**Fiber Feeder Plant Mix, Fairbanks**

**FCC Inputs**

Density	UG	Buried	Aerial
0	5.00%	50.00%	45.00%
5	5.00%	50.00%	45.00%
100	5.00%	50.00%	45.00%
200	20.00%	40.00%	40.00%
650	40.00%	30.00%	30.00%
850	60.00%	25.00%	15.00%
2550	75.00%	15.00%	10.00%
5000	90.00%	5.00%	5.00%
10000	95.00%	0.00%	5.00%

**GCI Inputs**

Density	UG	Buried	Aerial
0	5.00%	50.00%	45.00%
5	5.00%	50.00%	45.00%
100	5.00%	50.00%	45.00%
200	20.00%	40.00%	40.00%
650	40.00%	30.00%	30.00%
850	60.00%	25.00%	15.00%
2550	75.00%	15.00%	10.00%
5000	90.00%	5.00%	5.00%
10000	95.00%	0.00%	5.00%

**ACS Inputs**

Density	UG	Buried	Aerial
0			
5			
100			
200			
650			
850			
2550			
5000			
10000			

**GCI's Input Pitches for FCC Model  
Network Engineering Issues**

**Distribution Plant Mix, Juneau**

**FCC Inputs**

Density	UG	Buried	Aerial
0	0.00%	60.00%	40.00%
5	1.00%	62.00%	37.00%
100	2.00%	68.00%	30.00%
200	4.00%	66.00%	30.00%
650	8.00%	62.00%	30.00%
850	20.00%	50.00%	30.00%
2550	40.00%	30.00%	30.00%
5000	60.00%	10.00%	30.00%
10000	90.00%	0.00%	10.00%

**GCI Inputs**

Density	UG	Buried	Aerial
0	0.00%	60.00%	40.00%
5	1.00%	62.00%	37.00%
100	2.00%	68.00%	30.00%
200	4.00%	66.00%	30.00%
650	8.00%	62.00%	30.00%
850	20.00%	50.00%	30.00%
2550	40.00%	30.00%	30.00%
5000	60.00%	10.00%	30.00%
10000	90.00%	0.00%	10.00%

**ACS Inputs**

Density	UG	Buried	Aerial
0			
5			
100			
200			
650			
850			
2550			
5000			
10000			

**Copper Feeder Plant Mix, Juneau**

**FCC Inputs**

Density	UG	Buried	Aerial
0	5.00%	50.00%	45.00%
5	5.00%	50.00%	45.00%
100	5.00%	50.00%	45.00%
200	20.00%	40.00%	40.00%
650	40.00%	30.00%	30.00%
850	60.00%	25.00%	15.00%
2550	75.00%	15.00%	10.00%
5000	90.00%	5.00%	5.00%
10000	95.00%	0.00%	5.00%

**GCI Inputs**

Density	UG	Buried	Aerial
0	5.00%	50.00%	45.00%
5	5.00%	50.00%	45.00%
100	5.00%	50.00%	45.00%
200	20.00%	40.00%	40.00%
650	40.00%	30.00%	30.00%
850	60.00%	25.00%	15.00%
2550	75.00%	15.00%	10.00%
5000	90.00%	5.00%	5.00%
10000	95.00%	0.00%	5.00%

**ACS Inputs**

Density	UG	Buried	Aerial
0			
5			
100			
200			
650			
850			
2550			
5000			
10000			

**GCI's Input Pitches for FCC Model  
General Financial Inputs**

**Cost of Capital**

	FCC Inputs	GCI Inputs	ACS Inputs
Cost of Debt	8.80%	10.70%	
Cost of Equity	13.19%	16.50%	
Debt Fraction	44.20%	68.30%	

**Depreciation Rates**

Category	FCC Inputs		GCI Inputs		ACS Inputs	
	Life	Salvage	Life	Salvage	Life	Salvage
Motor Vehicles	8.24	10.4%	8.24	10.4%		
Garage Work Equipment	12.22	-5.6%	12.22	-5.6%		
Other Work Equipment	13.04	1.7%	13.04	1.7%		
Buildings	46.93	1.6%	46.93	1.6%		
Furniture	15.92	4.0%	15.92	4.0%		
Office Support Equipment	10.78	4.1%	10.78	4.1%		
Company Comm Equipment	7.40	2.5%	7.40	2.5%		
Computers	6.12	2.3%	6.12	2.3%		
Digital Switching	16.17	1.6%	16.17	1.6%		
Operator Systems	9.41	-0.4%	9.41	-0.4%		
Digital Circuit Equipment	10.24	-0.6%	10.24	-0.6%		
Public Telephone	7.60	5.1%	7.60	5.1%		
Poles	30.25	-90.0%	30.25	-90.0%		
Aerial Cable - Metallic	20.61	-23.0%	20.61	-23.0%		
Aerial Cable - Non-Metallic	26.14	-17.5%	26.14	-17.5%		
Underground - Metallic	25.00	-18.0%	25.00	-18.0%		
Underground - Non-Metallic	26.45	-14.6%	26.45	-14.6%		
Buried - Metallic	21.57	-8.4%	21.57	-8.4%		
Buried - Non-Metallic	25.91	-6.9%	25.91	-6.9%		
Intrabuilding - Metallic	18.18	-15.7%	18.18	-15.7%		
Intrabuilding - Non-Metallic	26.11	-10.4%	26.11	-10.4%		
Conduit Systems	56.19	-10.0%	56.19	-10.0%		

**GCI's Input Pitches for FCC Model  
General Financial Inputs**

**E/I Ratios, Fairbanks**

Category	FCC Inputs	GCI inputs	ACS Inputs
Network Support Investment	0.0276	0.0276	
General Support Investment	0.0906	0.0906	
COE (Digital)	0.0558	0.0558	
Circuit - DDS	0.0166	0.0166	
Circuit - other than DDS	0.0200	0.0200	
Poles	0.0219	0.0219	
Aerial Cable - metallic	0.0669	0.0669	
Aerial Cable - fiber	0.0073	0.0073	
Underground Cable - metallic	0.0210	0.0210	
Underground Cable - fiber	0.0084	0.0084	
Buried Cable - metallic	0.0446	0.0446	
Buried Cable - fiber	0.0061	0.0061	
Conduit Systems	0.0058	0.0058	

**Common Support (NID Fix), Fairbanks**

Values are \$ per Line per month

**FCC Values**

Category	Cost/ Line/ mo.	% Retail	UNE Cost
6510 Other Property, Plant, Equip	\$0.01		
6530 Network Operations	\$2.24		
6610 Marketing	\$1.56		
6620 Services	\$3.37		
6700 Executive, Planning, G&A	\$3.25		
<b>Total</b>	<b>\$10.43</b>		

**GCI Values**

Category	Cost/ Line/ mo.	% Retail	UNE Cost
6510 Other Property, Plant, Equip	\$0.01		\$0.01
6530 Network Operations	\$2.35		\$2.35
6610 Marketing	\$1.64	90.0%	\$0.16
6620 Services	\$3.53	90.0%	\$0.35
6700 Executive, Planning, G&A	\$3.41	21.6%	\$2.68
<b>Total</b>	<b>\$10.95</b>		<b>\$5.55</b>

Ratio to FCC: 1.05

**GCI's Input Pitches for FCC Model  
General Financial Inputs**

**ACS Values**

Category	Cost/ Line/ mo	% Retail	UNE Cost
6510 Other Property, Plant, Equip			\$0.00
6530 Network Operations			\$0.00
6610 Marketing			\$0.00
6620 Services			\$0.00
6700 Executive, Planning, G&A			\$0.00
<b>Total</b>	<b>\$0.00</b>		<b>\$0.00</b>

Ratio to FCC: 0.00

**Common Support (NID Fix), Juneau**

Values are \$ per Line per month

**FCC Values**

Category	Cost/ Line/ mo	% Retail	UNE Cost
6510 Other Property, Plant, Equip	\$0.02		
6530 Network Operations	\$2.47		
6610 Marketing	\$1.56		
6620 Services	\$3.10		
6700 Executive, Planning, G&A	\$3.52		
<b>Total</b>	<b>\$10.67</b>		

**GCI Values**

Category	Cost/ Line/ mo	% Retail	UNE Cost
6510 Other Property, Plant, Equip	\$0.02		\$0.02
6530 Network Operations	\$2.59		\$2.59
6610 Marketing	\$1.64	90.0%	\$0.16
6620 Services	\$3.26	90.0%	\$0.33
6700 Executive, Planning, G&A	\$3.69	18.9%	\$3.00
<b>Total</b>	<b>\$11.21</b>		<b>\$6.10</b>

Ratio to FCC: 1.05

**ACS Values**

Category	Cost/ Line/ mo	% Retail	UNE Cost
6510 Other Property, Plant, Equip			\$0.00
6530 Network Operations			\$0.00
6610 Marketing			\$0.00
6620 Services			\$0.00
6700 Executive, Planning, G&A			\$0.00
<b>Total</b>	<b>\$0.00</b>		<b>\$0.00</b>

Ratio to FCC: 0.00

**GCI's Input Pitches for FCC Model  
Unit Cost Inputs**

**DLC Costs, Fairbanks**

	FCC Input	GCI Input	Ratio to FCC	ACS Input	Ratio to FCC
2016 Line Fiber, Fixed	\$152,617	\$201,198	1.32		0.00
2016 Line Fiber, Variable	\$74.98	\$80.75	1.08		0.00
1344 Line Fiber, Fixed	\$107,225	\$146,786	1.37		0.00
1344 Line Fiber, Variable	\$74.98	\$80.75	1.08		0.00
672 Line Fiber, Fixed	\$97,443	\$130,727	1.34		0.00
672 Line Fiber, Variable	\$74.98	\$80.75	1.08		0.00
96 Line Fiber, Fixed	\$23,848	\$25,685	1.08		0.00
96 Line Fiber, Variable	\$87.30	\$94.02	1.08		0.00
24 Line Fiber, Fixed	\$19,881	\$21,412	1.08		0.00
24 Line Fiber, Variable	\$87.30	\$94.02	1.08		0.00
96 Line Copper, Fixed	\$23,848	\$25,685	1.08		0.00
96 Line Copper, Variable	\$87.30	\$94.02	1.08		0.00
24 Line Copper, Fixed	\$19,881	\$21,412	1.08		0.00
24 Line Copper, Variable	\$87.30	\$94.02	1.08		0.00
Site Preparation Cost	\$11,000	\$14,223	1.29		0.00

**DLC Costs, Juneau**

	FCC Input	GCI Input	Ratio to FCC	ACS Input	Ratio to FCC
2016 Line Fiber, Fixed	\$152,617	\$164,674	1.08		0.00
2016 Line Fiber, Variable	\$74.98	\$80.90	1.08		0.00
1344 Line Fiber, Fixed	\$107,225	\$115,696	1.08		0.00
1344 Line Fiber, Variable	\$74.98	\$80.90	1.08		0.00
672 Line Fiber, Fixed	\$97,443	\$105,141	1.08		0.00
672 Line Fiber, Variable	\$74.98	\$80.90	1.08		0.00
96 Line Fiber, Fixed	\$23,848	\$25,732	1.08		0.00
96 Line Fiber, Variable	\$87.30	\$94.20	1.08		0.00
24 Line Fiber, Fixed	\$19,881	\$21,452	1.08		0.00
24 Line Fiber, Variable	\$87.30	\$94.20	1.08		0.00
96 Line Copper, Fixed	\$23,848	\$25,732	1.08		0.00
96 Line Copper, Variable	\$87.30	\$94.20	1.08		0.00
24 Line Copper, Fixed	\$19,881	\$21,452	1.08		0.00
24 Line Copper, Variable	\$87.30	\$94.20	1.08		0.00
Site Preparation Cost	\$11,000	\$14,421	1.31		0.00

**Drop Cost**

	FCC Input	GCI Input	Ratio to FCC	ACS Input	Ratio to FCC
Drop Cost per Kilofeet	\$560	\$1,080	1.93		0.00

**GCI's Input Pitches for FCC Model  
Unit Cost Inputs**

**Network Interface Device (NID) Cost**

	FCC Input	GCI Input	Ratio to FCC	ACS Input	Ratio to FCC
NID Cost	\$39.50	\$46.45	1.18		0.00

**Duct Cost per Kilofeet**

	FCC Input	GCI Input	Ratio to FCC	ACS Input	Ratio to FCC
Duct Cost per Kilofeet	\$720	\$990	1.38		0.00

**Switching Costs, Fairbanks**

	FCC Input	GCI Input	Ratio to FCC	ACS Input	Ratio to FCC
<b>Host / Standalone</b>					
Fixed Cost	\$486,700	\$525,636	1.08		0.00
Per Line	\$87	\$94	1.08		0.00
<b>Remote</b>					
Fixed Cost	\$161,800	\$174,744	1.08		0.00
Per Line	\$87	\$94	1.08		0.00

**Switching Costs, Juneau**

	FCC Input	GCI Input	Ratio to FCC	ACS Input	Ratio to FCC
<b>Host / Standalone</b>					
Fixed Cost	\$486,700	\$525,636	1.08		0.00
Per Line	\$87	\$94	1.08		0.00
<b>Remote</b>					
Fixed Cost	\$161,800	\$174,744	1.08		0.00
Per Line	\$87	\$94	1.08		0.00

**GCI's Input Pitches for FCC Model  
Unit Cost Inputs**

**Manhole Costs, Fairbanks**

	FCC Input	GCI Input	Ratio to FCC	ACS Input	Ratio to FCC
<b>Normal</b>					
2 Ducts	\$1,437	\$1,738	1.21		0.00
4 Ducts	\$4,472	\$5,412	1.21		0.00
9 Ducts	\$5,176	\$6,263	1.21		0.00
99 Ducts	\$3,070	\$3,715	1.21		0.00
<b>Soft Rock</b>					
2 Ducts	\$1,512	\$1,829	1.21		0.00
4 Ducts	\$4,652	\$5,629	1.21		0.00
9 Ducts	\$5,336	\$6,457	1.21		0.00
99 Ducts	\$3,150	\$3,812	1.21		0.00
<b>Hard Rock</b>					
2 Ducts	\$1,587	\$1,920	1.21		0.00
4 Ducts	\$4,832	\$5,847	1.21		0.00
9 Ducts	\$5,496	\$6,650	1.21		0.00
99 Ducts	\$3,230	\$3,908	1.21		0.00

**Manhole Costs, Juneau**

	FCC Input	GCI Input	Ratio to FCC	ACS Input	Ratio to FCC
<b>Normal</b>					
2 Ducts	\$1,437	\$1,753	1.22		0.00
4 Ducts	\$4,472	\$5,456	1.22		0.00
9 Ducts	\$5,176	\$6,315	1.22		0.00
99 Ducts	\$3,070	\$3,745	1.22		0.00
<b>Soft Rock</b>					
2 Ducts	\$1,512	\$1,844	1.22		0.00
4 Ducts	\$4,652	\$5,676	1.22		0.00
9 Ducts	\$5,336	\$6,510	1.22		0.00
99 Ducts	\$3,150	\$3,843	1.22		0.00
<b>Hard Rock</b>					
2 Ducts	\$1,587	\$1,936	1.22		0.00
4 Ducts	\$4,832	\$5,896	1.22		0.00
9 Ducts	\$5,496	\$6,705	1.22		0.00
99 Ducts	\$3,230	\$3,941	1.22		0.00

**GCI's Input Pitches for FCC Model  
Unit Cost Inputs**

**Drop Terminal, Fairbanks**

	FCC Input	GCI Input	Ratio to FCC	ACS Input	Ratio to FCC
<b>Buried</b>					
1 pair	\$133	\$164	1.23		0.00
6	\$157	\$193	1.23		0.00
12	\$441	\$543	1.23		0.00
25	\$451	\$555	1.23		0.00
50	\$220	\$271	1.23		0.00
100	\$333	\$410	1.23		0.00
200	\$665	\$819	1.23		0.00
400	\$1,331	\$1,638	1.23		0.00
600	\$1,996	\$2,457	1.23		0.00
900	\$2,770	\$3,410	1.23		0.00
1200	\$3,993	\$4,915	1.23		0.00
1800	\$5,539	\$6,819	1.23		0.00
2400	\$7,536	\$9,277	1.23		0.00
3600	\$11,079	\$13,638	1.23		0.00
5400	\$16,618	\$20,457	1.23		0.00
7200	\$21,708	\$26,723	1.23		0.00
<b>Aerial</b>					
1 pair	\$70	\$87	1.23		0.00
6	\$96	\$118	1.23		0.00
12	\$132	\$162	1.23		0.00
25	\$216	\$266	1.23		0.00
50	\$220	\$271	1.23		0.00
100	\$333	\$410	1.23		0.00
200	\$665	\$819	1.23		0.00
400	\$1,331	\$1,638	1.23		0.00
600	\$1,996	\$2,457	1.23		0.00
900	\$2,770	\$3,410	1.23		0.00
1200	\$3,993	\$4,915	1.23		0.00
1800	\$5,539	\$6,819	1.23		0.00
2400	\$7,536	\$9,277	1.23		0.00
3600	\$11,079	\$13,638	1.23		0.00
5400	\$16,618	\$20,457	1.23		0.00
7200	\$21,708	\$26,723	1.23		0.00
<b>Underground</b>					
1 pair	\$133	\$164	1.23		0.00
6	\$157	\$193	1.23		0.00
12	\$441	\$543	1.23		0.00
25	\$451	\$555	1.23		0.00
50	\$220	\$271	1.23		0.00
100	\$333	\$410	1.23		0.00
200	\$665	\$819	1.23		0.00
400	\$1,331	\$1,638	1.23		0.00
600	\$1,996	\$2,457	1.23		0.00
900	\$2,770	\$3,410	1.23		0.00
1200	\$3,993	\$4,915	1.23		0.00
1800	\$5,539	\$6,819	1.23		0.00
2400	\$7,536	\$9,277	1.23		0.00
3600	\$11,079	\$13,638	1.23		0.00
5400	\$16,618	\$20,457	1.23		0.00
7200	\$21,708	\$26,723	1.23		0.00

**GCI's Input Pitches for FCC Model  
Unit Cost Inputs**

**Drop Terminal, Juneau**

	FCC Input	GCI Input	Ratio to FCC	ACS Input	Ratio to FCC
<b>Buried</b>					
1 pair	\$133	\$166	1.24		0.00
6	\$157	\$195	1.24		0.00
12	\$441	\$548	1.24		0.00
25	\$451	\$561	1.24		0.00
50	\$220	\$274	1.24		0.00
100	\$333	\$414	1.24		0.00
200	\$665	\$827	1.24		0.00
400	\$1,331	\$1,656	1.24		0.00
600	\$1,996	\$2,483	1.24		0.00
900	\$2,770	\$3,446	1.24		0.00
1200	\$3,993	\$4,967	1.24		0.00
1800	\$5,539	\$6,891	1.24		0.00
2400	\$7,536	\$9,375	1.24		0.00
3600	\$11,079	\$13,782	1.24		0.00
5400	\$16,618	\$20,673	1.24		0.00
7200	\$21,708	\$27,005	1.24		0.00
<b>Aerial</b>					
1 pair	\$70	\$88	1.24		0.00
6	\$96	\$119	1.24		0.00
12	\$132	\$164	1.24		0.00
25	\$216	\$269	1.24		0.00
50	\$220	\$274	1.24		0.00
100	\$333	\$414	1.24		0.00
200	\$665	\$827	1.24		0.00
400	\$1,331	\$1,656	1.24		0.00
600	\$1,996	\$2,483	1.24		0.00
900	\$2,770	\$3,446	1.24		0.00
1200	\$3,993	\$4,967	1.24		0.00
1800	\$5,539	\$6,891	1.24		0.00
2400	\$7,536	\$9,375	1.24		0.00
3600	\$11,079	\$13,782	1.24		0.00
5400	\$16,618	\$20,673	1.24		0.00
7200	\$21,708	\$27,005	1.24		0.00
<b>Underground</b>					
1 pair	\$133	\$166	1.24		0.00
6	\$157	\$195	1.24		0.00
12	\$441	\$548	1.24		0.00
25	\$451	\$561	1.24		0.00
50	\$220	\$274	1.24		0.00
100	\$333	\$414	1.24		0.00
200	\$665	\$827	1.24		0.00
400	\$1,331	\$1,656	1.24		0.00
600	\$1,996	\$2,483	1.24		0.00
900	\$2,770	\$3,446	1.24		0.00
1200	\$3,993	\$4,967	1.24		0.00
1800	\$5,539	\$6,891	1.24		0.00
2400	\$7,536	\$9,375	1.24		0.00
3600	\$11,079	\$13,782	1.24		0.00
5400	\$16,618	\$20,673	1.24		0.00
7200	\$21,708	\$27,005	1.24		0.00

GCI's Input Pitches for FCC Model  
Unit Cost Inputs

SAI, Fairbanks

	FCC Input	GCI Input	Ratio to FCC	ACS Input	Ratio to FCC
<b>Outdoor</b>					
1 pair	\$151	\$169	1.12		0.00
50	\$562	\$628	1.12		0.00
100	\$787	\$880	1.12		0.00
200	\$1,349	\$1,508	1.12		0.00
400	\$2,248	\$2,513	1.12		0.00
600	\$3,147	\$3,518	1.12		0.00
900	\$4,271	\$4,775	1.12		0.00
1200	\$5,395	\$6,032	1.12		0.00
1800	\$7,644	\$8,546	1.12		0.00
2400	\$9,667	\$10,808	1.12		0.00
3600	\$13,489	\$15,081	1.12		0.00
5400	\$18,434	\$20,609	1.12		0.00
7200	\$22,481	\$25,134	1.12		0.00
9000	\$30,125	\$33,680	1.12		0.00
10800	\$35,970	\$40,214	1.12		0.00
12600	\$40,915	\$45,743	1.12		0.00
14400	\$44,962	\$50,268	1.12		0.00
16200	\$52,606	\$58,814	1.12		0.00
18000	\$58,451	\$65,348	1.12		0.00
19800	\$63,396	\$70,877	1.12		0.00
21600	\$67,443	\$75,401	1.12		0.00
23400	\$75,087	\$83,947	1.12		0.00
25200	\$80,932	\$90,482	1.12		0.00
27000	\$85,877	\$96,010	1.12		0.00
28800	\$89,924	\$100,535	1.12		0.00
<b>Indoor</b>					
1 pair	\$151	\$169	1.12		0.00
50	\$220	\$246	1.12		0.00
100	\$333	\$372	1.12		0.00
200	\$665	\$743	1.12		0.00
400	\$1,331	\$1,488	1.12		0.00
600	\$1,996	\$2,232	1.12		0.00
900	\$2,770	\$3,097	1.12		0.00
1200	\$3,993	\$4,464	1.12		0.00
1800	\$5,539	\$6,193	1.12		0.00
2400	\$7,536	\$8,425	1.12		0.00
3600	\$11,079	\$12,386	1.12		0.00
5400	\$16,618	\$18,579	1.12		0.00
7200	\$21,708	\$24,270	1.12		0.00
9000	\$27,247	\$30,462	1.12		0.00
10800	\$32,787	\$36,656	1.12		0.00
12600	\$38,326	\$42,848	1.12		0.00
14400	\$43,416	\$48,539	1.12		0.00
16200	\$48,955	\$54,732	1.12		0.00
18000	\$54,495	\$60,925	1.12		0.00
19800	\$60,034	\$67,118	1.12		0.00
21600	\$65,124	\$72,809	1.12		0.00
23400	\$70,663	\$79,001	1.12		0.00
25200	\$76,203	\$85,195	1.12		0.00
27000	\$81,742	\$91,368	1.12		0.00
28800	\$86,832	\$97,078	1.12		0.00

GCI's Input Pitches for FCC Model  
Unit Cost Inputs

SAI, Juneau

	FCC Input	GCI Input	Ratio to FCC	ACS Input	Ratio to FCC
<b>Outdoor</b>					
1 pair	\$151	\$169	1.12		0.00
50	\$562	\$631	1.12		0.00
100	\$787	\$884	1.12		0.00
200	\$1,349	\$1,515	1.12		0.00
400	\$2,248	\$2,525	1.12		0.00
600	\$3,147	\$3,534	1.12		0.00
900	\$4,271	\$1,796	1.12		0.00
1200	\$5,395	\$6,059	1.12		0.00
1800	\$7,644	\$8,584	1.12		0.00
2400	\$9,667	\$10,856	1.12		0.00
3600	\$13,489	\$15,148	1.12		0.00
5400	\$18,434	\$20,701	1.12		0.00
7200	\$22,481	\$25,246	1.12		0.00
9000	\$30,125	\$33,830	1.12		0.00
10800	\$35,970	\$40,394	1.12		0.00
12600	\$40,915	\$45,948	1.12		0.00
14400	\$44,962	\$50,492	1.12		0.00
16200	\$52,606	\$59,077	1.12		0.00
18000	\$58,451	\$65,640	1.12		0.00
19800	\$63,396	\$71,194	1.12		0.00
21600	\$67,443	\$75,738	1.12		0.00
23400	\$75,087	\$84,323	1.12		0.00
25200	\$80,932	\$90,887	1.12		0.00
27000	\$85,877	\$96,440	1.12		0.00
28800	\$89,924	\$100,985	1.12		0.00
<b>Indoor</b>					
1 pair	\$151	\$169	1.12		0.00
50	\$220	\$247	1.12		0.00
100	\$333	\$374	1.12		0.00
200	\$665	\$747	1.12		0.00
400	\$1,331	\$1,495	1.12		0.00
600	\$1,996	\$2,242	1.12		0.00
900	\$2,770	\$3,111	1.12		0.00
1200	\$3,993	\$4,484	1.12		0.00
1800	\$5,539	\$6,220	1.12		0.00
2400	\$7,536	\$8,463	1.12		0.00
3600	\$11,079	\$12,442	1.12		0.00
5400	\$16,618	\$18,662	1.12		0.00
7200	\$21,708	\$24,378	1.12		0.00
9000	\$27,247	\$30,598	1.12		0.00
10800	\$32,787	\$36,820	1.12		0.00
12600	\$38,326	\$43,040	1.12		0.00
14400	\$43,416	\$48,756	1.12		0.00
16200	\$48,955	\$54,976	1.12		0.00
18000	\$54,495	\$61,198	1.12		0.00
19800	\$60,034	\$67,418	1.12		0.00
21600	\$65,124	\$73,134	1.12		0.00
23400	\$70,663	\$79,355	1.12		0.00
25200	\$76,203	\$85,576	1.12		0.00
27000	\$81,742	\$91,796	1.12		0.00
28800	\$86,832	\$97,512	1.12		0.00

## **II. Support Documentation**

## GCI's Input Pitches, Support Documentation

June 12, 2000

This document provides backup documentation for the set of model inputs that GCI is "pitching" in the U-99-141/142/143 local interconnection arbitration. The actual input values are presented in a twelve page spreadsheet in the "Input Values" section. For cost inputs expressed in dollars, the spreadsheet document also shows the ratio of the "pitched" GCI input value to the corresponding FCC model default value.

Most of the GCI inputs were arrived at via one of three methods (exceptions are listed in the *Input Value Details* section):

- 1) Accept FCC Default Values:** For network engineering inputs and some financial ratio inputs, GCI saw no convincing reason or credible evidence to deviate from the default FCC input values.
- 2) Adjust FCC Defaults for Labor and Material Cost Differences between Alaska and the Lower-48:** For many unit cost inputs, GCI performed an adjustment to the input value that accounts for labor and material cost differences between Alaska and the Lower-48 states. The mechanics of that adjustment is explained in a section below.
- 3) Actual GCI Costs:** For some cost inputs, actual GCI cost data was available and deemed to be representative of the costs of an efficient provider. The cost data was used to develop a model input value.

### *Adjusting FCC Default Cost Values for Alaska Labor and Material Cost Differences*

Method 2 listed above involves adjusting an FCC cost value to account for labor and material cost differences for Alaska relative to the Lower-48. Labor rates were estimated to be higher in Alaska relative to the Lower-48 according to the table below:

Labor Type	Labor Cost Increase relative to Lower-48
Common Support Costs, assumed to be performed in Anchorage	5%
Telephone Plant Construction in Fairbanks	32%
Telephone Plant Construction in Juneau	34%

**Table 1:** Labor Cost Differences.  
Source of data: Exhibit 66, Rcd at 1433-34.

In cases where ACS is proposing the same cost inputs for Fairbanks and Juneau, we also are proposing no cost difference, assuming a 33% labor adjustment, the average of the Fairbanks and Juneau adjustments.

Material cost differences in Alaska relative to the Lower-48 were assumed to be due to extra shipping costs. For most items, a 5% increase was applied; for manholes, a 10% increase was used due to a higher weight to value ratio. Exhibits 67 and 68 provide support for these material cost adjustments (see Rcd at 1435-1437). Note that Exhibit 68 shows *total* shipping costs of a DLC and therefore is an overestimate of the extra shipping costs to Alaska relative to the Lower-48.

The last piece of information needed to make the cost adjustment is the ratio of material and labor cost in a particular FCC input value. This ratio was estimated for each input type by examining cost data presented by GCI and ACS during the hearings.

An example adjustment is shown below for the cost of a NID. The FCC default value cost is \$39.50 and is estimated to be 55% material and 45% labor. The Alaska material cost adjustment applied is 5%, and the Alaska labor cost adjustment applied is 33% (average of Fairbanks and Juneau).

$$\text{Material Cost Component} = \$39.50 \times 55\% \times 1.05 = \$22.81$$

$$\text{Labor Cost Component} = \$39.50 \times 45\% \times 1.33 = \$23.64$$

$$\text{Total Adjusted Cost} = \$22.81 + \$23.64 = \$46.45$$

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### Input Value Details

The section below gives details documenting how each one of the pitched input values was developed. The page numbers in parentheses indicate where the input appears in the "Input Values" spreadsheet.

#### ***Network Engineering Values (p. 1-4)***

This includes Fill Factors, Plant Mix, Maximum Copper Loop Length, and Copper Cable Gauge Crossover Distance. GCI uses *Method 1* and pitches all of these inputs at the FCC default levels.

#### ***Cost of Capital (p. 5)***

For purposes of the pitch, GCI adopts the ACS proposed cost of debt (10.7%) and the ACS proposed cost of Equity (16.5%) but pitches the *actual* ACS debt fraction (capital structure), as indicated by the official ACS 10-Q report for the quarter ending 3/31/2000, confirmed by ACS witness Hemmenway, Rcd. at 1169. That debt fraction is 68.3%, when adjusted for the cash on hand.

#### ***Depreciation Rates and E/I Ratios (p. 5-6)***

GCI uses *Method 1* and pitches these inputs at FCC default levels.

***Common Support Costs, alias "NID Fix" (p. 6-7)***

The FCC developed a regression model to determine the \$7.32 per line per month Common Support Cost used for USF modeling. GCI used that same regression model to determine the Common Support Costs appropriate for UNE rate determination. After determining suitable cost values from the model, the costs were *adjusted upwards by 5%* to account for the higher labor costs present in Anchorage relative to the Lower-48. The Anchorage labor cost differential was used because most of the Common Support activities for ACS will occur in Anchorage, the headquarters office. Other details of the calculation are listed below:

- The costs associated with special access lines and toll were incorporated into the UNE costs through proper use of the FCC regression model.
- Because of difficulties in getting line count data from ACS, as described in the next bullet, GCI is pitching *per line* values for the Common Support costs, instead of total dollar values. The per line values can easily be converted into total dollar amounts when reasonable line counts are determined.
- The FCC regression model requires inputs as to the % of total lines that are switched, the % of total lines that are special access, and the number of toll minutes per line. These inputs were addressed by a settlement between GCI and ACS; however, ACS could not provide believable values for these inputs prior to the deadline for this pitch. Therefore, GCI estimates for these values were made for purposes of the pitch. If the GCI pitch is selected, we will substitute reliable line count and toll minute data into our common support model when they become available and adjust the common support cost figure accordingly.
- The FCC regression model did not estimate Marketing Costs, account 6610, as a separate Marketing Cost study was used for USF purposes. To determine the Marketing Cost component of Common Support costs, GCI averaged the per line Marketing costs for all of the utilities included in the FCC analysis. This data was provided by ACS on Exhibit 30. The resulting Marketing cost was \$1.56 per line per month.
- The adjustments performed by the FCC for one-time and non-recurring costs were adopted in the GCI pitch, reducing Network Operations costs, account 6530, by 2.6% and reducing Executive, Planning, and G&A costs, account 6700, by 20%.
- Both ACS and GCI agreed that retail costs must be removed from the Common Support costs for purposes of determining UNE rates. GCI removed retail costs from the FCC-determined Common Support costs by using the same assumptions used by the FCC to determine their default Wholesale discount rates. The FCC determined that 90% of Marketing costs, account 6610, are avoidable and 90% of Services expenses are avoidable, account 6620. Because reduction of direct retail expenses causes a reduction in indirect expenses, some of the costs in the indirect account,

account 6700, should also be removed. By analyzing the ARMIS data, GCI determined the ratio of expenses in the 6700 account to all other operating expenses. That ratio of 0.158 was used to remove the appropriate amount of 6700 expense associated with avoided direct retail expenses.

A four page spreadsheet is included in the "Common Support Cost Calculations" section documenting a number of these calculations.

### ***DLC Costs (p. 8)***

DLC costs were determined using *Method 2* plus an adjustment for including the cost of a hut for the 3 largest DLC sizes in Fairbanks. The following parameters were used to adjust the FCC default values:

For the fixed and per line DLC costs, material was assumed to be 90% of the total FCC default cost. For the site preparation cost, material was assumed to 10% and labor 90% of the cost.

Alaska material cost adjustment = 5%  
Fairbanks labor cost adjustment = 32%  
Juneau labor cost adjustment = 34%

The cost of a hut was included for the 2016 line, 1344 line, and 672 line DLCs in Fairbanks. However, a number of adjustments were made to the Hut costs proposed by ACS.

First, the power supply (battery/rectifier for the DLC) and MDF costs were removed from the Hut costs because the DLC costs already include all equipment sufficient for operation in a normal climate; the hut is only is required to warm the environment around the DLC.

The land cost included in the ACS hut cost was reduced by 45%, because the model will inappropriately apply the relatively high DLC annual charge factor to this cost to determine its annual cost. An appropriate annual charge factor for land is about 45% less than the annual charge factor for a DLC, because land does not depreciate in value (it appreciates in value) and has low maintenance cost. To cause the model to produce the correct annual cost for land entered as part of a DLC cost, the land's capital cost needs to be reduced by 45%.

ACS testified that the hut they priced could hold three of the 672 line DLC units (Rcd at 695). Thus, the hut is oversized for a DLC smaller than the 2016 line unit. We made adjustments to the cost of the building, land, and cost of setting the building for the 1344 line DLC and the 672 line DLC. We removed 15% of those costs for the 1344 line DLC and 30% of those costs for the 672 line unit.

GCI's hut cost estimates are detailed in the "DLC Hut Cost Calculation" section.

### ***Drop Cost (p. 8)***

*Method 3* was used to determine this input pitch. GCI assumed that 30% of the drops would be aerial and 70% buried, consistent with the FCC default distribution plant mix. From ACS cost exhibits with removal of 2/3 of the warehousing cost, drop cable material costs \$0.21 per foot.

For the aerial drops, assume 70 feet is the average length. Gary Haynes for GCI testified that the labor for an aerial drop costs \$38.50 (Rcd at 770) or  $\$38.50 / 70' = \$0.55$  per foot. Total cost for an aerial drop =  $\$0.21/\text{foot material} + \$0.55/\text{foot installation} = \$0.76 / \text{foot}$ .

For buried drops, Gary Haynes testified (Rcd at 769) that installation costs \$1.00 per foot. Total cost for a buried drop =  $\$0.21/\text{foot material} + \$1.00/\text{foot installation} = \$1.21 / \text{foot}$ .

Weighting the Aerial and Buried together:  $\$0.76/\text{foot} \times 30\% + \$1.21/\text{foot} \times 70\% = \$1.08 / \text{foot}$  or \$1,080 per kilofoot.

This calculation ignored the economies that could be realized by the ability to share a drop trench with other utilities (a trench sometimes paid for by the home builder).

#### ***Network Interface Device (NID) (p. 9)***

Method 2 was used with the following parameters: 55% of the FCC default value was estimated to be material, 45% labor.

Alaska material cost adjustment = 5%

Alaska labor cost adjustment = 33% (average of Fairbanks and Juneau)

#### ***Duct Cost per Kilofeet (p. 9)***

Method 3, GCI actual cost, was used to determine this input. Kurt Anderson testified that the cost of an inch and a quarter innerduct is \$0.33 per foot, and GCI typically places three of these ducts (Rcd at 725 and 716). GCI's cost input is based on this data:  $3 \text{ ducts} \times \$0.33 / \text{duct} / \text{foot} = \$0.99 / \text{foot}$  or \$990 per kilofoot.

#### ***Switching Costs (p. 9)***

On Exhibit #79, GCI demonstrated that use of the FCC default switching cost inputs produced a cost estimate for a GCI remote switch in Anchorage that was 8% lower than actual cost. Accordingly, we have adjusted upward by 8% the FCC default switching cost inputs.

It is worth noting that Method 2 also results in an 8% upward adjustment of the FCC input values with the following parameters: 90% material and 10% labor fraction; 5% material cost adjustment; 33% labor cost adjustment.

#### ***Manhole Costs (p. 10)***

Method 2 was used to develop input values using the following parameters: 50% of the FCC default cost was estimated to be material cost, 50% labor.

Alaska material cost adjustment = 10% (due to heavy weight)

Fairbanks labor cost adjustment = 32%

Juneau labor cost adjustment = 34%

***Drop Terminal (p. 11-12)***

*Method 2* was used to develop input values using the following parameters:

33% of the FCC default cost was estimated to be material cost, 67% labor.

Alaska material cost adjustment = 5%

Fairbanks labor cost adjustment = 32%

Juneau labor cost adjustment = 34%

***SAI (p. 13-14)***

*Method 2* was used to develop input values using the following parameters:

75% of the FCC default cost was estimated to be material cost, 25% labor.

Alaska material cost adjustment = 5%

Fairbanks labor cost adjustment = 32%

Juneau labor cost adjustment = 34%

### **III. Common Support Cost Calculations**

**NID Fix, FCC default values for Fairbanks and Juneau**

**PTICA, Fairbanks**

Inputs to Common Support Cost Model for Fairbanks	Switched /	Special / Total	Toll DEMs /						RESULTS
	Total Access		Total Access						
	Lines	Access Lines	Lines/ Year						
			(,000)						
	85.6%	14.4%	3.86						
	FCC's Model Coefficients, \$,000/year/line			\$ / line /	FCC	Adj. \$ /	RESULTS		
				year	Adjustment	line /year	\$ / line /	month	
6510 Other Property, Plant & Equipment	-0.000572639	-0.0017271	0.000209892	\$0.07		\$0.07	\$ / line /	\$0.01	
6530 Network Operations	0.018205306	0.01298475	0.00262234	\$27.58	-2.60%	\$26.86	\$ / line /	\$2.24	
6610 Marketing	NA	NA	NA	\$18.77		\$18.77	\$ / line /	\$1.56	
6620 Service Expense / Customer Operations	0.043462398	0.002989898	0.000712204	\$40.39		\$40.39	\$ / line /	\$3.37	
6700 Executive, Planning, General & Administrative	0.032645467	0.006433055	0.005152392	\$48.76	-20%	\$39.01	\$ / line /	\$3.25	

**TUA, Juneau**

Inputs to Common Support Cost Model for Juneau	Switched /	Special / Total	Toll DEMs /						RESULTS	
	Total Access		Total Access							
	Lines	Access Lines	Lines/ Year							
			(,000)							
	75.5%	24.5%	5.15							
	FCC's Model Coefficients, \$,000/year/line			\$ / line /	FCC	Adj. \$ /	RESULTS			
				year	Adjustment	line /year	\$ / line /	month		
6510 Other Property, Plant & Equipment	-0.000572639	-0.0017271	0.000209892	\$0.23		\$0.23	\$ / line /	\$0.02		
6530 Network Operations	0.018205306	0.01298475	0.00262234	\$30.44	-2.60%	\$29.65	\$ / line /	\$2.47		
6610 Marketing	NA	NA	NA	\$18.77		\$18.77	\$ / line /	\$1.56		
6620 Service Expense / Customer Operations	0.043462398	0.002989898	0.000712204	\$37.21		\$37.21	\$ / line /	\$3.10		
6700 Executive, Planning, General & Administrative	0.032645467	0.006433055	0.005152392	\$52.77	-20%	\$42.22	\$ / line /	\$3.52		

These inputs will be adjusted when reliable line count and DEM data are provided by ACS

## Marketing Expense, 6610

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From Exhibit #30

6610 Marketing	Total Lines	Marketing / Line / month
373,065	23,450,409	\$1.33
309,713	13,002,461	\$1.98
217,196	12,152,412	\$1.49
192,078	8,689,330	\$1.84
148,450	7,612,830	\$1.62
93,550	7,382,443	\$1.06
83,687	7,059,090	\$0.99
159,258	6,389,812	\$2.08
114,023	5,002,700	\$1.90
100,223	5,093,408	\$1.64
136,384	5,375,278	\$2.11
119,953	5,069,959	\$1.97
62,065	4,149,290	\$1.25
53,698	4,206,337	\$1.06
81,878	3,890,602	\$1.75
61,549	3,179,990	\$1.61
58,432	3,059,097	\$1.59
65,089	3,230,499	\$1.68
84,317	3,591,665	\$1.96
58,323	2,826,579	\$1.72
47,963	2,602,249	\$1.54
76,929	3,441,896	\$1.86
48,480	2,279,654	\$1.77
44,324	2,334,469	\$1.58
73,183	3,173,708	\$1.92
42,454	2,184,724	\$1.62
58,323	2,648,665	\$1.83
56,139	2,651,335	\$1.76
35,039	2,372,655	\$1.23
9,632	1,300,304	\$0.62
32,091	1,643,866	\$1.63
43,086	1,975,540	\$1.82
25,087	1,426,366	\$1.47
35,007	1,754,346	\$1.66
45,132	1,986,402	\$1.89
23,375	1,368,096	\$1.42
25,968	1,060,331	\$2.04
19,321	1,304,502	\$1.23
35,088	1,645,651	\$1.78
23,658	1,230,108	\$1.60
20,943	1,119,285	\$1.56
31,089	1,525,736	\$1.70
17,346	1,255,914	\$1.15
13,651	909,393	\$1.25
26,613	1,045,306	\$2.12
20,432	972,555	\$1.75

20,156	960,267	\$1.75
23,432	1,023,813	\$1.91
15,992	893,359	\$1.49
14,044	744,844	\$1.57
20,708	816,555	\$2.11
16,914	837,263	\$1.68
17,020	734,545	\$1.93
9,594	691,515	\$1.16
12,297	721,333	\$1.42
11,359	633,364	\$1.49
13,425	1,259,526	\$0.89
13,836	566,009	\$2.04
1,914	910,753	\$0.18
14,222	679,337	\$1.74
11,261	710,389	\$1.32
10,952	533,054	\$1.71
9,123	481,628	\$1.58
9,448	436,763	\$1.80
7,456	369,390	\$1.68
6,224	640,237	\$0.81
9,634	464,603	\$1.73
4,105	367,335	\$0.93
6,065	417,713	\$1.21
4,526	333,273	\$1.13
7,842	402,686	\$1.62
6,660	307,900	\$1.80
6,179	444,643	\$1.16
6,361	384,441	\$1.38
3,780	297,927	\$1.06
4,685	230,493	\$1.69
2,405	229,416	\$0.87
4,598	173,096	\$2.21
3,345	120,957	\$2.30
2,000	130,863	\$1.27
	Average:	\$1.56 per line

## Lines and Toll Minute Estimates

GCI developed the following estimates for Switched %, Special %, and Toll minutes per line to be used until ACS produces accurate line and minute data for Fairbanks and Juneau.

### Fairbanks

Year	Switched Lines	Special Lines	Toll Minutes	Switched %	Special %	Toll Mins / Line (000s per yr)
1998	38,975	2,046	175,721,327	95.0%	5.0%	4.28
1999	42,922	11,710	193,516,634	78.6%	21.4%	3.54
Average	40,949	6,878	184,618,980	85.6%	14.4%	3.86

All of TUA (we assume that the ratios are the same for Juneau)

Year	Switched Lines	Special Lines	Toll Minutes	Switched %	Special %	Toll Mins / Line (000s per yr)
1998	31,055	1,652	212,053,702	94.9%	5.1%	6.48
1999	33,296	19,261	227,355,983	63.4%	36.6%	4.33
Average	32,176	10,457	219,704,843	75.5%	24.5%	5.15

## **IV. DLC Hut Cost Calculation**

## DLC Hut Costs

	ACS Hut	GCI Hut Estimate		
		Line Capacity		
		2016	1344	672
Building	\$27,225	\$27,225	\$23,141	\$19,058
Land	\$8,280	\$4,554	\$3,871	\$3,188
Set building	\$5,050	\$5,050	\$4,293	\$3,535
MDF	\$3,800	\$0	\$0	\$0
Power supply	\$15,034	\$0	\$0	\$0
	\$59,389	\$36,829	\$31,305	\$25,780

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Notice: This opinion is subject to correction before publication in the Pacific Reporter. Readers are requested to bring errors to the attention of the Clerk of the Appellate Courts, 303 K Street, Anchorage, Alaska 99501, phone (907) 264-0608, fax (907) 264-0878.

THE SUPREME COURT OF THE STATE OF ALASKA

CHUGACH ELECTRIC	)	
ASSOCIATION., INC.,	)	
	)	Supreme Court No. S-9692
Appellant,	)	
	)	Superior Court No.
v.	)	3AN-98-11584 CI
	)	
REGULATORY COMMISSION OF	)	<u>OPINION</u>
ALASKA and MUNICIPALITY OF	)	
ANCHORAGE d/b/a MUNICIPAL	)	[No. 5585 - June 21, 2002]
LIGHT & POWER,	)	
	)	
Appellees.	)	

Appeal from the Superior Court of the State of Alaska, Third Judicial District, Anchorage, Sen K. Tan, Judge.

Appearances: Andrew F. Behrend, Heller Ehrman White & McAuliffe, Anchorage; Michael C. Dotten, Heller Ehrman White & McAuliffe, Portland; and Donald W. Edwards, Chugach Electric Association, Anchorage, for Appellant. Ron Zobel, Assistant Attorney General, Clyde E. Sniffen, Jr., Assistant Attorney General, Anchorage, and Bruce M. Botelho, Attorney General, Juneau, for Appellee Regulatory Commission of Alaska. Paul J. Jones, Assistant Municipal Attorney, and William A. Greene, Municipal Attorney, Anchorage, for Appellee Municipality of Anchorage d/b/a Municipal Light & Power.

Before: Fabe, Chief Justice, Matthews, Eastaugh, Bryner, and Carpeneti, Justices.

NOTICE TO COUNSEL: This opinion will be released to the press and public at 12:30 p.m. (Anch. time) on the date indicated. This copy is provided to counsel of record in advance. Prior to the release time, please do not inform persons other than your clients in this case of the outcome.

Clerk of the Appellate Courts

CARPENETI, Justice.

## I. INTRODUCTION

This case requires us to determine whether an electric utility that supplies electric service within a specific geographic area pursuant to a certificate of public convenience and necessity must obtain regulatory commission approval before selling power outside its assigned geographic area. Because AS 42.05.221(a) requires a utility to obtain an additional certificate for each type of utility service it provides and because the appellant in this case did not obtain such a certificate, we affirm the decision of the Regulatory Commission of Alaska.

## II. FACTS AND PROCEEDINGS

Chugach Electric Association, Inc. (Chugach) is an electric utility that has received a certificate of public convenience and necessity from the Regulatory Commission of Alaska<sup>1</sup> (commission) to supply electric service to consumers within a specific geographic area. Anchorage Municipal Light and Power (ML&P) is also a public utility authorized to provide electric service to consumers under a certificate of public convenience and necessity.

In the fall of 1997, Chugach offered to sell electricity directly to two commercial customers who were requesting it from Chugach. Because these customers were located in the service area designated for ML&P, Chugach offered to compensate ML&P for distributing the electricity as well as metering and related services<sup>2</sup> at a rate

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<sup>1</sup> In 1999 the name of the Alaska Public Utilities Commission was changed to the Regulatory Commission of Alaska in accordance with ch. 25, § 30(a), SLA 1999.

<sup>2</sup> ML&P had already established its right to provide distribution service in the geographic area involved in this case. *Alaska Pub. Utils. Comm'n v. Chugach Elec. Ass'n*, 580 P.2d 687 (Alaska 1978), *rev'd on other grounds by City & Borough of Juneau* (continued...)

to be determined by the commission.

ML&P responded to Chugach's offer by filing a complaint with the commission alleging that Chugach was violating Alaska law by attempting to serve customers outside its geographic area. ML&P asked the commission to enjoin Chugach from providing electricity outside that area. Chugach, allowed to intervene, maintained that although ML&P had a lawful monopoly over distribution services<sup>3</sup> in the area, it did not have a monopoly over the electricity itself as a commodity and therefore could not prevent consumers from purchasing electric power as a commodity from other suppliers. Chugach additionally claimed that ML&P violated federal antitrust law by preventing Chugach from selling electricity over ML&P's lines. Chugach then asked the commission for a declaratory judgment that ML&P was not entitled to "monopolize sales of electric power to customers who receive transmission and distribution services from ML&P." Chugach also asked the commission for a ruling compelling ML&P to deliver, under appropriate tariffs to be approved by the commission, Chugach's electricity to willing buyers in ML&P's distribution area.

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<sup>2</sup>(...continued)

v. *Thibodeau*, 595 P.2d 626 (Alaska 1979). Thus, Chugach in this case sought to provide only the commodity of electricity over ML&P's lines to customers requesting electricity from Chugach.

<sup>3</sup> "[D]istribution services' . . . refers to delivery or distribution unbundled from the sale of the commodity — in this case the sale of electric power." Harvey L. Reiter, *Competition Between Public and Private Distributors In a Restructured Power Industry*, 19 ENERGY L.J., 333, 334 n.3 (1998). Chugach thus attempted to engage in "retail wheeling" with ML&P, the process by "which utilities deliver electric power sold by a third party directly to retail customers" allowing an individual retail customer "to choose his or her electricity supplier, but still receive delivery using the power lines of the local utility." Scott B. Finlinson, *The Pains Of Extinction: Stranded Costs In The Deregulation Of The Utah Electric Industry*, 1998 UTAH L. REV. 173, 187 n.109.

Both parties moved for summary judgment. The commission held that “[t]he Legislature’s charge in AS 42.05.221(d) to the Commission to eliminate competition that the Commission finds is not in the public interest impliedly authorizes the Commission to grant monopolies when competition is not in the public interest.” The commission also held that the provision of electric power constituted a service and therefore was subject to AS 42.05.221(a). It further held that AS 42.05.221(d) does not restrict the commission’s authority to regulate competition between electric facilities to only those areas where duplication of facilities and competition already exists. Finally, the commission ruled that federal antitrust principles did not apply, but that if they did apply, ML&P would be immune under the state action doctrine. Accordingly, the commission ruled in ML&P’s favor.

On appeal, Superior Court Judge Sen K. Tan affirmed the commission’s order and final judgment. In his decision, Judge Tan ruled that AS 42.05.221(a) requires Chugach to obtain prior approval from the commission before selling electricity outside of its allotted geographical area. The superior court also concluded that the commission’s interpretation of state law did not implicate any federal antitrust legal doctrines or principles, and that the state action immunity doctrine applied and was satisfied.

Chugach now appeals to this court.

### III. STANDARD OF REVIEW

In an administrative appeal where the superior court acts as an intermediate appellate court, we directly review the agency action in question.<sup>4</sup>

Chugach and the commission agree that the issues before this court are not

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<sup>4</sup> See *N. Alaska Env'tl. Ctr. v. State, Dep't of Natural Res.*, 2 P.3d 629, 633 (Alaska 2000).

matters “that fall within [the commission’s] unique expertise”<sup>5</sup> as this issue presents a matter of strict statutory construction.<sup>6</sup> Because no agency expertise is involved, we review the commission’s statutory construction under an independent judgment standard.<sup>7</sup> “As we substitute our judgment, it is our duty ‘to adopt the rule of law that is most persuasive in light of precedent, reason, and policy.’ ”<sup>8</sup>

We review the commission’s findings of fact for clear error and reverse only if there is not substantial evidence to support the findings.<sup>9</sup> “However, even under the independent judgment standard [we have] noted that the court should give weight to what the agency has done, especially where the agency interpretation is longstanding.”<sup>10</sup>

#### IV. DISCUSSION

##### **Chugach Must First Obtain a Certificate of Public Convenience and Necessity Before Attempting To Sell Its Electricity.**

Chugach maintains that the commission does not have the authority to restrain competition between electric utilities by prohibiting Chugach from selling electricity without first obtaining a second certificate of public convenience and necessity to serve power in a particular geographic location. Instead, Chugach argues, the

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<sup>5</sup> *Tlingit-Haida Reg’l Elec. Auth. v. State*, 15 P.3d 754, 761 (Alaska 2001).

<sup>6</sup> *Nat’l Bank of Alaska v. State, Dep’t of Revenue*, 642 P.2d 811, 815 (Alaska 1982).

<sup>7</sup> *Id.*

<sup>8</sup> *Cook Inlet Pipe Line Co. v. Alaska Pub. Utils. Comm’n*, 836 P.2d 343, 348 (Alaska 1992) (citing *Guin v. Ha*, 581 P.2d 1281, 1284 n.6 (Alaska 1979)).

<sup>9</sup> *Tlingit-Haida Reg’l Elec. Auth.*, 15 P.3d at 761.

<sup>10</sup> *Nat’l Bank of Alaska*, 642 P.2d at 815 (citing *State, Dep’t of Revenue v. Debenham Elec. Supply Co.*, 612 P.2d 1001, 1003 n.6 (Alaska 1980)).

commission may only limit competition for a commodity such as the sale of electricity once it has determined the utilities are already competing and that such competition is not in the public interest.<sup>11</sup> ML&P and the commission argue that the statutory language is clear that an additional certificate is needed for each new use and that only in instances where a certificate has been previously obtained does AS 42.05.221(d) apply.

Alaska Statute 42.05.221(a) provides:

A public utility may not operate and receive compensation for providing a commodity or service without first having obtained from the commission under this chapter a certificate declaring that public convenience and necessity require or will require the service. Where a public utility provides more than one type of utility service, a separate certificate of convenience and necessity is required for each type. A certificate must describe the nature and extent of authority granted in it, including, as appropriate for the services involved, a description of the authorized area and scope of operations of the public utility.

Alaska Statute 42.05.221(d) provides:

In an area where the commission determines that two or more public utilities are competing to furnish identical utility service and that this competition is not in the public interest, the commission shall take appropriate action to eliminate the competition and any undesirable duplication of facilities. This appropriate action may include, but is not limited to, ordering the competing utilities to enter into a contract that, among other things, would:

- (1) delineate the service area boundaries of each in those areas of competition;
- (2) eliminate existing duplication and paralleling to the fullest reasonable extent;
- (3) preclude future duplication and paralleling;
- (4) provide for the exchange of customers and facilities

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<sup>11</sup> AS 42.05.221(d).

for the purposes of providing better public service and of eliminating duplication and paralleling; and  
(5) provide such other mutually equitable arrangements as would be in the public interest.

Chugach argues that by not making findings under AS 42.05.221(d), the commission placed a prior restraint on the competition for utilities authorized to provide a particular type of service. It argues that the correct interpretation of the two provisions of AS 42.05.221 is that a public injury and a finding of competition must first be made before the commission can restrict competition between electric utilities that already have certificates to provide electric service to the public. It claims that any other interpretation would render AS 42.05.221(d) meaningless.

**1. Whether Chugach has the right to provide electric service within ML&P's area is not precluded by collateral estoppel.**

ML&P argues that the commission has already applied AS 42.05.221(d) to eliminate competition between Chugach and ML&P. Therefore, it argues that consideration of this issue is barred by the doctrine of collateral estoppel.

Collateral estoppel bars the relitigation by parties of an issue when:

(1) the party against whom the preclusion is employed was a party to or in privity with a party to the first action; (2) the issue precluded from relitigation is identical to the issue decided in the first action; (3) the issue was resolved by final judgment on the merits; and (4) the determination of the issue was essential to the final judgment.<sup>[12]</sup>

Chugach and ML&P have long been parties in litigation against each other resulting in an AS 42.05.221(d) determination establishing specific geographical areas in

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<sup>12</sup> *Alaska Contracting & Consulting, Inc. v. State, Dep't of Labor*, 8 P.3d 340, 344-45 (Alaska 2000) (quoting *Renwick v. State, Bd. of Marine Pilots*, 971 P.2d 631, 634 (Alaska 1999)).

which each utility could provide its service.<sup>13</sup> In that earlier case, the commission recognized situations might arise where it would become necessary for one of the utilities to engage in work within the other's service area. Thus, the commission established certain procedures to address this concern, including a waiver by the incumbent utility or commission approval.

The commission also noted that there may be times when the utilities might need to run transmission or intertie lines through the other's service area. The commission chose not to limit these activities, provided that "service is not extended to new customers within that certified service area" unless allowed under another provision. We upheld the service areas established by the commission, although we vacated those portions of the order dealing with the transferring of facilities between the two parties.<sup>14</sup>

After remand, Chugach, ML&P, and the commission resolved the issue regarding the transferring of the facilities. But the issue at hand is distinct from the previous litigation. Here, instead of arguing that it has a territorial right to proceed, Chugach raises a matter of statutory interpretation. It questions how AS 42.05.221(a) and (d) should be applied. ML&P contends that the commission's prior order precluded Chugach from retaining or acquiring customers within ML&P's area. But this is separate from the issue of whether a determination must be made under subsection (a) or under subsection (d) before allowing Chugach to procure customers. Chugach also distinguishes this claim in that the previous order was specific to distribution only, making no determination about providing the commodity of electricity itself outside of Chugach's

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<sup>13</sup> *Alaska Pub. Utils. Comm'n v. Chugach Elec. Ass'n*, 580 P.2d 687 (Alaska 1978), *rev'd on other grounds by City & Borough of Juneau v. Thibodeau*, 595 P.2d 626 (Alaska 1979).

<sup>14</sup> *Id.* at 696.

service area. Finally, all of the commission's decisions are predicated on the public interest. But the public interest might have changed since the commission's previous orders. Because the issues previously resolved and the one now before the court are not identical, Chugach is not estopped from litigating the present case.

In short, although Chugach and ML&P have a long history of court battles and many previous orders have been entered regarding their allocated areas, the instant action is distinct from these cases and therefore not precluded by previous decisions.

**2. The commission may use its "general powers" as a means to limit competition.**

The commission has implied powers.<sup>15</sup> An organization like the commission "is an administrative agency that has whatever powers are expressly granted to it by the legislature or conferred upon it by implication as necessarily incident to the exercise of powers expressly granted."<sup>16</sup>

Chugach reads the commission's order to say the commission's power to limit competition is solely a result of some general inference. Chugach argues that because the commission lacked specific authority, the commission and the superior court were forced to infer that the commission had general powers to control competition within the framework of AS 42.05.221 instead of properly utilizing AS 42.05.221(d) for this purpose. This, however, is not what the commission held. Instead, it stated that its power

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<sup>15</sup> *Alaska Pub. Utils. Comm'n v. Municipality of Anchorage*, 902 P.2d 783, 788 (Alaska 1995) (citing *Far N. Sanitation, Inc. v. Alaska Pub. Utils. Comm'n*, 825 P.2d 867 (Alaska 1992)).

<sup>16</sup> *Id.* (quoting *Glacier State Tel. Co. v. Alaska Pub. Utils. Comm'n*, 724 P.2d 1187, 1190 (Alaska 1986)).

to control competition derived from three places: AS 42.05.141,<sup>17</sup> AS 42.05.221(a), and AS 42.05.221(d). No one contests Chugach's proposition that the statutory scheme allows for some competition. Chugach simply fails to acknowledge that that competition results only from the commission's issuance of certificates and can be curtailed only by the commission under AS 42.05.221(d) after it makes the requisite findings. Moreover, Chugach's reading of the statute contravenes the well-established interpretation of AS 42.05.221(a) to require public utilities to obtain approval from the commission prior to offering a competitive service in a particular market.<sup>18</sup>

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<sup>17</sup> AS 42.05.141 provides in part:

(a) The Regulatory Commission of Alaska may do all things necessary or proper to carry out the purposes and exercise the powers expressly granted or reasonably implied in this chapter . . . .

<sup>18</sup> Chugach suggests that federal antitrust law provides an "overlay to state law" that bars the commission from exercising its general powers and precludes its longstanding interpretation of AS 42.05.221. But we disagree. In the Sherman Act, "Congress, exercising the full extent of its constitutional power, sought to establish a regime of competition as the fundamental principle governing commerce in this country." *City of Lafayette v. Louisiana Power & Light Co.*, 435 U.S. 389, 398 (1978) (internal citations omitted).

In *California Retail Liquor Dealers Ass'n v. Midcal Aluminum, Inc.*, 445 U.S. 97, 105 (1980), the Court found two standards for antitrust immunity stemming from the Court's earlier decision in *Parker v. Brown*, 317 U.S. 341 (1943): "First, the challenged restraint must be one clearly articulated and affirmatively expressed as state policy; [and] second, the policy must be actively supervised by the State itself." *Id.* at 105 (internal quotation marks and citations omitted). Alaska's policy of anticompetitive conduct for utilities that have a certificate of public convenience and necessity is not only permitted but compelled. AS 45.50.572(d) immunizes public utilities that have been issued a certificate of public convenience and necessity from state antitrust law. AS 42.05.221(a) requires certificates of public convenience before a utility can operate. AS

(continued...)

3. **The commission's and superior court's interpretation of AS 42.05.221(a) and (d) does not render subsection (d) meaningless.**

In Alaska, a certificate of public convenience and necessity does not confer a grant of monopoly power.<sup>19</sup> Thus, Chugach claims that any previously certified utility is allowed to begin competing for consumers without additional advance notice or approval from the commission. The only check on this competition, according to Chugach, is AS 42.05.221(d), which allows competition to be limited only after the commission determines that competition between two or more utilities is taking place and

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<sup>18</sup>(...continued)

42.05.221(d) then allows the commission to take appropriate action to control competition if it finds that competition not in the public interest. These statutes, read separately or together, evidence a stronger case for meeting the first prong of *Midcal* than was seen in *S. Motor Carriers Rate Conference, Inc. v. United States*, 471 U.S. 48, 64 (1985). In that case, the Court upheld a practice allowing a rate bureau to submit a joint rate proposal for rates on behalf of its members to the applicable state agency in each state for consideration regardless of the fact none of these states had legislation compelling collective ratemaking, noting that, “[i]f more detail than a clear intent to displace competition were required of the legislature, States would find it difficult to implement through regulatory agencies their anticompetitive policies.” *Id.* at 64. The purpose of the agency is to deal with problems outside the realm of the legislature’s knowledge. *Id.* Thus, to require “express authorization for every action that an agency might find necessary to effectuate state policy would diminish, if not destroy, its usefulness.” *Id.* Chugach does not argue whether the State of Alaska’s policy to regulate public utilities is actively supervised by the state in its brief, relying instead on its arguments regarding the first prong of the *Midcal* test. Despite the fact Chugach did not argue against it, it seems relatively clear that the issuance of certificates of public convenience as well as other policies relating to public utilities are actively supervised by the state. Unlike the situation in *Snake River Valley Elec. Ass’n v. PacifiCorp*, 238 F.3d 1189 (9th Cir. 2001), where the utility with the distribution facilities had the power to withhold its consent from other utilities wishing to serve its customers, ML&P has no such power. Therefore, the second prong of *Midcal* is easily met.

<sup>19</sup> *Chugach Elec. Ass’n, Inc. v. City of Anchorage*, 426 P.2d 1001, 1003 (Alaska 1967).

that such competition is not in the public interest. Chugach thus asks: If ML&P does not have a monopoly by virtue of its certificate, how can it deny its customers the ability to buy electricity from a competing seller? Chugach's argument is unpersuasive. As ML&P correctly notes, monopolies exist "not because [they are] inherent in the issuance of [a] certificate, but because the Commission has not authorized any other utility to provide competing services within the area . . . ."

The plain language of AS 42.05.221(a) requires an additional certificate prior to any utility providing an additional type of service.<sup>20</sup> Chugach presents no legislative history to contest this plain meaning, nor does it present any case law to support its interpretation.<sup>21</sup> Chugach argues that because AS 42.05.221(d) is the only subsection to mention competition, it is therefore the only part of the statute that regulates competition. But the commission has other statutes it may utilize to limit competition. Alaska Statute 42.05.221(a) is one of these. Under AS 42.05.241, "a certificate may not

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<sup>20</sup> "We apply a sliding scale approach in matters of statutory interpretation, and have rejected a mechanical application of the plain meaning rule." *Moody-Herrera v. State, Dep't of Natural Res.*, 967 P.2d 79, 84 (Alaska 1998). Thus, the plainer the language of the statute is, the more convincing the evidence contrary to that language must be. *Anchorage Sch. Dist. v. Hale*, 857 P.2d 1186, 1189 (Alaska 1993). "Basic principles of statutory construction 'militate against interpreting a statute in a manner that renders other provisions meaningless.' Contradictions should be harmonized." *Rollins v. State, Dep't of Revenue, Alcoholic Beverage Control Bd.*, 991 P.2d 202, 208 (Alaska 1999) (quoting *M.R.S. v. State*, 897 P.2d 63, 66 (Alaska 1995)); *Homer Elec. Ass'n v. Towsley*, 841 P.2d 1042, 1045 (Alaska 1992) (stating "[a]s a general rule, a statute should be construed so that effect is given to all its provisions, so that no part will be inoperative or superfluous, void or insignificant." (internal quotation marks omitted)).

<sup>21</sup> See *Homer Elec. Ass'n*, 841 P.2d at 1043-44 (noting the most reliable guide to a statute's meaning is the statute's words in conjunction with their common usage. Legislative history and context are still considered; however, they must "present a compelling case that the literal meaning of the language of the statute is not what the legislature intended.").

be issued unless the commission finds that the applicant is fit, willing, and able to provide the utility services applied for and that the services are required for the convenience and necessity of the public.”<sup>22</sup> The commission can grant the certificate in whole or in part and may add conditions that it deems necessary to protect and promote the public interest, including ordering the applicant to serve an area not applied for. The commission may also deny any applicant for good cause. Under AS 42.05.271, these certificates can be revoked or suspended by the commission on complaint or on its own motion after good cause is shown. A necessary consequence of these provisions regarding certificates is that a utility is usually prohibited from providing service outside of the area granted in the certificate until the utility applies for a new certificate. This is not in conflict with AS 42.05.221(d). Alaska Statute 42.05.221(a) allows the commission to prevent utilities from duplicating service until the commission finds it is in the public interest and AS 42.05.221(d) authorizes the commission to eliminate or limit any existing competition if it is found to be harmful to the public interest.

The proper application of AS 42.05.221(a) in no way conflicts with the application of AS 42.05.221(d). One situation involving the proper use of subsection (d) arose when municipally-owned utilities came within the purview of AS 42.05.221. These utilities were not previously required to obtain a certificate. When the municipally-owned utilities came under this statute, both Chugach and ML&P were operating within the same district. The commission then utilized AS 42.05.221(d) to separate the two operations and provide them with distinct territories.<sup>23</sup>

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<sup>22</sup> See, e.g., *Alaska Fed'n for Cmty. Self-Reliance v. Alaska Pub. Utils. Comm'n*, 879 P.2d 1015, 1020 (Alaska 1994).

<sup>23</sup> *Alaska Pub. Utils. Comm'n v. Chugach Elec. Ass'n, Inc.*, 580 P.2d 687, 696 (continued...)

Alaska Statute 42.05.221(a) requires a separate certificate where a utility provides more than one type of service. Chugach's interpretation of AS 42.05.221 would render subsection (a) meaningless. The commission would have no authority to require a utility to acquire a new or modified certificate before it began to provide services outside of its designated area as AS 42.05.221(a) does not distinguish between services, commodities, uses, or facilities.

Despite Chugach's claims, the commission's interpretation of AS 42.05.221(a) does not render subsection (d) of that provision meaningless. In addition, interpreting the statute as Chugach suggests would have precisely that effect.

**4. Chugach incorrectly construes other statutes to show the State of Alaska's preference for competition.**

Chugach argues that other relevant statutes show the State of Alaska's preference for competition over state regulation. Chugach relies on AS 42.05.311, which states that a public utility having any type of distribution or transmission facilities "shall, for a reasonable compensation, permit another public utility to use them when the public convenience and necessity require this use and the use will not result in substantial injury to the owner, or in substantial detriment to the service to the customers of the owners." According to Chugach, an electric utility cannot use the facilities of a second utility for any purpose other than competition, evidencing the preference for competitive over anticompetitive conduct.

Chugach fails to note the conditional language of the statute, which warrants shared use only when the "public convenience and necessity" require it. Joint use is not required by statute. Instead, if utilities fail to agree on whether joint use is

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<sup>23</sup>(...continued)  
(Alaska 1978), *rev'd on other grounds by City & Borough of Juneau v. Thibodeau*, 595 P.2d 626 (Alaska 1979).

appropriate, a party may apply to the commission for an order mandating it.<sup>24</sup> Thus, even if the legislature intended AS 42.05.311 to engender competition, the commission may do so only after it finds that such competition is in fact appropriate.

**5. There is no distinction between services and commodities under Alaska's public utilities law.**

In the proceedings before the commission and the superior court, Chugach attempted to avoid the effect of AS 42.05.221(a) by arguing that the sale of electricity by itself was the sale of a commodity rather than the provision of a service.<sup>25</sup> Chugach argued that its certificate establishes a description of the authorized area for services only, not for commodities. Chugach thus contended that the service area description in its certificate applied only to services and not to the retail sale of the commodity of electricity itself. Both the commission and Judge Tan correctly rejected this argument based on the broad statutory definition of the word "service," which includes commodities.<sup>26</sup>

**V. CONCLUSION**

The commission correctly held that AS 42.05.221(a) required Chugach to obtain an additional certificate of public convenience and necessity prior to engaging in contact with consumers regarding electricity sales outside its allotted area. This interpretation of the statute does not render AS 42.05.221(d) meaningless and is in accordance with other similar provisions. Accordingly, we AFFIRM the decision of the

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<sup>24</sup> AS 42.05.321(a).

<sup>25</sup> Chugach has now apparently abandoned the argument.

<sup>26</sup> AS 42.05.990(6) provides: " 'service' means, unless the context indicates otherwise, every commodity, product, use, facility, convenience, or other form of service that is offered for and provided by a public utility for the convenience and necessity of the public."