

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 8672

10813 HOUSE JUDICIARY

1 COMMISSIONER STRANDBERG: Well, I don't think --.....

2 MR. TREUER: But that's -- that's where we run in.....

3 COMMISSIONER STRANDBERG: Excuse me. I'm not sure that's
4 where we've arrived. I think where we arrived was -- at least
5 what's on the table now I believe is a requirement for the long
6 distance rates to be expressed in the bundle so that we can
7 verify that, in fact, they are providing those under our
8 geographic rate -- under our milage -- with the mileage rates,
9 is that's correct? It's unartfully stated.

10 MS. KENYON: I think you're both correct. We're talking
11 about if you have a long distance offering within the bundle
12 how will you figure out that you maintain geographic averaging
13 across the state unless you offer that rate everywhere.

14 COMMISSIONER HARBOUR: Right. And if you do that you
15 defeat the purpose of the bundle to the company.

16 MS. KENYON: Not in the local market per se.

17 COMMISSIONER HARBOUR: Right.

18 MS. KENYON: In the local market those customers get the
19 advantage of both.

20 COMMISSIONER HARBOUR: Well, the company gets the
21 advantage of selling both as a bundle in the locally served
22 area, but if it's forced to split out an offer -- the long
23 distance component statewide, it may mean that -- it may be to
24 that company stand alone long distance at that rate segregated
25 out of the bundle is not economic to the company.

1 COMMISSIONER GIARD: Okay.

2 MR. TREUER: That's part of geographic rate averaging, I
3 mean (ph).

4 COMMISSIONER GIARD: Right. I think I've just got to tell
5 you what my goals are for bundling. I think it would be decent
6 to be able to have one somebody, I don't care GCI, ACS, I don't
7 care who, to be able to put together long distance and local in
8 the market. And as long as they could do that and sell it as a
9 bundle that would be fine.

10 I imagine that all of the industry understands geographic
11 rate averaging and what they have to do for access charges far
12 better than I do and they understand that always has to be some
13 kind of separate component 'cause that's particularly for
14 Alaska. So I don't think that it's anticipated by the industry
15 that they would price their -- that rate for long distance
16 would go down. I don't.....

17 MS. KENYON: Well, just to add more background here we
18 regularly have been recommending suspension of tariff filings
19 that would attempt to bundle a local market with a long
20 distance service and the only place you could get the long
21 distance service is in the local market because it's not
22 statewide averaged any more. It's limited. You can only get
23 it in Anchorage, perhaps, if that's where the bundle applied.

24 So I guess the basic question is how do you want to deal
25 with that because either -- I think you either have to have

1 something like Staff is proposing or you have to sacrifice the
2 statewide averaging.

3 COMMISSIONER STRANDBERG: Right. And it seems to me that
4 may be a point we want to get to is to really consider do we
5 still want the statewide rate averaging or do we want to let go
6 further and just say this is a competitive market.

7 COMMISSIONER GIARD: Commissioner Strandberg.....

8 MS. KENYON: But you also unfortunately have federal
9 requirements that require comparable, if not geographically
10 averaged long distance rates. It's just not the state
11 requirement, though you do have a state statute that says
12 competition should be shared throughout the state.

13 COMMISSIONER STRANDBERG: So let's just -- while we're
14 here, just quickly let's focus on why we cannot or what are the
15 reasons why we cannot geographically rate the average.

16 MS. KENYON: I don't have it in front of me, but there is
17 a federal requirement under the Telecommunications Act of 1996
18 that requires comparable -- I believe it's -- I'd like to have
19 it in front of me instead of trying to quote it from memory. I
20 think Phil is going to get it, but if I understand it, it's
21 either comparable, local and rural long distance rates or it's
22 averaged, the same rates in all areas.

23 MR. GAZAWAY: It's actually in here. It says on page 51
24 if you read the last paragraph. It refers to the
25 Telecommunications Act Section 254(b)(3). It's part of the

1 Universal Service principles and that's basically -- well, let
2 you read for yourself. It's the consumers in all regions of
3 the nation, including low income consumers and those in rural,
4 insular and high cost areas, shall have access to
5 telecommunications and information services including
6 interexchange services and advanced telecommunications and
7 information services that are reasonable comparable to those
8 services provided in urban areas and that are available at
9 rates that are reasonably comparable to rates charged for
10 similar services in urban areas.

11 MS. KENYON: And you.....

12 COMMISSIONER HARBOUR: Okay. Then in a bundle if it can
13 be shown that the components of the bundle, the local and the
14 long distance, of those two components the long distance being
15 advertised for that bundle in Anchorage, for example, that long
16 distance rate does not exceed the statewide average then that
17 should fit within -- safely within the requirements, right,
18 without having to make the carrier offer it statewide.....

19 MS. KENYON: Wouldn't it be.....

20 COMMISSIONER HARBOUR:at that lower rate?

21 MS. KENYON:lower? Wouldn't you be more concerned
22 if it was lower in Anchorage than it was elsewhere, not over?
23 Let's say they offered a two cent per minute rate in Anchorage
24 and a 15 cent minute rate in Bethel,.....

25 COMMISSIONER HARBOUR: Yeah.

1 MS. KENYON: ".....you know, there -- there may be --
2 someone may say that's not really comparable.

3 COMMISSIONER HARBOUR: It's not because it's part of a
4 bundle. I mean, that is what a bundle is. It discounts the
5 parts in order to provide an attractive product for somebody to
6 buy and if it's not as a bundle lower priced than it's not
7 marketable.

8 MS. KENYON: Now, I almost hate to say this, but if I'm a
9 bright carrier in the market I know what I would do, I would
10 say all my discounts are on the local side and the long
11 distance rate is what it is and I offer it everywhere if you
12 make me do this. I guess you could have the question come up
13 then whether their rates on the local side get so low that they
14 violate some of the other statutory requirements, but.....

15 COMMISSIONER STRANDBERG: Well, I -- you certainly
16 satisfied me. I just needed to get indexed on that particular
17 point. Thank you, Lori.

18 COMMISSIONER GIARD: So shall we leave bundling, Mr.
19 Chairman, or shall we move forward into bundling?

20 MS. KENYON: If you wouldn't mind clarifying which, if
21 any, of these.....

22 COMMISSIONER STRANDBERG: Right.

23 MS. KENYON:options you've landed on?

24 COMMISSIONER STRANDBERG: About the UUI variation.....

25 COMMISSIONER GIARD: I'm back to option 1, waive it.

1 CHAIR JOHNSON: I'm not sure if anyone else supports you
2 in that.

3 COMMISSIONER GIARD: No, I'm -- I was just being
4 facetious." I like we should look at option 2.

5 COMMISSIONER STRANDBERG: UUI.

6 CHAIR JOHNSON: I cannot say those initials, so ?.....

7 COMMISSIONER THOMPSON: Oh, me too.

8 COMMISSIONER GIARD: UUI?

9 CHAIR JOHNSON: But I like the one with the initials.

10 COMMISSIONER STRANDBERG: Yeah.

11 COMMISSIONER GIARD: Okay, all right. Wear 'em down long
12 enough they'll go for UUI.

13 Okay. Item number B, how should competitive service areas
14 be defined with regard to bundling rules. It's on page 56.

15 COMMISSIONER THOMPSON: I would note that we have finally
16 passed the halfway mark in Staff's memo. And also note that if
17 the option 4 that we discussed this morning is very similar to
18 what this talks about, a competitive checklist, it might peeler
19 (ph log 400) nicely into this suggestion.

20 CHAIR JOHNSON: Yeah, there ought to -- I agree there
21 needs to be closely linked -- I mean, I would use the same
22 definition. Same definition to the extent we can.

23 COMMISSIONER GIARD: Okay. Item number C, should bundling
24 by CLECs be allowed in locations that are not sufficiently
25 competitive to relax the bundling restriction imposed on ILECs.

1 Try that.

2 CHAIR JOHNSON: Maybe I'll try this one, the -- on the top
3 of page 57 the Staff notes, this issue involves noncompetitive
4 areas that are not within the purview of House Bill 111 and
5 thus do not need to be resolved within the abbreviated time
6 line provided by House Bill 111.

7 COMMISSIONER GIARD: Such clever Staff. Let's move on,
8 should the Commission consider any restrictions on the bundling
9 of.....

10 COMMISSIONER HARBOUR: Excuse me,.....

11 COMMISSIONER GIARD: Pardon me.

12 COMMISSIONER HARBOUR:Commissioner Thompson made a
13 point that while -- earlier while it may not be fully embraced
14 by 111 language, the spirit of 111 could embrace it.

15 COMMISSIONER THOMPSON: I'd put this one outside my --
16 because the issue where it's come up is not whether we should
17 further extend bundling obligations, but where we should relax
18 them and so I'm satisfied if we deal with the relaxation
19 requirements and I'll punt on the others or deal with them
20 later.

21 COMMISSIONER HARBOUR: Good, okay.

22 COMMISSIONER THOMPSON: So I agree with Mark (ph).

23 COMMISSIONER GIARD: The spirit of 111. I mean, with
24 Halloween coming on talking about the spirit of (indiscernible
25 - interrupted).....

1 COMMISSIONER THOMPSON: So does mean we get to dress
2 appropriately?

3 COMMISSIONER HARBOUR: So do you want to go to item number
4 D now?

5 COMMISSIONER GIARD: Okay, yes.

6 CHAIR JOHNSON: The night terror (ph) of 111.

7 COMMISSIONER THOMPSON: (Simultaneous speech) good idea.

8 CHAIR JOHNSON: And we're not talking about cable TV here
9 so we just moved on.

10 COMMISSIONER GIARD: Okay. They moved us on.

11 CHAIR JOHNSON: Now, this should be easy, this wholesale
12 pricing stuff.

13 COMMISSIONER THOMPSON: Yeah, right.

14 CHAIR JOHNSON: Yeah.

15 COMMISSIONER GIARD: Okay. Mr. Chairman, Section 53.250
16 LEC wholesale rate -- service and rates. The Staff has given
17 us some legal cites and come issues. Item number 1 is should
18 the Commission modify its LEC wholesale service and rate
19 provisions. They were on (ph)..... regulated local exchange
20 service with non-regulated services such as cable TV.

21 CHAIR JOHNSON: Are there opening comments on this? Would
22 it be useful for Staff to make some opening comments, folks?

23 COMMISSIONER HARBOUR: Yes.

24 CHAIR JOHNSON: Mr. Treuer.

25 MR. TREUER: I guess where Staff came down on this as we

1 noted that under the Telecommunications Act the incumbent
2 carrier is required to provide discounted wholesale services
3 under Section 251(c). And that there seemed to be a conflict
4 with our existing regulations that required other carriers to
5 potentially provide wholesale services.

6 I think the reason why we had that in regulations is that
7 we pretty much wholesale copied the interexchange market rules
8 and adopted them as our local exchange market rules which --
9 and our interexchange market rules had a provision for
10 wholesale rates that didn't necessarily -- was not necessarily
11 limited to the incumbent.

12 We have a problem if we require wholesale rates of, for
13 example, all large local exchange carriers of how we're going
14 to require the pricing. How are we going to require them to
15 price those services.

16 The incumbent's wholesale price is spelled out in the
17 Telecom Act, but because it's Section 251(c) we can't impose
18 those same pricing standards on non-incumbent carriers so we
19 just took the easy solution of eliminating the requirement for
20 wholesale rates in our local regulations and propose to rely on
21 the wholesale rules that are in the Telecom Act and regulations
22 as specified by the FCC for pricing, so are you still glad you
23 asked.

24 COMMISSIONER STRANDBERG: That's interesting.

25 CHAIR JOHNSON: I do know.....

1 COMMISSIONER THOMPSON: What are you looking for?

2 COMMISSIONER STRANDBERG: What are you looking for?

3 COMMISSIONER GIARD: I have the -- do you want to look at
4 the section?

5 CHAIR JOHNSON: I wanted to look at 53.250.

6 COMMISSIONER GIARD: I have it.

7 COMMISSIONER STRANDBERG: Here it is right here.

8 CHAIR JOHNSON: Thanks.

9 COMMISSIONER STRANDBERG: How much of a market is there
10 for -- realistically for wholesale services, wholesale rates?

11 MR. TREUER: By the incumbent or in Anchorage or by CLECs?

12 COMMISSIONER STRANDBERG: By CLECs.

13 MR. TREUER: I don't know that any CLEC is offering resold
14 services. They may have it in their tariff, I'm not sure.

15 MS. KENYON: It may not be much of a market now, but I
16 heard that in various comments that once GCI gets its cable
17 system up and running, allowing local services over the cable,
18 that the incumbents might be interested in purchase of that.
19 Whether that might be by wholesale or UNE rate elements is
20 another story though. I know that AT&T uses the incumbents
21 wholesale quite extensively.

22 MR. TREUER: Are you talking about, for example, the
23 Aurora Subdivision where GCI built its own facilities and that
24 ACS -- I think this is Elmendorf Air Force base there's a
25 subdivision where GCI built.....

1 COMMISSIONER STRANDBERG: Right.

2 MR. TREUER:facilities and ACS doesn't have
3 facilities there.

4 COMMISSIONER STRANDBERG: Well, more than anything I was
5 just trying to glean how much this regulation is actually being
6 used right now, if any and to the extent that if we eliminate
7 it and we transfer back over to the federal what effects, if
8 any, that's going to have on the market?

9 MR. TREUER: I think if we eliminate it there won't be a
10 big problem. I think there's still a statute that requires
11 interconnection and the Commission can set rates for
12 interconnection if the incumbent wants to purchase from the
13 competitor.

14 COMMISSIONER GIARD: Okay. Without further adieu, Mr.
15 Chairman, may we move?

16 CHAIR JOHNSON: Just so I'm clear here then are we
17 accepting the Staff option 3?

18 COMMISSIONER THOMPSON: I believe so (simultaneous
19 speech).....

20 COMMISSIONER STRANDBERG: I believe so.

21 CHAIR JOHNSON: Okay. Just (indiscernible).....

22 COMMISSIONER GIARD: I think the next item is IXC.

23 CHAIR JOHNSON: No, my next.....

24 COMMISSIONER THOMPSON: Not in my book.

25 CHAIR JOHNSON:tab is UNES.

1 COMMISSIONER GIARD: Oh.

2 CHAIR JOHNSON: Although did you -- is there interest in
3 discussing the UNE section?

4 COMMISSIONER GIARD: I thought at the beginning when you
5 had talked about this earlier -- I mean, you had said that
6 wasn't.....

7 CHAIR JOHNSON: I'm not detecting from my previous
8 discussions with the Commissioners that there was a whole lot
9 of support for adopting specific rules as it relates to UNEs.
10 Are there.....

11 COMMISSIONER GIARD: Thus I was going to go right into
12 IXCs.

13 CHAIR JOHNSON: Are there Commissioners that want to
14 address UNEs? I hear silence on this point.

15 COMMISSIONER THOMPSON: And we did depreciation.

16 CHAIR JOHNSON: Okay.

17 COMMISSIONER STRANDBERG: IXCs, I believe.

18 COMMISSIONER THOMPSON: (Simultaneous speech).....

19 COMMISSIONER GIARD: IXCs, okay, thank you.

20 CHAIR JOHNSON: This -- I'm just looking at the clock. We
21 had planned to take a break at 3:00, do we want to keep using
22 this 10 minutes and begin our discussion about IXCs? It could
23 be a little involved. People nodding they want to keep going.
24 We're keeping -- we're going.

25 COMMISSIONER GIARD: We're going. Okay. We talked about

1 IXC market issues. From -- the issue is how should existing
2 interexchange market regulations be revised to advance HB 111
3 principles and policies. We have some -- several different
4 areas and a lot of different options. We can talk to option
5 number 2 or option number 3 which are Staff -- or option number
6 4, excuse me. Option number 4 Staff recommendation. Does
7 Staff want to brief us on their recommendation?

8 MR. GAZAWAY: I guess there's a presumption involved in
9 that recommendation and that is that we would retain dominant
10 carrier status, but at the same time recognize in the market --
11 in the retail MTS market there may be no dominant carrier based
12 on current market share, I think, so that the presumption is a
13 more efficient form of reform would to -- be to address how to
14 determine -- how to class- -- how to reach a dominant carrier
15 classification or get relief from one I guess more
16 appropriately rather than to rewrite our regulations to
17 eliminate all dominant carrier references.

18 MS. KENYON: And just to add, there's a typographical
19 error. We have to fix what happens if a carrier has 60 percent
20 market. I think there's a minor gap there. We can revise this
21 is you take option 4 to say, for example, under A 60 percent or
22 more as opposed to more than 60 percent. It's a minor,
23 technical change, but we would make that change.

24 COMMISSIONER STRANDBERG: I guess this may be covered in
25 the regulation, but market share, the measurement of statewide

1 MTS market, do we have the data able to determine that? I'm on
2 page 85, Item (a) dominant classification with more than 60
3 percent of the statewide message telephone service (ph).

4 MR. TREUER: If we measure based upon access minutes I
5 think we have the information.

6 MS. KENYON: Be close enough is you used access minutes.
7 I think that they'd be -- all your measurements would be
8 sufficiently far away from 60 percent that if there was any
9 ambiguity in the formula it might not matter.

10 MR. GAZAWAY: We do have a definition right now in our
11 regulations of market share, so we would have to address those
12 and it says in Section 3 AAC 52.399(10) it defines market share
13 means an intrastate interexchange carriers retail minutes of
14 use divided by all intrastate interexchange carriers retail
15 minutes of use based on a 12 month period no longer than the
16 previous calendar year.

17 MR. TREUER: So that would be different than access
18 minutes.

19 MS. KENYON: We'd go with the standard that's in the
20 regulation.

21 CHAIR JOHNSON: Could I ask are there any triggers under
22 option 4, the 60 percent, and we are looking MTS and other --
23 and (indiscernible) distinction (ph) based on services so we
24 have that breakout. How does the Staff recommendation differ
25 in terms of the examination of factors? I notice your list in

1 subsection D versus the proposal of the AT&T Alascom variance
2 with the GCI proposal, are those the same?

3 MR. GAZAWAY: I'll start off. I think Lori might add to
4 this, or Phil.

5 CHAIR JOHNSON: And, I guess, part of the differences or
6 what is the intent of the difference, if any?

7 MR. GAZAWAY: Sure. One of the distinctions is that their
8 analysis, I believe, was based on market share in general, not
9 broken down by line of serv- -- service classification, MTS
10 private line, wholesale. I believe that's the (indiscernible).

11 COMMISSIONER STRANDBERG: That's GCI you're saying?

12 CHAIR JOHNSON: I'm asking to compare the Alascom option 2
13 versus our option 4 is my question.

14 MR. GAZAWAY: Well, actually let me take you in a gradual
15 step. If you look at option 3 which is Staff's alternative
16 recommendation, that's basically AT&T's proposal language add
17 regarding general service categories. Then is you take it to
18 option 4 I think a lot of the deliberations dealt with having
19 more of a brightline approach to how to decipher -- how to make
20 a determination of market share which would not involve a drawn
21 out process for the Commission necessarily when it wasn't a
22 close (ph) question.

23 MS. KENYON: The only thing I would add is that the AT&T
24 proposal would like you to evaluate market power in the market
25 as a whole while we're proposing no such restriction and you'd

1 probably do a more gradual (ph) analysis than that because as a
2 market as -- in the market as a whole is pretty broad and.....

3 CHAIR JOHNSON: But we retain the ability under the Staff
4 approach to, you know, look at in a whole if we wanted to, is
5 that a fair statement or do we have to engage in that granular
6 (ph) analysis?

7 MS. KENYON: Well, the way it -- let me see, I don't think
8 you're restricted. Under our option 4 you could do it as -- on
9 the market as a whole, I believe.

10 CHAIR JOHNSON: Okay.

11 COMMISSIONER THOMPSON: So if I understand what you just
12 said about the distinctions between the different options, it
13 was your intent in 4 to pretty much encompass the standards
14 that are set that were suggested by industry as amended by
15 Staff, but you wanted to make it more automatic. In other
16 words, you'd have the 60 percent trigger explicit and list the
17 specific criteria for cases -- for us to use in cases where it
18 was a close call?

19 MS. KENYON: Yes.

20 COMMISSIONER THOMPSON: Okay. I like 4.

21 COMMISSIONER STRANDBERG: And option 4 only deals with the
22 statewide message telephone service, is that correct?

23 CHAIR JOHNSON: No.

24 MS. KENYON: No, C.

25 CHAIR JOHNSON: Subsection C encompasses all

1 (indiscernible) lines (ph).

2 COMMISSIONER GIARD: Okay. Number 2 is rate increases.

3 There's options proposed by Staff as in option number 3,

4 dominant carriers are allowed to reduce retail rates under the

5 same standards applicable to non-dominant, but dominant

6 carriers file rate increase requests under a 45 day notice

7 period with cost justification.

8 CHAIR JOHNSON: Opening comments on this? Mr. Gazaway,

9 did you want to.....

10 MR. GAZAWAY: I was going to say there's a note below

11 there that basically you're -- if you look at the MTS market

12 there's a strong likelihood that you won't apply these

13 regulations because you won't have a dominant carrier.

14 COMMISSIONER THOMPSON: Um-hum.

15 COMMISSIONER GIARD: So I was.....

16 CHAIR JOHNSON: Are we done there (ph)?

17 COMMISSIONER GIARD:kind of looking at option 2,

18 just eliminate them (indiscernible) just -- we wouldn't have

19 these -- we won't have them (ph) to discuss then. We wouldn't

20 have it in regulation or we would still have something in

21 regulation?

22 MR. GAZAWAY: I'm sorry, could you say that -- ask the

23 question again?

24 COMMISSIONER GIARD: So we should still keep something in

25 regulation regarding price increases?

1 MR. GAZAWAY: Staff's recommendations is to leave the
2 regulations as they are written. Basically what AT&T's
3 recommendation does is it has you treat the dominant carriers
4 as you treat non-dominant carriers now if you were to reform
5 the regulations in that regard.

6 COMMISSIONER STRANDBERG: So correct me, what's happening
7 is that we're alternating definitions so, in fact, there is no
8 dominant player in this particular market leaving the
9 regulations in tack and saying that we're really approaching
10 the problem in a different fashion. We're changing definitions
11 so that when somebody actually does achieve dominant status the
12 regulations are really -- still remain meaningful under.....

13 MR. GAZAWAY: Well, I hate to speak.....

14 COMMISSIONER STRANDBERG:that circumstance?

15 MR. GAZAWAY: I hate to speak for the carriers, but I
16 believe it achieves AT&T's purposes which was to be -- that a
17 rate increase basis be treated on an equal basis with non-
18 dominant or the other interexchange carriers.

19 MS. KENYON: That would apply for MTS only. If they.....

20 MR. GAZAWAY: Correct.

21 MS. KENYON:had a private line rate increase you
22 would still be dominant if you had monopoly facilities that
23 used that private line.

24 CHAIR JOHNSON: I would like to know -- you probably want
25 to move on, but I do note that it's 3:00 o'clock. Do we -- can

1 we conclude this line real briefly here or do we want to break
2 right now, come back with this when we resume?

3 COMMISSIONER GIARD: This is a fairly substantial
4 section.....

5 COMMISSIONER THOMPSON: I'm not ready to vote. I want to
6 think about this.

7 CHAIR JOHNSON: Okay. Let's take a break here. Now, I'm
8 trying to keep the train running on time folks. It's now 3:00
9 o'clock plus 25 seconds. I want to reconvene here at 3:15.
10 The sooner we start, the sooner we finish. Thank you. We'll
11 recess for 15 minutes and go off record.

12 (Off record - 3:02 p.m.)

13 (On Record - 3:20 p.m.)

14 CHAIR JOHNSON: We are on record. Ms. Kenyon, had a
15 comment.

16 MS. KENYON: I had a question. And we were talking on
17 break about the bundling decision that you made and the
18 question is have you reached a final decision on building or
19 are you saying this is the policy we want to notice?

20 COMMISSIONER THOMPSON: I think it's the latter.

21 CHAIR JOHNSON: Oh, yeah, from my standpoint,.....

22 MS. KENYON: All right, thank you, that.....

23 CHAIR JOHNSON:but then I've got the track marks on
24 me, so.....

25 (Off record comments)

1 COMMISSIONER HARBOUR: Mr. Chairman, earlier in this
2 proceeding we had agreed maybe there's a change to that, but my
3 understanding was that all of our activities are focused on
4 developing a product to notice and does not reflect votes of
5 the Commission at this point.

6 CHAIR JOHNSON: Is there comment on that point.

7 COMMISSIONER THOMPSON: We don't have any regs to vote
8 on,.....

9 CHAIR JOHNSON: Right.

10 COMMISSIONER THOMPSON:so, yeah,.....

11 CHAIR JOHNSON: But I -

12 COMMISSIONER THOMPSON:of course.

13 CHAIR JOHNSON:I have to adm- -- from my standpoint
14 I had always envisioned our work effort is going to lead to
15 proposed regulations that we would issue.....

16 COMMISSIONER THOMPSON: Um-hum.

17 COMMISSIONER STRANDBERG: That we would vote on
18 (simultaneous speech).....

19 CHAIR JOHNSON:and obviously receive additional
20 comments from industry, so industry will have, you know, a
21 further opportunity to reflect on the direction that we're
22 going.

23 COMMISSIONER GIARD: So, Mr. Chairman, are we back to
24 still continuing the discussion on rate increases or IXCs? I
25 think that when we left, Commission Thompson, did you have any

1 further discussions on issue number -- or Item A to rate
2 increases?

3 COMMISSIONER THOMPSON: I'm still struggling with the
4 differences between these options. And the different
5 implications of why they might be important. So I guess I
6 don't -- if I understand the difference between 2 and 3 it's
7 basically AT&T's proposal is to -- I would char- -- do what I
8 would characterize as liberalize the requirement for increases
9 to the same standard as for decreases or -- no, same standards
10 as for dominant and non-dominant which may or may not work if
11 we don't have dominant or non-dominant carriers.

12 And the other option is just keep it the way it is and --
13 which would mean that dominant carriers have to file cost
14 justification for rate increases and they have a 45 day notice
15 period.

16 (Off record comments)

17 COMMISSIONER THOMPSON: So that's sort of a question.
18 I'll ask.....

19 MS. KENYON: Yes.

20 COMMISSIONER THOMPSON:the question to help you.
21 I'm trying to understand the difference between 2 and 3, is
22 that it? What am I missing.

23 MR. GAZAWAY: I think you just said it, that's --.....

24 COMMISSIONER THOMPSON: Okay.

25 MR. GAZAWAY:you just described the difference.

1 COMMISSIONER THOMPSON: Okay.

2 COMMISSIONER GIARD: So as a policy do we want to
3 eliminate the disparate treatment of the state's largest IXCs,
4 is that what we're trying to achieve as a global policy on this
5 one?

6 COMMISSIONER STRANDBERG: That's not been the Staff's
7 approach I would comment.

8 COMMISSIONER GIARD: Right. I was just asking if that
9 would be, you know, policy that we were interested in.

10 MR. GAZAWAY: I mean, if you want a response to that, I
11 assume -- I guess I would say that AT&T is, kind of, arguing
12 that there are some unequal rules that are imposed
13 through --.....

14 COMMISSIONER THOMPSON: Um-hum.

15 MR. GAZAWAY:or more cumbersome requirements that
16 are imposed with them right now and they would like to see that
17 a little more comparable in the requirements imposed upon
18 themselves and in their main competitor.

19 COMMISSIONER STRANDBERG: Let me ask, how does maintaining
20 the status quo respond to the industry concerns?

21 MR. GAZAWAY: I think.....

22 MS. KENYON: For the MTS market it makes it more equal,
23 either of them -- the two major carriers can increase rates or
24 decrease rates under the same standard for MTS services 'cause
25 they would probably -- you (ph) probably would not have a

1 dominant carrier under our proposal.

2 However, in those areas where Alascom would still have a
3 facilities monopoly, and there's quite a number of them, you --
4 there are services that rely on those facilities and you'd
5 still treat them as dominant for those services. For example,
6 a private line that is a point to point connection. The rate
7 averaging requirement doesn't apply to it.

8 There's also -- this is connected to your rate averaging
9 policies because one of the reasons that we feel that you can
10 relax the rate increase -- rate increase obligations in the MTS
11 market is because you do have rate averaging. If you didn't
12 have that then they could have differential prices that says if
13 I'm in a rural area maybe I'll just up those rates a little bit
14 more than the other urban areas.

15 MR. TREUER: I was just going to also add that under the
16 dominant carrier provisions that Staff has recommended you
17 could also find them to be non-dominant. Lori, correct me if
18 I'm wrong, but you could still find them to be non-dominant in
19 certain services like private line. It just wouldn't be
20 automatic.

21 So in areas where they still have facilities monopoly you
22 could decide that they're non-dominant if after conducting an
23 investigation you felt that they were non-dominant. So you
24 could have a situation where Alascom is totally non-dominant
25 for all services depending on the outcome of your investigation

1 in which case under either option 2 or 3 they would be able to
2 lower or raise rates on 30 days notice.

3 COMMISSIONER STRANDBERG: I'm just looking at the pros and
4 cons in option 2 and to help me get focused here -- and maybe
5 this is a little bit unfair, but what are the primary reasons
6 why would you -- why you would recommend we not adopt the AT&T
7 approach?

8 MR. GAZAWAY: I think one reason is what if you end up
9 finding a carrier retains market power in the future how do you
10 rebuild the wheel? I mean, after you've dismantled it. This
11 -- these will have regulations in place at that time to address
12 a situation where a carrier all of a sudden gains market power,
13 for example, another -- one of the other primary carriers is
14 going out of business.

15 MS. KENYON: Yeah, under the AT&T proposal they take the
16 word dominant entirely out. It says all carriers have the same
17 requirements.

18 Under our proposal if you have a dominant carrier you
19 retain a standard, whether or not you use it is at your
20 discretion.

21 COMMISSIONER STRANDBERG: So do you feel that under your
22 recommendation that we would have the tools then to address the
23 AT&T concerns on a case by case basis?

24 MS. KENYON: Yes. And maybe not to -- I mean, obviously
25 they have a desire to be treated equally under all fronts and

1 this doesn't give them pure equality, but it gives the
2 opportunity for them to explain why that's deserved.

3 MR. TREUER: You might find GCI to be dominate, too, as
4 well.

5 MS. KENYON: Yeah, especially if you decide to share
6 carrier of last resort responsibilities that may make a
7 difference.

8 COMMISSIONER STRANDBERG: Well, there's silence here from
9 the rest of the Commissioners. To try to get this off of top
10 dead center we are issuing regulations for comment and I would
11 make the statement I am concerned about AT&T being able to
12 function efficiently. And they do bring up a point about being
13 able -- about rate flexibility, but for the purposes of
14 noticing a regulation for comment we need to get something on
15 the street here and it would seem to me that the Staff has laid
16 out a path that we would have the ability really to address
17 this utilities concerns and I'd lay it on the line there.

18 I think probably -- I think where I'm at is that I would
19 go with the Staff's recommendation on it with the understanding
20 that we will take comment and see what the utilities have to
21 say.

22 COMMISSIONER THOMPSON: I'd vote with what I heard
23 Commissioner Giard say initially at the beginning of the
24 discussion, option 2. I think there's enough presence of
25 competition in this market that I'm not as concerned although I

1 agree with Mr. Gazaway. I think once we deregulate it's pretty
2 much impossible to go back. I'm not sure that going back is
3 something that's ever going to be necessary in that particular
4 market.

5 MR. GAZAWAY: But you're dealing with all three markets if
6 you go to AT&T's approach. You're not just dealing with MTS
7 service.

8 COMMISSIONER THOMPSON: When -- okay, when I say market
9 I'm thinking interexchange not type of service, but, okay, now
10 I understand.

11 COMMISSIONER HARBOUR: I support option 3 and that's
12 conditional on our carrying through on Staff's dominant carrier
13 definition because when that happens I think AT&T's concerns
14 are going to be addressed and I do think it's good to have
15 within our regulations the understanding that there could some
16 day again be a dominant player and there should be a way to
17 address that.

18 COMMISSIONER GIARD: Can Staff tell me what the current
19 statewide allocation of market power is? I mean, what does GCI
20 have versus AT&T versus -- I guess those are the two big
21 players (indiscernible).....

22 MS. KENYON: For MTS I thought it was between 40 and 50
23 percent for both of them.

24 COMMISSIONER THOMPSON: Um-hum.

25 MS. KENYON: For private line I've seen -- if I remember

1 right, it was 70 percent for Alascom and 30 percent for GCI,
2 but that figure is old. I know that GCI at one point in time
3 said it had no interstate private lines so it's -- maybe that
4 70 percent figure is -- well, I think I better just leave it at
5 that. We have other -- I could look that up and get you exact
6 data.

7 COMMISSIONER GIARD: No, I just -- I think that that gives
8 is, kind of, a point of (simultaneous speech).....

9 CHAIR JOHNSON: (Simultaneous speech).....

10 COMMISSIONER THOMPSON: That's very useful. You said
11 three markets -- or Rich said three markets and you gave us
12 data for two. What's the third to which you're referring and
13 what's the split?

14 MR. GAZAWAY: We're talking wholesale rate -- the
15 wholesale.....

16 COMMISSIONER THOMPSON: Okay.

17 MR. GAZAWAY:service market.

18 MS. KENYON: And for the wholesale I think that that one
19 is an obvious whoever has the facilities is the dominant
20 carrier and if you don't have facilities competition it's hard
21 to argue that you're not dominant. Matter-of-fact the FCC has
22 declared -- has not relaxed their rules for Alascom in Alaska
23 for their wholesale market and we're proposing that wholesale
24 -- wholesale would remain -- they'd remain dominant.

25 CHAIR JOHNSON: Is -- maybe I could try to -- and I know

1 this may be (indiscernible) sidestepping the issue to some
2 extent, but is there a way that we can proceed with the
3 understanding that when we do issue regulations we could pick
4 one or the other, but we could -- the order accompanying the
5 issuance of the proposed regulations could specify that we are,
6 in fact, looking at both of these options and ask that -- folks
7 to comment on both of them? That way we'd have some additional
8 input from industry in light of the other changes that we are
9 proposing.

10 COMMISSIONER THOMPSON: See, I'll make it easier. I'm
11 going to change my vote 'cause I didn't realize that there was
12 a 70/30 split in the private line market. I'm interested in
13 the accurate figures, but I didn't understand that before and
14 that would impact which option I'd prefer so I think you've got
15 enough.....

16 CHAIR JOHNSON: Option 3.

17 COMMISSIONER THOMPSON: Yeah.

18 CHAIR THOMPSON: Option 3. Kate, you're option 2?

19 COMMISSIONER GIARD: Right, because -- no, I'm fine with
20 option Staff's option -- because if we adopt the Staff's
21 recommendation we have an automatic trigger 60 percent,.....

22 COMMISSIONER THOMPSON: Right.

23 COMMISSIONER GIARD:boom,.....

24 COMMISSIONER STRANDBERG: Right.

25 COMMISSIONER GIARD:we're done with it.

1 COMMISSIONER THOMPSON: Okay.

2 COMMISSIONER GIARD:as far as I'm concerned and then
3 it doesn't really matter what sits here in regulation.

4 CHAIR JOHNSON: Okay. Now, the (indiscernible).....

5 COMMISSIONER GIARD: Item number B, competitive parity,
6 page 90.

7 CHAIR JOHNSON: Carrier of last resort. I have a
8 proposal.

9 COMMISSIONER GIARD: Okay.

10 COMMISSIONER THOMPSON: Okay.

11 CHAIR JOHNSON: I -- and I'll just -- I'm putting this out
12 for purposes of discussion. I like option 1, the AT&T option,
13 provided that it is, in fact, married with something that's
14 included in one of the deficiencies outlined by Staff.

15 I will propose that we go with option 1 and then have a --
16 which requires shared carrier of last resort responsibility,
17 but that we would establish a regime wherein on an annual basis
18 we would conduct a comparative hearing amongst facilities based
19 carriers to determine whether or not it's appropriate for us to
20 assign carrier of last resort responsibilities on a regional
21 basis and that would be the way that we would divide up and
22 assign these responsibilities.

23 I think that it would certainly add to our burden, but I
24 think it would be an appropriate way for us to assign these
25 burdens based on the realities of the market place today. I'll

1 just throw that out.

2 COMMISSIONER HARBOUR: Mr. Chairman, a quick response. I
3 think the -- that puts the burden on then the Commission and
4 it'll be -- while it's an exciting concept, it could even be a
5 full time job keeping up with that one.

6 I like option 3 because it indicates our openness to
7 consider the sharing of carrier of last resort
8 responsibilities, but shifts the burden to doing that on one
9 who would make such a proposal, so.....

10 COMMISSIONER GIARD: What was it, Commissioner Harbour,
11 that you would advocate?

12 COMMISSIONER HARBOUR: Option 3.

13 COMMISSIONER GIARD: So in the regulations we say that we
14 may consider sharing.....

15 COMMISSIONER HARBOUR: Yes.

16 COMMISSIONER GIARD:caller (ph) responsibilities,
17 but we're going to -- so would we have to open a new docket or
18 a new regulation?

19 COMMISSIONER HARBOUR: Well, correct me if I'm wrong, but
20 I think an advocate would propose a sharing to us and obviously
21 if they would do that in league with another affected party it
22 would be more effectively proposed to us, but I guess
23 presumably one party can come to us with a proposal.

24 MR. GAZAWAY: That was a presumption -- can I ask one
25 question, too? In option 3 there was an updated version of

1 this section of the memo that had some highlighted section and
2 I'll just read it to make sure you all have the entire --
3 what's currently.....

4 COMMISSIONER HARBOUR: I have the revision.

5 MR. GAZAWAY: Okay. It has some highlighted areas. We're
6 including a revision to 3 AAC 52.390(c)?

7 COMMISSIONER HARBOUR: Yes, beginning with the work A
8 which I think should be and.

9 MR. GAZAWAY: We'll go with that.

10 MS. KENYON: Yeah.

11 COMMISSIONER HARBOUR: Yeah, my biggest contribution
12 today.

13 COMMISSIONER STRANDBERG: That was huge.

14 CHAIR JOHNSON: Further comments?

15 COMMISSIONER THOMPSON: So, I guess, you're -- I don't see
16 what you two are discussing is so necessarily inconsistent and
17 I kind of like the idea of putting out for comment the idea
18 that, yeah, we'll share, but we're going to figure out how we
19 share in this annual proceeding, you know, another version of
20 access charges or something, something that you get to do every
21 year, but.....

22 COMMISSIONER STRANDBERG: Every two years.

23 CHAIR JOHNSON: But understand there may be years where we
24 don't have inquiry,.....

25 COMMISSIONER THOMPSON: Right.

1 CHAIR JOHNSON:right?

2 MS. KENYON: Could I ask a question for clarification?

3 You say sharing, are you implying we pick the locations and
4 tell them who is the carrier of last resort or are you thinking
5 of a dollar amount where they -- we shuffle money between
6 carriers to pay for the burden of carrier of last resort
7 responsibilities?

8 COMMISSIONER THOMPSON: The former.

9 MS. KENYON: We pick the locations.....

10 CHAIR JOHNSON: Yeah, I was thinking.....

11 COMMISSIONER STRANDBERG: Right.

12 CHAIR JOHNSON:in terms of the former. Although I
13 think you've, you know, did a good job of highlighting some --
14 two of the approaches that we might use, but my first thought
15 was to use a geography based approach.

16 COMMISSIONER GIARD: Okay, what are we doing, option 1?

17 CHAIR JOHNSON: We're talking about.

18 COMMISSIONER STRANDBERG: We're talking.

19 MR. GAZAWAY: Do you mind if I ask, if you step ahead for
20 a second and come back 'cause you're dealing with a subsidy
21 (ph) issue next and.....

22 COMMISSIONER THOMPSON: Um-hum.

23 COMMISSIONER STRANDBERG: Right.

24 MR. GAZAWAY:that may tie into your decisions on
25 whether you open a docket on carrier of last report.....

1 COMMISSIONER STRANDBERG: Right.

2 MR. GAZAWAY:or -- or if you intend to entertain
3 proposals how you deal with them. The two of them seem to go
4 somewhat hand in hand to me.

5 COMMISSIONER STRANDBERG: I would make the comment that at
6 the beginning of the proceeding there would be a fairly
7 significant divvying up of the responsibility across the state
8 I would presume and then once that would be done then we would
9 have more-or-less maybe some changes to the responsibilities
10 depending on what's actually happening in the market place.
11 That may be what's happening here, what might happen in the
12 future.

13 MS. KENYON: Is it -- you anticipate that you'd require a
14 carrier to build facilities where it currently is not a carrier
15 of last resort once you do this dividing it up?

16 CHAIR JOHNSON: We would be assigning that responsibility,
17 yeah, that's one of the -- that's part of the -- one of the
18 elements of doing business in this state in the interstate
19 interexchange market.

20 MR. TREUER: You might not want to do it on an annual
21 basis then.

22 CHAIR JOHNSON: Well, I said annual. I just used that. I
23 mean a periodic basis or as a on an as needed basis. It may
24 not come up. I know the last time this came up was five years
25 ago perhaps, something of that order and there's a -- Staff

1 probably knows about the proceeding that there was a very small
2 community and I'm not sure if the Commission ever ultimately
3 determined that there was a necessity to provide service or
4 not. I'm trying to recall the name of the proceeding.

5 MS. KENYON: Chisana.

6 CHAIR JOHNSON: Chisana. That's exactly right.

7 CHAIR JOHNSON: Yeah.

8 MS. KENYON: Is it then to maybe understand further what
9 you're saying, we're only talking about new construction.....

10 CHAIR JOHNSON: Yes. Yes.

11 MS. KENYON:and not existing construction?

12 CHAIR JOHNSON: Yes.

13 COMMISSIONER THOMPSON: AT&T meant existing, I'm sure.

14 COMMISSIONER STRANDBERG: Yes.

15 MS. KENYON: I think A&T meant everything.

16 CHAIR JOHNSON: No, but my discussion is it relates to new
17 requests. New communities, you're right. A huge distinction
18 there, thank you.

19 COMMISSIONER THOMPSON: Well, I think that if you're going
20 to do that you ought to look at how the responsibility is
21 allocated everywhere, because there's a huge issue, an
22 investment issue for these companies. And the argument is gee,
23 one of the reasons we can't upgrade the plant that we have out
24 there now is because we've got -- we're spread too thin we --
25 if we have a responsibility to invest everywhere. And in some

1 of these communities there's duplicate facilities.

2 COMMISSIONER STRANDBERG: I mean it would almost be that
3 we say as a policy we want the carrier of last resort shared
4 and then look to the industry, we set the rules and have them
5 divvy it up in the most efficient way. That might be one
6 approach here.

7 COMMISSIONER THOMPSON: Well, I'm sure if we have a
8 proceeding we'll hear from both of them.

9 COMMISSIONER STRANDBERG: Yeah.

10 MS. KENYON: This may be complicated to the point where
11 you either have to accept proposals or open a proceeding. For
12 example, one of the more logical ways to divvy it up is by
13 market share. Well, that's probably 40/60, but when you come
14 down to it GCI only has about 50 locations that they serve in
15 your most rural areas, there's 200 some -- actually maybe 60,
16 not 50, 60 out of 200 some.....

17 COMMISSIONER THOMPSON: Uh-hum.

18 MS. KENYON:which is far different from their market
19 share. So I -- and I really can't see them necessarily
20 reaching agreement that one would be willing to plunk down a
21 new earth station at a cost of perhaps \$300,000 per location
22 and not having it be controversial.

23 COMMISSIONER STRANDBERG: Yeah. In fact, the dynamic of
24 how the distribution goes, the DAMA project, they built 50 of
25 these earth stations and they selected a number of different

1 places throughout the state so the practical matter is that we
2 have earth stations, we have microwave facilities, and we have
3 a number of different technologies serving, so I can see this
4 is a complicated issue if we want to divvy it up.

5 CHAIR JOHNSON: From my perspective the comparative
6 hearing would enable us to consider.....

7 COMMISSIONER THOMPSON: Uh-hum.

8 CHAIR JOHNSON:all those issues on -- you know, on a
9 new record.....

10 COMMISSIONER STRANDBERG: Yes.

11 CHAIR JOHNSON:each time we were to undertake such a
12 proceeding.

13 COMMISSIONER THOMPSON: Yup.

14 COMMISSIONER STRANDBERG: Yeah, I agree.

15 COMMISSIONER GIARD: So what are we going to do?

16 COMMISSIONER THOMPSON: So I think we're talking about
17 option 1 with the qualification that it -- how facilities be --
18 are divided up is determined in some type of proceeding.

19 CHAIR JOHNSON: Yes.

20 COMMISSIONER GIARD: Okay.

21 CHAIR JOHNSON: Just by way of background, there's a
22 certain amount of legal precedent in the regulatory law for us
23 -- I mean administrative law to -- for the conduct of
24 comparative hearings to bring parties in front of the
25 Commission and require filings from them on specific issues as

1 to which party is more fit, willing and able to serve a given
2 community than the other. To some extent they might be trying
3 to argue against their ability to do it, but nonetheless, you'd
4 have the parties in front of you and you would have -- the
5 Commission would have the ability to compile a record as to --
6 and introduce the facts as to the ability of the parties to
7 serve. And I think it's a -- once again, the proceeding could
8 be, you know, complex, but hey, if you haven't noticed most of
9 our proceedings are complex.

10 MS. KENYON: A point of clarification. Who are you going
11 to bring into the proceeding? Is it going to be the top two
12 carriers, are you going to make it all the ankle biters, too,
13 or.....

14 COMMISSIONER GIARD: No.....

15 CHAIR JOHNSON: All Facilities based IXCs.

16 MS. KENYON: Okay.

17 MR. GAZAWAY: So let me clarify what you want us to do is
18 -- that is draft a proposed regulation that announces that the
19 carrier of last resort will be determined through.....

20 COMMISSIONER THOMPSON: A proceeding.

21 MR. GAZAWAY:a proceeding opened for -- to address
22 those. Okay.

23 COMMISSIONER STRANDBERG: That would be (indiscernible).

24 MR. GAZAWAY: You want us to do a draft regulation is my
25 question.

1 CHAIR JOHNSON: Yes.

2 COMMISSIONER THOMPSON: Yeah.

3 CHAIR JOHNSON: I believe that, Rich, there's a provision
4 that's in the Administrative Procedures Act that addresses
5 comparative hearings. You might want to just take a quick look
6 at that, I think.

7 COMMISSIONER HARBOUR: Mr. Chairman, I haven't been a part
8 of as many hearings that haven't been contested in that sense.
9 Not as a lawyer, but just as an observer they appear to be
10 pretty comparative to me. And as long, you know, consciously
11 we know we're walking down the path of assuming the burden for
12 divvying up carrier of last resort that's one thing. And I
13 think option 3 sets the default as the incumbent and then opens
14 our proceedings to parties who want to submit a proposal. And
15 that in turn triggers, if you wish, a comparative hearing or
16 could. So I think it's a question of how we want to approach
17 it. And apparently the majority seems to want to approach it
18 in a way that we take the initiative to do that and I'm
19 struggling with how that's not a we know best attitude rather
20 than allowing the industry to through its own initiative make
21 us a proposal. I'll leave it at that.

22 CHAIR JOHNSON: I guess I would not characterize -- well,
23 I guess I wouldn't look at it or characterize it as a we know
24 best approach. I do think that this is an issue that this
25 Commission has a responsibility to take on and that's part of

1 the job description here is kind of my approach. Not because I
2 want to, it's just because it's one of the things I have to do.

3 COMMISSIONER STRANDBERG: This is a -- one of those we
4 have to deal with this issue matters.

5 COMMISSIONER GIARD: Okay. Gentlemen, we're going to move
6 forward, is that all right with you? Interexchange carrier
7 subsidy is page 91. My personal opinion, this may surprise
8 you, is that we decline to consider this matter here.

9 COMMISSIONER THOMPSON: That would be option 2?

10 COMMISSIONER GIARD: It would be option 3.

11 COMMISSIONER THOMPSON: Well, I agree, it's -- okay.

12 Suzie. I agree that we -- our decision in the access charge
13 docket may impact this and it may be better to wait and do it
14 and see what we end up with in that docket.

15 CHAIR JOHNSON: I'm appalled (ph).

16 COMMISSIONER GIARD: What?

17 CHAIR JOHNSON: No.

18 COMMISSIONER GIARD: Okay. Any other comments? There's
19 issues on reporting requirements for trouble report, service
20 quality. Staff recommended that we look at option number 2.

21 COMMISSIONER HARBOUR: Excuse me, I know I'm one step
22 behind everybody, but since we haven't launched into it. We
23 went over the last one so fast, can somebody tell me why a
24 matter pretty thoroughly in our hearing as a part of the answer
25 to carrier of last resort issues we don't want to further

1 discuss?

2 COMMISSIONER GIARD: Well, I didn't feel that it was a
3 strong part of HB 111. It seemed to be something that tied in
4 with the overall interexchange matter in Alaska, but it seemed
5 really out in the weeds in terms of this particular hearing.
6 So that's why I made that kind of presumptive comment and
7 disregarded in the matter because it just seemed so far out.

8 MR. GAZAWAY: One thing as well. If you're dealing with
9 shared carrier of last resort responsibilities I wouldn't say
10 you've eliminated AT&T concerns, but you've reduced them
11 somewhat.

12 COMMISSIONER THOMPSON: And the reason -- my reasoning was
13 a little different than Kate's, which is that we have an open
14 docket. We've noticed a model.

15 COMMISSIONER HARBOUR: Right.

16 COMMISSIONER THOMPSON: Depending on what we do with
17 access charges the concern that has prompted AT&T's request for
18 subsidy may be diminished or reduced.....

19 COMMISSIONER HARBOUR: Right.

20 COMMISSIONER THOMPSON:or eliminated or maybe
21 not.....

22 COMMISSIONER HARBOUR: Okay. That.....

23 COMMISSIONER THOMPSON:but we ought to finish that
24 up and see what's left of the problem after a couple of things
25 that are open now are done.

1 COMMISSIONER HARBOUR: Okay. All I caution is when we
2 start talking about the complexity of apportioning cost work
3 responsibilities under carrier of last resort and we discuss
4 all the methods for doing that and we shouldn't do that without
5 discussing this because this is a serious concept that the
6 commenters presented for our consideration. I'll just leave it
7 at that.

8 MR. GAZAWAY: They also may end up unless you tell them
9 not to, to raising that issue again after you've issued your
10 proposal on shared carrier of last resort.

11 COMMISSIONER THOMPSON: Uh-hum. And likely will.

12 COMMISSIONER STRANDBERG: This issue will be back with us.

13 COMMISSIONER HARBOUR: Thank you.

14 COMMISSIONER GIARD: Okay. Under page 94 trouble reports,
15 Staff recommendation, would you like to go into this -- that's
16 fine. I thought the Staff recommendation was fine.

17 CHAIR JOHNSON: Yeah, but they want us to fix (ph).

18 COMMISSIONER THOMPSON: I thought it was okay to offer
19 (indiscernible - voice lowers). I'll pick the second one for
20 purposes of discussion. If we're going to share carrier of
21 last resort responsibility we ought to keep track of the status
22 of the equipment that's being used to fulfill that requirement.

23 COMMISSIONER STRANDBERG: Well, (indiscernible) the
24 carrier of last resort. Well, what about the rest of the
25 facilities based IXCs? Am I not reading this right?

1 2590

2 (Tape change)

3 Tape 5

4 0015

5 MS. KENYON: Technically you could do both.

6 COMMISSIONER THOMPSON: But why do we care for the
7 noncarrier class resort?

8 COMMISSIONER GIARD: Right.

9 COMMISSIONER STRANDBERG: Well, we do care about the
10 consumer. And from what I've seen we do have -- this is one of
11 the aspects of life in Alaska where there are some difficulties
12 in maintaining quality of service in remote areas. And I guess
13 I would make the case that I think there are at least two small
14 communities where it's been helpful for us to have information
15 on trouble. And at least that's my impression is that this has
16 been an issue in your regulatory business.

17 COMMISSIONER GIARD: The lack of reports?

18 COMMISSIONER STRANDBERG: No, the availability of reports.
19 Specifically I think there was a case in Hollis where we had
20 difficulties in service. And those apparently are being
21 resolved now, but we've been through the mill on this.

22 COMMISSIONER GIARD: So are you supporting the second
23 option, Commissioner?

24 COMMISSIONER STRANDBERG: I'd like to hear from Staff on
25 the worth of levying trouble report requirements on major

1 facilities based IXC's in Alaska?

2 MS. KENYON: This is of most value to you if one of your
3 major facilities based carriers is in the process of updating
4 its facilities and your non- -- well, I'll even make it simple.
5 There -- historically there was a situation where you had two
6 carriers serving an area with the same earth stations, but one
7 who had better quality than the other. And Alascom had -- was
8 in the process of upgrading its earth station but had not yet
9 done so. I could understand a situation where the consumers
10 may want to know when the better quality earth station or
11 microwave shot if there ever was one was having problems.

12 There may be situations where you may care whether any and all
13 the major facilities based carriers are providing adequate
14 service because the consumers may be depending upon those.

15 It mainly would happen in a situation where the -- a
16 facilities based carrier wasn't a carrier of last resort, but
17 they still had critical facilities that you cared about.

18 MR. TREUER: The first option might more likely give you
19 immediate parity than the second option until you -- initially
20 you're going to have a carrier of last resort, a single one,
21 until you have a proceeding.....

22 COMMISSIONER STRANDBERG: Right.

23 MR. TREUER:where you pick a second one. And so
24 you're more interested in getting trouble reports for purposes
25 of market analysis and service quality right away, the first

1 option would probably be better, but if you're not.....

2 CHAIR JOHNSON: For the benefit of the other
3 Commissioners, I've actually in my former life was involved in
4 preparing these reports and although they are a burden they are
5 not, I don't think, particularly onerous. Anyway, leaving it
6 at that I think if we do extend this additional new burden to
7 existing IXCs there's no question there is a burden, I do not
8 think it is a large one. I would offer that.

9 COMMISSIONER HARBOUR: Mr. Chairman, I'd go for option 1.
10 I can't remember in the brief time I've been here where a
11 Commission does the decision making turned on trouble reports
12 of one type or another. Maybe there have been some where that
13 was introduced, but you know, I do know of instances where
14 consumer related concerns came to our level if they weren't
15 dealt with at a lower level or by the utility. And there
16 probably would be some Staff use from time to time, but in the
17 interest of efficiency and lacking a showing of significant
18 reason for it I'd go for option 1.

19 COMMISSIONER GIARD: I think for the discussion on.....

20 CHAIR JOHNSON: I can't believe I'm going to argue, maybe
21 I'll go this far again. Like I say, I think the real value is
22 not in terms of how this data is utilized at the Commission,
23 although I think we -- it's -- there's a value in the
24 Commission being a repository of this kind of information for
25 historical purposes or for assessing issues as they come along.

1 But in my experience what the preparation of these trouble
2 reports does is that it really forces the utility to start
3 thinking in terms of how it intends to address particular
4 problems that have arisen particularly out in Bush Alaska.
5 Unless you're required to sit down and develop an assessment of
6 the status and report to somebody you're not likely to do that.
7 And in my experience it helped bear substantially to focus our
8 thinking in terms of how we're going to ultimately restore
9 service in an area.

10 And actually in my former employment we were the joint
11 venture partner with AT&T Alascom and in many cases I was the
12 person that was looked to to put this kind of documentation
13 together. And I think it does have a use and I think it's a
14 positive one and the effects are positive for consumers and
15 people that are by themselves that are out of service for some
16 reason, so I.....

17 COMMISSIONER HARBOUR: Just to respond to your comments.
18 I agree with you. I think that it has value. And very much
19 like a security situation, it's a judgment call. The more
20 security I desire the more I'm going to pay for it. And the
21 question is to me, my question that I'm facing is am I seeking
22 greater security for ratepayers or citizens or am I seeking
23 greater acknowledgement of the competitive environment? And
24 I'm more focused on the second than on the first right now
25 because I believe that there are adequate consumer protection

1 devices in place. And that's not to belittle or undermine the
2 value that you as an insider saw on the value putting these
3 reports together.

4 I grant that there may be value. The question is what
5 we're willing to force industry to pay for them. And it may be
6 that the -- talk about the -- I don't think you used the term
7 de minimis but modest cost involved may be modest for one
8 utility in a given area, but it may have a much different
9 impact for a statewide and more complex utility. I don't know.

10 COMMISSIONER THOMPSON: So which one are you advocating
11 for?

12 CHAIR JOHNSON: I like 2A myself.

13 COMMISSIONER THOMPSON: Okay.

14 COMMISSIONER STRANDBERG: And I'm 2A.

15 CHAIR JOHNSON: And even in making that advocacy I do
16 believe that, you know, we are imposing an additional burden
17 and that's sort of contrary to what I ordinarily like to do,
18 but in this case I don't believe that the additional burden is
19 large.

20 COMMISSIONER THOMPSON: Okay. Well, just in the interest
21 of time I'll switch from 2B to 2A so we can move on.

22 COMMISSIONER GIARD: I don't think it matters 'cause if
23 they've got the market share percentages it means they're both
24 going to be reporting anyway. All right. Page 96 item number
25 4, reporting and recording requirements. There's some

1 interesting options. Option number 2 is recommended by the
2 Staff, impose above reporting requirements on non-dominant
3 facilities based IXCs with sufficient market share. And we
4 were talking about uniform system of accounts.

5 MS. KENYON: All right. Oh, boy. I think we're actually
6 advocating option 4. It may be misleading in the document.

7 COMMISSIONER GIARD: Oh, okay.

8 COMMISSIONER THOMPSON: I don't like that one for the
9 reasons raised earlier when this issue came up because I don't
10 think we should be creating barriers or disincentives to
11 becoming carrier of last resort.

12 COMMISSIONER STRANDBERG: I'm in agreement.

13 COMMISSIONER THOMPSON: I would be interested in Staff's
14 comment on the breadth of impact of option 2. How many
15 additional folks who don't now have to use these procedures
16 will have to if we extend them to non-dominant facilities based
17 IXCs with sufficient market share?

18 MS. KENYON: It depends on where you hit your standard.
19 For the most part the carriers -- I think Alascom and GCI are
20 somewhere in the 40 to 50 percent range. I think the next
21 largest carrier may be ACS Long Distance. And that's probably
22 under 5 percent.

23 COMMISSIONER THOMPSON: Uh-hum.

24 MS. KENYON: So.....

25 COMMISSIONER THOMPSON: Well, so if you assume that we had

1 a 10 percent threshold who else that doesn't now.....

2 MS. KENYON: That would be GCI.

3 COMMISSIONER THOMPSON: Okay.

4 MS. KENYON: And -- yeah, that would be GCI.

5 COMMISSIONER THOMPSON: And now we're back to our extra
6 (indiscernible - background noise) issue.

7 COMMISSIONER GIARD: What information do you get, you
8 know, what about option number 1 just eliminating the
9 requirements for IXCs?

10 MS. KENYON: Well, if I'm not mistaken Alascom still has
11 to follow the federal USOA which is different from ours. And
12 one of the key differences which was debated before you in
13 another proceeding had to do with how they reported their
14 facilities. If you want to be able to tell at least some
15 degree of how much microwave plant they have or satellite
16 plant, the state uniform system of account gets you that
17 information. The federal has not. They've eliminated that
18 sub-categorization.

19 So the things that you get with the uniform system of
20 account is it's along the same lines as I said before, if you
21 have a carrier of last resort especially with these really
22 small rural routes where they're arguing that their finances
23 are -- they're not making enough money, that they need a
24 subsidy, those uniform system of accounts would be extremely
25 useful to you to tell and compare from year to year how much

1 they have in plant, what type of plant it is, whether or not
2 they're moving away from satellite, if you think that satellite
3 is not the thing to do. I know that Alascom has a variety of
4 different type of plant out there in microwave and satellite
5 both, you know, you'd be able to tell how it cost for the two
6 different types of facilities, how much maintenance they're
7 putting in the place, how much they're upgrading, whether their
8 maintenance costs are varying from year to year and that would
9 be for any of the carrier of last resorts that you may have.

10 COMMISSIONER GIARD: You know, I'm really hesitant, I'm
11 really hesitant to put this uniform system of accounts. I
12 think that there are probably ways that the Commission can
13 gather that information if we say they must maintain their
14 books and records in sufficient detail such that we can
15 determine on a site by site basis. I mean there's ways of -- I
16 mean everything comes down to an invoice and writing a check.
17 There are ways to get the information. I just would really
18 hate to impose this on GCI or I guess I hate to do it to them.

19 COMMISSIONER THOMPSON: Does that mean you're arguing for
20 option 3?

21 COMMISSIONER GIARD: I was initially arguing for option 1
22 which is just eliminate them for IXCs.

23 CHAIR JOHNSON: What about the missing option, option 5
24 which is the status quo?

25 COMMISSIONER GIARD: Well, then you have one person with

1 maybe 40 percent market share.....

2 CHAIR JOHNSON: That's true.

3 COMMISSIONER GIARD:being required to like.....

4 COMMISSIONER STRANDBERG: Well.....

5 COMMISSIONER GIARD:you know, do something that one
6 person with 50 percent market share isn't required to do.
7 That's kind of unfair.

8 MS. KENYON: Well, they do have -- remember, whatever you
9 do here applies not just to the MTS, it applies to the private
10 line markets and the wholesale market. Wholesale, I personally
11 believe it would be very hard for them to argue that they don't
12 have control of those facilities for which they have a
13 monopoly.

14 COMMISSIONER GIARD: Right, but we can pare it down so
15 that they have to maintain -- I mean they have the ability
16 within their systems, I'm positive, to break it up by line of
17 business. So for this line of business which is private line
18 you have to maintain your system of accounts, for the rest of
19 your lines of business -- I mean we could tell them how to do
20 that and we could say, GCI you have to comply in this area, but
21 the rest of your general ledger you don't have to change.

22 MS. KENYON: That may be very difficult because, for
23 example, the president's salary, you know, how are you going to
24 easily identify that between the two lines of business, the MTS
25 market, the private line, the wholesale. Some of the

1 facilities are common for all three. Like they use the same
2 antenna in earth stations for all three businesses. And if you
3 have to make them do it for one line of service it would be
4 probably more complicated for them than to have a different one
5 for the other lines of service.

6 I'm not sure we could accurately get a good picture if you
7 do that.....

8 COMMISSIONER GIARD: Okay. So the information that we're
9 trying to get to is that you're maintaining your areas and
10 you're spending money on those areas that we identify you as a
11 carrier of last resort on. So really we're trying to -- is
12 that correct?

13 MS. KENYON: That's part of it. The other part of it is
14 if you ever want to review the rates in areas where you deem
15 them to be dominant or whoever deems to be dominant the uniform
16 system of accounts is an extremely useful tool.

17 COMMISSIONER GIARD: I think it's going back to
18 Commissioner Strandberg's, the thing where he says, really,
19 really, I think it's a question of how much more -- are we in a
20 period or will we likely be in a period in the future where
21 you'll need that information where you really see out into the
22 horizon that you're going to need it and that you will not be
23 able to require it.

24 COMMISSIONER STRANDBERG: I guess where I'm at is I'm
25 going with Commissioner Thompson that I think this carrier of

1 last resort, this is going to be a tough cookie. And I just
2 can't see us levying some extensive accounting requirements on
3 a company that we're going to tell, you know, you've got to
4 take over this responsibility.

5 COMMISSIONER GIARD: Right.

6 COMMISSIONER STRANDBERG: So at least for now I think
7 where I'm at is I'm not into that and we may have to deal with
8 it later on how to deal with potential requirements for them to
9 report some cost information to us, but at this time I don't
10 think I want to go in here with a big overhead item. We know
11 that we're probably going to get there, but right now I don't
12 think I'm into that.

13 COMMISSIONER GIARD: Well, your risk is if you weigh the
14 risk in the marketplace your risk is that you're going to lose
15 some, you know, granular data. You're going to lose some
16 granularity. And in exchange you're going to shift the burden
17 of carrier of last resort around the carriers in Alaska, so
18 there's a benefit and a detriment. And what I think needs to
19 be weighed is, you know, and I can't make a very intelligent
20 decision because I haven't been here long enough. All I can
21 tell you is that it is a burden. It is a lot to ask someone to
22 do. And I personally would not ask them to do that.

23 I would actually require that the companies provide us
24 with the information that we need and identify the information
25 that we need, and then release both of them from this, but

1 require them to provide the data that we need. They have
2 accounting staff. They have audit firms.

3 COMMISSIONER THOMPSON: And win that argue for option 3
4 which is figure out which is defer consideration to a separate
5 docket. I agree. I don't think we have enough of a record
6 about what information it is we're talking about to make a good
7 decision that they don't have to file it anymore. I think it's
8 an important issue and I agree that there's a principle that
9 there should be some kind of parity, but I'd take it up and
10 build a separate record on that issue.

11 COMMISSIONER GIARD: Well, I would rather choose option 3
12 than this regulation impose an accounting burden on
13 (indiscernible). I just would rather do option 3.

14 COMMISSIONER THOMPSON: Uh-hum.

15 COMMISSIONER STRANDBERG: Does that get us where we need
16 to go? Right now we have basically the dominant carrier being
17 required. Is that -- maybe we need to just cover where are we
18 at right now on this?

19 COMMISSIONER GIARD: Well, we had this discussion about
20 carrier of last resort earlier in the day.

21 COMMISSIONER STRANDBERG: What I'm saying is.....

22 COMMISSIONER THOMPSON: I think his question is who has to
23 file this now?

24 COMMISSIONER STRANDBERG: Yes.

25 COMMISSIONER THOMPSON: The answer is only AT&T.

1 COMMISSIONER STRANDBERG: It's only AT&T.

2 COMMISSIONER THOMPSON: Right.

3 COMMISSIONER STRANDBERG: So if we go to item 3 -- or
4 option 3 we elect to deal with this later, then that leaves us
5 with a situation where AT&T is required.

6 COMMISSIONER THOMPSON: To do something that GCI isn't
7 until we finish that docket.

8 COMMISSIONER STRANDBERG: That's right.

9 COMMISSIONER THOMPSON: That's true.

10 MR. GAZAWAY: You might want to look at it the other way
11 around. Who's not required to do it? I mean 'cause in the
12 local exchange market everybody except for.....

13 COMMISSIONER THOMPSON: Right.

14 MR. GAZAWAY: the main facilities based -- I mean the
15 main competitors are going to do it. And the same thing is in
16 existence in the long distance market.

17 COMMISSIONER GIARD: Yes, but what I'm hoping for is an
18 opportunity once we go back and we firm up competitive market
19 and we finish building our pyramid that we may be able to in
20 certain areas, you know, it may not be necessary for the other
21 LECs. I mean it may not be as competition -- it's a reward
22 that they get. They get to fire some accounting staff, you
23 know, as competition develops in a market, I would hope.

24 MS. KENYON: You'll always have a problem until you reform
25 your access charge rules.....

1 COMMISSIONER GIARD: Right.

2 MS. KENYON:because those are essentially a non-
3 competitive market where it is standing right now. And that's
4 a LEC problem. The IXC market, the closest comparable you have
5 is wholesale. And I guess the only thing I can say is if you
6 ever want to review the wholesale rates or the rates at which
7 Alascom provides services to other carriers, then I think I
8 need that uniform system of accounts.

9 If you ever want to look at whether the rates are for a
10 private line or any service you may deem to be dominant, they
11 may have the only -- they may have a monopoly control over a
12 particular service for which you've decided they should remain
13 dominant, but I need the USOA. If you want to be able to tell
14 what their rate of return is I need the USOA, otherwise they
15 can give you a return but you really don't have any confidence
16 as to what went into it and how accurate it is.

17 COMMISSIONER STRANDBERG: I would just pose this, the
18 question today and I honestly don't know what the answer is,
19 I'm wrestling with it, is whether we let go or whether we -- I
20 think Lori has given some very good discussion about retaining
21 control so that in the future we would have the ability to
22 review, to go into areas that we may well need to. So I think
23 that's where we're at here is option 1 would be really
24 releasing quite a bit.

25 The option 3 that Commissioner Thompson spoke of we would

1 keep the status quo basically with AT&T, but agree to open up a
2 docket to look at this.

3 COMMISSIONER GIARD: I'm fine with opening a docket. I
4 think it's time to open a docket. (Inaudible). Is there any
5 other discussion on option 3?

6 CHAIR JOHNSON: Does that bring us to the end of this
7 section?

8 COMMISSIONER THOMPSON: I think it does. And I think we
9 decided the first day not to do ABC (ph).

10 CHAIR JOHNSON: Can I.....

11 MS. KENYON: Just a point of clarification before you get
12 off of IXC. If you're down the shared carrier of last resort
13 road you may have to evaluate your quality of service standards
14 'cause right now those only apply to the incumbent or the
15 dominant carrier.

16 COMMISSIONER THOMPSON: I made myself a note about that.

17 MS. KENYON: Okay.

18 CHAIR JOHNSON: Cool.

19 MS. KENYON: Is there any particular way you want us to
20 deal with that issue?

21 CHAIR JOHNSON: I doubt if we can give you that guidance
22 right now at least I can't.

23 COMMISSIONER THOMPSON: I easiest would be to make those
24 apply to carrier of last resort, but I think we're going to
25 have to look at what they are because they were written

1 sometime ago.

2 CHAIR JOHNSON: So would this be the time for me to renew
3 my request to the Commission that we spin the eligible
4 telecommunications carriers policies out into a new docket?
5 In fairness I think I proposed this once before and I did not
6 have takers for it, but I'll try again since we're here.

7 COMMISSIONER STRANDBERG: Now that we're all wore down.

8 COMMISSIONER THOMPSON: In terms of timing it's probably
9 going to happen anyway, but as I noted before this is an issue
10 that the FCC and the Joint Board's actively considering so
11 while I think it would be appropriate for this Commission to
12 await -- you're not going to have to wait very long, some
13 guidance before charging down this road, but there's plenty of
14 other work to do in the interim.

15 COMMISSIONER HARBOUR: I'd agree with that. Urge that all
16 the records so far that applies to ETC be applied to the new
17 docket.

18 COURT REPORTER: I can't hear you.

19 COMMISSIONER THOMPSON: No cookies, Dave, next time.

20 CHAIR JOHNSON: Are there items in the time -- and I'll
21 just note, I have a note from one Commissioner, a desire to
22 terminate this proceeding at 4:30 today, that gives us 15
23 minutes. I think we've always proceeded under the notion that
24 we're going to engage in some doubling back. Are there issues
25 - do we want to take a moment, do we want to go off record for

1 a little while to consider if there's things -- oh, we do have
2 the -- go ahead.

3 MS. KENYON: We have option 4 that you probably still want
4 to talk about.....

5 CHAIR JOHNSON: Right, would this be a good time.....

6 COMMISSIONER THOMPSON: Uh-hum.

7 CHAIR JOHNSON:Commissioner Thompson?

8 COMMISSIONER THOMPSON: Uh-hum.

9 MS. KENYON: But could we clarify where you're at on the
10 ETC? I'm not sure I understood what option -- procedural
11 option you wanted to take?

12 CHAIR JOHNSON: I tried to spin that into a new docket,
13 but I think I found my support lacking at this stage so.....

14 MS. KENYON: So.....

15 CHAIR JOHNSON:we apparently are not going to take
16 that issue up.

17 MS. KENYON: Okay. Thank you.

18 CHAIR JOHNSON: That brings us to a revised version of the
19 option 4 on detariffing. Are we calling that deregulation or
20 are we calling this rate and detariffing?

21 COMMISSIONER THOMPSON: I'm calling it rate deregulation.

22 CHAIR JOHNSON: Okay.

23 COMMISSIONER THOMPSON: I'll talk about the changes that
24 have been made. And when I've been sitting here I noticed a
25 few other typo like errors that we can fix later, but anyway, I

1 worked on this -- I worked through this with Ms. Kenyon, too,
2 and we don't agree on all this entirely so I'm going to defer
3 to her to give you her side of the story in cases where I know
4 she still disagrees.

5 The first change is to eliminate what was number 3. And
6 Ms. Kenyon wanted that as a back-up option. I'll let her
7 explain why. I feel like that we're adequately covered with
8 what's now 3.

9 COMMISSIONER GJARD: I think that you're going to see a
10 wide variety of different types of things come before you. And
11 the more tools you have to deal with that variety the better
12 off you are. The old option 3 which was deleted basically says
13 no carrier owns monopoly facilities related to the service that
14 enables the carrier to exercise market power. It gives you
15 another tool should you decide that you need it because that
16 seems -- owning monopoly facilities is a very key component to
17 whether or not you can deregulate a service.

18 You know, I know that we have -- we're somewhat relying on
19 the new option -- new bullet 3, you know, that if you have
20 monopoly facilities then the carrier has allowed access to
21 those facilities, but I'm just not comfortable that those have
22 worked smoothly in the past. And I know that they probably
23 haven't, so.....

24 COMMISSIONER THOMPSON: Well, I don't think they work
25 particularly smoothly every time anyway, but I guess I just

1 don't see the need if we have the provision that says if they
2 are monopoly facilities they've got an obligation to figure out
3 to provide access to take the next step, but that's an area we
4 just don't agree.

5 I changed what should be numbered 4 that is 5 on here in
6 response to a comment by Commissioner Johnson, what he handed
7 me that he later shared with me that he didn't even think that
8 was such a great idea. I thought it was a good idea. It was
9 the standard for market share. It used to say at least 40
10 percent of the customers receive service from competitors. The
11 question is well, what if there's a lot of little carriers who
12 collectively comprise 40 percent, but they're still one big
13 carrier that's 60, is that when you want to back off? And his
14 standard had two carriers that each shared more than 30 percent
15 of the relevant market which I thought was better 'cause it
16 avoids the one carrier versus two little ones or many little
17 ones problem.

18 CHAIR JOHNSON: And I'll try not to take too much credit
19 for this inspiration?

20 COMMISSIONER GIARD: And we do we need item number 1?

21 COMMISSIONER THOMPSON: Yeah. What that would ensure
22 would be that customers have access to competitors. I think
23 that's important if we're going to.....

24 CHAIR JOHNSON: Well.....

25 COMMISSIONER THOMPSON:the idea that you're going to

1 rate deregulate is dependent upon customers being able to
2 switch effectively from carrier to carrier so they need to have
3 access to at least two.

4 COMMISSIONER STRANDBERG: How does.....

5 COMMISSIONER GIARD: Then are we doing number 5?

6 COMMISSIONER STRANDBERG: How do items 2 and 5 relate?

7 COMMISSIONER THOMPSON: Good question.

8 CHAIR JOHNSON: Well, I think there are a couple of
9 different things going on there. I -- oh, I'm sorry, you asked
10 about 2? I thought the question was about 1.

11 COMMISSIONER THOMPSON: It's about the relationship
12 between the two.

13 COMMISSIONER STRANDBERG: Yeah. I mean we have some
14 criteria for what is a dominant carrier.....

15 COMMISSIONER THOMPSON: Okay.

16 COMMISSIONER STRANDBERG:and let's make sure those
17 mesh.

18 COMMISSIONER THOMPSON: Okay. Point is well taken. I
19 guess I'm back to the drafting board.

20 CHAIR JOHNSON: Did you have a question about the
21 relationship between 1 and 5 though, was that your question?

22 COMMISSIONER STRANDBERG: Yes.

23 CHAIR JOHNSON: Commissioner Giard?

24 COMMISSIONER GIARD: Uh-huh.

25 CHAIR JOHNSON: Well, I think 1 identifies that we are --

1 that defines a particular breed of cat, a certificated local
2 exchange service competitor, and whereas 5 just speaks in terms
3 of carriers. I don't think -- I think item 1 ensures that
4 there are certain -- two carriers that have certain minimum
5 qualifications whereas 5 is a bit more general and I think
6 others could -- other carriers that are not certificated LECs
7 could meet that 5, that's the way I interpreted it at least.

8 COMMISSIONER GIARD: Uh-hum.

9 COMMISSIONER STRANDBERG: Well, are you opening that then
10 to like a cross technology type thingy where I hear you're
11 saying.....

12 CHAIR JOHNSON: That would be the implicatcn, yes.

13 COMMISSIONER STRANDBERG: Yeah.

14 COMMISSIONER THOMPSON: Wow.

15 CHAIR JOHNSON: Thingy. Got to be that thingy.

16 COMMISSIONER THOMPSON: Okay. On number 6 I changed it in
17 response to Commissioner Strandberg's concerns to try and
18 identify what we really wanted which is enough information to
19 be able to certify appropriate use of Universal Service Funds.

20 10 I got rid of because I think that's another double
21 backup. It would be nice, but we don't necessarily need it.
22 And there's also -- there was a double negative in there which
23 is always difficult to prove.

24 COMMISSIONER STRANDBERG: It's not that I don't like
25 those.

1 CHAIR JOHNSON: I think it -- no evidence is also a bad
2 one, too.

3 COMMISSIONER THOMPSON: Yeah.

4 CHAIR JOHNSON: Yeah.

5 COMMISSIONER THOMPSON: Yeah. Anyway, B2 is the next big
6 change. I added in response to -- I changed this in two ways
7 in response to Mr. Gazaway's concerns which were good ones.
8 The first that each of these companies must establish or notify
9 their customers of a customer complaint process. I'd hope
10 they'd have them anyway, but just to make sure they do. And
11 they also have to notify their customers of their right to
12 contact us if the complaint isn't resolved to their
13 satisfaction.

14 And I changed on the following page the reporting
15 requirements to include customer's name and contact information
16 as well as all the information they're required to collect
17 about -- because I want our Staff to have the ability to verify
18 or spot check if they want to, if they need to.

19 Then the next substantial changes to paragraph 5 and that
20 incorporates Commissioner Johnson's language about what a basic
21 service is to make it consistent with how the FCC defines it.
22 I changed carrier to provider again for the reasons we've
23 talked about lots of times already. And I added a number 7. I
24 was originally thinking of some kind of nondiscrimination
25 requirement, but it was pointed out to me by the ever able Ms.

1 Kenyon that's in the statute anyway. And that there are other
2 statutory requirements so perhaps just a reference to statutory
3 requirements would be enough.

4 COMMISSIONER HARBOUR: Mr. Chairman, I like the -- I
5 appreciate the effort on this. I had two questions. One on
6 number 5, we go from basically a 40 percent threshold to a 60
7 percent. And I'm wondering if there's any -- if that imposes a
8 barrier that's higher than we would really like. Would some
9 figure short of 30 percent since two are required each with
10 that amount be more reasonable?

11 CHAIR JOHNSON: Well, just speaking for myself, I think
12 that this is a -- we are establishing a pretty significant
13 trigger point here for detariffing.....

14 COMMISSIONER THOMPSON: Uh-hum.

15 CHAIR JOHNSON:and I think it's appropriate to set
16 that hurdle, if you will, somewhat high. There's no question
17 that under 5 that you are talking about a highly competitive
18 local exchange market.....

19 COMMISSIONER HARBOUR: Right. What if.....

20 CHAIR JOHNSON:that's the intent of the language.

21 COMMISSIONER HARBOUR: What if, you know, some people
22 would consider a market to be pretty competitive if you have an
23 incumbent and then one competitor had 32 percent and the other
24 had 24 percent? I mean....

25 COMMISSIONER THOMPSON: Well.....

1 COMMISSIONER HARBOUR:that's a pretty high threshold
2 to suggest that two have to.....

3 COMMISSIONER THOMPSON: Well, who has the rest of the
4 market? Aren't you.....

5 COMMISSIONER HARBOUR: Yeah.

6 COMMISSIONER THOMPSON: I think you're covered.

7 CHAIR JOHNSON: And we may want to come back if -- I think
8 we could easily debate that 30 percent number a little bit back
9 and forth.

10 COMMISSIONER HARBOUR: Okay. I'm sorry.

11 CHAIR JOHNSON: That's an easy discussion we can have.

12 COMMISSIONER HARBOUR: Yeah. No, I was reading it wrong.
13 Now I understand and I appreciate your patience.

14 Back on the bottom of the page on number 2.....

15 COMMISSIONER THOMPSON: Uh-hum.

16 COMMISSIONER HARBOUR:adding to the customer
17 satisfaction. I'm wondering if that isn't imposing on the
18 company more than a company should be reasonably asked to
19 assume to be able to verify to us that each of the cases dealt
20 with was to the customer's satisfaction. Does that imply that
21 he collects a statement from every customer saying I'm
22 satisfied? I don't think the nature of customer service is
23 very naturally embraces a requirement to ensure that each
24 complaint was resolved to the customer's satisfaction.

25 COMMISSIONER THOMPSON: Which is why it says if.

1 COMMISSIONER GIARD: Yeah.

2 COMMISSIONER HARBOUR: Yeah.

3 COMMISSIONER THOMPSON: Yeah. And I think I'm not
4 intending that they have to get some kind of certified
5 statement from the customers, but I think they're going to know
6 when the customer stops calling back or if -- what the customer
7 asked for was delivered, that there was (indiscernible -
8 simultaneous speech).....

9 COMMISSIONER HARBOUR: I just think that's a regulatory
10 requirement and it's another line that customer service has to
11 be instructed to somehow ask and obtain knowledge of whether or
12 not the customer was satisfied after complaining and being
13 through basically a contentious process because it is -- every
14 time a customer complains it's a somewhat contentious process.
15 And then we're asking to determine whether or not the complaint
16 was resolved to the -- now maybe the customer was -- stopped
17 objecting, but to affirmatively say that the customer was
18 satisfied I think is asking a little much.

19 CHAIR JOHNSON: Well, if I might, I think, once again,
20 this is simply notice that it be provided to customers.
21 Frankly, the way to do this is through a bill stuffer or.....

22 COMMISSIONER THOMPSON: Uh-hum.

23 CHAIR JOHNSON:notification in a bill and utilities
24 do this all the time. There's a contest for the limited space
25 that's available on a bill or there's a cost associated with

1 the bill stuffer....

2 COMMISSIONER HARBOUR: Right.

3 CHAIR JOHNSON:but that's what we're talking about
4 here.

5 COMMISSIONER HARBOUR: Yeah. No, and I support you on
6 that. The last -- the underlying portion does that. And I
7 think.....

8 COMMISSIONER THOMPSON: He's talking about this.

9 COMMISSIONER HARBOUR: Yeah. I think.....

10 CHAIR JOHNSON: Oh, I see.

11 COMMISSIONER HARBOUR:if you were to leave out the
12 earlier reference to customer satisfaction you will accomplish
13 what you want by the underlying language.

14 COMMISSIONER THOMPSON: Oh, okay. Well, I don't see that
15 as a big deal. If the complaint resolved is fine.

16 COMMISSIONER STRANDBERG: That could be handled in
17 drafting to get it.....

18 COMMISSIONER THOMPSON: Yeah.

19 COMMISSIONER STRANDBERG:written right (ph).

20 COMMISSIONER GIARD: What -- why do we put in carrier
21 customer complaints? Does this mean that GCI calls up ACS
22 every day and talks about the nature of its complaint and how
23 and if it was resolved? If it was resolved to GCI's
24 satisfaction and then we never hear from them again? I don't
25 know. I mean carrier customer. I'm sure they talked -- I'm

1 sure they're not going to call every day.

2 COMMISSIONER THOMPSON: Well, if that's the -- I mean
3 hopefully some day there might be a satisfactory process for
4 transitioning customers so that they don't have to complain,
5 but some of these -- I was thinking that rather than GCI and
6 ACS, I was actually thinking about Alascom who is a wholesale --
7 significant wholesale customer and I think.....

8 COMMISSIONER GIARD: I don't mean -- we're talking about
9 consumer complaint process in this. I don't know if we just
10 really want to sneak carrier customer complaints in there. I
11 mean the goal is to protect the consumer and the carrier
12 probably has.....

13 COMMISSIONER THOMPSON: They're consumers, too. Yeah, I
14 think the carriers are consumers, too, I don't know, I think
15 about that one a little more.

16 COMMISSIONER STRANDBERG: Let's see now, we're
17 deregulating retail services here.

18 COMMISSIONER GIARD: Retail, right.

19 COMMISSIONER THOMPSON: Yeah.

20 COMMISSIONER STRANDBERG: We're not.....

21 COMMISSIONER GIARD: All right. So it's AT&T Alascom is
22 going to be calling up ACS.

23 COMMISSIONER THOMPSON: Uh-hum.

24 COMMISSIONER GIARD: I mean they're big companies and
25 they'll duke it out.

1 COMMISSIONER : ANDBERG: Well.....

2 COMMISSIONER GIARD: And then they'll come to us
3 (indiscernible).....

4 COMMISSIONER STRANDBERG:I mean at the top it says
5 here rate deregulation of a retail service or group of
6 services. Does that include a service being provided to
7 another carrier? Is that the scope?

8 COMMISSIONER THOMPSON: It could, I guess, but.....

9 COMMISSIONER GIARD: I'm not sure of that.

10 CHAIR JOHNSON: I'm not sure on that one.

11 COMMISSIONER THOMPSON: I'm not sure either. Okay.

12 MS. KENYON: I think as drafted retail almost always
13 implies you're not talking about another carrier.

14 COMMISSIONER THOMPSON: Okay. So I'll get rid of and (ph)
15 carrier customer.

16 CHAIR JOHNSON: Okay. I'm just watching the clock here,
17 Commissioner Thompson.

18 COMMISSIONER THOMPSON: Yeah, okay. Gone.

19 CHAIR JOHNSON: Is there further discussion about option
20 4?

21 MR. GAZAWAY: Can we ask a couple of clarification points
22 from a practical application point of view? For example, are
23 you going to require information to be filed if you get a
24 customer complaint or not? If so what level of detail is that
25 information going to have?

1 COMMISSIONER THOMPSON: I think the regulation requires
2 that they file -- the level of detail is what's (indiscernible)
3 in 2 and 3.....

4 CHAIR JOHNSON: Yeah.

5 COMMISSIONER THOMPSON:and they're supposed to file
6 with us monthly.

7 CHAIR JOHNSON: Rich, we may not be able to provide that
8 much more than what we already have here for right now.

9 MR. GAZAWAY: I mean if they're in a detariff process
10 where they are no longer (indiscernible).....

11 CHAIR JOHNSON: Let's.....

12 MR. GAZAWAY:on our approval of the.....

13 CHAIR JOHNSON:open up that door again.....

14 MR. GAZAWAY:tariff to validate the terms of their
15 service why are they coming to us for complaints?

16 MS. KENYON: I thought about that, too, and I think what I
17 was thinking -- why I thought that might be good that we at
18 least get the report of the consumer complaints is if we have a
19 whole bunch of them then under A, and I forget what number it
20 is, I think A7 you can re-regulate essentially. Not that
21 that's a convenient or desirable option, but if you do get
22 everybody complaining something it leaves you free to take
23 action.

24 CHAIR JOHNSON: We have another -- hopefully have we come
25 to an end of the discussion on option 4 for right now,

1 Commissioner Thompson?

2 COMMISSIONER THOMPSON: Uh-hum.

3 CHAIR JOHNSON: Yeah. We have another hearing scheduled
4 for Friday and I'm not precisely sure of the time. It's in the
5 afternoon. I guess when I had some discussion with some of the
6 other Commissioners I think the expectation is, and I know it's
7 going to put a burden on the Staff but I doubt if you will be
8 entirely surprised by this, but we're probably going to want to
9 get a recapitulation of the items that we have decided and what
10 we are currently looking at, so we may be able to reconsider
11 and think of those items kind of as a whole. Is that going to
12 be possible, Ms. Kenyon?

13 MS. KENYON: Yes. We were planning on giving that to you
14 on Thursday.

15 CHAIR JOHNSON: I know that.....

16 MS. KENYON: It may be -- we were thinking by maybe mid-
17 afternoon.

18 CHAIR JOHNSON: Just let me say in advance that I know
19 that's going to be a difficult project and that we really
20 appreciate that so that, you know, we know it's a lot of work.
21 And we're not making light of it. I think it's just great that
22 you can do that for us.

23 At any rate, the plan is to reassemble on Friday and once
24 again, like I say, take advantage of the Staff work and
25 consider these items obviously, and after the report is made

1 available to us on Thursday and hopefully come to some final
2 conclusion about items that may still be outstanding here or we
3 want to make modifications to. Is there any further comment
4 from the Commission as to where we've been today?

5 COMMISSIONER THOMPSON: I don't want to talk about where
6 we've been. We've been here all day.

7 CHAIR JOHNSON: I know. I think we've done some fairly
8 heavy lifting. We do have Other Business item on today's
9 agenda. Is there other business to come before the Commission
10 this afternoon?

11 COMMISSIONER STRANDBERG: Move to adjourn.

12 CHAIR JOHNSON: There is a move to adjourn.

13 COMMISSIONER THOMPSON: Second.

14 CHAIR JOHNSON: There's a second. Is there objection?
15 None noted. Thank you everyone.

16 (Recessed - 4:33 p.m.)

17 1560

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STATE OF ALASKA

REGULATORY COMMISSION OF ALASKA

Before Commissioners:

Mark Johnson, Chair
Kate Giard
Dave Harbour
James S. Strandberg
G. Nanette Thompson

REGULATORY COMMISSION OF ALASKA
701 West Eighth Avenue, Suite 300
Anchorage, Alaska

SPECIAL PUBLIC MEETING

October 31, 2003
1:30 o'clock p.m.

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PROCEEDINGS

1

2 Tape 1

3 0015

4 (On record 1:33 p.m.)

5 CHAIR JOHNSON: We are -- it is the 31st of October, 2003
6 this is a special public meeting of the Regulatory Commission
7 of Alaska. I'm Mark Johnson, Chair of the Commission and with
8 me are Commissioner Strandberg, someone who appears to be
9 Commissioner Thompson, an unidentified man on my right and
10 Commissioner Giard, oh, I think it's Commissioner Harbour,.....

11 COMMISSIONER HARBOUR: Thank you.

12 CHAIR JOHNSON:all are here. This session here
13 today is -- actually first of all there is a public
14 participation element in our meeting. Are there members of the
15 public that are present here today that desire to address the
16 Commission on items relevant to the Commission's business?
17 Hearing none and seeing no requests, we will close that portion
18 of the meeting.

19 The second item on our agenda is continuing consideration
20 of the options that are available to the Commission in
21 connection with Docket R-03-03. And also included within that
22 docket are Dockets R-02-06 and R-01-01 -- 2, excuse me, R-01-
23 02. We did want to -- those are on the notice as well. The
24 Staff has prepared in response to our activities on Wednesday a
25 rough effort at trying to define and summarize those choices

1 and other selections we made in this area pursuant to the
2 comments of the parties in this docket. And I believe those
3 papers have been distributed to members of the Commission and
4 hopefully our members -- available to members of the public
5 that may be present as well.

6 I had a request before the meeting that we consider going
7 through the proposed Staff document page by page. I'm
8 personally gratified that it turned out to be a lot shorter
9 than the decisional document and it will help us to, I think,
10 address in an expeditious manner how this docket unfolds from
11 here. Is there an objection to going through this item
12 beginning on page 1?

13 COMMISSIONER GIARD: Let's do it, Mr. Chairman.

14 CHAIR JOHNSON: Let's do it. Maybe we could just start
15 and maybe I'll -- departing from our earlier approach, maybe
16 I'll undertake to sort of walk us through. Obviously the one
17 I'm going to work off of is the document entitled Draft
18 10/30/03. It would be my intention to -- I -- the one that I
19 worked off of is the one with highlights. They provided two
20 versions of the document to provide a little bit of a break out
21 as to some of the changes that have been included in here from
22 perhaps a prior version. Is -- that's the document I'm going
23 to work off, are people amenable to that approach? I think --
24 I'm getting, fine, yes.

25 The first item are some -- a proposed change, this is on

1 page 2, an amendment to 3 AAC 48.315 Telecommunications Carrier
2 Rate Reductions and Staff suggest as I understand it deletion
3 of a current paragraph in subsection (b), is that correct, am I
4 reading this correct?

5 MS. KENYON: No, what you are seeing is.....

6 CHAIR JOHNSON: Okay.

7 MS. KENYON:a whole new section and the deletions
8 are there to show a change from the previous proposal that was
9 before you and that is all.

10 CHAIR JOHNSON: Okay.

11 MS. KENYON: We weren't -- in this area we weren't sure
12 exactly what your final decision was, I think there may not
13 have been consensus on the panel, so I wanted to show that this
14 may be an area where you -- we may need more instructions.

15 CHAIR JOHNSON: Yeah, thank you. Is.....

16 COMMISSIONER HARBOUR: Mr. Chairman.

17 CHAIR JOHNSON: Commissioner Harbour.

18 COMMISSIONER HARBOUR: Yeah, I've got a question of Staff,
19 I think the way it's worded now the Commission can disapprove
20 and require modification of rate decrease that violates
21 existing statutes or represents undue discrimination
22 provisioning of just and reasonable rates. That in essence
23 includes the former subparagraph 2, doesn't it, so that
24 embraces any of those situations that could arise?

25 MS. KENYON: I agree, I really didn't -- can't give you --

1 I mean, I think the reason 2 was in there was just to try to
2 mirror the language that was in House Bill 111, but it's
3 included in bullet 1 or what used to be bullet 1.

4 COMMISSIONER HARBOUR: So it's basically an economy of
5 language then by using 1 and not including 2?

6 MS. KENYON: Uh-hum.

7 COMMISSIONER HARBOUR: Thank you.

8 COMMISSIONER STRANDBERG: If I might just get a
9 clarification. The shaded and the lined out are items that
10 you're bringing to our attention and you're recommending that
11 we take out?

12 MS. KENYON: Yes.

13 COMMISSIONER STRANDBERG: And then the shaded ones mean?

14 MS. KENYON: That was just an indication that I wanted you
15 to be aware a change had occurred there.

16 COMMISSIONER STRANDBERG: Okay. Thank you.

17 COMMISSIONER HARBOUR: But just because it's shaded that
18 could be either a current addition or a deletion,.....

19 COMMISSIONER STRANDBERG: Right.

20 COMMISSIONER HARBOUR:that's just brought to our
21 attention?

22 COMMISSIONER STRANDBERG: Right.

23 MS. KENYON: Yes.

24 COMMISSIONER HARBOUR: Okay.

25 CHAIR JOHNSON: I may be the most confused person here

1 now. I'm trying to figure out where and at what stage of the
2 prior discussions we discussed this,.....

3 COMMISSIONER GIARD: I was just looking.....

4 CHAIR JOHNSON:can you provide me with a little
5 further reference,.....Okay.

6 CHAIR JOHNSON:Ms. Kenyon?

7 MS. KENYON: I can -- I think I can summarize where we
8 were at. If you were to -- let's see.....

9 CHAIR JOHNSON: And I have my Staff notebook in front of
10 me.

11 MS. KENYON: If you'd give me a moment to find the
12 page,.....

13 CHAIR JOHNSON: Sure.

14 MS. KENYON:I think I can show you what was
15 originally proposed. Well, subject to check 33 and 34
16 according to Rich here. Yes, that's where we had provided you
17 with an option 5 and you'll see how it was originally proposed.
18 And based on discussions at this meeting on Wednesday I really
19 didn't have a good answer for you as to why we had 2 in there,
20 bullet 2, except for the fact that it is trying to mirror some
21 of the language that's -- was in House Bill 111 and it would
22 appear to be repetitive in concept. So in this next version
23 we're proposing to take that out however it probably doesn't do
24 any harm to have 2 in there. That it's -- I wasn't really sure
25 where you -- what you wanted us to do.

1 CHAIR JOHNSON: Okay. Is there -- does that help the
2 Commission a little bit? Did people have thoughts on that as
3 to -- and once again you're recommending that we take out the
4 paragraph 2?

5 MS. KENYON: Yes.

6 COMMISSIONER THOMPSON: I think that's what we decided
7 before, I think that this change appropriately reflects the
8 discussion as I recall.

9 MS. KENYON: Okay.

10 CHAIR JOHNSON: Is that accurate? I think since we are
11 going through this thing sort of as the last cut let's take a
12 little time here and make sure that we get it right. I don't
13 think we are under the kind of time constraint that we were
14 under on Wednesday and previously.

15 COMMISSIONER STRANDBERG: Looks good. Looks good to me.

16 COMMISSIONER THOMPSON: Good.

17 CHAIR JOHNSON: I personally like the original option 5,
18 but that's okay I guess, if people want to go with the
19 amendment we'll go with it in that way. I -- with that I've
20 turned onto page 3, are there questions? I guess I had a
21 question, I had understood that we were going to be rewriting
22 the section -- the options -- the choices on depreciation to
23 speak in terms of lives as opposed to rates, could you just
24 clarify that for me a little bit, Ms. Kenyon,.....

25 MS. KENYON: That is.....

1 CHAIR JOHNSON:as to why this appears to be in terms
2 of rates?

3 MS. KENYON: Could you identify where you're seeing that
4 that's rates -- says rates, are you referring to bullet -- to
5 paragraph (a)?

6 CHAIR JOHNSON: I am. And then also to the -- obviously
7 the -- (b) also speaks in terms of depreciation rate
8 development. I just.....

9 MS. KENYON: Okay.

10 CHAIR JOHNSON:want to clarify that we had made the
11 shift from rates to lives, I under -- that was the Staff
12 recommendation, I'm just trying to make sure that what we have
13 in front of us makes that --.....

14 MS. KENYON: Okay.

15 CHAIR JOHNSON:clarifies -- is consistent with that.

16 MS. KENYON: Paragraph (a) is an introduction that
17 basically says when a utility is going to be using these
18 provisions to develop its rates, (b) says well, when you are
19 developing your rates you can use the life and the net salvage
20 tables that the Commission propose -- has -- is going to adopt.
21 But you need clarification that -- they still have to come in
22 and show you the rates that they develop based on those tables
23 and that's why the last sentence in (b) is there and why it
24 refers to rates, just to add clarity that it's not just
25 something they look up in the table and they implement on their

1 own because you could do various types of rates as a result of
2 what's in those tables.

3 CHAIR JOHNSON: Sure. I understand. I guess my second
4 question was is as I understood the proposal that the
5 Commission embraced and somebody correct me if I'm wrong here,
6 that we were going to make specific reference to FCC ranges, is
7 that correct or is that not correct?

8 MS. KENYON: I didn't get that impression and you do have
9 people on the record that suggested that the FCC ranges may be
10 a good start, but you may need to tweak them for state
11 purposes.

12 CHAIR JOHNSON: Okay.

13 MS. KENYON: So that's why we didn't include those, but we
14 -- that's something you could do if you desired.

15 CHAIR JOHNSON: But certainly the language that you've
16 proposed here would allow us to start from that -- from --
17 considering a full record that included FCC as well as other
18 potential asset lives?

19 MS. KENYON: Yes.

20 CHAIR JOHNSON: Right.

21 COMMISSIONER GIARD: Mr. Chairman, I have some
22 modifications.....

23 CHAIR JOHNSON: Go right ahead.

24 COMMISSIONER GIARD:to this particular write up.
25 And I have actually further modifications to what I've written

1 up. So I think my recommendation would be that this section
2 particularly needs to be a little meatier in terms of
3 implementation of the simplified depreciation table. And so I
4 rewrote it and I put in a period by which the utilities need to
5 adopt those tables and other items. How should we go about
6 talking about that?

7 CHAIR JOHNSON: I think for openers that the thing that we
8 want to do is make sure everybody has copy of your proposal in
9 front of them,.....

10 COMMISSIONER GIARD: Okay.

11 CHAIR JOHNSON:Commissioner Giard.

12 COMMISSIONER GIARD: Well, that -- I didn't do that, but I
13 can get that.

14 CHAIR JOHNSON: We could -- this would -- you know, since
15 we're on the subject do we want to take a quick break here.....

16 COMMISSIONER GIARD: Okay.

17 CHAIR JOHNSON:and we can make copies and I'd make
18 sure that we get copies for the Staff and also for the public
19 that may have an interest. Mr. Treuer I think can take care of
20 this for us.

21 COMMISSIONER GIARD: Oh, thank you.

22 CHAIR JOHNSON: Thank you, Phil. And let's go c i record
23 here for a moment while we do that.

24 (Off record - 1:47 p.m.)

25 (On record - 1:54 p.m.)