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STATE OF ALASKA  
REGULATORY COMMISSION OF ALASKA  
Before Commissioners: Stephen McAlpine, Chairman  
Paul F. Lisankie  
Rebecca L. Pauli  
Robert M. Pickett  
Janis W. Wilson

REGULATORY COMMISSION OF ALASKA  
701 West Eighth Avenue, Suite 300  
Anchorage, Alaska 99501

CONTINUED PUBLIC MEETING

April 11, 2018  
9:03 a.m.

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1 P R O C E E D I N G S

2 (On record - 9:03 a.m.)

3 CHAIRMAN MCALPINE: Okay. On  
4 record. Good morning, ladies and gentlemen. This  
5 is the time set for the regularly scheduled  
6 meeting of the Regulatory Commission of Alaska at  
7 the Commission's headquarters in Anchorage,  
8 Alaska.

9 It's 9:03. I apologize for the  
10 late start, we have legislative hearings going on  
11 contemporaneous with this meeting.

12 Joining me on the dais today are  
13 Commissioners Lisankie, Pickett, and Wilson. My  
14 name is Stephen McAlpine, I'm the chairman of the  
15 Commission.

16 The first item on the agenda is  
17 public participation. Are there any members of  
18 the Anchorage audience who wish to address the  
19 Commission this morning?

20 Sir, please come forward. If  
21 you'll note, there's a button on the microphone.  
22 And when you turn it on, a green light will come  
23 on. Identify yourself, please, for the record.  
24 And public participation is limited to five  
25 minutes, so go ahead.

1 MR. HALL: All right. Thank you.

2 Clint Hall from Kenai/Soldotna area, and I thank  
3 you for the opportunity to share a concern we have  
4 about a new tariff filing in Kenai, Homer  
5 Electric, TA406-32.

6 And with this -- this is a fairly  
7 radical change in this tariff from the past  
8 because this tariff change eliminates the  
9 opportunity to have construction power for new  
10 meter services.

11 And for new members, new meters --  
12 for 40 years, our construction company has had the  
13 luxury of having construction power available for  
14 us. This tariff change eliminates that.

15 And in -- just a few years ago,  
16 they did a project down there called -- I think,  
17 it was a 501 plan. And it was very similar to  
18 this where they don't want to -- and in this  
19 tariff change, their new offering is to locate the  
20 meters, which you call CMF, out by the  
21 transformer, or the pedestal out by the street;  
22 and they don't want to run it into the house.

23 So there's a few issues that we see  
24 with that, but we don't -- in this -- past when  
25 they tried this -- and I think it was only about



1 three years ago -- it only lasted for one season;  
2 and maybe only a month. And their findings were  
3 that it was not favorable.

4 So now there's a new staff down  
5 there in the engineering department, and they  
6 would like to try this again. And it's -- it's  
7 written in this new tariff.

8 Well, that poses some problems to  
9 us, but we would -- we would like to see them have  
10 the opportunity to try that. But to eliminate the  
11 old system that we've had for, I don't know how  
12 many years, it just seems like quite a threat to  
13 new members -- the new services, and especially  
14 eliminating construction power service.

15 And so I just had a work session  
16 with the engineer department from Homer Electric.  
17 And when I asked them, especially in the winter  
18 months, how we were going to perform without  
19 electricity; and they said -- you know, their only  
20 response was, "Get a generator."

21 Well, we have houses right now that  
22 are operating on construction power or temp  
23 services. And in June or whenever they can get to  
24 plowing in a permeant service, it's just  
25 disconnected and applied to the house meter.

1                   But we have many, many, many houses  
2       every winter that just operate normally by  
3       construction power. We go through closings with  
4       finance companies; people move into these homes,  
5       but off of generators, that opportunity won't  
6       happen.

7                   So we see this as a great threat to  
8       our family, our employees, and this whole  
9       community to just totally eliminate -- and that's  
10      what they're saying, "We will not offer  
11      construction power."

12                  So we would hope that you could  
13      review this. And I -- I imagine this 501 plan may  
14      be in your hands for viewing why it wasn't  
15      favorable, because basically this is the same plan  
16      they're proposing right now.

17                  And so this is fairly short. We --  
18      we have the -- the builders in the Kenai Peninsula  
19      area were not aware of this tariff change. Just a  
20      few days ago we really got into this.

21                  And probably about 20 -- 20 or 25  
22      builders, elec- -- electrical contractors got  
23      together, and we were petrified over what we're  
24      seeing here.

25                  And what we would all -- could hope

1 would happen is this could be delayed and have all  
2 these experienced contractors meet with Homer  
3 Electric, their board, and try to work through  
4 some solutions.

5 Because as I had this work session  
6 myself with the engineering department, the  
7 management of them, they didn't have any solutions  
8 for us, especially through wintertime work when  
9 there's nonstandard issues like frozen ground and  
10 no construction powers. So we just see this as a  
11 tremendous threat.

12 It's -- if it works, we sure don't  
13 have a problem. You know, CMFs out by the road,  
14 they're not very pleasant looking. But, you know,  
15 personally I think we could -- we could accept  
16 that if that's just the way it has to be.

17 But going through the winter with  
18 no power opportunities is just -- you know, is --  
19 it's just unreasonable; it's unfair.

20 And -- you know, and for the last  
21 40 years that our company's been there, we've had  
22 that opportunity. So this is kind of prejudiced  
23 against new construction, new meter services.

24 So we really, really would hope  
25 that somehow this thing could be delayed. These

1 builders and the contractors down there, they're  
2 so upset about what they're seeing in this, that  
3 they would like to have the opportunity -- because  
4 they were never invited for a work session through  
5 the utility down there.

6 And we would hope that this could  
7 be delayed, and this is an emergent for --  
8 emergency for all of us. So we -- we will go to  
9 the -- their board meeting, see if we can't work  
10 out some of the details.

11 They may not be familiar with the  
12 problems that this could pose to us. They may not  
13 even be familiar because they're -- they -- they  
14 look like a new board down there, a new staff, and  
15 they may not be familiar with the project that  
16 they just tried a few years ago.

17 So we'd like to bring that to their  
18 attention. We've -- we've got a lot of years of  
19 experience, and we could help them through that if  
20 they're new. But if you have any questions for  
21 me, I'd be glad to try to answer them.

22 CHAIRMAN MCALPINE: Are there any  
23 questions or comments from the Commission? Seeing  
24 none, does -- is -- anyone from HEA like to  
25 address the Commission on this subject? Okay. If

1 not, thank you very much, sir, for your  
2 presentation --

3 MR. HALL: Thank you for your time.  
4 Thanks.

5 CHAIRMAN MCALPINE: You're very  
6 welcome. Is there anyone else in the Anchorage  
7 audience that wishes to address the Commission?  
8 Come forward, Ms. Heim. Please identify yourself  
9 for the record.

10 MS. HEIM: It's been so long since  
11 we were here last.

12 CHAIRMAN MCALPINE: I understand.  
13 You're getting to be a bit of a fixture around  
14 here, as is Mr. Ponder.

15 MS. HEIM: Good morning, my name is  
16 Shannon Heim. I'm an attorney at Moss & Barnett,  
17 and I'm here this morning on behalf of Matanuska  
18 Telephone Association.

19 With me is Ryan Ponder, the legal  
20 and regulatory affairs manager for MTA; and Clint  
21 Spencer, who is an MTA wireless network  
22 technician. Clint has been working in the  
23 wireless industry for 29 years, and he will speak  
24 about his work with MTA customers transitioning  
25 off our BETRS network.

1                   Last week I talked about the  
2     parameters of BETR service and why MTA is  
3     discontinuing that product. Although we are  
4     available to answer any questions about those  
5     comments, I won't reiterate them now.

6                   Today I'd like to briefly walk  
7     through why MTA does not believe discontinuation  
8     of this service implicates its COLR obligations,  
9     its ETC status, or its state CPCN.

10                  CHAIRMAN MCALPINE: Ms. Heim?

11                  MS. HEIM: Yes.

12                  CHAIRMAN MCALPINE: I don't mean to  
13     interrupt you, but I'm going to exercise some  
14     executive privilege here and move down the agenda  
15     to item four, which is the discussion of this  
16     issue --

17                  MS. HEIM: Uh-huh.

18                  CHAIRMAN MCALPINE: -- and not  
19     limit your remarks to --

20                  MS. HEIM: Okay.

21                  CHAIRMAN MCALPINE: -- to five  
22     minutes, so --

23                  MS. HEIM: Okay. Thank you.

24                  CHAIRMAN MCALPINE: -- so go ahead.  
25     You're very welcome.

1 MS. HEIM: Thank you. Is that also  
2 a, stop talking so fast?

3 CHAIRMAN MCALPINE: I've gotten  
4 used to it.

5 MS. HEIM: We can't help it, we're  
6 Yankees. Let's see. A footnoted discussion of  
7 these issues was filed with the FCC after a  
8 discussion we had with them this last week and the  
9 RCA. I also provided a copy of that ex parte  
10 directly to staff.

11 To be plain, BETRS is not a  
12 landline local telephone service. It is an  
13 obsolete voice product provided over wireless  
14 spectrum, obtained and regulated by the FCC.

15 These locations do not fall within  
16 the obligations to serve within our local  
17 exchange, as defined by Alaska regulations.

18 The RCA has recognized that BETRS  
19 does not meet the definition of local service, nor  
20 does it meet the legal requirements for COLR  
21 service articulated in Alaska regulation.

22 To the extent that MTA's  
23 discontinuation of BETRS falls into a gray area,  
24 MTA considered Commission precedent and its  
25 conclusion that it need not file an application

1 seeking affirmative action from this Commission.

2 In TA188-359, ACS of the  
3 Northland -- AC now -- sought and received  
4 permission to discontinue BETRS.

5 AC -- AC will not connect any new  
6 customers. AC also disconnected BETR service for  
7 any customer on a seasonal disconnect, any  
8 customer who disconnected for nonpayment, and any  
9 customer whose equipment fails or becomes impaired  
10 due to terrain or foliage.

11 The RCA made no mention of any  
12 issues this discontinuation might have had for AC  
13 CPCN, their COLR status, or their ETC.

14 The Commission required no  
15 application for discontinuation, only a simple  
16 tariff filing. As the Commission knows, MTA is  
17 not longer subject to those tariff filings.

18 Similarly, in TA36-629, United  
19 Utilities, Inc. sought to grandfather BETR service  
20 and cease offering it to any new customers,  
21 including customers who are on a seasonal plan,  
22 customers who disconnected for nonpayment, and  
23 customers who equipment failed.

24 The RCA granted their application  
25 to revise its tariff, with no mention of any



1       implications for their CPCN, their COLR status, or  
2       their ETC.

3                       I -- I definitely want to leave  
4       some time for Mr. Spencer to -- to talk to you.  
5       I -- we -- Mr. Ponder and I will be available for  
6       questions after his remarks.

7                       CHAIRMAN MCALPINE: Clint, if you'd  
8       go ahead and reidentify yourself for the record,  
9       and welcome.

10                      MR. SPENCER: Thank you. Clinton  
11       Spencer, MTA. I -- I am the wireless guy. I do  
12       everything from install, optimization, work on the  
13       microwaves, and also the fixed wireless while it's  
14       still here.

15                      I've been doing the fixed wireless  
16       customers for a couple years now since one of the  
17       other guys retired. Worked with many, many dozens  
18       of the customers over the last couple years, and  
19       have gotten a lot of them another solution for the  
20       transition from fixed wireless to LTE.

21                      There's -- there's a customer out  
22       in Skwentna that's very happy, he actually sent me  
23       a letter in the mail after converting him to a  
24       Verizon booster kit and helping him shop for it  
25       online and get -- get that equipment installed

1 with the tech assistance over the phone.

2 I've spent several -- I would say  
3 several hundred hours since last year working with  
4 customers on the phone, giving them technical  
5 advice as to what would work best for them and --  
6 and how they can install it and test it and --

7 MS. HEIM: Describe the shopping,  
8 that you shop in parallel with them.

9 MR. SPENCER: What I have them do  
10 is either get on a tablet, if they have one, or a  
11 computer, and I get on my laptop. And I will  
12 actually go to Amazon while they're on Amazon, and  
13 I'll actually get them -- so they can compare  
14 apples to apples because there's hundreds of kits  
15 you could buy.

16 You could spend a thousand dollars.  
17 But, you know, most of them have been able to get  
18 a nice kit for 150 bucks with the assistance of me  
19 shopping with them in parallel at the same time  
20 while I have them on the speakerphone.

21 So that's what I've been doing with  
22 most the customers lately, and it's been working  
23 out. I've got -- a lot of customers really said  
24 that, you know, they've gone above and beyond.

25 And I've actually worked for ACS

1 and other companies as well over the years, and  
2 this company, MTA, is -- is -- went above and  
3 beyond. And the customers have -- have said the  
4 same thing in the tech support to transition from  
5 this service.

6 And with 29 years in -- in the  
7 business, I -- I have not worked for another  
8 company that has gone to this extreme to help the  
9 customers find another solution.

10 There is some service that -- you  
11 know, some of the BETR service in -- in areas now  
12 is very spotty, at best. But there's always a  
13 satellite phone backup available to these  
14 customers.

15 There's -- we've prevented -- we  
16 presented them several solutions, did a write-up,  
17 and even sent them letters. And I've spent a lot  
18 of time on the phone with Alaska Satellite and  
19 other carriers to enable them, to give them as  
20 much information as we can so they can make an  
21 informed decision on what would be best for them  
22 for the future. Thank you.

23 MS. HEIM: So that -- that's what  
24 we have by way of formal remarks, but we are  
25 definitely open, willing, ready to answer any

1 questions you may have.

2 CHAIRMAN MCALPINE: And you brought  
3 Ponder just to showcase this or --

4 MS. HEIM: He's the pretty one.

5 CHAIRMAN MCALPINE: Okay. Are  
6 there questions or comments from the Commission?  
7 Commissioner Pickett?

8 COMMISSIONER PICKETT: Nice to have  
9 you here, Clint. I was happy when Shannon  
10 indicated on Monday you would be here. So how  
11 many BETRS customers have yet to find alternative  
12 methods at this point, as of the most current  
13 information you have?

14 MS. HEIM: There are 34 who remain  
15 connected to the -- the system. It's hard to have  
16 an exact number because some of those -- some of  
17 those customers have no intention of finding an  
18 alternative --

19 COMMISSIONER PICKETT: Right.

20 MS. HEIM: -- service, they're just  
21 going to roll off.

22 COMMISSIONER PICKETT: And I think  
23 you indicated at the last public meeting that part  
24 of it was a seasonal thing, some of them --

25 MS. HEIM: Uh-huh.

1 COMMISSIONER PICKETT: -- are trying  
2 to get their ducks lined up and figure --

3 MS. HEIM: Right. Right.

4 COMMISSIONER PICKETT: And one of  
5 the most critical comments was when the -- whoever  
6 owns the peony farm and, you know, kind of that  
7 colloquy back and forth. Can you address that?  
8 Has that gentleman or party been --

9 MS. HEIM: I will let Clint talk a  
10 little bit about the -- the work that has gone on  
11 with him. We're sensitive because he's still  
12 connected to the network --

13 COMMISSIONER PICKETT: Uh-huh.

14 MS. HEIM: -- he's still our  
15 customer. Frankly, even when he disconnects, we  
16 would remain sensitive to his needs. Yeah, he's a  
17 member of the -- of the cooperative for now.

18 I -- my understanding is that he  
19 has several viable options, it's just a matter of  
20 him choosing one and disconnecting. But I -- I  
21 know Clint has worked with him extensively.

22 MR. SPENCER: I -- I have worked  
23 with the gentleman and on the phone presented  
24 him -- knowing which cell site he comes off of  
25 now, which location -- with a viable solution to

1 switch over to Verizon and actually even set up  
2 a -- a passive repeater system so that he could  
3 have outside coverage, as well as the inside  
4 coverage from a power booster kit.

5 And that solution, I believe, was  
6 going to be around -- a little under \$250 with the  
7 extra antenna. And MTA is offering \$400, so  
8 really the equipment -- you know, that's another  
9 thing I've never seen any company do is offer, you  
10 know, to actually pay for some of the equipment.

11 And he sounded like he was good  
12 with the solutions, and apparently that's not the  
13 case. But, you know, there is that solution.

14 I also mentioned to him HughesNet  
15 or Exede, because a lot of the customers have gone  
16 that way as well because they do have voiceover IP  
17 on Exede.

18 And then, you know, there's always  
19 the very last back up, is a regular sat phone  
20 but -- on Iridium. But, you know, there is  
21 several -- several options available for most the  
22 customers.

23 COMMISSIONER PICKETT: Okay. Thank  
24 you.

25 MR. SPENCER: Yep.

1                   CHAIRMAN MCALPINE: Other questions  
2 or comments from the Commission? Seeing none,  
3 thank you very -- oh, I'm sorry --

4                   COMMISSIONER LISANKIE: Yeah --

5                   CHAIRMAN MCALPINE: -- Commissioner  
6 Lisankie?

7                   COMMISSIONER LISANKIE: -- early in  
8 the morning I move this fast only --

9                   CHAIRMAN MCALPINE: Yeah, just  
10 throw something at me if you want. Go ahead.

11                  COMMISSIONER LISANKIE: Yeah, this  
12 is kind of just a general overview of what I'm  
13 trying to work through as a Commissioner, since  
14 I've only been back here for eight weeks or so.

15                  We had a presentation from an  
16 industry representative in relation to a bill, SB  
17 205. And one of the things that she said was that  
18 the Commission would continue to have a  
19 considerable amount of control over how services  
20 were provided in telecommunications --

21                  MS. HEIM: Uh-huh.

22                  COMMISSIONER LISANKIE: -- as long  
23 as we had control of the certificate of public  
24 convenience and necessity. So unfortunately for  
25 you, you're the first one that's sitting in front

1 of me since I've been confronted with that  
2 statement.

3 And as I said -- in my offense,  
4 what I said at the time was, I consider that  
5 statement literally true, but that going in the  
6 name -- taking action in the name of inquiring  
7 about a company's certificate of public  
8 convenience and necessity was a very blunt  
9 implement.

10 I might use the analogy, it's at  
11 the point of a 12 gauge shotgun, because we all  
12 know that the downside of losing a significant  
13 argument about the certificate would,  
14 theoretically, be, you lose your right to do  
15 business.

16 So that -- with that caveat -- and  
17 I'm not happy about the conversation I'm about to  
18 have with you, okay, because it's related to  
19 certificate of public convenience and necessity.

20 By its name, the touchstone is  
21 public convenience and necessity. And what's  
22 concerning me in part of your presentation, unless  
23 I'm misinterpreting it, is that when all else  
24 fails, we can all do sat phones.

25 well, I know that. But if a sat



1 phone is more than enough for anybody, then there  
2 isn't anybody in this room that has a public  
3 convenience and necessity need for wireline, cell  
4 phone, or anything else.

5 If we're just going to take the  
6 approach that as long as you can bounce off  
7 Iridium we're good, my job just got a lot easier  
8 and your job just got a lot more complicated.

9 So I don't want to start an  
10 inquisition at this point because I think if we're  
11 going to do more, in fairness to your company and  
12 the industry, it will have to be in an  
13 investigation of some type.

14 And I don't mean to make this sound  
15 like a horror show. I just mean, you know, we  
16 roll it out in steps. We start an investigation,  
17 it gives you and everybody else notice that it's a  
18 serious inquiry; it's no longer just a  
19 conversation. And everybody can react  
20 accordingly, and we're not there yet.

21 But it seems to me, in reviewing  
22 what I thought was a pretty powerful set of  
23 documents that you prepared -- and I give you full  
24 credit for that. I wasn't here when some of these  
25 prior actions were taking place, so I reviewed

1       them. Not to be critical, just to find out where  
2       we are.

3                   And it seems to me that there's a  
4       significant distinction between a company saying,  
5       we need to throttle back on this service; and we  
6       need to stop extending it going forward, but we  
7       will grandfather people that still want it.

8                   And somebody saying, it's over.  
9       We'll help you get over it, and I admire the  
10      efforts. I mean -- sir, I mean, really good  
11      effort by someone like Mr. Spencer, to me is -- is  
12      worth the world because I don't know squat when it  
13      comes to figuring out my electronics.

14                   But it seems to me that that's a  
15      significant distinction that should not be missed  
16      in this conversation. To me, saying that you're  
17      going to grandfather something, even with the  
18      caveats that if it blows up, you know, maybe we  
19      can't fix it, is different than saying, it's over.

20                   I mean, to me it just is. And it  
21      seems to me -- the other thing that disturbs me  
22      just a little bit -- and, again, I'm still  
23      learning as I go -- is it seems to me that from  
24      what I understand, that this is a historical  
25      service that's been provided in a number of areas

1 of this state, and it was provided by local  
2 exchanges as a local exchange service.

3 so it disturbs me a little bit to  
4 hear anything that sounds like walking away from  
5 that now and saying we shouldn't -- we shouldn't  
6 be concerned with it because it was something that  
7 we never had jurisdiction over, even though I  
8 think everybody, Commission-wise, my predecessors  
9 at the Commission -- I'm talking way back now; I  
10 mean, I appreciate this is old technology -- but  
11 it seems like everybody came to a common  
12 understanding that this was a way of getting  
13 service to Alaskans that needed it.

14 It was expensive, but it was  
15 certainly a lot less expensive than trying to  
16 trench out to all these places, which was  
17 impossible financially.

18 And it just concerns me that -- to  
19 take the approach that we had nothing to say about  
20 it. That these were being billed, if I understand  
21 correctly, as -- by local exchanges as part of  
22 their service; that it was their tariff -- or  
23 continues to be in the tariff of people who are  
24 still regulated, and was recently in the tariff of  
25 MTA until it deregulated, to me is -- I don't want

1 to use the "d" word -- but it's shading -- you're  
2 shading towards not exactly the way I would break  
3 down the history.

4 So anyway, I just wanted to get  
5 that off my chest, and I certainly would encourage  
6 you to give me any response you feel appropriate  
7 that you can say at less than 150 decibels,  
8 because I know some of the stuff I said, you know,  
9 might well give you strong feelings as well.

10 And this is just a conversation, so  
11 I just feel -- I broached it. If you want to  
12 address my comments, fine. If this isn't the  
13 appropriate time to do it, that's fine too.

14 I'm not trying to push anybody into  
15 staking out positions that either of us have to  
16 walk back if we do start an investigation or  
17 whatever.

18 But anyway, those -- these are  
19 observations, on my part. I'm the new guy here,  
20 so I feel kind of compelled to try and talk  
21 through you, unfortunately, Ms. Heim, to all the  
22 other teleco companies that are present here and  
23 online that may have any interest in this ongoing  
24 conversation.

25 CHAIRMAN MCALPINE: And let me add

1 to that, and that is that leaving the Commission  
2 with the only authority, is the authority over the  
3 CPCN is like saying I'm going to drive a 2 penny  
4 nail with a 15-pound sledgehammer.

5 If it's -- the nail's holding up  
6 the wall, I'm going to drive the nail. And if  
7 it's a misdemeanor -- kind of activity, you're  
8 leaving us with -- as Commissioner Lisankie  
9 indicated, you're leaving us with a shotgun to  
10 rectify what might otherwise be a minor  
11 infraction.

12 And it just strikes me as saying,  
13 do you really want to go there? Do you really  
14 want to say that that's your only authority?  
15 Because you're looking at someone who will pull  
16 the trigger.

17 I can only speak for one person.  
18 But if that's all I'm left with, and it's going to  
19 correct a wrongdoing, I wouldn't hesitate. So  
20 having said that, go ahead.

21 MS. HEIM: I would like to respond.  
22 And I actually -- I actually appreciate you asking  
23 the question, Commissioner. I think it's better  
24 to have the dialog than not, even if it's  
25 uncomfortable.

1                   So there are a lot of things I'd  
2     like to respond to. I -- let me start with the  
3     other carriers and the distinction between what  
4     they did and what MTA is doing.

5                   MTA doesn't dispute or disparage  
6     their choice. I think all carriers stand at a  
7     fork with this technology, and they have a choice.

8                   You can slow roll discontinuation  
9     by not allowing people to reconnect when they come  
10    back from a seasonal disconnect or they leave for  
11    any other reason or their equipment or the  
12    carrier's equipment fails for any reason. That is  
13    slow roll transition.

14                  But what it leaves customers with  
15    is no notice, no opportunity to get and  
16    investigate a transition, no transition support,  
17    no money, no Clint.

18                  And so MTA, when we stood at that  
19    fork, we decided it was better to give our  
20    customers a maximum amount of notice, a maximum  
21    amount of support to make the transition, so that  
22    they weren't faced with the day that they come  
23    back from vacation and discover that they cannot  
24    reconnect their phone service, and they have no  
25    choices.

1                   They don't know what to do. They  
2           don't know what their alternatives are because  
3           they didn't know that they were going to need to  
4           make a different choice.

5                   And so for MTA, this felt, for us,  
6           for our situation, and for our customers, which  
7           were very few, this was a better -- a better plan  
8           forward.

9                   But at the end of the day, it is  
10          accomplishing the exact same thing, which is BETRS  
11          service will cease. It's whether it does it in  
12          drips and drabs with no notice or you give it a  
13          long lead time with a date certain of, this is  
14          when we're turning down the service.

15                  I think there's probably pros and  
16          cons to both sides, frankly. And I think it  
17          probably depends on whether or not you're one of  
18          the people who got disconnected with no notice,  
19          to -- to be frank.

20                  Our customers, with a couple very  
21          vocal exceptions, have not really had a lot of  
22          trouble with it. This has been a really old  
23          system, and people knew that this was eventually  
24          coming.

25                  And we -- Clint has worked with

1 people and has gotten great feedback that they  
2 appreciate the help and the transitional support.

3 So I do want to talk about the  
4 CPCN. I -- you know, I'm not personally in a  
5 position to speak to the legislation and what it  
6 will or won't leave the Commission with.

7 I do know what MTA's deregulation  
8 has left the Commission with. And the CPCN, I --  
9 it is -- I mean, it is the nuclear option. MTA  
10 serves tens of thousands of customers in the  
11 Valley and provides them exceptional service.

12 The service we provided over our  
13 local tariff, that local voice service is not  
14 BETRS. BETRS, when we were regulated and it was  
15 in the tariff, was in a different section of the  
16 tariff.

17 It might be under the same  
18 umbrella, but it's not the same local voice  
19 service that people on the network get. It  
20 just -- it's different.

21 There -- there can't be, especially  
22 in Alaska, an absolute duty to serve. There are  
23 just people too far out. No electricity, no  
24 sewer, no water, that will be stuck with  
25 satellite.



1 I -- I cannot and would never argue  
2 that a satellite option is an equivalent to a  
3 local voice line, it just isn't. And we -- and I  
4 have said that on behalf of the Rural Coalition to  
5 the FCC, and to this Commission several times.

6 We believe the vast majority of our  
7 customers have a better solution than satellite,  
8 that they -- they do have a cellular option. And  
9 that cellular option, in -- in my experience, is a  
10 much better service.

11 BETRS -- I mean, it was the very  
12 bare minimum from the '80s on. I mean, it -- it  
13 could give you a bare amount of ability to connect  
14 over the phone.

15 Today the people who are connecting  
16 to cellular networks, those who aren't already  
17 connected, they're getting mostly LTE service.

18 So they're getting a higher grade,  
19 more reliable service that comes with a data  
20 component, which, when you compare it to the  
21 crackly, unreliable BETR service that they had,  
22 for the overwhelming majority of these customers,  
23 it's an upgrade.

24 And they're -- they're happy to do  
25 it; they're happy to have it. They're happier,

1       albeit with financial support to help them make  
2       the transition.

3                   But there are a couple people, I --  
4       I assume -- I don't know that we have found any  
5       yet -- that may have no option but a satellite  
6       option.

7                   HughesNet and Exede provide a data  
8       option and a VoIP option. And we do believe that  
9       with some accomodation, which all of these  
10      customers had to have just to get a BETRS  
11      connection, that that service will work for them.  
12      And will, again, provide an upgraded option.

13                  Clint's right though that in -- at  
14      the absolute end of the day when there are no  
15      other options, an Iridium sat phone, if you can  
16      see the sky, you can get service.

17                  It's not our choice. It's not what  
18      we would want these customers to have. It's not  
19      what we've tried to help them transition to, but  
20      it -- it is a connection.

21                  And -- and to the extent that we  
22      don't want anyone left without an option who wants  
23      one -- because we have actually -- there are a lot  
24      of people who just don't want one because they  
25      live out in that area for a reason -- we want --

1 we wanted to make sure that there was something.

2 So, I mean, we have invested an  
3 incredible amount of time and effort into finding  
4 these solutions and helping facilitate -- I mean,  
5 as -- as far as shopping with them; spending hours  
6 online trying to help customers figure out, you  
7 know, which repeater they need, because they're  
8 specific to carrier.

9 Or if that doesn't work, you can  
10 get an 850 repeater. I mean, it's -- it boggles  
11 the mind how many choices there are. And the --  
12 the technical support has, I think, been  
13 invaluable to help people make that -- that  
14 connection. And, frankly, why so many people have  
15 made the transition in such a short amount of  
16 time.

17 I -- I would implore you not to  
18 open an investigation. I -- I don't think the --  
19 that the decisions and the actions taken by MTA  
20 violate their CPCN, I -- I don't.

21 If I -- if I thought that their  
22 CPCN was at all imperiled or impacted, we would  
23 have filed at the Commission. But we looked at  
24 what the Commission had done previously, and there  
25 was -- it just -- it was a nonissue.

1                   And so if -- if we stepped wrong,  
2           we -- I don't -- I don't know today how we fix  
3           that. But imperiling our CPCN can't be the  
4           answer.

5                   I mean, it just can't be the answer  
6           because the -- the sledgehammer will do so much  
7           damage to the very consumers all of us are pledged  
8           to support and the public interest we all serve.

9                   CHAIRMAN MCALPINE: Not too long  
10          ago, Ms. Heim, you appeared before this  
11          Commission, and you said that MTA joined in the  
12          unanimous support for the position that we would  
13          be left with nothing more than control over the  
14          CPCN.

15                   In addition to that, MTA has  
16          received tens of millions of dollars to serve  
17          customers who are not otherwise economically  
18          feasible to serve. You pledged to serve those  
19          customers.

20                   Now, I don't recall when ACS  
21          approached this Commission over a similar issues,  
22          that anyone complained. And I don't know if it  
23          was better customer service or how that worked  
24          out, but I don't recall any complaints coming to  
25          this Commission.

1                   To the contrary, several complaints  
2           have been registered with the FCC and with us over  
3           this action.

4                   Now, I certainly admire the efforts  
5           that have been made, but that doesn't nullify the  
6           complaints that we've received. And it doesn't  
7           nullify the fact that the money -- that the tens  
8           of millions of dollars that MTA has received, they  
9           weren't given to MTA to build cable television  
10          networks or sports arenas or anything else.

11                  They were given to MTA to serve  
12          customers who otherwise it wouldn't be  
13          economically feasible to serve.

14                  MS. HEIM: Uh-huh. And to be fair,  
15          none of that money was spent to build cable  
16          network televisions or arenas or anything else.  
17          MTA did and continues to serve very, very  
18          high-cost locations.

19                  That is where that money has gone.  
20          It has been spent appropriately. These customers  
21          were not part of our federal high-cost support  
22          dollars.

23                  Back in the day they might have  
24          been when they were part of cost recovery. When  
25          we could recover our costs for these locations,

1       these locations were covered.

2                   Today it's a different world. We  
3       don't receive any CETC support, which would have  
4       supported these customers on a wireless basis. We  
5       don't receive any high-cost support from the FCC  
6       to support these customers.

7                   The Alaska Plan, as we discuss in  
8       our ex parte letter, explicitly forbids us from  
9       spending money on these customers.

10                  The service that is provided to  
11       these customers is so degraded that it does not  
12       qualify as local voice service under your own  
13       regulations.

14                  I -- I strongly disagree that MTA  
15       has done anything wrong or misspent a dollar that  
16       they have received. The area, the geographic  
17       location that they serve is immense. And they  
18       have built network out as far as humanly possible.

19                  These people are beyond that  
20       network. And that doesn't -- that doesn't mean we  
21       don't care about them, it's just that we've been  
22       put in a position where we have to uphold the good  
23       of the cooperative. And we cannot spend millions  
24       of dollars we don't have to serve, now 34  
25       customers in the middle of nowhere.

1 I wish we could, but we can't. And  
2 the -- there is no feasible way to build network  
3 to these people. We have done everything we can  
4 to make sure that they are not left in a worse  
5 situation, and -- and I would stand by that all  
6 day.

7 CHAIRMAN MCALPINE: Additional  
8 Commissioner questions or comments? Commissioner  
9 Lisankie?

10 COMMISSIONER LISANKIE: I just want  
11 to thank you for your responses to my questions.

12 MS. HEIM: And actually, there was  
13 one more thing. I --

14 COMMISSIONER LISANKIE: Okay. Go  
15 ahead.

16 MS. HEIM: -- you can -- I'm  
17 sorry -- you can tell there are a lot of people on  
18 the phone and in the audience, this is not an  
19 MTA-only issue.

20 So I don't disagree with you,  
21 Commissioner, that it makes some sense to  
22 articulate what best practices would be as you  
23 move forward, especially if you're going to treat  
24 MTA differently, for some unknown reason, than you  
25 would the other carriers and at the exact same

1 situation who have come before you.

2 so I would -- I would encourage you  
3 to articulate how those carriers should go  
4 forward, because this service is failing. And  
5 it's failing all over Alaska, and it's failing all  
6 over the Lower 48.

7 That this is an old system, the  
8 equipment is not being manufactured; it cannot be  
9 repaired. There were -- it is one of those  
10 situations where there's nothing left to do but  
11 gracefully discontinue it.

12 CHAIRMAN MCALPINE: You're looking  
13 at an old system, maybe I should be phased out  
14 here. Commissioner Wilson, did you have a comment  
15 that you'd like to make?

16 COMMISSIONER WILSON: Yeah, I'd  
17 just like to emphasize and point out, vis-a-vis,  
18 all the other providers, that we did have them  
19 come before us for certain permissions that we did  
20 grant.

21 And in your case, MTA did not come  
22 before us. So I think that's the biggest  
23 difference that I see from up here. Thank you.

24 MS. HEIM: If I could just respond  
25 to that --



1 CHAIRMAN MCALPINE: Certainly.

2 MS. HEIM: -- briefly. The  
3 mechanism that they came to seek permission was  
4 through a tariff revision, that was the only thing  
5 they filed. No application related to their CPCN,  
6 no implication for their COLR status, no  
7 implication for their ETC. It was purely a tariff  
8 revision, and MTA's not subject to that.

9 So when we looked at what would we  
10 file, it was -- it was unclear. And, frankly, we  
11 did not see a trigger for us to file, and so we --  
12 we didn't.

13 We went and filed with the FCC.  
14 And in December filed courtesy copies of that  
15 entire filing with the RCA, assuming that if there  
16 was a concern, that that would trigger a question  
17 from Commission staff.

18 And if we were supposed to file  
19 something that we didn't understand or see, that  
20 we would be told about it, and we were not.

21 COMMISSIONER WILSON: So you didn't  
22 feel that the abandonment provision under the  
23 certification regulations that MTA is still under  
24 are applicable?

25 MS. HEIM: No, ma'am. We -- we

1       didn't because the service being offered is not  
2       traditional local telephone service. It is in a  
3       parallel bucket.

4                       It's similar in that it provides a  
5       dial tone. But the quality provided over it is so  
6       degraded that the FCC, and we, believe that the  
7       RCA's regulation don't treat it as traditional  
8       telephone that would trigger that obligation.

9                       CHAIRMAN MCALPINE: Any additional  
10       Commissioner questions or comments? We're  
11       actually on item number four of the agenda, and I  
12       would invite, if there are individuals online who  
13       have appeared for this specific agenda item, if  
14       you would identify yourself and address the  
15       Commission?

16                      Hearing none, and if there are no  
17       additional Commission questions or comments, thank  
18       you very much, Ms. Heim, Mr. Ponder. Clint, great  
19       to see you again.

20                      That closes out item number four.  
21       We'll go back to item number one, public  
22       participation. Are there any other members of the  
23       Anchorage audience who -- I almost said, "dare to  
24       address the Commission this morning" -- who wish  
25       to address the Commission this morning?

1                   Seeing none, are there any members  
2   of -- that are appearing telephonically that wish  
3   to address the Commission or -- public  
4   participation? Hearing none --

5                   REPRESENTATIVE WOOL: I have --

6                   CHAIRMAN MCALPINE: Go ahead, sir.

7                   REPRESENTATIVE WOOL: This is  
8   Representative Adam Wool.

9                   CHAIRMAN MCALPINE: Adam, welcome.

10                  REPRESENTATIVE WOOL: Thank you.

11   I -- I'm calling about, I believe item two. So  
12   if -- if you're not there yet, I can wait.

13                  CHAIRMAN MCALPINE: We are not  
14   there. I'm -- we're on -- item number one is  
15   public participation, Representative Wool. And  
16   I'm about to close that out if I don't see anyone  
17   in the Anchorage audience who wishes to address  
18   the Commission.

19                  Seeing none, we'll move to item  
20   two. And I'll immediately recognize  
21   Representative Adam Wool from Fairbanks. Go  
22   ahead, sir.

23                  REPRESENTATIVE WOOL: Thank you,  
24   Commissioner McAlpine, and members of the RCA. I  
25   just want to thank you for this opportunity to

1 speak to you, and also to thank you for your  
2 recent participation in the House Energy Committee  
3 regarding HB 382.

4 I am calling -- I'm calling in  
5 support of HB 382, which should come as no  
6 surprise. And I'll give you a little bit of  
7 history.

8 when I first entered the  
9 Legislature in 2014 and was a member of the Energy  
10 Committee, we heard a bill very similar to House  
11 Bill 382.

12 No action was taken, and a docket  
13 was in front of the RCA. And a letter was  
14 produced by the RCA -- Commissioner Pickett, I  
15 believe, wrote it -- in June of 2015.

16 And if I may pull a couple of  
17 quotes out of this letter. One of them says,  
18 "Concerns about the fragmented, Balkanized, and  
19 often contentious Railbelt utilities have been  
20 raised numerous times over the past 40 years.  
21 Several efforts have been made to reform and  
22 reorganize the Railbelt, but none have succeeded."

23 And there was some recommendations.  
24 Recommendation number one, an independent  
25 transmission company should be created to operate

1 the transmission system reliably and transparently  
2 and to plan and execute major maintenance.

3 Another finding was  
4 nondiscriminatory access to the grid, open and  
5 transparent systemwide transmission pricing,  
6 economic dispatch of generation by an independent  
7 entity are key principles that must guide the  
8 transformation of the Railbelt electrical system.

9 Recommendation number two states,  
10 at the end, "If voluntary efforts fail, the  
11 Commission will work with the Legislature and the  
12 administration to develop and implement specific  
13 action steps to institutionalize a systemwide  
14 merit order dispatch."

15 I'm just handpicking a few of these  
16 quotes to give those listening understanding as to  
17 why I went forward with HB 328. This letter was  
18 dated June of 2015, it's almost been three years.  
19 There has been work by the utilities, and I  
20 applaud them for that.

21 Four of the utilities formed an  
22 entity called ARCTEC and hired a group out of  
23 Georgia called GDS, and they started a process of  
24 evaluating the Railbelt and undertaking some of  
25 the goals of -- that were stated in the letter.

1                   That report has not been  
2       released -- produced yet. I believe May we're  
3       looking at or sometime late April, so it's coming  
4       up.

5                   And, again, I applaud that. I just  
6       feel that if -- I -- I'd like things to have moved  
7       a little better over the last three years. But as  
8       was stated in the letter, this has been going on  
9       for a long time.

10                  So I'm looking forward to the GDS  
11       report, but I think overall what we're looking for  
12       is a systemwide perspective on the Railbelt.

13                  And I'm not sure if the individual  
14       utilities, although they have the best interest in  
15       mind, I'm sure -- and at no fault of their own --  
16       I just don't know if they're set up to look at the  
17       systemwide and to see what's best for the system.

18                  I know there's been some pooling,  
19       loose -- loose pooling and tight pooling. I think  
20       some of that is usually a win-win situation  
21       between two utilities whether they're buying or  
22       selling power to each other.

23                  But to do it for the whole system,  
24       there may not always be a direct win-win between  
25       two utilities or three utilities. But I do think

1       there will be a win-win between -- for the whole  
2       system and for ratepayers.

3                   And I think that's what -- the  
4       perspective we need. And I'm not sure that the  
5       group of utilities, by design, is able to do that.  
6       Hopefully they are. I'd love to be proven wrong.

7                   But things like economic dispatch  
8       and -- and allowing independent power producers  
9       access to the grid is essentially inviting  
10      competition, and most businesses inherently resist  
11      that.

12                  But allowing independent power  
13      producers access to the grid and allowing their  
14      electrons to move for a set rate between locations  
15      from Homer to Fairbanks and in between, I think is  
16      the goal. And I think that's been stated many  
17      times.

18                  So I believe an independent board  
19      or structure needs to be formed, overseen by the  
20      RCA that will achieve those goals. But, again,  
21      I'd love to be proven wrong.

22                  And in January '19 -- 2019, if I  
23      come back to Juneau and the utilities have a --  
24      have a system and a board and a structuring body  
25      that -- that's acceptable to all, I will be

1       delighted. But I'm -- support of the bill, and I  
2       will close my testimony down.

3                   CHAIRMAN MCALPINE: Okay. Thank  
4       you, Representative Wool. I'll note that that's  
5       actually item number three on the agenda. We  
6       skipped over --

7                   REPRESENTATIVE WOOL: Oh -- oh,  
8       sorry.

9                   CHAIRMAN MCALPINE: But not a  
10      problem. We're now on item number three on the  
11      agenda, and I thank you very much for your  
12      appearance.

13                  I will note for the record that  
14      there are representatives of virtually all -- I  
15      don't see anyone from GVEA -- but all of the other  
16      electrics and gas are all in attendance today,  
17      just so you know. And we too deserve to be  
18      chastised every now and then. Representative --  
19      Commissioner Pickett?

20                  REPRESENTATIVE WOOL: Thank you.

21                  COMMISSIONER PICKETT: Yes,  
22      Representative Wool, I'd like to thank you for  
23      appearing telephonically and for the opportunity  
24      to offer just a few comments last week before the  
25      House Energy Committee.



1                   And I have to admit, I mean, at the  
2     time we prepared this report, it took about a year  
3     period. And used the services of our future  
4     Commissioner, Anthony Scott, to help us in that  
5     endeavor.

6                   I was probably about as cynical as  
7     anybody sitting in this room because, quite  
8     frankly, at that time, I'd been through seven  
9     years of listening to stuff in this east hearing  
10    room where I seriously doubted the utilities could  
11    agree on much of anything. And from one rate case  
12    to the next, it was ironic how the positions would  
13    flip 180 degrees.

14                  And so with that in mind, I think  
15    the Commission is fair to say, we believed it was  
16    important to give the utilities an opportunity, on  
17    a voluntarily basis -- because the nature of 42.05  
18    and the -- particularly the co-ops in this state,  
19    the electric utilities are given a tremendous  
20    amount of deference.

21                  And in terms of their ability to  
22    make decisions with their generation, their  
23    transmission, we have mechanisms such as the  
24    simplified rate filing mechanisms. And once they  
25    make prudent decisions, that debt is going to be

1 covered in rates.

2 And by law -- by statute, the  
3 Commission is enjoin to do that. And so you've  
4 had all these other policies and concerns emerge  
5 over the years, and it -- it has been a Balkanized  
6 system.

7 But I think HB 382 has performed a  
8 useful function in terms of continuing the  
9 pressure and keeping the prodding on.

10 And I do think there continues to  
11 be movement. Maybe it's not quite as fast as what  
12 we would like it to be on, you know, three of the  
13 key elements. And on a couple of them it's going  
14 to come to a put up or shut up time where the  
15 progress is going to have to be -- well, it's just  
16 not going to work. And then that'll be before the  
17 Commission at that point.

18 But I think it would be premature  
19 at this point to derail everything. And as I  
20 stated before the House Energy Committee, my main  
21 concern right now is following up when the  
22 utilities file their reliability standards that  
23 have been reconciled. We've had a couple  
24 standards, you know, paralleling that have been  
25 both filed with the Commission on a voluntary

1 basis.

2 If I can persuade several other  
3 Commissioners, I will be pushing for the opening  
4 of a rulemaking docket to give this -- the  
5 reliability standards some teeth and also to  
6 identify the holes that, in my opinion, continue  
7 to exist. But I believe the utilities are working  
8 to address some of those concerns.

9 So with that, I encourage you,  
10 Representative Wool, to keep watching this and  
11 keep the pressure on from your side; and we will  
12 do likewise here.

13 REPRESENTATIVE WOOL: Thank --  
14 thanks, Commissioner, I -- I will do just that.

15 CHAIRMAN MCALPINE: Additional  
16 Commission questions or comments? Seeing none,  
17 are there members of the Anchorage audience that  
18 would like to address this subject? And, again,  
19 we've moved to item number three on the agenda in  
20 deference to Representative Wool's appearance.

21 Anyone here would like to address  
22 the Commission? Are there any people appearing  
23 telephonically who wish to address HB 382, which  
24 is: An Act Creating the Railbelt Electrical  
25 System Authority; and Relating to the Duties of

1 the Regulatory Commission?

2 Are there any members appear -- or  
3 are there any -- is there anyone appearing  
4 telephonically that wishes to address that  
5 subject?

6 Hearing none, I'm seeing no  
7 additional questions or comments from the  
8 Commission, we'll close out item number three and  
9 move back now to item number two. Go back to  
10 work, Representative Wool, on behalf of the people  
11 of Alaska.

12 REPRESENTATIVE WOOL: Thank you,  
13 Commissioner, and I will do just that.

14 CHAIRMAN MCALPINE: You're very  
15 welcome. Remember, if you get out on time, you're  
16 going to stop here and I'm going to buy you a  
17 steak and throw in a beer. But I'm not thinking  
18 I'm going to have to pay up on that debt.

19 REPRESENTATIVE WOOL: I'll do my  
20 best.

21 CHAIRMAN MCALPINE: Okay. Going  
22 back to item number two on the agenda, which is HB  
23 277: An Act Relating to the Regulation of  
24 Broadband Internet; and Making Certain Actions by  
25 Broadband Internet Service Providers Unlawful Acts

1 or Practices Under the Alaska Unfair Trade  
2 Practices and Consumer Protection Act.

3 Is there anyone appearing before  
4 the Commission who wishes to address this subject?  
5 Is there anyone appearing telephonically who  
6 wishes to address this subject? Does staff wish  
7 to address HB 277?

8 MR. PARRISH: If it's something  
9 that you feel like you want some more education  
10 on, I can --

11 CHAIRMAN MCALPINE: You're here to  
12 answer questions.

13 MR. PARRISH: Sure.

14 CHAIRMAN MCALPINE: Are there  
15 Commissioner comments with respect to HB 277?  
16 Commissioner Lisankie?

17 COMMISSIONER LISANKIE: Just point  
18 out that a few of us sitting here have already  
19 expressed comments at an earlier public meeting,  
20 this is one that we held over through the absence  
21 of the Chairman and Commissioner Pickett, so I'm  
22 going to spare everybody my bloviating it.

23 CHAIRMAN MCALPINE: The reiteration  
24 of --

25 COMMISSIONER LISANKIE: That's

1 right, they can read in on the record if they have  
2 nothing better to do.

3 CHAIRMAN MCALPINE: And  
4 Commissioner Lisankie remains incredibly calm in  
5 the hallways, so I'm surprised that I haven't  
6 been -- in any event, if we have no questions or  
7 comments with respect to item number two on the  
8 agenda, we'll close that out and move now all the  
9 way down to item number five, which is I-18-002,  
10 In the Matter of the Consideration of the Impact  
11 of Tax Cuts and Jobs Act of 2017 on Alaska Public  
12 Utilities.

13 And I see at least one  
14 investor-owned utility in the audience.  
15 Commissioner Lisankie, did you wish to open the  
16 remarks on this?

17 COMMISSIONER LISANKIE: Golly,  
18 that's what I get for volunteering to suggest that  
19 we write a letter. Sure, Mr. Chairman.

20 As of last night, I believe we had  
21 received letters back on a very, very expedited  
22 time period, which I thank the respondents for,  
23 from all but two, I believe, letters, that went  
24 out.

25 One because they had specifically

1 asked for a short extension, that I think might  
2 have expired sometime between this morning and  
3 last night. It was quite short. And the other  
4 one was asking for a longer extension into the May  
5 period, based on the closeout of their accounting  
6 period.

7 So I guess what I would say, as a  
8 preliminary matter is I'm -- I think we should be  
9 thankful to the respondents, that they came back  
10 to us very quickly, as we had requested them to  
11 do.

12 I have not had an opportunity to  
13 really blend all of the various responses into any  
14 kind of a summary that I can give you all.

15 I will point out, just kinda a  
16 range. And it was interesting, I think, in our  
17 original discussions about this with staff, I  
18 believe it was Mr. AufDerHeide at the time, and  
19 also some comments were made by the Attorney  
20 General's Office, it was pointed out that various  
21 Commissions were taking a range of actions trying  
22 to figure out what, if anything, to do with the  
23 ramifications of the federal tax rates being  
24 changed dramatically.

25 And so the responses we got are

1       indicative that, I believe, in my opinion, that  
2       the respondents are aware -- very much aware of  
3       the impact going forward, that they are taking  
4       good faith efforts to make their own minds up  
5       about exactly how it's affecting their individual  
6       organizations.

7                   And just a couple of the responses  
8       that I'll point out that fall within the range of  
9       things that we -- that were suggested. For  
10      example, AEL&P sent us a nice letter and indicated  
11      that they had a preliminary estimate of the impact  
12      of the corporate tax rate reductions, and they are  
13      coming up with preliminary numbers of about  
14      1-and-a-half to \$2 million difference over what  
15      they had anticipated before the law was changed.

16                   And they were nice enough to say  
17      that they do not yet have a specific proposed rate  
18      treatment. But what they have done to maintain  
19      the capability, in my view, of action going  
20      forward, is they've established a deferral  
21      account.

22                   And as you'll recall from some of  
23      the comments I made originally, that was something  
24      that had been done by certain other utilities  
25      outside our jurisdiction that had been offered as



1 a possibility that a deferral account would  
2 maintain going forward our opportunity to react in  
3 a way that would not be necessarily subject to an  
4 attack on retroactive ratemaking, which, of  
5 course, is anathema to everybody here, including  
6 us. So I thought that was a very nice response,  
7 and I appreciate it very much.

8 We also got a response from --  
9 jeez, I hope I'm not going to put it in the wrong  
10 mouth -- but I believe it was Cook Inlet Natural  
11 Gas Storage Alaska, and they took a slightly  
12 different tact.

13 They did give us a rather  
14 complicated explication of the various  
15 machinations of the tax bill, which is not just a  
16 corporate tax rate change, as we recognize.

17 And I have not had a chance to talk  
18 to staff about the ins and outs of it, because I  
19 don't hold myself out as any kind of a tax  
20 accounting expert.

21 But the point I would bring to my  
22 colleagues' attention is what they said was, they  
23 anticipate filing a rate case imminently. I  
24 believe it's expected at the end of this month,  
25 and so they did say that that would be part of

1     their calculations and presentations in the rate  
2     case.

3                   And I point that out that that was  
4     one of the alternatives that was proposed as an  
5     effective way of dealing with this complicated  
6     matter if -- for Commissions, I mean, that if a  
7     utility had an impending rate case, that that, in  
8     and of itself, might be the best possible way of  
9     addressing the change.

10                  So those are just two of the  
11     responses that I can speak to at this point, not  
12     having pulled it all together. But I thought it  
13     was interesting and that they were pointed, they  
14     were very responsive.

15                  And they pointed to a couple of,  
16     what I felt were truly acceptable responses  
17     acceptable for our purposes.

18                  They were different; but they  
19     would -- nonetheless, as a Commission, it would  
20     maintain our capability to deal with the potential  
21     decrease in rates for ratepayers attributable to  
22     the good effects of the tax changes.

23                  So I guess what I would say,  
24     Mr. Chairman, is I'm -- I remain hopeful. I think  
25     it was worth -- worth your time sending the

1 letter.

2 And like I said, I think we got  
3 reasonable responses back from the ones that I've  
4 been able to absorb to this point. I have no  
5 reason to believe that the others that I haven't  
6 mentioned were unreasonable.

7 And I think it was worth the  
8 investment and time and can help us focus our  
9 activities appropriately. So, sorry that I don't  
10 have a full summary prepared, but they were coming  
11 in kind of late into the early evening, and I left  
12 at 5:30.

13 CHAIRMAN MCALPINE: I was here till  
14 8:00, and nothing came after 5:30 --

15 COMMISSIONER LISANKIE: Okay.

16 CHAIRMAN MCALPINE: -- I can assure  
17 you.

18 COMMISSIONER LISANKIE: All right.  
19 So perhaps it's being filed today.

20 CHAIRMAN MCALPINE: Okay. Are  
21 there any members of the Anchorage audience that  
22 wish to address this subject? I don't mean to be  
23 staring you down, but, Ms. Smith, Mr. Die- -- you  
24 don't wish to do so? Okay.

25 Very good. Is there anyone online

1       that wishes to provide input in item number five  
2       on the agenda in the Consideration of the Impact  
3       of the Tax Cut on Public Utilities?

4                   Hearing none, seeing no additional  
5       Commissioner comments or questions, we'll move to  
6       item number six, other business. Are there items  
7       of other business that wish to be brought to the  
8       Commission's attention?

9                   There is one item that we've been  
10      requested to address by an individual legislator,  
11      and that is to add the word "broadband" to the  
12      jurisdiction of this Commission.

13                  And there is a bill in the  
14      Legislature that would achieve that. And I, for  
15      one, have no problem with that.

16                  The legislative council has  
17      indicated that we don't really need to add that  
18      word, that it's clear from the current definition  
19      that we do have jurisdiction, in that respect.

20                  But to make it abundantly clear,  
21      adding the word "broadband" certainly would do no  
22      harm. Do other Commissioners wish to comment on  
23      that? Commissioner Pickett?

24                  COMMISSIONER PICKETT: Jurisdiction  
25      is a funny thing. There is jurisdiction and then

1       there's jurisdiction.

2                       when we talk, say, for example,  
3       about electric utilities that are economically  
4       regulated, I think they very clearly understand  
5       what jurisdiction is, what it means, and what the  
6       impact is on rates, services, terms of whatever.

7                       And there's not a whole lot of  
8       dispute. I mean, you can argue in particular rate  
9       cases about some of the granular details. But as  
10      far as the overarching concept of jurisdiction,  
11      there's not a lot of controversy.

12                      When you get into the  
13      telecommunications industry, even broadband aside,  
14      jurisdiction becomes a very squishy -- I mean, we  
15      had a discussion this morning about this  
16      guillotine approach to regulation, that being the  
17      certificate.

18                      And so by adding "broadband" into  
19      the equation and we say, hey, it's in 42.05, you  
20      know, it's part of the RCA jurisdiction. My  
21      question is -- and we've had arguments about the  
22      jurisdiction over the network or this, I go: what  
23      does that specifically mean about what actions  
24      this Commission can specifically take?

25                      We had discussions at a meeting --

1 or an R docket meeting on Monday on the money,  
2 where the Commission has a role with the money,  
3 okay. And it got into -- I'm sitting there in my  
4 mind trying to figure out, okay, how are you  
5 telling me that I can direct or undirect money  
6 with this theory?

7 And if I have jurisdiction over  
8 broadband, what does that specifically mean?  
9 Somebody comes in and complains to Grace that they  
10 don't like the way their package is, how it's  
11 priced, it -- the -- too much latency in this,  
12 whatever.

13 And then what specifically -- what  
14 tools does the Commission have for a largely  
15 deregulated industry? Shame? Go to the press and  
16 shame them? Pontificate from the dais or jerk  
17 their certificate? And so I guess that's my  
18 concern.

19 I'm -- I hear what you're saying,  
20 no harm, no foul, perhaps. But it's like, once we  
21 get pulled into the mix, all kinds of creative  
22 legal minds are in this room, and they can think  
23 up all kinds of stuff. And then we have to react  
24 to it, RAPA will have to react to it. So  
25 that's --

1                   CHAIRMAN MCALPINE: Other  
2       Commissioners' questions or comments? Seeing  
3       none, and not hearing any requests for specific  
4       action, are there any members of the Anchorage  
5       audience that wish to address this subject?

6                   Anyone appearing telephonically  
7       that wishes to address this subject? Hearing  
8       none, we'll close out item six -- I'm sorry? Oh,  
9       David, don't be shy, guy, just throw something.

10                  MR. PARRISH: Well -- all right.  
11       I -- David Parrish, common carrier section. I  
12       would just note that it would probably behoove the  
13       representative to consider at least adding a 711  
14       exemption to this bill if it wants to pass  
15       constitutional muster.

16                  I think you would need some --  
17       something similar to what has been carved out in  
18       SB 205 that would specifically exempt them from  
19       any of the provisions of AS 42.05 that would deal  
20       with rate regulation, as we are clearly preempted  
21       from engaging in that kind of regulatory activity.

22                  But aside from that, I think an  
23       argument can be made that 30 -- 384 and 277 are  
24       kind of married concepts.

25                  I think what 277 is attempting to

1 do is put some consumer protections in place for  
2 Internet users and give the Commission at least  
3 some ancillary jurisdiction to make some decisions  
4 in the public interest.

5 I note that 277 only applies to  
6 public utilities. And my understanding of how  
7 Internet access services are provided, at least  
8 through those utilities that we do regulate, is  
9 through an affiliate.

10 And I don't know whether or not  
11 there is jurisdiction through an affiliate that  
12 really kind of penetrates the actual provider of  
13 the service.

14 So 384 would ostensibly bring the  
15 actual provider of the service under the direct  
16 umbrella of the Commission.

17 I'm just pointing out, not -- not  
18 to make a for or against, kind of proposal. But  
19 it does appear that the two bills share some  
20 similarities, and perhaps would benefit from being  
21 wed. So that was the only thing I was going to  
22 note.

23 CHAIRMAN MCALPINE: Appreciate  
24 that. Any further discussion on the part of the  
25 Commission? Seeing none, we'll close out item



1       number six. Item number seven, does the Attorney  
2       General wish to have an executive session?

3                       MR. GOERING: No. Thank you.

4                       CHAIRMAN MCALPINE: Okay. Hearing  
5       none, the Chair will entertain a motion to  
6       adjourn.

7                       COMMISSIONER PICKETT: So moved.

8                       CHAIRMAN MCALPINE: Is there  
9       objection? Hearing none, we're adjourned.

10                      (Off record - 10:08 a.m.)

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I, Brooklende D. Leavitt, hereby certify  
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Date	Brooklende D. Leavitt, Transcriber