

# MEMORANDUM

## Regulatory Commission of Alaska

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**TO:** Representative Ralph Samuels  
Chair  
Legislative Budget and Audit Committee

**DATE:** April 11, 2007

**FROM:** Ann Wilde   
RCA Process Coordinator

**THROUGH:** Kate Giard   
Chairman

**SUBJECT:** Quarterly Report for  
January 31–March 31, 2007

Under AS 42.05.175(g), the Commission is required to file quarterly reports with the Legislative Budget and Audit Committee identifying all extensions ordered under AS 42.05.175(f).

The Commission reports the following order was issued extending the statutory timeline for good cause under AS 42.05.175(f):

*Order U-05-84(11), Order Rejecting Amended Stipulation, Establishing Procedural Schedule, Extending Statutory Timeline, and Extending Suspension Period, dated January 16, 2007*

I would also like to follow-up on the docket that had an extension reported under AS 42.05.175(f) for this period:

Docket U-05-84: a final order, due by April 23, 2007, was issued on March 1, 2007.

Attachments

STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

Kate Giard, Chairman  
Dave Harbour  
Mark K. Johnson  
Anthony A. Price  
Janis W. Wilson

In the Matter of the Petition for Modification of its )  
Disaggregation Support Plan and the Petition for )  
Rate Modification, Designated as TA102-165, )  
filed by INTERIOR TELEPHONE COMPANY, )  
INC. )

U-05-84

ORDER NO. 11

**ORDER REJECTING AMENDED STIPULATION, ESTABLISHING  
PROCEDURAL SCHEDULE, EXTENDING STATUTORY TIMELINE,  
AND EXTENDING SUSPENSION PERIOD**

BY THE COMMISSION:

Summary

We reject the amended stipulation filed by the Attorney General (AG) and Interior Telephone Company, Inc. (ITC). We schedule a hearing in this proceeding. We extend the statutory timeline for issuance of a final order in this docket and extend the suspension of the permanent operation of ITC's tariff revision designated as TA102-165.

Background

We scheduled a hearing in this docket to begin November 7, 2006, and continue through November 9, 2006.<sup>1</sup> The AG and ITC filed a stipulation for our consideration on November 2, 2006.<sup>2</sup> The Stipulation included a request for the commission to cancel the scheduled hearing.<sup>3</sup> We vacated the hearing to provide an adequate time to consider the Stipulation.<sup>4</sup> We rejected the Stipulation and directed the administrative law judge assigned to this docket to contact the parties in order to address a procedural schedule for resolution of this proceeding.<sup>5</sup> The parties responded on December 14, 2006, through filing an amended stipulation intended to resolve all issues related to ITC's petition to modify its local exchange rates under 3 AAC 53.245.<sup>6</sup>

Discussion

Amended Stipulation

Parties may stipulate among themselves to the disposition of a proceeding and are bound by the agreement if we accept it.<sup>7</sup> However, we are not bound to accept such a stipulation.

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<sup>1</sup>Order U-05-84(2), *Order Affirming Electronic Ruling Granting Joint Motion to Supplement the Record, Establishing Statutory Timeline for TA102-165, and Vacating a Portion of Order U-05-84(1); and Affirming Bench Ruling Adopting Procedural Schedule*, dated February 1, 2006.

<sup>2</sup>*Stipulation*, filed November 2, 2006 (Stipulation).

<sup>3</sup>Stipulation at 7.

<sup>4</sup>Electronic ruling, dated November 3, 2006.

<sup>5</sup>Order U-05-84(10), *Order Rejecting Stipulation*, dated December 4, 2006.

<sup>6</sup>*Amended Stipulation*, filed December 14, 2006 (Amended Stipulation).

<sup>7</sup>3 AAC 48.166.

1 The amended stipulation identifies exchange specific local rates for ITC.<sup>8</sup>  
2 These are set forth in Exhibit A, *Rates for Exchanges as Stipulated*, and include  
3 residential, business simple, business complex, public telephone, OPX, T-1 and  
4 cellular/SAS rates.<sup>9</sup> ITC proposes to implement the local exchange rates when faced  
5 with competition in an exchange. Where competition does not occur, ITC proposes to  
6 charge a postage stamp rate calculated by determining the rates necessary to recover  
7 the revenue requirement of the non-competitive exchanges given the universal service  
8 fund and demand levels specific to those exchanges.<sup>10</sup>

9 The parties have not shown that the local exchange rates resulting from  
10 the Amended Stipulation are in the public interest. Specifically, the stipulated residential  
11 rates for Iliamna, Port Lions, and Cold Bay are roughly double their current level<sup>11</sup> and  
12 are likely to result in rate shock when implemented. Future postage stamp rates, as yet  
13 unspecified, may result in additional rate shock to customers as well. Accordingly, we  
14 reject the Amended Stipulation.

15 Statutory Timeline/Internal Timeline/Suspension of TA102-165

16 The current statutory timeline for issuance of a final order to resolve  
17 TA102-165 is January 22, 2007.<sup>12</sup> We set a timeline for resolution of ITC's petition for  
18 modification of its disaggregation study concurrent with the statutory timeline for  
19 resolution of TA102-165.<sup>13</sup>

20  
21 <sup>8</sup>Amended Stipulation at 5.

22 <sup>9</sup>Amended Stipulation, Ex. A.

23 <sup>10</sup>Amended Stipulation at 6.

24 <sup>11</sup>ITC's current residential line charge is \$20.35. The stipulated rate are: Iliamna  
\$38.24, Port Lions \$40.35, and Cold Bay \$48.34.

25 <sup>12</sup>Order U-05-84(2).

26 <sup>13</sup>*Id.*

We adopted a procedural schedule with a hearing beginning on November 7, 2006, designed to accommodate the January 22, 2007, statutory timeline. We vacated the hearing after the parties filed their Stipulation on November 2. We rejected the Stipulation in a timely manner.<sup>14</sup> The parties responded through filing an Amended Stipulation. Consideration of the Amended Stipulation has placed us within six days of the January 22, 2007, statutory timeline. It is not feasible to schedule and conduct a hearing, then fully adjudicate the merits of the parties' positions, before January 22, 2007. Accordingly, we find good cause to extend the statutory timeline to resolve TA102-165 for a period of ninety days until April 23, 2007.<sup>15</sup> We extend our timeline regarding ITC's petition for modification of its disaggregation study to coincide with this statutory timeline.

#### Schedule Hearing

Even given our extension of the statutory timeline, there is a limited time available to conclude this proceeding. The parties have completed all prehearing filings contemplated in the docket with the exception of final witness lists and statements of issues. To expedite matters we establish a date for this final filing deadline and schedule a hearing to begin February 14, 2007.

#### ORDER

THE COMMISSION FURTHER ORDERS:

1. The *Amended Stipulation*, filed December 14, 2006, by the Attorney General and Interior Telephone Company, Inc., is rejected.

2. By 4 p.m., January 31, 2007, each party shall file a final witness list in the order of appearance and a statement of issues. If the parties concur, they may file a

<sup>14</sup>See 3 AAC 48.166.

<sup>15</sup>AS 42.05.175(f).

1 joint statement of issues. If the parties do not concur, each party shall file a separate  
2 statement of issues.

3 3. A public hearing<sup>16</sup> is scheduled to convene at 9 a.m.,  
4 February 14, 2007, in the East Hearing Room of the Commission's offices located at  
5 701 West Eighth Avenue, Anchorage, Alaska. The hearing shall continue thereafter, as  
6 necessary, through February 16, 2007.

7 4. The statutory timeline for a final decision in this docket is extended  
8 until April 23, 2007.

9 5. The suspension period for the tariff revision, designated as TA102-165,  
10 filed by Interior Telephone Company, Inc., is extended until April 23, 2007.

11 DATED AND EFFECTIVE at Anchorage, Alaska, this 16th day of January, 2007.

12 BY DIRECTION OF THE COMMISSION  
13 (Commissioner Janis W. Wilson, dissenting; and  
14 Commissioners Kate Giard and  
15 Anthony A. Price, not participating.)  
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17 ( S E A L )  
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21 <sup>16</sup>If you are a person with a disability who may need a special accommodation,  
22 auxiliary aid, or service or alternative communication format in order to participate in the  
23 hearing, please contact Joyce McGowan at 1-907-276-6222, toll free at  
24 1-800-390-2782, or TTY at 1-907-276-4533, or send your request by electronic mail to  
25 rca\_mail@rca.state.ak.us, at least three business days before the hearing to make the  
26 necessary arrangements.

Any party wishing to appear telephonically at the prehearing conference must  
advise us in advance and provide a telephone number where it may be reached for that  
appearance.