



May 7, 2003

Honorable Bill Williams, Co-Chair
House Finance Committee
Alaska Capitol, Room 515
Juneau, AK 99801-1182

Honorable John Harris, Co-Chair
House Finance Committee
Alaska Capitol, Room 507
Juneau, AK 99801-1182

RE: HB 111 (Governor Murkowski) – Support Without Amendments

Dear Chairs Williams and Harris:

On behalf of the AARP members in Alaska, we encourage you and your colleagues on the House Finance Committee to support HB 111 as submitted by the House Rules Committee at the request of Governor Murkowski. We urge you to drop all amendments added in House Labor and Commerce.

HB 111, as submitted by Governor Murkowski, would reauthorize the Regulatory Commission of Alaska for a period of four years. Much of the debate over the RCA in the past has focused on the utilities supervised by the Regulatory Commission of Alaska and the relationship of the RCA with the entities it supervises. AARP relies on the RCA because it offers our members and all Alaskans the best opportunity to achieve basic consumer protections:

- The ability to make informed choices about utility services
- The security of safe and reliable energy and telecommunications services
- The assurance that sales practices and advertisements are fair, so they do not confuse, mislead, or frighten the public
- The reassurance that consumers receive accurate information, communicated clearly and in plain language so we understand our rights and remedies

The RCA assures consumers the right to affordable rates and access to such basic necessary services as utilities and communications. We emphasize “reasonable” rates but we also emphasize access for our rural citizens.

The RCA allows consumers an opportunity to participate in the governmental decision-making process that shapes the marketplace and ensures meaningful consumer input.

When wronged, the RCA offers consumers redress and complaint resolution.

Honorable Bill Williams, Co-Chair
Honorable John Harris, Co-Chair
May 7, 2003
Page 2

AARP believes the Regulatory Commission of Alaska is necessary for our organization and for our members. Without the RCA, we would be deprived of any public oversight of energy and telecommunications services and, when a complaint is warranted, we would not have the RCA available and willing to listen to a consumer's side of an argument.

Unfortunately, the amendments added in the House Labor and Commerce Committee are all market changes that should be evaluated and resolved before the Regulatory Commission of Alaska in an open process, not via legislation.

As amended by the Labor and Commerce Committee, two pages are spent outlining the findings and purpose of the bill and contain some very strong and (according to our attorneys) unsubstantiated findings. Namely, the bill finds that (1) state law fails to recognize that policies designed to encourage competition are disproportionately burdensome and financially threatening to the state's small carriers, (2) Alaska's outdated policies impede deployment of advanced services, and (3) state law fails to reflect national policy. See, for example, section 1, subsections 3, 4 and 5. If this is true, a proceeding to alter the RCA rules should be initiated at the Commission. Section 2 prohibits the RCA from regulating the local incumbent carrier as the dominant carrier (where that company's market share is less than 60%) when another carrier enters the market. However there are no requirements for the new entrant's market share or service territory to justify such a change. Section 5 designates the local market in Anchorage and the statewide long distance market as competitive areas. The term "competitive service area" is defined as a service area in which at least 50% of all retail customers have a choice of "facilities-based providers." However the definition of what qualifies as "facilities based" is very broad and would include practically any kind of provider. A competitive carrier that offers only a "portion" of its products and services by means of facilities it owns or operates or via leased facilities or any combination thereof would create a competitive market. Section 6 prohibits the RCA from regulating a long distance carrier as a dominant carrier in the long distance market if the carrier's statewide market share is less than 60%. But, again, this type of change should be made by the RCA which can hold a public proceeding and has the expertise to determine if such a change is truly in the public interest. Section 8 allows an incumbent carrier to immediately adjust and implement new rates for "existing" interconnection agreements with other carriers. The ability to exercise what appears to be unilateral authorization to alter an existing contract is fundamentally unfair.

The RCA protects our rights as consumers. We ask that the House Finance Committee support Governor Murkowski's bill to reauthorize the RCA for four years as a clean bill with no amendments. Our AARP families need it. All Alaskans need it. Please allow the RCA to do its job under its new leadership. The amendments offered by House Labor and Commerce do not belong in legislation and should be removed.

AARP urges an "AYE" vote on HB 111, without amendments.

Should you have any questions about our position, please feel free to contact Marie Darlin (907.586.3637), Coordinator of the AARP Capital City Task Force; Patrick Luby (907.762.3314), AARP Legislative Representative; or me (907.245.5259).

Honorable Bill Williams, Co-Chair
Honorable John Harris, Co-Chair
May 7, 2003
Page 3

Thank you for your consideration.

Sincerely,



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