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STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

G. Nanette Thompson, Chair
Bernie Smith
Patricia M. DeMarco
Will Abbott
James S. Strandberg

In the Matter of the Petition by GCI
COMMUNICATIONS CORP. d/b/a GENERAL
COMMUNICATION, INC., and d/b/a GCI for
Arbitration under Section 252 of the
Telecommunications Act of 1996 with the
MUNICIPALITY OF ANCHORAGE d/b/a
ANCHORAGE TELEPHONE UTILITY a/k/a
ATU TELECOMMUNICATIONS for the Purpose
of Instituting Local Exchange Competition

U-96-89
ORDER NO. 14

ORDER GRANTING MOTION TO ADOPT FORWARD-LOOKING
COST MODEL AND APPOINTING ARBITRATOR

BY THE COMMISSION:

Background

By Order U-96-89(9), dated January 14, 1997, the Commission approved an arbitrated interconnection agreement between GCI COMMUNICATIONS CORP. d/b/a GENERAL COMMUNICATION, INC., and d/b/a GCI (GCI), and the MUNICIPALITY OF ANCHORAGE d/b/a ANCHORAGE TELEPHONE UTILITY a/k/a ATU TELECOMMUNICATIONS (ATU).¹ The Commission stated that the arbitrated interconnection agreement, as modified and accepted by Order U-96-89(8),² was in com-

¹Alaska Communications Systems. Inc. (ACS) is now the parent company of ATU.

²That Order was dated December 16, 1996.

1 pliance with Section 252(e) of the Act,³ subject to the understanding that all prices in
2 the arbitrated interconnection agreement were temporary in nature and would require
3 a full study based upon a cost methodology to be determined by the Commission at a
4 later date.⁴ In the arbitrated agreement accepted by the Commission, the pricing of
5 unbundled network elements (UNEs) was not based upon an accepted forward-
6 looking cost methodology.⁵

7 On January 24, 2000, ACS filed a motion to have the Commission estab-
8 lish a forward-looking economic cost model and methodology to price UNEs in this
9 Docket, and requested concurrent hearings to establish forward-looking cost models in
10 Anchorage, Juneau, and Fairbanks. ACS also requested that the Commission con-
11 solidate Docket U-96-89 with Dockets U-99-141, U-99-142, and U-99-143, the pro-
12 ceedings initiated to address the arbitration petitions filed by GCI to obtain intercon-
13 nection in Juneau and Fairbanks. By Order U-96-89(13), dated March 6, 2000, the
14 Commission (1) granted the motion to establish a forward-looking cost model; (2) de-
15 nied the request for a hearing; and (3) denied the request to consolidate Docket
16 U-96-89 with Dockets U-99-141, U-99-142, and U-99-143.

17 In Order U-96-89(13), the Commission also required GCI and ACS to file
18 briefs regarding the appropriate forward-looking cost model to be used in the Anchor-
19 age area if different than the cost models proposed by the parties in Dockets
20 U-99-141, U-99-142 and U-99-143. On March 31, 2000, ACS and GCI each filed a
21 brief addressing the appropriate forward-looking cost model to be used in the Anchor-
22

23 ³47 U.S.C. §§ 251,252. Sections 251 and 252 were added to the Communica-
24 tions Act of 1934 by the Telecommunications Act of 1996, codified at 47 U.S. C. §§
25 151 et seq. (hereinafter "the Act").

25 ⁴Order U-96-89(9), p.3.

26 ⁵See Order U-96-89(8), p. 16.

age market. ACS proposed a cost study it created (ACS Cost Model v62), while GCI proposed the HAI Model, Release 5.1 (HM5.1).⁶ In addition, ACS requested that the Commission adopt the same cost model in this proceeding as in Dockets U-99-141/-U-99-142/U-99-143, and that the same hearing examiner be assigned to this proceeding as is assigned in Dockets U-99-141/U-99-142/U-99-143.

On April 20, 2000, GCI filed supplemental comments, along with a motion to allow supplemental comments.⁷ On May 1, 2000, ACS filed a response to GCI's motion to allow supplemental comments.⁸

Discussion

The Chair appoints Paul Olson as the arbitrator in this proceeding. Other than the rules of arbitration set forth by the arbitrator or agreed upon by the parties, the arbitration shall be "baseball" style arbitration. The arbitrator is directed to set an arbitration prehearing conference ten working days after the Commission adopts the interconnection agreement in Dockets U-99-141, U-99-142, and U-99-143. The purpose of the prehearing conference is to establish a schedule for determining the appropriate input values to be used to set interconnection terms and prices in the Anchorage market.⁹

⁶The Commission notes that the parties proposed the same cost models in Dockets U-99-141, U-99-142, and U-99-143.

⁷GCI's motion and supplemental comments will be addressed by subsequent order.

⁸ACS's response to GCI's motion to allow supplemental comments will be addressed by subsequent order.

⁹The Commission will adopt the same cost model as will be used in Dockets U-99-141, U-99-142, and U-99-143. The parties to this proceeding will be given the (continued . . .)"

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2. Paul Olson is appointed as the arbitrator in this proceeding.

3. The arbitrator shall schedule a prehearing conference in this Docket to convene ten working days after the Commission adopts the interconnection agreement in consolidated Dockets U-99-141, U-99-142, and U-99-143.

DATED AND EFFECTIVE at Anchorage, Alaska, this 30th day of May, 2000.

BY DIRECTION OF THE COMMISSION
(Commissioners Bernie Smith and
Patricia M. DeMarco, not participating.)

(S E A L)