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STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

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

In the Matter of TA638-98 Amendment No. 11 to)
TAPS/6197, Special Contract Between)
ALASCOM, INC. d/b/a AT&T ALASCOM and)
Alyeska Pipeline Service Company)

U-04-28
ORDER NO. 1

**ORDER OPENING DOCKET OF INVESTIGATION, PROHIBITING THE
TRANSFER OF TAPS TELECOMMUNICATION ASSETS AND
REQUIRING FILING**

BY THE COMMISSION:

Summary

We open a docket of investigation into the provision of service for third-party traffic currently using the Trans-Alaska Pipeline System (TAPS) telecommunication system. We prohibit the transfer of TAPS telecommunication assets from Alascom¹ to Alyeska² until Alascom has filed a complete final plan, as required by Letter Order No. L0300269,³ and we have approved that plan.

Background

Alyeska requires telecommunication services to ensure the dependable operation of the Trans-Alaska pipeline. For decades, these services have been provided under contract with Alascom (Contract TAPS/6197). Alyeska is in the process

¹Alascom, Inc. d/b/a AT&T Alascom.

²Alyeska Pipeline Service Company.

³See Letter Order No. L0300269, dated March 19, 2003. (L0300269).

1 of moving its telecommunication services to a new fiber-optic facility built by Kanas
2 Telecom, Inc. (Kanas) and now owned by GCI Fiber Communications Co. (GCIFCC).
3 Until full conversion to the GCIFCC system, Alyeska has contracted its
4 telecommunication service from both Alascom and GCIFCC.

5 On March 8, 2002, Alascom filed Amendment No. 11 (TA638-98) to
6 Contract TAPS/6197 providing, in part, the transition of third-party users off the
7 microwave system and the eventual transfer of TAPS microwave telecommunication
8 assets from Alascom to Alyeska.⁴ We approved Amendment No. 11 to Contract
9 TAPS/6197, subject to the following condition:

10 AT&T Alascom shall, by October 15, 2002, file a plan subject to the
11 Commission's approval showing how it plans to serve all third party
12 customers now utilizing the system. If AT&T Alascom does not plan to
13 continue service to any existing third party customer, AT&T Alascom shall
14 provide an explanation and justification for that decision.⁵

15 On October 15, 2002, Alascom submitted the first of several reports to us
16 on the migration of third-party traffic off the Alyeska microwave system. This report did
17 not show complete plans to service all third parties, but rather described the status of

18 ⁴Pertinent portions of the Amendment included the following terms:

19 "At its sole expense, AT&T ALASCOM shall transition all third-party users off
20 the System. No later than 30 days before the expiration of the Term
21 [(March 15, 2004)] AT&T ALASCOM shall certify in writing to ALYESKA that
22 all third-party users will be transitioned off the System at least two weeks
23 before the end of the Term."

24 "If any third-party users remain on the System as of the time that the assets
25 on the Asset Schedule are to be transferred to ALYESKA, ALYESKA's
26 obligation to acquire the assets and assume responsibility for equipment
removal and site restoration as described above shall be tolled, and AT&T
ALASCOM shall continue to operate the System at its sole expense until all
third-party users permanently cease using and/or relying upon the System.
Any such tolling shall terminate upon delivery by AT&T ALASCOM to
ALYESKA of written certification that all third-party traffic is off the System."
(Paragraph 4, E and F.)

⁵See Letter Order No. L0200690, dated May 3, 2002. (L0200690).

1 negotiations and possible solutions to the third parties' communication needs. By letter
2 dated November 26, 2002, Commission Staff posed questions regarding Alascom's
3 plans for its third-party customers. On December 18, 2002, Alascom responded with
4 another report on third-party traffic on the Alyeska microwave system.

5 In a letter order, we directed Alascom "to file a complete final plan, before
6 assets are transferred from Alascom to Alyeska. The final plans should show how
7 Alascom plans to serve all third-party customers now utilizing the Alyeska system, and
8 the list of third party customers Alascom proposes not to serve."⁶ On April 1, 2003,
9 Alascom responded to L0300269, stating that it had suspended migration of third-party
10 traffic, including the Federal Aviation Agency (FAA)'s circuits, "because Alyeska has
11 indicated to AT&T Alascom its present intention to keep the microwave system
12 operating well into the future." Alascom assured us that "[I]f circumstances change yet
13 again, AT&T Alascom will notify the Commission as well as its customers to ensure that
14 they are treated fairly."⁷

15 On February 4, 2004, Alascom filed another status report, indicating that
16 the contract with Alyeska would terminate on March 15, 2004, and summarizing the
17 status of each third-party on the Alyeska microwave system.

18 On February 26, 2004, we issued a Notice of Special Public Meeting to
19 determine the status of the third party traffic currently served by Alascom along the
20 Alyeska Pipeline route. On February 27, 2004, Alascom submitted an additional status
21 report regarding third-party traffic. This status report was similar to the
22 February 4, 2004 letter.

23
24 ⁶Letter Order No. L0300269, dated March 19, 2003.

25 ⁷Letter from Kristi L. Catlin, Director of Government Relations, AT&T Alascom to
26 Commissioner Dave Harbour, Chair, dated March 31, 2003.

1 continue for a period of at least six months.¹⁰ These statements are not adequate to
2 demonstrate compliance with our Order. During the Special Public Meeting,
3 commenters raised questions concerning rates, coordinating service quality and
4 continuation of service. For some of these commenters, continued service is vital to
5 public safety. While Alascom claimed that service is assured in the near term, it has no
6 answers about how service would be provided over the long term, or about expected
7 rates or service quality. Alascom did not have a written agreement for service in hand
8 at the Public Meeting, nor could it guarantee that one would be formalized, were the
9 transfer to go forward.

10 Therefore, we find that Alascom has not submitted a final plan in
11 compliance with L0300269. Alascom has not met the condition we imposed when
12 approving Amendment No. 11 to Contract TAPS/6197. We therefore order Alascom not
13 to transfer the TAPS communication assets to Alyeska until it has filed a complete final
14 plan as required by L0300269, and we have approved that plan.

15 We open a docket of investigation to consider any written plan Alascom
16 provides to us and input from Alascom's affected customers.

17 **ORDER**

18 THE COMMISSION FURTHER ORDERS:

19 1. We prohibit Alascom, Inc. d/b/a AT&T Alascom from transferring any
20 telecommunications assets to Alyeska Pipeline Service Company until it has complied
21 with all conditions imposed on approval of Amendment No. 11 to Contract TAPS/6197.
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25 ¹⁰Two potential future operators of the microwave system, GCI and Alascom,
26 were present at the public meeting.

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2. Docket U-04-28 is opened to investigate the compliance by Alascom, Inc. d/b/a AT&T Alascom with the terms and conditions of orders regarding Contract TAPS/6197.

3. By 4 p.m., April 12, 2004, Alascom, Inc. d/b/a AT&T Alascom shall file a plan, subject to Commission approval, showing how it will service all third-party customers now utilizing Alyeska Pipeline Service Company's system. If Alascom, Inc. d/b/a AT&T Alascom does not intend to continue service to any existing third-party customer, it shall provide an explanation and justification for that decision to this Commission.

DATED AND EFFECTIVE at Anchorage, Alaska, this 12th day of March, 2004.

BY DIRECTION OF THE COMMISSION
(Commissioners Mark K. Johnson and G. Nanette Thompson,
not participating.)

(S E A L)