

Bill Gillis
610 Spring Street
Pullman Wa.
509-432-4243

May 25, 2006

*Open letter to the Commission in the matters of
Beaver Creek Telephone Company (UT-060760)
Westgate Communications (UT-060762)*

Dear Commissioners,

I begin by clearly stating that I write to you not in my professional capacity as an employee of the State of Washington, but independently as a citizen of the state of Washington who has spent a good deal of time considering our telecommunication's system and its importance to social and economic prosperity we desire for all regions of the state.

I also want to be clear that this communication is and should be considered unusual. From my own experience as a state utility Commissioner I fully recognize that the facts and subtle circumstances of each decision you face are complex and there are many facts and circumstances of which I am not aware. In short, I trust and know that you are in the best position to make fair and reasonable decisions on matters before you and know that opinions offered here are with the highest respect for each of you.

I write specifically pertaining to petitions of Beaver Creek Telephone and Westgate Communications that are before you for consideration. I write more generally with an observation that over the past year there have been several matters of line extension to low density populations that have been difficult decisions and not ones reached with consensus of all stakeholders. Most importantly I share unsolicited perspectives gained from my own experiences as a WUTC Commissioner in the 1990s in which many of the issues which frame your present decisions on providing basic telecommunications service to the lowest density population areas of the state have come to the forefront. I am hopeful that history may be of some value to you as you wrestle with these difficult decisions.

As I know your staff have advised, the referenced petitions are important decisions not just for the customers and companies involved, but also in setting the direction you desire for telecommunications service to the state's lowest density populations. While no one decision sets precedence for the future, a continued pattern of rejecting proposals that would extend affordable and reasonably comparable basic service to communities with very low population density does establish a clear set of signals for those that may otherwise be willing to invest in those areas. In my view with these decisions you may

be very close to establishing that future direction and consequently the policy significance may very well extend well beyond these specific customers and companies.

With this cautious perspective I recommend your decision on June 6 do two things:

- 1) accept the May 17 staff recommendation allowing both Beaver Creek Telephone Company and Westgate Communications to access WECA pool revenue and
- 2) Explicitly recognize the validity of stakeholder concerns regarding the additional costs to consumers and direct staff to recommend an expedited process establishing to the extent feasible a consensus direction among key stakeholders on the desired capability and scope of the telecommunications systems which should serve rural Washington in the future.

The first recommendation is one of caution as I noted being careful not to use a decision with narrow facts and circumstances to push the Commission and industry further down the slippery slope which could justify abandonment of what has been an historical commitment to providing affordable and comparable basic service to all citizens of Washington that request service. This recommendation also is based on a more subjective standard of fairness. The two companies requesting access to the WECA pool support entered into investment not with guarantees of return but with support from the Commission that rules, regulations and policies were in place that were consistent with their investment goals in the late 1990s and 2000. If it is your choice to make clear to future private investors that the policies of the Commission have changed, that may be entirely appropriate. But in my view, to reverse previous perceived policy and regulatory principles should only be undertaken with the most careful consideration—something I trust and know that you will do.

The second recommendation is one that recognizes the technology and institutional environment surrounding the provision of telecommunications has changed dramatically over the past 10 years and will continue to change. You are caught in a difficult spot. I have just indicated to you a belief that your decision on June 6 should give weight to decisions that were made in the past. At the same time the overall environment has changed and will continue to change dramatically. If there is a clear vision of what is desired for the telecommunications system that is to serve rural Washington 10 years from now, I am not aware of what that vision is. You are left in the difficult situation of having to make complex decisions in June of 2006 knowing the future will be different, but not having any consensus among the stakeholders affected by your decisions on what that future OUGHT to be. I think the interests of both the industry and consumers would be well served if the Commission would provide leadership in doing the fundamental groundwork needed to articulate a consensus vision on what the future of the telephone system serving rural Washington SHOULD be.....The only thing which is certain about the future is if we do not know where we want to be ten years from now, we can pretty well count on never getting to where we desire to be at that time. I believe if you will make the investment needed to develop and articulate a 10 year vision of a desired future

for the telecommunications system that is desired for Washington State, your decisions as a Commission on these difficult matters will become much easier.

Again, I emphasize here that my communication in this matter is unusual. I only make these statements as an individual who has spent a great deal of time considering the importance of telecommunications for ALL citizens and businesses which make up the state of Washington. I hope that a portion of this will be useful to you. I fully respect and trust your judgment to make the right choices. Know that I am available to discuss any of these matters further if you desire.

Sincerely,

Bill Gillis