

RCA Loses Rate Bid, But Will Go to Court

RCA Alascom will not give up its efforts to raise long distance telephone charges within Alaska.

The Alaska Public Utilities Commission voted last week to deny RCA's request for an 87 percent increase in intrastate phone rates, but RCA intends to take the issue to court.

In a 4-1 decision, the Commission ruled that the rate increase was not justified because although the company apparently loses \$50,000 daily on long distance service within Alaska, its overall financial situation is good. A story in the Anchorage Daily News revealed that RCA Alascom sent a \$12 million profit to its parent company last year on a \$300 million investment.

Although it is apparently

common practice to separate intrastate and interstate revenues in order to set utility rates, the Commission decided that the public interest would be better served by considering all the rates and revenues together.

Marvin Weatherly, the one commissioner who supported the rate increase, rejected the views of many who testified throughout the summer against the increase when he wrote that a regulatory agency "Must ultimately find the convoluted logic expressed by the majority opinion to be thin and unsound in regulatory principles."

The majority of the commission feels that an increase such as the one requested by RCA would only be justified if the company faced a financial emergency.