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## **An interview with Maine PUC Chairman Kenneth Gordon**

### **Maine Policy Review Volume 1, Number 1**

*In August, 1991, Maine Policy Review interviewed Kenneth Gordon, the current chair of the Maine Public Utilities Commission. That interview centered on important public policy issues that surround the regulation of telecommunications in Maine and the U.S. From his experience as an economist with the Federal Communications Commission, Chairman Gordon brings to his current position an extensive background in telecommunications. Since that interview, Chairman Gordon has been elected President of the National Association of Regulatory Utility Commissioners, so his views on telecommunications are likely to have significance in national, as well as state, policy. Maine Policy Review is delighted to share this timely and interesting interview with its readers.*

*- Editor*

**Maine Policy Review:** Perhaps we should begin our discussion of telecommunications simply by defining what we mean by the term "telecommunications."

**Gordon:** In state regulation, we tend to focus on the telephone company and the things we are familiar with the telephone company doing. That is reasonable enough looking backward, but if you are looking to the future, then perhaps it is not quite so correct. I would add at least four important areas. One, of course, is the cable TV industry, which communicates mostly video entertainment at the present time, but which clearly has the capability to do more. Another segment is radio spectrum based services. Some of these services are more recently available in the form of cellular. Others have been around for a longer time, such as land mobile communications, citizens' band radio and the like. But on the technological horizon are a number of spectrum using services that will come closer and closer to what we have normally meant by telecommunications on the telephone. And, in all likelihood, the telecommunications services provided will be better. I would also mention satellite distributed communications, which also are beginning to have the capability to do more than just distribute video programming. Finally, private telecommunication services are a very large part of telecommunications. Many firms have capabilities within their own organizations, and even among firms, to provide communications that have nothing to do with the public switched network. A lot is happening in telecommunications.

**MPR:** When you talk about the radio spectrum services, what time horizons do you envision for availability of these new services?

**Gordon:** It's hard to predict for specific services. But radio-spectrum services are already being used within some of those corporations that I just mentioned. Local area networks (LANs) that use radio spectrum within a company's own building, or campus of buildings, can be used today. A LAN makes it possible to reconfigure your offices and avoid completely the need for rewiring. Satellite based systems provide radio location and information transmission for the transportation industry. Devices keep track of trucks, boxcars and other equipment using satellite location. Cellular obviously is being more widely used and in expanded formats. As technology permits

more and more people to be served, people will find ways to use cellular that weren't contemplated when it first started. Cellular, soon I think, is going to be much more than just a device for automobiles and trucks. There is no reason, other than the regulatory framework, why cellular can't be used in fixed service. It may even be cheaper than traditional land lines in some situations.

Looking ahead, "personal communications services", which assign to each user an individual, portable phone number, will permit users to carry their phone with them. Exactly which technological approach to personal communications systems will win out is very unclear at this moment. For example, will cable play a role? But prototypes of these devices have been developed, and I would guess that before the turn of the century, you will see personal communications services appearing on a widespread basis. The first uses will be specialized, but rather quickly I suspect, a broader range of uses will emerge.

**MPR:** What will be different about telecommunications services in the widely predicted "information age?"

**Gordon:** Technological change really has two sides. First are brand new products, and those are hard to foresee. The other major component is cost reduction, better ways of doing things that we do now or the ability to do things that currently are technically possible but are prohibitively expensive. Both kinds of innovations will expand opportunities.

When you are talking about brand new, not-hitherto-conceived kinds of services, it is a little hard to come up with a list. By definition, they haven't been conceived yet. But we know that brand new ideas and products or services pop up all the time. One of the more obvious new products would be electronic yellow pages, which would electronically marry the information that is available from other sources to a kind of interactive yellow page directory. Voice messaging is another one, which would provide the ability to send, receive, store and process voice messages in much more sophisticated ways than are possible on an answering machine. The local telephone companies are now looking to provide these services.

Although it is not clear exactly what "information services" will develop, I would go back to the personal communications services. A personal communications device, with its own number so that somebody can dial you at that number, whether in Maine or California or Montana, may at first seem much like traditional telephone service. A call is still a telephone call, and the conversation might be the same. But it is really quite a different information service, because you no longer have to know where the person is to place a call. That very significant reduction in the information needed is a very sophisticated kind of information service. It economizes on the need of the calling party for a whole class of information.

In the "information age," there will be many services of this character, which make things easier and lower the costs of people getting together. I think that it is easy to underestimate the significance of these changes in terms of the way people do business.

**MPR:** A central issue in the availability of new "wireless" services, such as personal communications systems, is the availability of space in the radio spectrum for these services. Do

you think that it is fair to assume that we are lumbering, however awkwardly, towards decisions on spectrum allocation that will accommodate new services like personal communication systems?

**Gordon:** I think we are. Lumbering is a good way to put it, although people are beginning to be much more conscious of it. I personally think that spectrum issues are probably the most important new area for communications.

The National Telecommunications and Information Administration (NTIA) just had a conference on spectrum and issued a very substantial (and very good) report on spectrum. The Federal Communications Commission is trying to get options in place for the allocation of spectrum. If they can implement new allocation procedures that work reasonably well, then maybe we can begin to allow spectrum to be used more flexibly, rather than compartmentalize its use as has been the historical practice.

The states are just beginning to become aware of importance of the spectrum issue. It is going to add to federal-state conflicts over jurisdiction, because the Federal Communications Commission has defined most radio based services as interstate services. The FCC would maintain control of spectrum-based services, and this will affect the states' ability to regulate other parts of the telecommunications system.

**MPR:** When discussing new services, one frequently hears in the regulatory arena that these new services are for businesses; that residences just need "plain old telephone service," often called "POTS." How do you view that argument?

**Gordon:** There are two ways of responding. First, what people regard as "plain old telephone service" changes over time. Those changes have included going from multi-party lines to single party lines, from an operator to a dial system, from a dial system to a touch-tone system, and from lower quality lines to higher quality lines suitable for electronic equipment. These are all shifts in POTS. People have come to expect more from their phones, and a large majority of people will continue to expect still more from their phones. Services such as call waiting and the distinctive ringing are finding a reasonably broad market. I don't expect the evolution of POTS to somehow come to a grinding halt in the 1990s.

But let me go to the very sophisticated kinds of things you can do with the telephone system. We are talking about things like Integrated Services Digital Network (ISDN) and other very sophisticated services. That large businesses value these services enough to buy them for private networks is not a matter toward which other people should be indifferent. If businesses believe that these services make it easier for them to function and allow them to be more competitive, that is a matter which ought to be of major interest to everyone. For example, if a paper company finds it advantageous to have a sophisticated telephone network to communicate with its corporate headquarters or to communicate among different locations within Maine, then the people employed by that company benefit by the competitive edge that this gives the company. Ultimately, that's important to all the citizens of the state. It's overly simplistic to say, on the one hand, the businesses want all this fancy stuff and, on the other hand, a lot of other people simply don't need it and shouldn't have to pay for it.

**MPR:** For the individual consumer, telecommunications is a lot more confusing today than it was ten years ago: confusing bills, confusing choices, those annoying "alternate operator services" at hotels, and the so-called "slamming" by some long distance carriers. How do you respond to the person who finds that the changes in telecommunications have just made life more difficult?

**Gordon:** A consumer has to have a certain amount of awareness and knowledge in order to function well in a market economy. People have been used to having the telephone company "do it all" for them. You can almost call it a cradle-to-grave treatment on telephone service, and it does have some value. I think more broadly, however, American consumers have indicated that's not what they really want in most areas of their lives. Henry Ford, in a famous example, provided consumers with any kind of a car they wanted, as long as it was a black "Model T." His company nearly went out of business when consumers found that they could get more alternatives, not just in colors, but in other more substantive features. The plain black rotary dial phones can do a lot of what many people want, and some of those black rotary dial telephones are still around. But I think the weight of experience indicates that people do appreciate choice, that they do appreciate options and that over a period of time they will take the time to learn about them. Are there some abuses? Are there some inconveniences? Sure! As you move from a very narrowly drawn, easily understood system to something that is a little more flexible, some problems may arise. But I think we are better off in the long run, both financially and in terms of choices, for adapting to the changes and incorporating the new opportunities they offer into our lives.

In the case of "alternate operator service" at hotels and motels, a niche has been created which may allow some abusive practices. Both the FCC and the state governments are moving to curb those to some degree. However, I would note that even this is not an absolutely black and white issue. When an institutional provider puts a phone in a room, there is an expense, and it is a different kind of expense than a phone located in a private residence or business. It may be that the cost for that phone ought to be reflected directly in user charges. Customers will bear those charges in some fashion; it may be built into the room rate, or it may be paid by the user of the phones. I would ask you which is more fair? It is not obvious that the pricing of those institutional phones ought to be identical to the pricing of phones elsewhere.

**MPR:** We have talked a lot about the regulators. Why don't we summarize the regulatory landscape in telecommunications?

**Gordon:** Let's start at the bottom. With local government, there isn't much regulation of telecommunications. The one area where there is potential for local regulation is cable TV. If cable TV is re-regulated, which is now possible in some areas as a result of recent actions by the FCC, then it could be regulated either by localities under existing franchise agreements or perhaps by the states.

State regulation is a primary area for regulation of telecommunications. Under our current regulatory system, the lion's share of the costs of providing the national interconnected telephone system falls into the state jurisdiction. Therefore, the state commissions have an extremely large influence on the kinds of investments that are made in the telecommunications infrastructure. How it is modernized, and what kind of facilities replace existing facilities, are very much

affected by state regulatory commissions and, of course, by state legislatures, which provide the guidelines under which the regulatory commissions operate.

At the national level, the Federal Communications Commission (FCC) has authority over interstate and international communications. The interstate versus intra-state distinction is, from an economic or technological point of view, quite artificial. But it has large practical consequences, because whenever people in one state communicate with people in another state, the FCC determines the terms on which that communication takes place. The FCC also determines the way in which local carriers make their facilities available to interstate long distance companies and, perhaps, to providers of information services.

And lastly, there is an international aspect to this as well, especially in the area of spectrum. Policies with respect to satellite communications and spectrum use require at least some international coordination, which the World Administrative Radio Conferences deal with. Although these do not seem like such immediate issues for us, they are increasingly important because of the growing role of satellite and spectrum services.

**MPR:** What about the role of the federal courts through the settlement of the antitrust case against American Telephone and Telegraph?

**Gordon:** That settlement, often called the "modification of final judgment" (MFJ), created seven regional companies that provide "local" service from what was formerly one company, American Telephone and Telegraph. The "surviving" AT&T was assigned the long distance market and certain other areas. The MFJ also imposed three broad restrictions upon the seven "regional Bell operating companies" (RBOCs), which are very important to the functioning and regulation of the telecommunications industry. First, the RBOCs are prevented from carrying interLATA toll calls. (For example, because Maine is served within a single LATA, New England Telephone can provide intrastate calls, but the interLATA long distance carriers must provide out-of-state calls.) I see little possibility that this first restriction will be removed in the near future.

Second, the RBOCs are not allowed to manufacture telephone equipment, which has been interpreted to include research and development activities on telephone equipment. There is before the Congress the so-called Hollings bill, which proposes to allow them into manufacturing. Personally, I support, and have supported on behalf of the Communications Committee of the National Association of Regulatory Utility Commissioners, letting the RBOCs into research and development but not into the manufacturing of "hardware." While simply thinking and researching is fine, bending metal isn't. I don't see any obvious economies from having RBOCs engaged in fabrication. Any such economies seem insignificant when compared to the risks that manufacturing by RBOCs would pose in terms of evading regulation, shifting costs, mispricing, and so forth. In the case of research and development, the case seems not so clear to me and that's why I would support permission for research and development activities. I think there you can tell a credible story that we might be foregoing something significant by not allowing R & D. But I don't support the Hollings bill.

The third restriction was upon the marketing of information services by the RBOCs. The RBOCs were prohibited from providing databases, or entertainment, or generally any kind of service that

was more than transmission of signals between points. The same rationale that I just gave for research and development has also led me to support relaxation of the information services restrictions. Because I see the potential for some economies of vertical integration here, the telephone companies may have some true economic advantage in offering certain of these services. Judge Harold Greene, prompted by the D.C. Circuit Court of Appeals, recently set the stage for this third restriction to be lifted. More recently, the federal appeals court has acted to ensure that Judge Greene will, in fact, relax the restrictions on information services.

Let me say, with respect to the MFJ, that I think that the courts are not a natural location for telecommunications regulation. Courts, I think, are best designed for taking a look at the broad framework in the context of some broader mandate, such as the antitrust laws. Once major decisions as to structure are made by the court, it seems to me that then the administration of the on-going decisions within that new structure should be the province of regulators, if not the market itself. I think that the appellate court saw that in mandating that Judge Greene get out of the business of regulating information services. They provided him with a public interest standard that really compelled his decision. So I think Judge Greene's role is going to diminish, which is really a way of saying the courts generally will not have an on-going role in dealing with the minutia.

**MPR:** As you just mentioned, steps to lift the information restriction have been taken by Judge Greene. How will this impact the industry?

**Gordon:** I think that when the restrictions are actually lifted we enter a significantly new era. The pressure on commissions to allow these new services to be offered is going to be enormous. When the telephone company (or somebody else for that matter) comes up with a new service that appears to be desirable, users are going to put pressure on regulatory agencies to allow them to become available.

With Judge Greene's decision, open network architecture suddenly acquires an urgency that it didn't have before. (Open network architecture is a set of rules and requirements that determine how the RBOCs will make their networks available to suppliers of services that require interconnection with the public network.) There is a heightened importance for preventing deliberately anti-competitive practices. Regulators, I think, are aware of that. Those of us supportive of relaxation of the information services restrictions are not unaware of the possibilities for anti-competitive practices. That is why open network architecture is such an important subject all over the country. It determines how suppliers will get access to the essential facilities that they require to provide their services. Among other things, it is important that the FCC move forward, in concert with the states, to give real substance to the open network architecture process.

I also think that with the relaxation of the restrictions, a major strategic obstacle to having other suppliers gain access to the network is gone. The telephone company, to be credible in its own offering, is going to have to be more flexible and a little quicker to provide access to its network to other suppliers. It just isn't going to wash to have a telephone company say "we can offer this service but we can't make available the same facilities to others." That isn't going to cut it with regulators; it isn't going to cut it with consumers; and it will certainly not get past the enhanced

services industry. Regulators are going to look at such claims with an extremely jaundiced eye. I personally think the telephone industry has moved rather slowly on open network architecture, partially because it was not permitted to get its own businesses going. That part of the dynamic is going to shift.

Those potential competitors who fear that the entry of the telephone companies will completely stifle their ability to provide services give too much credit to the telephone company. In fast moving markets where good marketing skills are crucial, the bureaucratic organizations of the telephone companies will be a liability. I think the telephone companies will find some niches, but there is absolutely no reason to believe that they will be able to sweep the field.

**MPR:** Other than a reduced role for the courts, should there be other changes in the current division of regulatory responsibility?

**Gordon:** Yes, I think there probably should be. It is a tricky area for a state regulator, because one of the areas where there may need to be change is in the boundary between state jurisdiction and federal jurisdiction. I earlier mentioned that, while there are state lines and federal lines, there is nothing in the technology that would draw these boundaries. These are national services available in most jurisdictions. The electrons (or now the photons), as they flash back and forth, really don't have any self-consciousness about crossing state lines or municipal lines or for that matter international boundaries. For that reason, things that happen in one state have consequences for other states. The national network may well be affected by what certain states choose to do. Maine is not a dog that can wag the tail of the rest of the nation, but California is and New York is and Florida and Texas are. So we in Maine and the other less populated states have a great stake in what happens in those states. A case can be made for preempting at least some state activities. That's a very touchy area, because the states do have a lot of responsibilities that they must continue to meet. But state regulators, both in their individual states and through the National Association of Regulatory Utility Commissioners (NARUC) have to take a much more serious look at when the federal authorities should preempt and when they shouldn't; when we should move toward a national solution, and when we shouldn't move toward a national solution.

This tends to be characterized as states' interests versus federal interests. But to me, that is a partial mischaracterization. The states' interests are not all necessarily the same. Some states, especially the smaller ones, are going to be affected by what other states are doing. In these cases, the federal government may be the tool through which these issues are resolved. That is a theme that I'm going to spend some time talking about next year at NARUC, and it is something that state regulators need to hear and need to be thinking hard about. And I think it can be done without losing sight of the need to keep state responsibility in some of the major areas.

**MPR:** Pre-emption was an important issue in the "Computer Inquiry III" proceeding before the Federal Communications Commission. Did the decision in Computer Inquiry III lay the foundation for the ultimate resolution of the relative federal-state roles?

**Gordon:** I think that pre-emption remains a very hot issue, especially for the states. The reason is that revenues are attached to jurisdictional questions. For regulators who want to keep prices

down, the name of the game is get the revenue into my jurisdiction and get the costs into some other jurisdiction. Some states protest vigorously, for example, that voice mail is obviously an intra-state service. Other people argue the opposite position, because some calls come to a voice messaging service from out-of-state. It is one of those issues that is a real regulatory issue, but is not a real technological or economic issue. My guess is that, in the early years, negotiated accommodations are going to be found. But for many services, technology is ultimately going to dictate that state boundaries are irrelevant.

**MPR:** Why don't we talk a little about Maine's regulation of telecommunications? Do you think Maine's basic regulatory position in telecommunications is typical of other states?

**Gordon:** No, I don't think it is. As a matter of fact, I would say it is a little bit behind a number of the other states. There are several reasons for that. There are some historical reasons, which have to do with the kind of regulation we have had in the past. Some of the legislation that exists in the state, in particular the restrictions on measured service in local pricing, has limited somewhat the flexibility of the commission. The geographic layout of the state means that it is likely to be a relatively high cost state. A very high reliance on toll rates exists for the recovery of costs of the system. I think these factors have caused some fairly serious problems and placed strong pressure on users within the state to try to avoid these features of the public network by the use of private facilities and so on. It also has affected the willingness of competitive providers to come in and give New England Telephone a run for its money. I think we have some important problems that need to be dealt with.

On the other hand, the New England Telephone Company, to give them their due, has been modernizing its infrastructure at a relatively rapid rate. Digital (touchtone) service is available throughout most of Maine. We expect to have digital service in literally all of the state in the relatively near future.

So, we have some pluses and some minuses for the telecommunications system in Maine. I think Maine would benefit greatly if we could get competition moving a little bit more rapidly in the state. In order to that, we have to begin to resolve the high toll price and the high access price problem in Maine.

**MPR:** Haven't Maine's regulations created a "level playing field" for competition in toll services? Or is that playing field just too high?

**Gordon:** Well, that is a tricky question for me to talk about, because we are going to be deliberating this matter relatively soon. I don't want to be too specific other than to say I have been concerned with the access charge structure in Maine. (Access charges are rates that long distance suppliers and other telecommunications suppliers pay to interconnect their facilities with the local network.) There has been a marked lack of interest in providing in-state toll services on the part of long distance suppliers in Maine, except as a by-product of their need to have ubiquitous service nationally. As far as I know, nobody is marketing their service vigorously for intra-state service. I think that gives you some indication that we may not be a terribly attractive market to come into. Competitors for intra-LATA long distance services have shown a lot more interest in other states than in Maine.

Stirring the pot with competition is almost always a useful activity. Things that may not have been thought possible in the absence of competition (which is after all a rather comfortable place for the existing carrier) may turn out to be a little bit more possible when competitors are present.

**MPR:** The introduction of "caller ID" services, whereby a consumer can identify the phone number of an incoming call, has raised concerns over the right to privacy of callers. Have we resolved this conflict in Maine?

**Gordon:** No, it's clear we haven't resolved that. There was legislation proposed in Congress, and there was legislation proposed within Maine during this last legislative session. It is clear that people can make credible arguments on both sides of this issue. On the privacy issue, well intentioned people can look at the issue and see very different outcomes. I think that there is going to have to be a balancing of interests here. There are legitimate points on both sides. (There may be illegitimate points on both sides, as well.) When I see this clash of legitimate interests, my instinct is to say, look let's not rush to a final solution, but undertake efforts to learn more about the real issues involved.

Caller ID is offered in one form or another in close to twenty states. It has been available in New Jersey and West Virginia for some time. Those two states seem to conclude that it is no problem. Other states have had a lot more concern. Pennsylvania has tried to eliminate the possibility entirely. The old cliché about the laboratory of the states within a federal system seems appropriate here. Let's have a number of different experiments run for awhile.

We have an experiment started here in Maine, in the Portland region, through a collaborative process between the telephone company, the commission staff, and the other interested parties, including some parties with serious concerns about what impact the caller ID mechanism might have on them. The police, and at least one rape crisis center, were involved in that collaborative process. They were obviously very concerned with maintaining the anonymity (not really privacy) of that is necessary for them to perform their function. They were brought into this process and they helped design a series of experiments that appeared to meet their needs. Because it's an experiment, New England Telephone will be reporting to the commission on the results. The participants in that collaborative process will be reporting on their opinions of the results. On the basis of that information, we can judge a little bit better where the risks are, what the benefits are, and what kind of changes, if any, need to be made for the service to continue to be offered.

**MPR:** Are there more privacy issues out there under stones waiting to be turned?

**Gordon:** Yes, there probably are. As telecommunications networks become more and more intertwined and the information about what people are doing with the network and on the network becomes more accessible, I think that there is a question of how people's reasonable expectations of privacy are to be met.

This is not a new problem. My first introduction to the privacy problem in telecommunications was at a major conference that the Federal Communications Commission held in the fall of 1980. Over three days, privacy experts, telecommunications experts and data bank experts were

brought together for a discussion of these issues. Knowing what movies people have rented, what phone numbers they have called, what their credit transactions have been and so forth is an on-going issue. It extends well beyond telecommunications per se. Telecommunications fits in, tightly, because it makes it so much easier to collect and distribute the information. A lot of that information is information which was never specifically protected, but because it was so expensive to gather it was never pulled together. Telecommunications brings down, dramatically, the cost of pulling together all that information about people.

There is also a flip side to the privacy issue. It is not obvious to me that information about one's activities should be entirely under one's own control, for dissemination only as deemed appropriate by the individual. In our interactions with other people, they need to have accurate information about them. So, one can cast a different light on the privacy issue: that some people desire to maintain complete privacy, that is to say, complete control over dissemination of information about themselves, could be manipulative. That flip side can be summed up by a kind of catch phrase: "When somebody knocks on my door, don't I have the right to look through the little viewing window to see who it is before I open my door?" There really are two sides to this; the right to privacy is not an absolute, any more that the right to gain access to information about people is an absolute. That's why this experimentation is so important.

**MPR:** Is the current budget situation in Maine going to impact the PUC's ability to deal with telecommunications issues?

**Gordon:** That is a tough question. There is a great pressure to keep expenses in all the agencies of government as low as possible. The Utilities Committee and the Appropriations Committee in this last session gave us an adequate budget to do the tasks that we have set before us. We are in an exceptionally busy period and the resources that we have are strained. I think that both legislative committees took that into account when determining our budget.

**MPR:** The most recent case with New England Telephone was settled with a "stipulation" that would open an investigation of innocent regulation for the company. Will that investigation be affected by the budget situation?

**Gordon:** The commission has indicated its interest in this investigation and we plan to go ahead with that this year and complete the investigation in a timely fashion. It's on this kind of an issue, where there is no legal deadline, that the resource constraints begin to bite. On a rate case, for example, (and we have two right now in the electric area) we have statutory deadlines. When push comes to shove, we have to assign the resources to meet those deadlines.

On the other hand, the commission has undertaken a fairly comprehensive prioritization exercise, really an internal budgeting of time and people, to make sure that telecommunications gets the resources to accomplish the tasks that we've set out. So I am hopeful that we will be able to do that.

**MPR:** The FCC decision for cable television apparently re-opened the possibility of local regulation. Do you anticipate that becoming an issue for the Maine legislature?

**Gordon:** There is a good chance that it will be an issue and I understand why it is an issue. A number of cable operators have exercised some restraint; others have not and have raised prices relatively rapidly. They don't always provide the level of service to which they had agreed when they received their franchises. So there are some problems out there. I think, personally, that if we turn to a classic utility regulation solution, we may be going a little bit overboard. I'm hoping that we can find some kind of regulatory solution, that is proportionate to the difficulties. Whether it is state regulation, or perhaps a revitalized municipal role, I think that discussion needs to take place among regulators, legislators, industry and customers to determine what is the best way to go. The problems are not ubiquitous, but there are clearly some problems in some areas. I hope we can find a solution that is proportionate to the importance of the problem. I've expressed concerns in the past that the commission has a pretty full plate already with the electricity issues, the telephone issues and increasingly the water issues, and I am concerned that we not be deflected any more than necessary from our current tasks as we deal with cable TV problems.

**MPR:** You do not seem anxious for cable TV issues to come to the Public Utilities Commission and you also seem reluctant to return to the local, town-by-town, regulations.

**Gordon:** There were problems with the town-by-town regulations. Some kind of state guidelines, perhaps administered here at the PUC, perhaps under other authorities, might be appropriate. It seems to me that some real hard thinking needs to go into that question. For instance, there really are some competitive alternatives to cable in many areas, although most do not constitute perfect, or full alternatives. Moreover, more new alternatives seem on the horizon especially if the ban on cross-ownership of cable by telecommunications companies were to be lifted. But, of course, some will quite legitimately point out that some of those alternatives are still in the future. Because I anticipate that some people will want to open the cable TV regulation question, we will be engaged in some hard thinking about that this fall.

**MPR:** Let me close this interview by asking if there are aspects of Maine's regulatory process that you have found especially interesting or unexpected?

**Gordon:** Yes. I have found that the broader community is interested in utility issues and has, I think, played an active role in the regulatory process. In the case of electricity, it has been the Energy Consumers Group that has been a very active participant. Certain other industrial consumers also are heavily involved. I do wish there were ways of getting the ordinary residential and small commercial customers in on the same basis. In the telecommunications area, I am pleased to see that the Maine Telecommunications Users Group seems to be developing and flowering under the leadership of a number of people. They are playing an important role in determining what the commission does. I really appreciate that because getting the flavor of what ordinary people want, rather than what lawyers say they want, is really valuable. I enjoy that and it is something that I didn't know I was going to get when I came to Maine. I'm pleased that it is here, and I hope it continues to grow and to expand into other areas.

*Kenneth Gordon has served as chair of the Maine Public Utilities Commission since October 1988. He was an industry economist with the FCC's Office of Plans and Policy, from 1980 to*

*1988, and taught at Smith College prior to that. He holds a Ph.D. from the University of Chicago.*