

From: ROBERT BLAU [blaur@bellsouth.net]
Sent: 1/31/2022 4:55:24 PM
To: Scott Gardner [stgardner55@gmail.com]
Subject: Re: CONFIDENTIAL AND PRIVILEGED

Scott,

I started my career at the Federal Communications Commission in 1975 initially as an industry economist and later as a special assistant/policy advisor to the Chief of the FCC's Common Carrier Bureau who was responsible for regulating all of interstate and international telecom services in the U.S. - including those provided by AT&T before its breakup. I worked for Comsat (international satellite carrier) from 1979-1983 and for Bell Labs on Federal regulatory matters from 1983-1985 when I joined BellSouth. From 1996-2008, when I retired, I ran BellSouth's Federal regulatory operations in Washington DC. In that capacity I had several dealing with numerous state regulatory commissions and, trust me, I understand how they work and how they think.

I was educated at DePauw University, the London School of Economics, and Indiana University where I obtained a PhD in 1978. I am also a Chartered Financial Analyst (CFA).

I knew what would happen with the Ferry Transportation Authority Act when I read the initial draft in 2017 and wrote a memo to the Village Council explaining why it should oppose the legislation. They ignored the obvious and here we are.

That said, you would not want to put me on the stand as an expert witness since, as my wife would tell you, it is highly unclear what I might say or do next. Besides that the Village could not afford my hourly rate!

The Village does need to hire an expert who understands the "ins and outs" of rate of return regulation and, very preferably, someone who has worked with and is favorably viewed by the NCUC staff.

I listened to the tail end of Chad Paul's remarks to the BHA on Saturday and I think I heard him say that the Mitchells have decided to sell the Transportation system to another commercial operator (i.e., private equity investor) on expectations that the system would continue to operate under the current regulatory framework (I.e, parking and barge rates would remain unregulated and subject to monopoly pricing abuse).

The Village should not discount the latter possibly and press the NCUC to subject all 3 components of the transportation system to rate-of-return regulation. Even though the case for doing so is compelling, the Village also needs to assume that the UC will not be overjoyed about extending its jurisdiction to include BHIL's parking or barge operations. As mentioned in my email last night, from a regulatory standpoint, the BHI system involves relatively small \$\$ amounts (e.g., compared to a Duke Energy rate case) and the UC may be remiss to commit staff resources for that reason. Even so, regulation or even the threat of regulation represents the best/only available means of keeping the transportation system's sales price at a reasonable level, regardless of who acquires it.

Similarly, since the failure to regulate also could prove very costly to BHI over time, the Village should not skimp on retaining the experts it will need to make its case to the UC.

Bob

Sent from my iPad

> On Jan 31, 2022, at 10:50 AM, Scott Gardner <stgardner55@gmail.com> wrote:

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> Bob - excellent input! Sending on to Trathen. Could you refresh my memory on the key points of your resume, especially those roles that add credence to your weighing in here? And finally, would you consider serving as an expert witness if the need arises based on your qualifications? No promises here, just testing your interest and qualifications. If this doesn't work, you will still have the opportunity to make comment at an upcoming public hearing.

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>> On Jan 30, 2022, at 10:01 PM, ROBERT BLAU <blaur@bellsouth.net> wrote:

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Oct 04 2022