

October 8, 1981

Statement of FCC Commissioner James H. Quello

Re: Public disclosure of video tapes of closed meetings
for discussion of the AT&T rate of return proceedings

*Not
released*

262

The informality of the meeting might indicate to the casual observer of the tape that this decision was taken lightly and without adequate consideration of all the factors involved. I assure you that was not the case. This meeting culminated two years of very thorough investigation into rate of return and incorporated the best thinking of the Commission staff and all of the parties directly involved. It is ironic that we are being criticized for taking so long to decide the issue at the same time we are being criticized for acting precipitously in the meeting.

It must be kept in mind that the Commission has a two-fold obligation in setting rates. First, we are responsible to determine that the ratepayer pays no more than he should for the service he receives. There is a second obligation, however, and that is to make sure that the carrier is in a position to attract investment at the lowest possible cost. If the carrier must pay a higher price for its debt and equity, those costs must ultimately be borne by the ratepayer. Thus, it is a delicate balancing act when attempting to set a rate which is neither too high nor too low. I should note that the critics of the Commission action state only that the rate increase was too much. They have not disputed the rationale explaining the increase which was contained in our formal order.

To the extent there are concerns about the general conduct of the meeting, I can only say that non-public meetings of this agency--and, I suspect, other governmental bodies--are often less decorous than public meetings. Closed meetings, it was once believed, had the virtue of permitting freewheeling discussions without the concerns of public misunderstanding arising from a lack of context. Obviously, that assumption no longer obtains since we are now on notice that these meetings will no longer be protected from disclosure. There will certainly be greater care taken in the future to ensure that our closed meetings are conducted with the decorum normally reserved for public meetings. For those who choose to elevate form over substance, this should be good news, indeed.