

**ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

March 10, 2003

3:16 p.m.

MEMBERS PRESENT

Representative Tom Anderson, Chair
Representative Bob Lynn, Vice Chair
Representative Nancy Dahlstrom
Representative Carl Gatto
Representative Harry Crawford
Representative David Guttenberg

MEMBERS ABSENT

Representative Norman Rokeberg

COMMITTEE CALENDAR

HOUSE BILL NO. 36

"An Act relating to electronic mail activities and making certain electronic mail activities unfair methods of competition or unfair or deceptive acts or practices under the Act enumerating unfair trade practices and consumer protections."

- MOVED CSHB 36(L&C) OUT OF COMMITTEE

CS FOR SENATE BILL NO. 20(FIN)

"An Act relating to the Board of Marine Pilots and to marine pilotage; extending the termination date of the Board of Marine Pilots; and providing for an effective date."

- MOVED CSSB 20(FIN) OUT OF COMMITTEE

HOUSE BILL NO. 111

"An Act extending the termination date of the Regulatory Commission of Alaska; and providing for an effective date."

- HEARD AND HELD

PREVIOUS ACTION

BILL: HB 36

SHORT TITLE: ELECTRONIC MAIL

SPONSOR(S): REPRESENTATIVE(S) GARA

Jrn-Date	Jrn-Page		Action
01/21/03	0041	(H)	PREFILE RELEASED (1/10/03)
01/21/03	0041	(H)	READ THE FIRST TIME - REFERRALS
01/21/03	0041	(H)	L&C, JUD
01/27/03	0079	(H)	COSPONSOR(S): FOSTER
02/12/03	0201	(H)	COSPONSOR(S): HEINZE, MEYER, MOSES,
02/12/03	0201	(H)	KOOKESH, CROFT, CRAWFORD, GUTTENBERG,
02/12/03	0201	(H)	STEVENS, CISSNA, MCGUIRE, KAPSNER,
02/12/03	0201	(H)	GRUENBERG, WILSON, LYNN, WEYHRAUCH
02/18/03	0232	(H)	COSPONSOR(S): DAHLSTROM
02/19/03		(H)	L&C AT 3:15 PM CAPITOL 17
02/19/03		(H)	Heard & Held
02/19/03		(H)	MINUTE(L&C)
03/10/03		(H)	L&C AT 3:15 PM CAPITOL 17

BILL: SB 20

SHORT TITLE:BOARD OF MARINE PILOTS

SPONSOR(S): SENATOR(S) THERRIAULT, DYSON

Jrn-Date	Jrn-Page		Action
01/21/03	0019	(S)	PREFILE RELEASED 1/10/03
01/21/03	0020	(S)	READ THE FIRST TIME - REFERRALS
01/21/03	0020	(S)	L&C, FIN
02/06/03		(S)	L&C AT 1:30 PM BELTZ 211
02/06/03		(S)	Heard & Held
02/06/03		(S)	MINUTE(L&C)
02/13/03		(S)	L&C AT 1:30 PM BELTZ 211
02/13/03		(S)	Moved Out of Committee
02/13/03		(S)	MINUTE(L&C)
02/14/03	0185	(S)	L&C RPT 4DP
02/14/03	0185	(S)	DP: BUNDE, DAVIS, FRENCH, SEEKINS
02/14/03	0185	(S)	FN1: (CED)
02/20/03		(S)	FIN AT 9:00 AM SENATE FINANCE 532
02/20/03		(S)	Heard & Held
02/20/03		(S)	MINUTE(FIN)
03/05/03	0353	(S)	FIN RPT CS 6DP 1NR NEW TITLE
03/05/03	0353	(S)	DP: GREEN, WILKEN, OLSON, BUNDE,

03/05/03	0353	(S)	STEVENS B, TAYLOR; NR: HOFFMAN
03/05/03	0354	(S)	FN1: (CED)
03/05/03		(S)	FIN AT 9:00 AM SENATE FINANCE 532
03/05/03		(S)	Moved CSSB 20(FIN) Out of Committee
03/05/03		(S)	MINUTE(FIN)
03/06/03	0416	(S)	RULES TO CALENDAR 3/6/2003
03/06/03	0416	(S)	READ THE SECOND TIME
03/06/03	0416	(S)	FIN CS ADOPTED UNAN CONSENT
03/06/03	0416	(S)	ADVANCED TO THIRD READING UNAN CONSENT
03/06/03	0416	(S)	READ THE THIRD TIME CSSB 20(FIN)
03/06/03	0417	(S)	PASSED Y18 N- E1 A1
03/06/03	0417	(S)	EFFECTIVE DATE(S) SAME AS PASSAGE
03/06/03	0421	(S)	TRANSMITTED TO (H)
03/06/03	0421	(S)	VERSION: CSSB 20(FIN)
03/07/03	0459	(H)	READ THE FIRST TIME - REFERRALS
03/07/03	0459	(H)	L&C, FIN
03/10/03		(H)	L&C AT 3:15 PM CAPITOL 17

BILL: HB 111

SHORT TITLE: EXTEND REGULATORY COMMISSION OF ALASKA

SPONSOR(S): RLS BY REQUEST OF THE GOVERNOR

Jrn-Date	Jrn-Page		Action
02/19/03	0250	(H)	READ THE FIRST TIME - REFERRALS
02/19/03	0250	(H)	L&C, FIN
02/19/03	0250	(H)	FN1: (CED)
02/19/03	0250	(H)	GOVERNOR'S TRANSMITTAL LETTER
02/19/03	0250	(H)	REFERRED TO LABOR & COMMERCE
03/10/03		(H)	L&C AT 3:15 PM CAPITOL 17

WITNESS REGISTER

REPRESENTATIVE LES GARA
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Spoke as the sponsor of HB 36 and presented
Version V.

SENATOR FRED DYSON

Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As cosponsor, presented CSSB 20(FIN), urging the committee to extend the Board of Marine Pilots; explained how a U.S. Coast Guard commander opposes granting a exemption to foreign-flagged yachts.

RICK URION, Director
Division of Occupational Licensing
Department of Community & Economic Development
Juneau, Alaska

POSITION STATEMENT: Spoke in support of CSSB 20(FIN), noting the bill addresses the recommendations of a recent audit by the Division of Legislative Audit.

PAT DAVIDSON, Legislative Auditor
Division of Legislative Audit
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: In testimony on CSSB 20(FIN), discussed drug testing and exemptions for foreign-flagged vessels, issues raised in the recent audit of the Board of Marine Pilots.

KATE TESAR, Lobbyist
for Alaska Yacht Services and Provisioning Company
Juneau, Alaska

POSITION STATEMENT: Testified in support of CSSB 20(FIN) but advocated for a conceptual amendment to exempt foreign-flagged yachts from the bill.

CAPTAIN ROBERT WINTER, Marine Pilot
Southeast Alaska Pilots' Association
Juneau, Alaska

POSITION STATEMENT: Spoke in support of CSSB 20(FIN), praising Alaska's marine pilotage law; suggested identifying ships by length rather than tonnage.

CAPTAIN DALE COLLINS, President
Southeast Alaska Pilots' Association
Ketchikan, Alaska

POSITION STATEMENT: Answered questions about dispatching marine pilots on yachts and described the exemption of Canadian warships in CSSB 20(FIN).

AMY WACHMANN, Owner
Alaska Yacht Services and Provisioning
Fort Lauderdale, Florida

POSITION STATEMENT: Testified in favor of a waiver for yachts in CSSB 20(FIN), describing the growth of the visiting yacht industry in the past years.

GRAHAM HAYES, Yacht Captain
Seattle, Washington

POSITION STATEMENT: During the hearing on CSSB 20(FIN), described how yachts spend large sums of money for provisions in Alaska ports and are currently tracked by the U.S. Customs Service and the U.S. Immigration and Naturalization Service.

DEREK SMITH, Safety Manager
Fraser Yachts Worldwide
Fort Lauderdale, Florida

POSITION STATEMENT: As manager of a yacht management firm, testified during the hearing on CSSB 20(FIN) about the safety standards of the yachting industry, yacht owners' desire for privacy, and the awkward logistics of housing a marine pilot during an Alaskan cruise.

NAN THOMPSON, Commissioner
Regulatory Commission of Alaska (RCA)
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 111.

WESLEY E. CARSON
Alaska Communications Systems (ACS)
Anchorage, Alaska

POSITION STATEMENT: Emphasized the importance of deferring any action to re-authorize the RCA until the state has developed a clear set of telecommunications policies to guide the commission.

JIMMY JACKSON, Attorney
General Communications Incorporated (GCI)
Anchorage, Alaska

POSITION STATEMENT: Supported the four-year extension of the RCA in HB 111.

KRISTI CATLIN, Director
Governmental Affairs
AT&T Alascom

Anchorage, Alaska

POSITION STATEMENT: Testified that AT&T Alascom could support legislation extending the RCA for another 2-4 years only if the RCA commits to regulatory reform.

JIM ROWE, Executive Director
Alaska Telephone Association (ATA)
Anchorage, Alaska

POSITION STATEMENT: Supported the extension of the RCA in HB 111 with reservations.

H.A. RED BOUCHER, Vice Chairman
Board of Directors
Chugach Electric Association, Inc.
Anchorage, Alaska

POSITION STATEMENT: Made four recommendations during the hearing on HB 111.

EVAN J. GRIFFITH, General Manager
Chugach Electric Association, Inc.
Anchorage, Alaska

POSITION STATEMENT: Testified on HB 111.

ERIC YOULD, Executive Director
Alaska Rural Electric Cooperative Association (ARECA)
Anchorage, Alaska

POSITION STATEMENT: Expressed concerns with HB 111.

ACTION NARRATIVE

TAPE 03-18, SIDE A

Number 0001

CHAIR TOM ANDERSON called the House Labor and Commerce Standing Committee meeting to order at 3:16 p.m. Representatives Anderson, Dahlstrom, Gatto, Crawford, and Guttenberg were present at the call to order. Representative Lynn arrived as the meeting was in progress.

HB 36-ELECTRONIC MAIL

Number 0065

CHAIR ANDERSON announced that the first order of business would be HOUSE BILL NO. 36, "An Act relating to electronic mail activities and making certain electronic mail activities unfair methods of competition or unfair or deceptive acts or practices under the Act enumerating unfair trade practices and consumer protections."

Number 0083

REPRESENTATIVE LES GARA, Alaska State Legislature, sponsor of HB 36, reminded the committee that Representative Rokeberg wanted to insure that the person sending out improper junk e-mail was held responsible, not than the Internet service provider whose equipment was used. He explained that this language has been clarified in the proposed committee substitute (CS) on page 3 and 4.

Number 0223

REPRESENTATIVE CRAWFORD moved to adopt the proposed CS for HB 36, Version 23-LS0224\V, Bannister, 3/10/03, as the working document. There being no objection, Version V was before the committee.

REPRESENTATIVE GARA reiterated that Version V specifies that only the person or business initiating the e-mail can be held liable for sending out improper junk e-mail. In an earlier version, there was language that could have been interpreted as making an Internet service provider a liable party. On page 4, line 5 of Version V, the bill refers to the person who initiates the sending of an unsolicited e-mail; all the language relating to the liability of Internet service providers was eliminated. Referring to Version S, Representative Gara said that on page 3, line 12, everything after the word "sender" was deleted [in the later version]. Therefore, in Version V the Internet service provider handling the e-mail bears no responsibility at all.

REPRESENTATIVE GARA reminded members that at the last meeting, an assistant attorney opined that HB 36 is a valid approach to regulating unwanted e-mail and would pass constitutional muster as well.

Number 0456

REPRESENTATIVE DAHLSTROM moved to report the CS for HB 36, Version 23-LS0224\V, Bannister, 3/10/03, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 36(L&C) was reported from the House Labor and Commerce Standing Committee.

SB 20-BOARD OF MARINE PILOTS

Number 0516

CHAIR ANDERSON announced that the next order of business would be CS FOR SENATE BILL NO. 20(FIN), "An Act relating to the Board

of Marine Pilots and to marine pilotage; extending the termination date of the Board of Marine Pilots; and providing for an effective date."

Number 0549

SENATOR FRED DYSON, Alaska State Legislature, cosponsor of committee substitute (CS) for SB 20(FIN), presented his bill. He explained that marine pilots with local knowledge are required by law to board larger vessels when they enter Alaskan waters. Marine pilots guide the ships and advise them about anchorages, local tides, and local conditions. Every major seaport in the world has a similar arrangement. This bill continues the Board of Marine Pilots, which has been successful and trouble-free.

SENATOR DYSON testified that the bill cleans up several items in the marine pilotage law. It requires drug training and screening for trainees, clarifies boundaries in the southern part of Alaskan waters, and establishes a reciprocal relationship with the Canadian Navy and the Canadian Coast Guard Maritimes. Under the bill, if Canadian ships visit the southern waters of Alaska, they can do so without a pilot, allowing a reciprocal arrangement for U.S. government vessels. He encouraged the committee to pass CSSB 20(FIN).

Number 0695

SENATOR DYSON said a group that favors waivers for large yachts will be testifying today; he encouraged members to listen closely to their testimony. He said it's nearly an international standard that vessels over 300 tons carry a marine pilot on board. A 300-ton vessel is a ship. He said those who want large yachts exempted from carrying a marine pilot on board argue that it inhibits wealthy travelers from visiting Alaska. This requirement may indeed discourage people from spending large amounts of money in Alaskan waters, he said. The committee's bill packet includes a [March 6, 2003] letter from J.W. Underwood, Rear Admiral, U.S. Coast Guard, Commander, Seventeenth Coast Guard District. He said Admiral Underwood has several good reasons for continuing the present requirement for large yachts to have a marine pilot onboard. Some of those vessels will have 20,000 to 100,000 gallons of fuel, and a spill of that magnitude could cause significant damage. He noted that Southeast Alaska has difficult passages such as the entrance to Lituya Bay and Wrangell Narrows.

Number 0856

SENATOR DYSON noted that the U.S. Coast Guard ("Coast Guard") has not supported an amendment to allow the exemption for these large foreign yachts. In his conversations with Coast Guard officials, Senator Dyson said he has recommended that yachts carry a vessel tracking transponder on board, that they be inspected by the Coast Guard, that criteria be established for the knowledge and expertise of the skipper, and that possibly a bond be required.

SENATOR DYSON related that Admiral Underwood anticipated that in a year, even within three months, the scope of the threat from international terrorists will be clearer. For the Coast Guard, maritime security is extraordinarily important. Senator Dyson said he doesn't believe that Alaska would be a target for terrorists, but one can't be sure. In other locations, large cruise ships have been attacked. Tankers moving through Alaskan waters could be a target, and the large freighters that pick up nitrates from Nikiski and that carry tons of diesel fuel have the two ingredients needed for a very large bomb. Under the Homeland Security Act, the Coast Guard is charged with port and maritime security, and he said the agency is overwhelmed with that responsibility in Alaska. In the future, Coast Guard staff indicated they would be amenable to working out something with the legislature more favorable for the large yachts.

Number 1017

SENATOR DYSON, replying to a question from Representative Crawford, said the bill applies to all commercial vessels over 300 tons [including foreign-flagged yachts].

Number 1039

REPRESENTATIVE GATTO asked two questions about the addition of the term "inside water of Southeastern Alaska", on page 2, lines 27-28. He questioned whether the term is defined and if it includes waters three miles off the outer coast.

SENATOR DYSON replied that the term "inside water" is defined; it means there is land on the ocean side and that the waters are protected.

Number 1080

REPRESENTATIVE GUTTENBERG referred to the recommendations from the Division of Legislative Audit report [Audit control number 08-20015-02] that addressed drug testing. One recommendation concerned the inconsistency between the four pilots' associations [that are responsible for administering the random drug-testing requirements]. He pointed out new language starting on page 1, line 14, "and for trainees and apprentices seeking a license or endorsement under this chapter;" he asked whether it corrects the inconsistency between the groups.

SENATOR DYSON said yes, that was his understanding.

Number 1126

RICK URION, Director, Division of Occupational Licensing, Department of Community & Economic Development, said his division supports extending the Board of Marine Pilots another four years. He said the board has addressed the problems identified in the recent legislative audit. He concluded that the board performs a valuable service, and he urged the committee to pass this version of SB 20.

Number 1159

REPRESENTATIVE GUTTENBERG asked about the uniformity of drug testing [among the pilots' associations]. The Board of Marine Pilots may delegate all or a portion of the drug-testing programs. He asked how that system works.

MR. URION replied that the marine pilot coordinator who staffs this board could answer questions on the drug-testing program. Mr. Urion said he was assured that this issue has been addressed.

Number 1219

PAT DAVIDSON, Legislative Auditor, Division of Legislative Audit, Alaska State Legislature, answered the question by Representative Guttenberg, noting that recommendation number 3 of the audit asked that the statutes be tightened to add both trainees and apprentices to the drug-testing program. This bill solves that problem, she said. Currently, the drug-testing program has been delegated to the four pilots' associations, as allowed in statute and regulation. The Board of Marine Pilots also has the responsibility to review the bylaws of those organizations. She said Legislative Audit is satisfied that the

drug-testing issues and recommendation number 3 have been addressed in CSSB 20(FIN).

Number 1270

REPRESENTATIVE GUTTENBERG asked about audit recommendation number 4, waiving pilotage on large foreign-flagged pleasure crafts. He asked how this recommendation affects marine pilots and whether these yachts are currently allowed in Alaskan waters without marine pilots.

MS. DAVIDSON replied that the auditors found that either yachts over a certain size were not coming into the waters, or they were coming into the waters and not requesting marine pilots. She said the 300 gross-ton limit does not easily translate into a visual assessment of a ship's size because tonnage is not particular to length. Therefore, these vessels are in Alaskan waters, and there's no quick determination of whether they require a marine pilot. This issue was also addressed in a prior audit. This audit recommended that the board seek a statutory waiver to address the problem. Senator Dyson underscored some security issues which cannot be dismissed. She added that it's important to look at what the marine pilots can add to security issues.

Number 1384

KATE TESAR, Lobbyist for Alaska Yacht Services and Provisioning Company, explained that this business, owned by Amy Wachmann, assists yacht management companies and yacht owners with bookings to bring yachts into Alaska. Ms. Tesar described her 12-year background in marine pilotage. She said her client supports the legislation to extend the Board of Marine Pilots and is very satisfied with the board's performance. Her client supports the audit's recommendation number 4, which proposes a statutory waiver allowing foreign-flagged vessels of over 300 tons to operate in Alaska without marine pilots onboard. Ms. Tesar reported that her client learned through booking agencies and yacht owners that pleasure crafts are not visiting Alaska because of the current law. She asked the committee to take a mandate off the books that has not been enforced since it was passed in 1995, a mandate that only serves to obstruct commerce in Alaska.

Number 1505

MS. TESAR explained that there was a major rewrite of marine pilotage law in 1991, addressing many concerns that arose after the Exxon Valdez oil spill. She said no one advocates taking pilots off oil tankers or large cruise ships. Prior to 1995, all pleasure craft, whether U.S.-flagged or foreign-flagged, were exempted from having a marine pilot on board. In 1995, the legislature mandated that a marine pilot be on board for these foreign-flagged vessels over 300 gross tons. She said no one foresaw the huge increase in the yacht cruising business in Alaska. She said there have been no major legislative changes relating to marine pilotage in the last eight years but mentioned that there have been large changes in the industry in the same time period. Ms. Tesar said she is pushing for this waiver because the economic impact on Southeast communities is huge.

Number 1600

MS. TESAR said she has provided committee members with information about Washington state marine pilotage laws, which have been in place for many years and have been working well. A yacht planning to enter Washington waters applies for a waiver from the state's marine pilot coordinator. The yacht pays a fee; a determination is made based on information in the waiver application; and the yacht goes on its way. She encouraged an amendment that would do the same thing: give a waiver to yachts of 200 feet or less or a waiver based on the weight of these vessels. She said British Columbia also has a waiver system in place for foreign-flagged yachts. Ships can cruise the waters of the Pacific Northwest but are unable to come into Alaskan waters without a pilot. In Washington, authorities decide, based on the experience of the captain, whether they want a marine pilot onboard for the first day of a voyage. Some 90 percent of the foreign-registered yachts are flagged in Great Britain and have either American or British captains. There are strict international licensing laws for these captains.

Number 1730

MS. TESAR said that many yachts do request marine pilots; they must call 48 hours in advance to schedule a marine pilot. Many yachts stay in Southeastern waters all summer, and family and guests fly up and back. The major clients of marine pilots are the cruise industry, for which the cruise ship schedule is known months in advance. She said this problem of scheduling was discussed in detail during the Senate finance committee hearing.

Number 1774

MS. TESAR explained that last year in Juneau, there were 430 dockings of large cruise ships. There are two pilots aboard each vessel, and each vessel cruises for seven days. She said this illustrates the huge volume of traffic that marine pilots service. Ms. Tesar said she has been working the last few weeks with the Coast Guard on security issues. Currently, she said, the U.S. Customs Service ("Customs Service") and the U.S. Immigration and Naturalization Service board each of these foreign-flagged vessels the moment they come into U.S. waters. Yachts have to get a cruising permit from the Customs Service if they intend to stay in U.S. waters for any period of time. She pointed out that the federal government has an application process in place, and the Coast Guard is able to track these vessels.

Number 1887

REPRESENTATIVE LYNN asked what flags these large foreign yachts sail under and the origin of the crews.

MS. TESAR replied that the majority of the yachts are flagged under Great Britain. The crews come from all over the world, but about 90 percent are from Great Britain or the United States.

MS. TESAR answered two questions from Representative Lynn, saying she did not know how many foreign yachts come into Alaskan waters but estimated two to three dozen a year. She said she did not know if marine pilots have security clearances.

Number 1936

REPRESENTATIVE CRAWFORD questioned how a waiver for foreign-flagged yachts would impact the existing number of marine pilots. He asked if there was a waiver, would some pilots be put out of work, and if the current law were enforced, would there be a demand for more marine pilots.

MS. TESAR replied that no marine pilots would lose any jobs because of this proposed waiver. The question about whether there are enough marine pilots to serve this part of the industry needs further discussion. She said people have testified at hearings that pilots have been requested but were unavailable.

CHAIR ANDERSON estimated that if three dozen yachts entered Alaskan waters but had waivers from pilotage, 36 ships would not use marine pilots.

Number 2007

REPRESENTATIVE LYNN asked why yachts aren't using marine pilots now.

MS. TESAR replied the real reason is not the marine pilotage fee, which can run several thousand dollars a day. She said yachts are not using pilots because U.S. laws limit these vessels to 12 passengers, and so a marine pilot on board for many weeks might take a spot otherwise occupied by a family member or a guest. Yacht owners object to having a person they don't know on board for long periods of time, she noted. She said the money is probably an issue, but it's not as great a concern as privacy.

REPRESENTATIVE GUTTENBERG asked how many requests for marine pilots on yachts went unfilled last year.

MS. TESAR said she has asked the marine pilot coordinator [with the Board of Marine Pilots] but there is no way of knowing.

Number 2080

CAPTAIN ROBERT WINTER, Marine Pilot, Southeast Alaska Pilots' Association, explained that he is a retired Coast Guard officer, and has been going to sea for over 37 years, 25 of those years in Alaska. Because Alaska has more coastline than the entire United States combined, regulation of marine pilotage in Alaska is an important responsibility. He said the Alaska State Legislature has crafted a marine pilotage act that is second to none in the country. Alaska marine pilots are on the cutting edge of training and recurrent training, assuring that they remain at the top of their profession. He said marine pilots have an interest in the integrity of the system that governs them. He said that CSSB 20(FIN) extends this proven system, and on behalf of the Southeast Alaska Pilots Association, he urged the committee to pass the bill.

REPRESENTATIVE LYNN asked his opinion about the increasing number of yachts visiting Alaska.

Number 2139

MR. WINTER replied first with an explanation of gross tonnage. He said gross tonnage is not a weight measure; it is a volume metric measure; one hundred cubic feet is a gross ton. He used the example of the Yorktown Clipper, which is 235 feet long and 99 gross tons. He explained that the ship is called a rule beater [because at less than 100 tons, the ship is governed by less stringent inspection standards]. He named several other vessels around 200 feet in length that are less than 99 gross tons. He opined that those ships are not little private yachts. He said that marine pilots favor removing the gross tonnage standard from the law, if the committee were to amend the bill. He said he would be able to estimate the length of a boat and make a good guess about whether it would require a pilot; now, he said, there's no way to tell.

Number 2197

MR. WINTER said his job as a state-licensed pilot is to move commerce safely on the waters of Southeast Alaska. He said he's anxious about meeting a 300-foot ship without a pilot in Wrangell Narrows in the fog, and he's certain that ferry captains have the same concern. If a ship is a U.S.-enrolled vessel, such as a ferry, it has a federal pilot on board.

Number 2241

MR. WINTER replied to a question from Representative Gatto about the change in latitude on page 2, line 28. Mr. Winter said he had noticed the typo and pointed it out to the bill's sponsors. The change allows a ship to sail as far north as Skagway, and it only applies to Canadian vessels.

Number 2266

REPRESENTATIVE DAHLSTROM asked whether there are enough pilots available to handle the requests for yachts and about the number of unfilled requests.

Number 2289

CAPTAIN DALE COLLINS, President, Southeast Alaska Pilots' Association, said to his knowledge, there have been no unfilled requests for marine pilots by yachts. He checked with his office staff and with the Alaska Coastwise Pilots Association, which recently merged with his agency. He said between the two organizations, whenever there was a call for a pilot, one or the other was able to fill the request in a timely manner. He said

he suspects yachts have entered Alaskan waters but have not requested a marine pilot.

Number 2352

REPRESENTATIVE GUTTENBERG asked about the two different assignments for marine pilots - whether they preferred the prescheduled, weeklong work on a cruise ship or the unscheduled assignment on a pleasure craft.

MR. COLLINS replied that a preference for one or the other assignment depended on the pilot. Some pilots might prefer a yacht as a break from being on a cruise ship. He explained that usually, when a marine pilot goes on a yacht, the pilot stays in the crew quarters; there wouldn't be a stateroom available as on a cruise ship because of its much smaller size. He said he personally likes being on yachts because they go on interesting routes, visit interesting ports, and they're a nice break from the cruise ships.

TAPE 03-18, SIDE B

Number 2395

MR. COLLINS explained that his association is required to keep extra pilots for the 48-hour notice from cargo ships and yachts. He said his agency does not get many calls for yachts.

REPRESENTATIVE GUTTENBERG asked whether the association could handle as many as three dozen calls for marine pilots for pleasure cruises.

MR. COLLINS replied yes, as long as the calls for marine pilots were spread over a three-month period; if the requests all came on the 4th of July, they would probably overload the system. Tuesdays and Wednesday are peak days in Southeast Alaska when the maximum number of pilots are out and the maximum number of cruise ships are in. He said the association keeps four or five marine pilots available for cargo and for the unexpected yacht.

Number 2328

REPRESENTATIVE LYNN asked why Canadian vessels are exempt from the pilotage requirement on page 2, lines 25 and 26.

MR. COLLINS replied by describing the current practices of U.S. and Canadian government ships. He said that U.S. Navy ships visiting Alaskan waters are not subject to state pilotage but as

a matter of good seamanship, voluntarily take a pilot. It is standard practice for U.S. ships to pick up a pilot in any port that isn't a homeport.

MR. COLLINS said there is some interest in giving Canadian government ships a waiver [on page 3, lines 5-7] if Canada were to offer the same waiver for U.S. Navy ships. While some Canadian ships would not take a pilot voluntarily, he anticipated that many would take a pilot even if the statute were amended. Some smaller Canadian ships, like minesweepers, travel extensively in the Canadian inside waters and could sail successfully in Southeast, while the larger frigates, light cruisers, or destroyer would probably elect to take pilots. Marine pilots have worked on small Canadian oil tankers, fleet tankers, and frigates in the past, he said.

Number 2201

AMY WACHMANN, Owner, Alaska Yacht Services and Provisioning, said she started her business two years ago; she has spent eight years in the Alaska yachting industry and has worked on yachts in the Caribbean, the Mediterranean, and the Pacific. She explained that she has noticed more yachts coming through Alaska. She said the amount of money they spend in port is tremendous, a great opportunity for Alaskan communities.

MS. WACHMANN said yachts owners don't object to having pilots on board; that's the procedure wherever they travel. She said that [the problem is that] Alaska law requires the marine pilots to be on board the entire time that the yachts are traveling in Alaskan waters. If a yacht spends an entire summer visiting the different bays and communities, it's very difficult for some of these owners to accommodate a pilot for three months at a time. That is why she is advocating for a waiver process similar to those used by the State of Washington and Canada.

Number 2110

GRAHAM HAYES, Yacht Captain, explained that he has 15 years of experience, with 6 summer seasons in Alaska on commercial ships and 7 years on private yachts all around the world. He urged the committee to consider an alternative to the requirement for pilotage for foreign-flagged yachts over 300 tons. Presently the yacht he's sailing is 171 feet and 680 gross tons. He said this is a good size boat, but it's much smaller than a 600-foot ship. He said it is difficult to gauge tonnage, a very limiting factor.

MR. HAYES said his employer, the owner of the yacht, is not planning on sailing in Alaska, even though he would like to go there. The problem is the requirement that a pilot be on board for the entire time the yacht is in Alaskan waters. He said the yacht may sit in one spot for four days before it moves a few miles away. The cost of the pilot and accommodating the pilot are contributing factors to the yacht owner's decision.

MR. HAYES continued by saying that each year the yacht spends nearly \$1 million for items such as moorage, fuel, provisions, parts, and hotels -- all items that are typically spent in the area the yacht visits. There are additional operational expenditures for the private jet and the helicopters that sometimes serve a yacht. He said these yachts meet all safety and environmental requirements and often exceed the industry standards for a commercial ship. Every owner and guest clears through U.S. Customs and the U.S. Immigration and Naturalization Service. He said this excessive pilotage requirement denies the local communities the economic benefits of visiting yachts. His [employer's] yacht is foreign-flagged but American-owned, which is very common, he said. Most of the crew are U.S. citizens or British, and all speak English.

Number 2012

REPRESENTATIVE GUTTENBERG asked where a yacht takes on most of its provisions.

MR. HAYES said yachts take on provisions in the area they are visiting. For example, if yachts are in the Ketchikan area, they take on most of their provisions there. In one case, a yacht stopped at Elfin Cove and spent \$15,000 on local artwork. He said visiting yachts are a big business for communities around the world.

Number 1975

MR. HAYES answered a question from Representative Crawford about whether he had ever experienced delays in getting a marine pilot. He replied that he has not operated a yacht of the size that requires a marine pilot in Alaskan waters. When entering ports in other areas, he has picked up pilots at a station or a dock after 24-hour notice. He recommended doing pick-ups at a pilots' station rather than where the yacht is anchored.

Number 1936

DEREK SMITH, Safety Manager, Fraser Yachts Worldwide, introduced himself as an associate member of the Institute of Marine Engineering, Science and Technology, an incorporated engineer, and a small ship surveyor. Fraser Yachts Worldwide manages 30 yachts, about 15 of which are over 500 gross tons. The standard of construction for yachts is covered by the Code of Practice for Safety of Large Commercial Sailing and Boating Yachts published by MCA, the United Kingdom's Maritime and Coast Guard Agency. He said the standards and qualifications for the crew are very high. Next year, the ISPS (International Ship and Port Security) Code will also be implemented on yachts over 500 gross tons and voluntarily on almost all of the other yachts in the Fraser fleet.

MR. SMITH assured the committee that concerns over security may be real but the threat from a yacht is small. Most of Fraser's large yachts, when the principals are on board, will have security guards. His company carries out background checks on all the crewmembers, and said that some owners might request that the marine pilot submit to a background check. He said the money for employing marine pilots is not the issue; the problem rises more in the principal's desire for privacy. There is a problem with accommodating the pilot on board a yacht that has a maximum of 12 guests and 12 crew. If the yacht only has 24 life saving appliances, one of the crew has to get off the boat. Owners don't stick to a schedule because they can go wherever they wish. He explained that the position of a yacht is tracked by satellite and other technologies. He noted that he would like to submit written testimony.

Number 1777

CHAIR ANDERSON said written testimony can be submitted to the House finance committee, the bill's next committee of referral. There being no other witnesses, he closed the public hearing.

Number 1752

REPRESENTATIVE Lynn moved to report CSSB 20(FIN) out of committee with individual recommendations and the accompanying fiscal note. There being no objections, CSSB 20(FIN) was reported from the House Labor and Commerce Standing Committee.

HB 111 - EXTEND REGULATORY COMMISSION OF ALASKA

Number 1733

CHAIR ANDERSON announced that the final order of business would be HOUSE BILL NO. 111, "An Act extending the termination date of the Regulatory Commission of Alaska; and providing for an effective date."

Number 1715

NAN THOMPSON, Commissioner, Regulatory Commission of Alaska (RCA), informed the committee that the RCA supports HB 111. She explained that the RCA's mission is to protect consumer interests by ensuring affordable and reliable utility and pipeline services as well as ensuring that the utility and pipeline infrastructures are adequate to support community needs. The agency has come a long way since its creation in 1999 and has reduced the notorious backlog to a manageable open caseload of several hundred cases. The RCA hopes to spend time focusing on some of the important policy issues facing the market. Ms. Thompson submitted her written comments to the committee.

Number 1609

WESLEY E. CARSON, Alaska Communications Systems (ACS), stated, "My reason for being here is to emphasize the importance of deferring any action to re-authorize the Regulatory Commission of Alaska until the state has articulated a clear set of telecommunications policies to guide the commission." Mr. Carson also provided the committee with his written testimony.

REPRESENTATIVE GUTTENBERG asked if Mr. Carson believes that the RCA needs more guidance from the legislature.

MR. CARSON replied yes and related his belief that a lot of discretion is afforded to the states under the Telecommunications Act of 1996. As the RCA is charged with implementing the law, there is an opportunity for the legislature to clarify, by statute and policy, the direction for the commission.

Number 1510

JIMMY JACKSON, Attorney, General Communications Incorporated (GCI) informed the committee that he has worked with GCI for 10 years and for the 10 years before that he worked for the Alaska Public Utilities Commission (APUC), the predecessor of the RCA. Mr. Jackson related GCI's support for the four-year extension as

proposed in HB 111. He recalled that four years ago five new commissioners were confirmed by the legislature when the RCA was established. Recently, two of those commissioners have been replaced and the current legislature has confirmed two new commissioners. During last year's special session, the RCA legislation amended timelines and time limits for the proceedings. He related that GCI believes that it's now time to trust the RCA to deal with the very complex issues before it and for the legislature to allow the RCA to get on with its business. Mr. Jackson said that it's not possible for the legislature to become experts in the area of telecommunications and electrical utilities.

Number 1450

MR. JACKSON estimated that the RCA has spent hundreds of hours dealing with the issues about which ACS has complained. When cases come before the RCA they are usually held in trial-like settings and one of the parties often goes away disappointed. Therefore, GCI isn't satisfied with all of the decisions the RCA has made over the last few years. However, GCI understands that the commissioners are doing their job in a professional and fair way. Stability would be beneficial to the agency, and therefore GCI supports the four-year extension.

Number 1371

KRISTI CATLIN, Director, Governmental Affairs, AT&T Alascom, provided the following testimony:

As you know, AT&T Alascom, and before that, Alascom, has a long history of providing telecommunications services to the state of Alaska. In fact, it has the longest history of any inter-exchange carrier in the state today. It is from those very roots, and having witnessed the broad changes in technology and market shift over the years, that we would like to offer our perspective and respectfully make some requests for the legislature to consider.

We believe that both telecom service providers and policymakers have a two-fold obligation to the constituents of this state. Those are: ensuring that basic telecom services remain affordable to everyone in the state; and providing a regulatory environment that fosters continued investment in the state telecom

infrastructure, thereby ensuring that advanced services will reach to all parts of the state.

In the early days, Alascom was the only long distance carrier in Alaska, and as such, a regulated monopoly. Regulations were put in place to ensure that Alascom did not misuse its monopoly power in pricing its services to consumers. In addition, in 1991, when intrastate long distance competition was initiated, additional regulations were developed to ensure that Alascom did not misuse its monopoly power to subvert competition. At the same time, new entrants to the long distance market were granted broad and significant freedoms. And even though the market was highly competitive in 1995 when AT&T bought Alascom, for the most part, it bought a company regulated as though it were a monopoly. As we all know, the regulations governing utilities with a legal monopoly work in two directions: first, they protect the consumer from unreasonable prices on the one side of the equation, and second, they ensure a reasonable return for the regulated utility on the other side. Without a reasonable return, companies do not invest and services, therefore, do not advance.

Many of the regulations which restrict AT&T Alascom today are vestiges of that monopolistic environment I spoke of previously. However, in this highly competitive marketplace, they do not serve as an incentive for investment - they only serve to add cost and thereby provide a disincentive for investment. As far as protection of the consumer on prices, we have almost 20 years of empirical evidence in the long distance market in the U.S. to show that competition serves the consumer well. In 1984, when AT&T was first broken up, the average discounted corporate minute was around \$.45. Today, the average discounted corporate minute is under [\$.045]. That's a whole order of magnitude swing. And yet, during the same time period, the long distance industry went from approximately \$9-\$10 billion to about \$90-\$110 billion. It was deregulation of the industry and the management of competition that spurred investment. And in 1995, when AT&T fell below 60 percent market share in the Lower 48, the FCC ceased regulating AT&T as the "dominant carrier" and deemed the market for long distance as "competitive".

And yet, here in Alaska, where AT&T Alascom now has 42 percent of the long distance business and shrinking, and our largest competitor, GCI, has 46-48 percent of the long distance business and growing, AT&T Alascom is still considered the dominant carrier, despite a four-year attempt to get relief from this regulation at the RCA. This regulation adds substantial to our cost structure for tracking, journalization, and reporting. It also adds regulatory process that our competitors don't have that keeps us from being competitive in the marketplace. The whole situation begs the definition for "dominance". Additionally, with the increased costs and inability to compete effectively because of outdated regulations, our ability to attract capital and invest in the network is severely "hamstrung".

Number 1167

I believe that over the next 12-18 months, this state must wrestle with some difficult issues of telecom regulation. At stake is the very survival of an infrastructure that's struggling to keep up with the rest of the country. In a true free market, there is less regulation, not more. And competition, not regulation, becomes the force to shape the market.

I would ask you to carefully and thoughtfully consider the market dynamics at work here, and the definitions of broader market issues such as "dominance" and "competition". I would also ask you to carefully consider your role in mandating an environment that has less regulation, not more, in order to create and maintain incentives to invest in the modern telecommunications infrastructure that all Alaskans desire.

As you consider House Bill 111 reauthorizing the RCA, please know that AT&T Alascom could support legislation which would extend the RCA for another 2-4 years, however, as we stated last year - only if the RCA is truly committed to bringing about regulatory reform. Status quo is not an option if you intend to have a healthy, competitive telecom market and infrastructure in Alaska. We have drafted appropriate language to assist the legislature in defining

"dominance", and are submitting it for your consideration.

Number 1099

REPRESENTATIVE GUTTENBERG requested that Ms. Catlin expand on the issue of disincentives for investment.

MS. CATLIN informed the committee that the current regulations cost the company between \$2-\$5 million annually. The company also has a difficult time due to the high costs of serving the Bush regions of the state. It's difficult to attract investment from AT&T unless [AT&T Alascom] is free from some of the costs associated with the existing regulation, she said. One step toward being free from some of the costs associated with the existing regulation would be release from the "dominance" regulation. Ms. Catlin pointed out that AT&T must keep separate books for Alaska, which amounts to about \$2 million a year.

REPRESENTATIVE GUTTENBERG asked what it would take to get the RCA to respond to the market dynamics.

MS. CATLIN responded that she believes the RCA needs policy direction from the legislature to [encourage] investment in Bush Alaska.

Number 1007

REPRESENTATIVE CRAWFORD inquired about the "dominance" regulation.

MS. CATLIN specified that [AT&T Alascom] is looking to be relieved from an annual report filing, which is related to the journalization issue. She explained that AT&T Alascom is required to perform certain network reporting that the competitors aren't required to do. She informed the committee that AT&T Alascom is required to file a 25 percent outage report daily as well as a quarterly report. Furthermore, if AT&T Alascom wants to make any rate increases, it must file on 45 days notice to the public with cost justification. For example, if the company had a \$.15 per minute plan and AT&T eliminates the plan, then [AT&T Alascom] would need to move its customers to a \$.14 per minute plan with a \$4.99 monthly charge. She explained that AT&T Alascom could end up in a proceeding that could be protracted to answer the question as to whether it was a rate decrease or increase, although it isn't necessary or to the benefit of AT&T Alascom's consumers. Ms. Catlin said, "It

isn't really that we want to raise our rates, but we need the flexibility in the marketplace to be competitive."

MS. CATLIN, in further response to Representative Crawford, clarified that there are three things required under the dominance regulation: journalization, competitive flexibility with tariffs, and network reporting.

Number 0886

JIM ROWE, Executive Director, Alaska Telephone Association (ATA), informed the committee that ATA is available to all the incumbent local exchange carriers in the state. The members of ATA are regulated utilities. Mr. Rowe said that in general, ATA is in support of the four-year reauthorization of the RCA. However, ATA does have some concern with the operation of the RCA. He pointed out that with one term of the commissioner expired, the government put forward two names for the commission seat. Additionally, a recent executive order addressed the staffing of the public advocacy section. He explained that [ATA] believes that those actions demonstrate that the RCA has the attention of the administration. In deference to Governor Murkowski's attention, prudence dictates that the actions of this commission be monitored. With regard to the staff changing, there is the belief that other things might be happening and ATA is waiting to see. Mr. Rowe stated that ATA is concerned with some orders that have come out of the commission. He recalled that an earlier witness testified that some party before the commission is always displeased. However, Mr. Rowe suggested that there are some parties that are more regularly pleased than others and ATA's members are in the group that is not as regularly pleased. Mr. Rowe said, "At this point we're not anxious, Mr. Chairman, to say please go ahead and pass this bill today, but we are concerned. We're watching very carefully." He mentioned that ATA has particular interest in investment and infrastructure.

Number 0730

H.A. RED BOUCHER, Vice Chairman, Board of Directors, Chugach Electric Association, Inc., informed the committee that he is an elected board member and responsible to the 60,000 member owners of Chugach Electric, which is Alaska's largest provider of electric energy. He noted that he is the chair of the Government and External Affairs Committee and also the Technology Committee. He explained that the committee should have his written testimony. Mr. Boucher noted that from 1984-

1990 he served on the House Labor and Commerce Standing Committee, and although the faces have changed, the issue remains the same. He did note that one difference now is that Alaska is competing in a global economy.

MR. BOUCHER recalled that in 1999 the Alaska Public Utilities Commission (APUC) was reorganized under AS 46.42.04, AS 46.42.05, and AS 46.42.06 in order to improve it's efficiency. The newly-formed RCA was charged with the responsibility to ensure the furnishing of safe and adequate service to all public utility patrons without discrimination and at reasonable rates, consistent with the interest of both the public and the utility. Last year Chugach Electric testified before the Senate Judiciary Standing Committee about the effectiveness of the newly formed commission in carrying out its mandates. He said that Chugach Electric was concerned that the regulatory process takes too long and if the additional staff was necessary, Chugach Electric more than supported it. In fact, Chugach Electric contributes \$400,000 to RCA's budget. During the testimony [last year], the Chugach Electric board president had recommended four improvements. They included (1) the need for an oversight committee to work with the RCA and utilities to seek best practices and benchmark performance; (2) the need for the commission chair to have a senior level staff person to help carry the large workload; (3) the need for the RCA to lighten its caseload; and (4) the need for a better method of resolving disputes between parties.

Number 0374

MR. BOUCHER stated that these recommendations [have been ignored]. He noted that the Joint Committee on Legislative Budget and Audit (BUD) recommendation for an extension to June 30, 2005, points out the need for these [changes]. There is no easy solution, he remarked. However, the RCA needs commissioners and staff who fully understand the complexities of rate regulation, the Alaska marketplace, and balance the financial help of the utilities with the needs of their owners and consumers. Mr. Boucher related that Chugach Electric supports either approach, the governor's proposed four-year extension of the RCA or BUD's June 30, 2005, extension. The question isn't whether the legislature should extend the RCA, because that's a matter of law. However, Chugach Electric strongly recommends an amendment to [HB 111] providing for a government-appointed panel of industry experts with the authority and obligation to work jointly with the RCA and the regulated community in order to improve the regulatory process.

Currently the Chugach Electric Board spends 50 percent of its time dealing with regulatory matters. Mr. Boucher stressed that Chugach Electric would like to get onto the business of building an electric energy and transmission company that meets the challenges Alaska will face in a globalizing economy. The Murkowski administration and the legislature have emphasized the need to expand Alaska's economy in order to face the state's financial challenges. Mr. Boucher said Chugach Electric shares that vision.

Number 0146

MR. BOUCHER, in response to a question from Representative Lynn, confirmed that the recommendation was for a government oversight committee of the RCA. In fact, there was supposed to have been a committee appointed by the legislature so that this wouldn't be an issue. However, that didn't happen and thus the recommendation is suggested again, he added.

REPRESENTATIVE LYNN questioned how far such a recommendation would be taken. If there's a panel to watch the RCA, should there be a panel to watch the panel, he asked.

MR. BOUCHER emphasized that this type of issue can only be debated during the RCA's sunset time period because the utilities have no other forum in which to air their problems. He pointed out that these types of problems can't be brought up when an entity has a case before the RCA.

Number 0035

EVAN J. GRIFFITH, General Manager, Chugach Electric Association, Inc., noted that the committee should have a handout from him. He relayed Chugach Electric's view that the RCA must consider the financial health and utilities in the process [tape ends midspeech].

TAPE 03-19, SIDE A

Number 0012

MR. GRIFFITH referenced an opinion update from Moody's Investors Service and highlighted the following statement: "This rate case outcome is in contrast to largely supportive regulatory treatment provided to Chugach in the recent past." He noted that Standard & Poor has placed Chugach Electric on a credit watch, which isn't good in the investment world. Standard & Poor says that this rating action reflects the expected

financial impact on the utility of the latest rate order by the RCA. In addition to substantially weakening debt service coverage, the RCA's rate order signals heightened regulatory and refinancing risks for the utility and may cause [Standard and Poor] to apply more stringent guidelines in assessing Chugach Electric's credit quality, he said. Mr. Griffith cited a letter from David Rose, Chairman and CEO of Alaska Permanent Capital Management Company, which expressed concern with regard to the impact of the order on Chugach's bondholders. The RCA's latest ruling has placed Chugach Electric in default on its bond requirements for 2002. In fact, Mr. Griffith related that he is preparing a report specifying that Chugach Electric has sustained a \$2 million loss in 2002.

Number 0112

MR. GRIFFITH emphasized that this was Chugach Electric's first request for a rate increase since 1994. The order said that Chugach Electric had done fairly well in the presentations. However, the numbers didn't back up what was said and no rate stability was achieved. He noted that Chugach Electric actually ended up with a 1.5 percent rate decrease. Mr. Griffith related the [company's] belief that there must be a balance of consumer protection and solid economic base. Furthermore, he added, the large businesses in the Railbelt have to be on solid financial ground; otherwise the implications for economic development aren't good.

Number 0219

ERIC YOULD, Executive Director, Alaska Rural Electric Cooperative Association (ARECA), informed the committee that members of ARECA generate approximately 90 percent of the electricity throughout the state. He noted that Chugach Electric, Alaska Municipal Light & Power, Golden Valley Electric Association, and Homer Electric are members of ARECA as well as many medium and smaller utilities. He has submitted written comments and a resolution from ARECA's board of directors. Mr. Yould commented that Mr. Boucher did a fine job in summarizing much of the frustration that the [electric] industry has with the RCA. He related that ARECA's board supports a one-year sunset extension as well as significant changes that would streamline the RCA's process.

MR. YOULD testified that when the RCA was reconstituted in 1999, it inherited a tremendous backlog, some 700 cases. The RCA also gained 14 new positions to address that backlog, which has been

reduced to about 200 cases. Mr. Yould pointed out that the majority of the backlog reductions occurred only within the last year to year-and-a-half, when the RCA was up for sunset review. Therefore, Mr. Yould contended that if the RCA had not had its "feet held to the fire" there would be an even larger backlog of cases. The RCA has a serious problem with the amount of time and money it takes to perform its work, he observed. One recent case took more than two years and cost \$5 million to adjudicate between three utilities. That \$5 million came out of everyone's pocket in the Railbelt, he commented.

Number 0400

MR. YOULD pointed out that last year the legislature called for a special subcommittee to propose changes to streamline the RCA. Although the legislative subcommittee was never formed, the electric utility industry assembled its own internal group to review the statutes of the RCA. Mr. Yould noted that this list of recommendations was originally submitted to the governor's office. The governor's staff had indicated that it could make many of the changes administratively, and if ARECA supported a four-year sunset extension, the administration would fix the RCA.

MR. YOULD recounted that ARECA had determined that there were several elements of the RCA's statutes that required some statutory changes. ARECA has submitted a paired-down list of changes for the committee's consideration. Mr. Yould stated that a four-year extension of the RCA will not result in any efficiencies.

Number 0550

MR. YOULD concluded that ARECA could support a two- to four-year sunset extension for the RCA only if there were first some changes in the law that would streamline the process. Mr. Yould said that should the legislature decide not to proceed with these changes recommended today, he hoped that it would listen to Mr. Boucher's recommendation to establish a blue ribbon commission. Such a commission would enable all utility industries to determine what streamlined changes should be made in order to best serve the public.

CHAIR ANDERSON, upon determining there was no one else who wished to testify, announced that HB 111 would be held over.

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 5:04 p.m.