

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

April 15, 2005

3:29 p.m.

MEMBERS PRESENT

Representative Pete Kott
Representative Gabrielle LeDoux
Representative Bob Lynn
Representative Norman Rokeberg
Representative David Guttenberg

MEMBERS ABSENT

Representative Tom Anderson, Chair
Representative Harry Crawford

COMMITTEE CALENDAR

HOUSE BILL NO. 226

"An Act relating to breaches of security involving personal information; and relating to credit report security freezes."

- MOVED CSHB 226(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 181

"An Act establishing a waiver for active duty military service of continuing education requirements for renewal of occupational licenses."

- MOVED CSHB 181(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 243

"An Act relating to the maximum annual regulatory cost charge collected from certain regulated public utilities and pipeline carriers; and providing for an effective date."

- MOVED HB 243 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 226

SHORT TITLE: PERSONAL INFORMATION BREACH

SPONSOR(S): REPRESENTATIVE(S) GARA

03/21/05 (H) READ THE FIRST TIME - REFERRALS

03/21/05 (H) L&C, JUD
 04/06/05 (H) L&C AT 3:15 PM CAPITOL 17
 04/06/05 (H) <Bill Hearing Postponed>
 04/13/05 (H) L&C AT 3:15 PM CAPITOL 17
 04/13/05 (H) Heard & Held
 04/13/05 (H) MINUTE(L&C)
 04/15/05 (H) L&C AT 3:15 PM CAPITOL 17

BILL: HB 181

SHORT TITLE: WAIVE CONTINUING EDUC. REQ FOR MILITARY
 SPONSOR(S): REPRESENTATIVE(S) COGHILL

02/28/05 (H) READ THE FIRST TIME - REFERRALS
 02/28/05 (H) MLV, L&C
 03/17/05 (H) MLV AT 1:00 PM CAPITOL 124
 03/17/05 (H) Moved Out of Committee
 03/17/05 (H) MINUTE(MLV)
 03/18/05 (H) MLV RPT CS(MLV) 6DP
 03/18/05 (H) DP: THOMAS, GRUENBERG, CISSNA, ELKINS,
 MCGUIRE, LYNN
 04/15/05 (H) L&C AT 3:15 PM CAPITOL 17

BILL: HB 243

SHORT TITLE: SWAN LAKE-TYEE LAKE INTERTIE
 SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

04/01/05 (H) READ THE FIRST TIME - REFERRALS
 04/01/05 (H) L&C, FIN
 04/15/05 (H) L&C AT 3:15 PM CAPITOL 17

WITNESS REGISTER

REPRESENTATIVE LES GARA
 Alaska State Legislature
 Juneau, Alaska
 POSITION STATEMENT: Testified as the sponsor of HB 226.

KAREN LISTER, Staff
 to Representative John Coghill
 Alaska State Legislature
 Juneau, Alaska
 POSITION STATEMENT: Presented HB 181 on behalf of the sponsor,
 Representative Coghill.

KATE GIARD, Commissioner, Chair
 Regulatory Commission of Alaska (RCA)
 Anchorage, Alaska

POSITION STATEMENT: Presented HB 243 and answered questions.

RICK FREYMILLER, Director
Regulatory Affairs and Pricing
Chugach Electric Association
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 243.

DAN DIECKGRAEFF, Treasurer/Manager
Finance and Rates
ENSTAR Natural Gas Company
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 243.

ACTION NARRATIVE

REPRESENTATIVE PETE KOTT, acting Chair, called the House Labor and Commerce Standing Committee meeting to order at [3:29:42 PM](#). Representatives Kott, Rokeberg, and Guttenberg were present at the call to order. Representatives LeDoux and Lynn arrived as the meeting was in progress.

HB 226-PERSONAL INFORMATION BREACH

REPRESENTATIVE KOTT announced that the first order of business would be HOUSE BILL NO. 226, "An Act relating to breaches of security involving personal information; and relating to credit report security freezes." [Before the committee was CSHB 226, Version 24-LS0689\I.]

REPRESENTATIVE KOTT reminded the committee that HB 226 had been held over for amendments and that public testimony had been closed at the prior hearing.

[3:30:17 PM](#)

REPRESENTATIVE GUTTENBERG moved that the committee adopt Amendment 1, which read:

Page 1, lines 7 - 8:

Delete "engages in business activities in the state, uses in the business"

Insert "engages in activities in the state, uses"

Page 2, line 3:

Delete "'business activities in the state" means business activities"

Insert "'activities in the state" means activities"

Page 2, line 5:

Delete "business"

Page 2, line 17:

Delete "business"

Insert "person"

Page 2, line 18:

Delete "business"

Insert "person"

Page 2, line 19:

Delete "person"

Insert "individual"

Page 2, line 24:

Delete "for the business"

Page 2, line 31:

Delete "business"

Insert "person's activities"

Page 3, line 2:

Delete "business"

Insert "person's activities"

Page 3, line 19:

Delete "business"

Insert "person"

Page 3, following line 19:

Insert a new paragraph to read:

"(2) "person" means a business entity or a state or local governmental body, subdivision, or agency, except for an agency of a judicial branch of state government."

Renumber the following paragraph accordingly.

REPRESENTATIVE ROKEBERG objected for discussion purposes.

REPRESENTATIVE LES GARA, Alaska State Legislature, sponsor, explained that Amendment 1 addresses the desire for government to inform an individual when it accidentally breaches his/her security.

REPRESENTATIVE GUTTENBERG asked if there have been any cases in which the government has had this problem.

REPRESENTATIVE GARA replied no, but indicated that there could be such a case in the future.

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REPRESENTATIVE ROKEBERG directed attention to page 1, line 7, which says, "If a person engages in business activity in the state". He expressed concern with the use of the term "person" because per the drafting manual that term would be defined as including a business.

REPRESENTATIVE GARA said that the term "person" is defined in statute to include business, and with Amendment 1 it would also include the state. He relayed that the intention is to make this apply to businesses that hold one's personal information and the term "person" is defined to include companies as well.

[3:32:58 PM](#)

REPRESENTATIVE ROKEBERG asked if the term "person" includes that a "person is a person" and not some other entity.

REPRESENTATIVE GARA agreed that the term "person" should be defined to include a "person."

[3:33:23 PM](#)

REPRESENTATIVE ROKEBERG commented that there seems to be an intertwining between activities, business, and persons.

REPRESENTATIVE LYNN related his understanding then that a "person" can be a corporate entity or an individual.

[3:34:39 PM](#)

REPRESENTATIVE KOTT clarified that corporations and business entities are now considered "persons" while people are "individuals."

REPRESENTATIVE ROKEBERG pointed out that under Amendment 1 the definition of "person" doesn't include people.

[3:36:07 PM](#)

REPRESENTATIVE GARA acknowledged that at some time there was a decision to define "person" as something that doesn't include people. In order to be clear, Representative Gara stated that HB 226 is intended to apply to businesses, corporations, [individuals], and governments.

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REPRESENTATIVE GARA clarified that the term "person" in the law and HB 226 refer to a governmental entity, a business entity, and a person.

REPRESENTATIVE ROKEBERG said that the legislation doesn't say that and in fact, says that the judicial branch is excluded.

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REPRESENTATIVE GARA agreed that Amendment 1 could be amended to insert that a "person" includes a person.

REPRESENTATIVE GUTTENBERG inquired as to why the judicial branch is being excluded. He then inquired as to whether the definition of "person" is different than what's in statute.

REPRESENTATIVE ROKEBERG opined that it's fairly consistent with the law.

REPRESENTATIVE KOTT pointed out that Amendment 1 deletes "person" and inserts "individual".

REPRESENTATIVE GARA noted that there is a statutory definition of "person." [Within Amendment 1], the bill drafter was responding to the suggestion that HB 226 should also apply to governmental entities, and thus drafted it such that the definition of "government entity" includes a person.

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REPRESENTATIVE GARA suggested that perhaps at the end of line 20 on page 2 the following could be inserted, ", and as defined in AS 01.10.060". He pointed out that in AS 01.10.060 the definition of "person" is as follows: "(8) "person" includes a

corporation, company, partnership, firm, association, organization, business trust, or society, as well as a natural person;". However, that definition doesn't include a governmental entity, which is why the drafter had to include "government entity" on line 18.

REPRESENTATIVE ROKEBERG characterized that as "awfully sloppy" because there would be two definitions of "person."

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REPRESENTATIVE KOTT asked if the language in AS 01.10.060 that defines "person" could be utilized as well as language specifying that the definition of "person" also includes "a governmental entity" in AS 45.

REPRESENTATIVE GARA replied yes.

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REPRESENTATIVE KOTT, upon determining that his suggestion addressed Representative Rokeberg's concern, [offered] a conceptual amendment to Amendment 1 such that "person" would be defined as it is under AS 01.10.060 and include a governmental entity.

REPRESENTATIVE GUTTENBERG accepted that as a friendly amendment.

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REPRESENTATIVE ROKEBERG said that he didn't object to the conceptual amendment to Amendment 1. [Amendment 1 was treated as adopted.]

REPRESENTATIVE KOTT announced then that Amendment 1, as amended, was before the committee.

REPRESENTATIVE ROKEBERG removed his objection.

There being no further objection, Amendment 1, as amended, was adopted.

REPRESENTATIVE LYNN moved to report CSHB 226, Version 24-LS0689\I, as amended, out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, CSHB 226(L&C) was reported from the House Labor and Commerce Standing Committee.

HB 181-WAIVE CONTINUING EDUC. REQ FOR MILITARY

REPRESENTATIVE KOTT announced that the next order of business would be HOUSE BILL NO. 181, "An Act establishing a waiver for active duty military service of continuing education requirements for renewal of occupational licenses." [Before the committee was CSHB 181(MLV).]

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REPRESENTATIVE ROKEBERG moved to adopt CSHB 181, Version 24-LS0685\L dated 4/15/05, as the working document. There being no objection, Version L was before the committee.

KAREN LISTER, Staff to Representative John Coghill, Alaska State Legislature, explained that this bill was introduced to eliminate the possibility that a professional licensee would lose his/her license because of failure to fulfill the statutory requirements for continuing education while serving on active duty. This bill provides active duty military personnel the opportunity to make up the necessary education requirements once such personnel return to the states. Furthermore, HB 181 would provide the boards and commissions the ability to waive the educational requirements for those professionals which they govern and the Department of Commerce, Community, & Economic Development would have the same ability for those professions for which there is no board or commission.

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MS. LISTER highlighted the major change made in the House Special Committee on Military and Veterans' Affairs, which was to include all active duty military rather than only individuals in the National Guard and Reserves. The aforementioned change came about after realizing that state licenses are held by full-time soldiers and sailors as well as part-time military personnel. She noted that HB 181 has a zero fiscal note.

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REPRESENTATIVE ROKEBERG surmised then that the bill does not stipulate what branch of service the individual is serving in, as long as the individual is [classified as] on active duty.

MS. LISTER answered that was correct.

REPRESENTATIVE KOTT, upon determining there were no further questions, closed public testimony.

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REPRESENTATIVE ROKEBERG characterized HB 181 as a good bill.

REPRESENTATIVE LEDOUX moved to report CSHB 181, Version 24-LS0685\L, out of committee with individual recommendations and zero fiscal note. There being no objection, CSHB 181(L&C) was reported out of the House Labor and Commerce Standing Committee.

HB 243-REG. COST CHARGES: UTILITIES/PIPELINES

REPRESENTATIVE KOTT announced that the final order of business would be HOUSE BILL NO. 243, "An Act relating to the maximum annual regulatory cost charge collected from certain regulated public utilities and pipeline carriers; and providing for an effective date."

KATE GIARD, Commissioner, Chair, Regulatory Commission of Alaska (RCA), began by informing the committee that one of the reasons she ran for chair was because she felt there were many issues the RCA needed to address before its renewal comes before the legislature in 2007. She recalled that she was confirmed during the so-called "phone wars" in 2003 and thus she was familiar with the frustrations the legislature had with the RCA. As soon as she became chair, she began an outreach effort to the public utilities and pipelines that it regulates in order to find out more about how the RCA doesn't meet the needs of those entities.

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MS. GIARD said that the aforementioned entities expressed a great deal of frustration related to any number of areas. She said that the RCA has a tremendous amount of work before it can come before the legislature in 2007 and say that it has dealt with the concerns of 2003. Part of the frustration from the utilities and the pipelines is because they don't know where their materials are when they enter the RCA. Furthermore, the RCA itself frequently doesn't know where the materials are. Ms. Giard stated that the RCA lacks systems, management, and normal ongoing processes expected to track, follow, monitor, and manage data in order to get its work done in a timely manner.

MS. GIARD informed the committee that the legislation before the committee is the result of a group effort between the utilities,

the pipeline companies, and the RCA. This legislation is a proposal to fund several information technology (IT) initiatives to bring the RCA up to "snuff" and allow the utilities and pipeline companies to interact with the RCA at a much lower cost to all parties. The systems that this funding mechanism will support are laid out in a letter to Chair Anderson. She explained that the 2 percent increase is for a three-year period and will terminate on July 1, 2008. The goal is to bring in sufficient additional revenues to support the acquisition and implementation of these systems after which the RCA would return to its current funding level. Ms. Giard concluded by noting that she would appreciate the committee's support of HB 243.

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REPRESENTATIVE KOTT said that he is fairly confident that this legislation will bring about some efficiencies that have not been addressed in the past.

REPRESENTATIVE GUTTENBERG asked if there will be a way the RCA can evaluate these changes each year and show that to the legislature or the regulated entities.

MS. GIARD informed the committee that the utilities, during the public hearing process, asked for an advisory group. She said that the advisory group will be kept active and informed throughout the process. The information, she opined, will flow freely [between the RCA and the regulated entities] such that the legislature will not receive complaints as the RCA improves. However, she acknowledged that there will still be areas in which the RCA makes decisions with which the public utilities aren't happy. If those decisions and requests for information are made in a timely fashion, the complaining about the RCA will stop, she opined.

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REPRESENTATIVE GIARD, in response to Representative Kott, explained that her term as chair is only for four years. In further response to Representative Kott, Ms. Giard explained that the RCA will move to an electronic filing method, but not mandate such because smaller entities may not have the capability.

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REPRESENTATIVE ROKEBERG said that although he shared Ms. Giard's desire to quiet the controversy surrounding the RCA, he wasn't as optimistic even if everything is achieved under HB 243. He then inquired as to the history of the RCA's rate structure in the last decade or so.

MS. GIARD noted that she had provided Representative Rokeberg with a letter discussing the revenue history. She informed the committee that the RCA has historically been at .8 percent of regulated revenues from 1995-2004. In 2004 it was raised from 1.7 percent to 8.7 percent of which 1.7 percent goes to the Department of Law to fund the public advocate; the RCA's portion was reduced to .7 percent. Therefore, the RCA now collects .7 percent of total regulated revenues and the Department of Law collects 1.7 percent to fund its actions. Ms. Giard specified that the RCA collects about \$5.2 million to fund its operations this year.

REPRESENTATIVE ROKEBERG asked if the Department of Commerce, Community, & Economic Development (DCCED) takes any part of the monies collected under the RCA.

MS. GIARD confirmed that the RCA is assessed intergovernmental charges for its lease, accounting, and administration in similar fashion to any agency that is an arm of DCCED.

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REPRESENTATIVE ROKEBERG commented that the committee has always looked at that overhead burden with a great amount of interest. Therefore, he surmised that this increase would be subject to the same allocation to overhead to the commissioner's office.

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MS. GIARD expressed her hope that it wouldn't be. She explained that those numbers are fairly fixed and will come out of the RCA's budget. Furthermore, those numbers are based on an allocation formula DCCED uses. The money that the RCA collects will come into the operating revenue rather than the capital revenue and then the RCA will contract with a project manager, put out request for proposals (RFPs), and purchase the systems necessary. Because the total amount that the RCA is going to spend could be \$2-\$3 million, she didn't want the money to sit on the capital side because it's money that ratepayers have paid. With the money coming into the operating account, any leftover money falls to the next year and reduces the need for

the RCA in that next year. Therefore, Ms. Giard said she anticipated collecting the full \$3 million that the utility advisory group said might be necessary. If that [full] amount isn't necessary, it will fall to the bottom line and reduce the regulatory cost charge (RCC) rate for the ratepayers in the next year. Ms. Giard said she would make sure that DCCED doesn't take additional overhead.

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REPRESENTATIVE GUTTENBERG asked if, under this proposal, the RCA is taking into consideration the possibility of a major expansion of Alaska's gas industry.

MS. GIARD opined that she wasn't sure that a gas expansion would occur during the three-year period in which the RCCs are collected. Therefore, the expansion probably will not impact the amount we collect. With regard to whether the systems will be sufficient to address more regulated efforts, Ms. Giard highlighted that the system will be designed to be flexible and contract as necessary.

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REPRESENTATIVE KOTT announced that the committee has a copy of Ms. Giard's letter to Representative Rokeberg, which will be included in the committee packet.

REPRESENTATIVE ROKEBERG expressed concern that Ms. Giard has mentioned a \$3 million budget while the fiscal note is for \$3.9 million. He expressed concern specifically for the \$900,000 in overhead.

MS. GIARD said that the RCA doesn't know the total amount that it will collect because it's based on regulated utility revenues. The inability to have a fixed amount is part of the reason why any amount that isn't spent will be used to reduce the RCC for the next year.

[4:07:28 PM](#)

RICK FREYMILLER, Director, Regulatory Affairs and Pricing, Chugach Electric Association, informed the committee that Chugach Electric Association is the largest electric utility in the state. On behalf of Chugach Electric Association and its retail members, Mr. Freymiller testified in favor of the HB 243, which provides a modest increase in the RCC to allow the RCA to

implement an IT plan. He related that Chugach Electric Association believes this will be a significant productivity enhancement for the RCA as well as for the utilities it regulates. As stated earlier, [the utility business] needs to share significant amounts of information in order for all involved to be informed and make good decisions. Increased use of information technology can significantly enhance industry productivity and ultimately result in lower costs to members. Mr. Freymiller relayed that the Chugach Electric Association is pleased that the RCA has established a working group of IT professionals from its staff as well as from the utilities; working together ensures that all individual efforts can mesh together to effectively produce required information in a timely manner. The aforementioned will result in less time being spent producing information and more time addressing substantive issues in the regulatory process. In conclusion, Mr. Freymiller urged the committee to pass HB 243.

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DAN DIECKGRAEFF, Treasurer/Manager, Finance and Rates, ENSTAR Natural Gas Company, began by informing the committee that ENSTAR is the largest energy utility in the state. He noted that he has dealt with the RCA and its predecessor for over 20 years. Mr. Dieckgraeff related ENSTAR's support for HB 243 because it can see the efficiencies the proposed systems will bring to the RCA and the utilities it regulates. Some of the advantages include tracking cases and costs, researching precedence, providing information in a more timely fashion for everyone involved, and saving on storage costs. As a result of this proposal, the ratepayers will save money and receive better regulation.

REPRESENTATIVE KOTT, upon determining there were no further witnesses wishing to testify, closed public testimony.

REPRESENTATIVE ROKEBERG moved to report HB 243 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, it was so ordered.

[4:11:54 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 4:11 p.m.

