

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

January 24, 2013

1:30 p.m.

MEMBERS PRESENT

Senator Mike Dunleavy, Chair
Senator Peter Micciche, Vice Chair
Senator Bert Stedman
Senator Johnny Ellis

MEMBERS ABSENT

Senator Donald Olson

COMMITTEE CALENDAR

SENATE BILL NO. 14

"An Act relating to the term of office of directors of telephone or electric cooperatives."

- MOVED SB 14 OUT OF COMMITTEE

SENATE BILL NO. 8

"An Act establishing procedures and guidelines for auditing pharmacy records; and providing for an effective date."

- BILL HEARING POSTPONED

SENATE BILL NO. 16

"An Act relating to the Board of Registration for Architects, Engineers, and Land Surveyors and to the Department of Commerce, Community, and Economic Development."

- BILL HEARING POSTPONED

PREVIOUS COMMITTEE ACTION

BILL: SB 14

SHORT TITLE: ELECTRIC/TELEPHONE COOPS: BOARD TERMS

SPONSOR(S): SENATOR(S) DYSON

01/16/13	(S)	READ THE FIRST TIME - REFERRALS
01/16/13	(S)	L&C
01/24/13	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

SENATOR FRED DYSON
Alaska State Legislature
Juneau, AK
POSITION STATEMENT: Sponsor of SB 14.

PHIL STEYER, Director
Government Relations & Corporate Communications
Chugach Electric Association
Anchorage, AK
POSITION STATEMENT: Testified in support of SB 14.

ACTION NARRATIVE

[1:30:12 PM](#)

CHAIR MIKE DUNLEAVY called the Senate Labor and Commerce Standing Committee meeting to order at 1:30 p.m. Present at the call to order were Senators Micciche, Stedman, Ellis, and Chair Dunleavy.

SB 14-ELECTRIC/TELEPHONE COOPS: BOARD TERMS

CHAIR MIKE DUNLEAVY announced the consideration of SB 14, "An Act relating to the term of office of directors of telephone or electric cooperatives." He stated that his intention was to hear and move the bill from committee today if that was the will of the committee.

[1:31:16 PM](#)

SENATOR FRED DYSON, sponsor of SB 14, introduced SB 14 speaking to the following sponsor statement:

Senate bill 14 will change the term limit for directors on the boards of telephone and electric cooperatives. Current statute, AS 10.25.160, states that terms for directors can only be three years, and this bill will allow cooperatives to lengthen director terms to four years. This change will allow flexibility among cooperatives and will increase the effectiveness of this important industry in the following ways:

Longer terms will allow more stability and continuity to each cooperative board; each director will have more time to be productive after going through the learning curve of the industry. It will give the

additional option of having elections for directors [every two years], potentially saving money on elections for cooperatives that choose to do so. The change in term length will not be mandatory for cooperatives that prefer to maintain the three-year terms for directors.

Senate Bill 14 will amend current Alaska Statute to provide more flexibility to telephone and electric cooperatives by giving the option to lengthen the terms for directors allowing them to be more effective in their industry.

SENATOR DYSON noted that the packets contained letters of support from a number of utilities. He said his staff, Joshua Banks, was available to answer questions from the committee.

CHAIR DUNLEAVY opened public testimony and recognized Mr. Steyer.

[1:32:51 PM](#)

PHIL STEYER, Director, Government Relations & Corporate Communications, Chugach Electric Association ("Chugach"), stated that the board of directors of Chugach was interested in changing the statute relating to electric and telephone cooperatives. It was specifically interested in amending AS 10.25.160 to allow a director to serve up to four years rather than the current statutory limit of three years. He said the statute further provides that the terms of directors shall be staggered so that [not all terms expire at the same time.]

MR. STEYER explained that a seven-member board of directors governs Chugach. Its bylaws comply with the current statute and state that directors will be elected to a three-year term, and may run for three terms. Elections are held annually and the election pattern is that three directors run the first year, two run the second year, and two run the third year. The pattern repeats every fourth year.

He informed the committee that Chugach initiated the proposed statutory change primarily to give the board more stability and continuity, because it can be destabilizing to turn over three of seven directors in one year. The situation is exacerbated when an additional member leaves the board unexpectedly. He noted that this circumstance had occurred twice during his tenure with Chugach; both times it was a year that three seats were up for election. The board agreed that having four new

members on a seven-member board can induce a lot of change in an organization. He said that with four-year terms, Chugach would have an annual election pattern of two, two, two, and one with the pattern repeating every fifth year.

MR. STEYER relayed that in addition to providing more stability, the board felt that serving a four-year term would allow directors to be more productive; the learning curve wouldn't be as steep. He highlighted that the bill provided flexibility. A cooperative that did not want to hold annual elections would have the option of electing half its members every other year.

He said he had spoken with other electric and telephone cooperatives and had found no opposition to the bill. He noted that there was at least one other letter of support in the packets.

[1:37:11 PM](#)

SENATOR MICCICHE asked if members elected to a three-year term would automatically have an additional year added to their term if the bill were to pass.

MR. STEYER said no; each cooperative would have to change its bylaws before the term limits could be extended to four years. The proposed statutory change simply provides cooperatives the option of putting a change to their bylaws before the membership.

SENATOR MICCICHE asked if a cooperative would have the option of not changing its bylaws and keeping election terms that did not exceed three years.

MR. STEYER said yes; the language in the bill is permissive and does not compel a cooperative to do anything different than it is doing today.

CHAIR DUNLEAVY found no further public testimony and closed it. Finding no further questions or discussion, he asked the will of the committee.

[1:40:14 PM](#)

SENATOR MICCICHE moved to report SB 14, labeled 28-LS0269\U, from committee with individual recommendations and attached fiscal note(s).

CHAIR DUNLEAVY announced that without objection, SB 14 moved from the Senate Labor and Commerce Standing Committee.

1:40:49 PM

There being no further business to come before the committee,
Chair Dunleavy adjourned the meeting at 1:40 p.m.