

HB

243

HB 243

Tape #

12

Date

3/12

COMMITTEE REPORT

3/26/75

HOUSE

JUDICIARY

Mr. Speaker:

Date 3/27/75

The Committee on COMMERCE has had SS HB 243

under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(x) recommends it BE REPLACED WITH CS FOR SS HB 242 AND THAT

CS FOR SS HB 243 DO PASS

( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends: do not pass  
\_\_\_\_\_ recommends: do not pass  
\_\_\_\_\_ recommends: do not pass  
\_\_\_\_\_ recommends: do not pass  
\_\_\_\_\_ recommends: do not pass

\_\_\_\_\_ Chairman

# TELEGRAM

BCA ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

JUNEAU, ALASKA 99801

02078 ANCHORAGE AK 45 03-12 330P ADT

1975 MAR 12 PM 6 43

PMS REP BOB BRADLEY CHAIRMAN ~~1216~~

HOUSE COMMERCE COMMITTEE

JUN"

RE HB243 PUBLIC UTILITIES ADVERTISING WE BELIEVE THIS BILL

TO BE A DETRIMENT TO ALL OF ALASKA AND REQUEST THAT YOU

HOLD PUBLIC HEARINGS IN ANCHORAGE ON THE BILL SO THAT

AS MUCH OF THE PUBLIC THAT WISHES MAY TESTIFY

DAVID SCHMIDT PRESIDENT ALASKA STATE SOCCOR FOOTBALL

3200 WEST 70TH ANCHORAGE

TELETYPE

NCA ALASKA COMPANY

PHONE 575-140

JUNEAU, ALASKA 99801

02071 ANCHORAGE AK 27 03-12 255P ADT

1975 MAR 12 PM 6 14

PMS REP BOB BRADLEY

JUN 12 11

THIS IS TO ADVISE YOU THAT THE ANCHORAGE ASSOCIATED  
BROADCASTERS ARE DEFINITELY AGAINST HB243 AND STRONGLY URGE  
THAT A PUBLIC HEARING BE HELD HERE IN ANCHORAGE

WILLIAM B ALLEN PRESIDENT ANCHORAGE ASSOCIATED BROADCASTERS

TELEGRAM

BOA ALASKA COMM.

PHONE: 586-64

JUNEAU, ALASKA 99801

1975 MAR 12 PM 6 14

02070 ANCHORAGE AK 38 03-12 253P ADT

PMS REPB0B BRADLEY

JUN 12 10

AS PRESIDENT OF SOURDOUGH BROADCASTERS AND RADIO STATION  
KHAR AM/FM ANCHORAGE I AM NOT IN FAVOR OF HB243  
THIS IS SOMETHING THAT SHOULD BE BROUGHT BEFORE ALL  
INTERESTED PARTIES IN A PUBLIC HEARING PREFERABLY IN  
ANCHORAGE

PATRICIA HARPEL PRESIDENT KHAR RADIO

# TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.

PHONE: 535-6440

JUNEAU, ALASKA 99801

#

02065 ANCHORAGE AK 19 03-12 240P ADT

1975 MAR 12 PM 5 11

PMS REP BOB BRADLEY

JUN<sup>1234</sup>

I WANT YOU TO ARRANGE A PUBLIC HEARING PREFERABLY IN  
ANCHORAGE ON HB243 THE PUBLIC UTILITY ADVERTISING BILL

DICK LOBDELL KIAK RADIO FAIRBANKS

# TELEGRAM

BCA ALASKA COMMUNICATIONS

PHONE 835 8440

TUNEAU, ALASKA 99801

02066 ANCHORAGE AK 25 03-12 243P ADT

1975 MAR 12 PM 5 11

PMS REP BOB BRADLEY

JUN<sup>16-52</sup>

I FEEL YOU SHOULD ARRANGE A PUBLIC HEARING IN ANCHORAGE  
CONCERNING HB243 THE PUBLIC UTILITY ADVERTISING BILL  
BEFORE FURTHER ACTION IS TAKEN ON THE BILL

BOB FLEMMING KYAK

#

# TELEGRAM

BCA ALASKA COMMUNICATIONS CO.

PHONE: 536-6440

JUNEAU, ALASKA 99801

1975 MAR 12 PM 5 11

;

02064 ANCHORAGE AK 35 03-12 216P ADT

PMS REP BOB BRADLEY CHAIRMAN HOUSE COMMERCE COMMITTEE

1233  
JUN"

SPEAKING FOR THE RADIO AND TV BROADCASTERS IN ALASKA

I STRONGLY REQUEST YOU HOLD PUBLIC HEARINGS IN ANCHORAGE

ON HB243 THE PUBLIC UTILITIES ADVERTISING BILL PLEASE NOTIFY

ME AS TO YOUR INTENTIONS

ROY ROBINSON PRESIDENT ALASKA BROADCASTERS ASSOCIATION

KFQD ANCHORAGE

# TELEGRAM

BCA ALASKA COMMUNICATIONS, INC.

PHONE: 566-6440

JUNEAU, ALASKA 99801

1975 MAR 17 AM 11 54

20007 POM KENAI ALASKA 15 03-17 936A ADT

PAKDLREP, ORAL FREEMAN

1537  
POUCH V

JUNEAU

PROTEST HB243, SUBJECT MATTER IS WITHIN PROVINCE OF UTILITIES  
COMMISSION. LETTER FOLLOWS

OSCAR THOMAS BOX 614 KENAI

# TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.  
PHONE: 586-6440  
TUNEAU, ALASKA 99801

1975 MAR 13 PM 1 54

02014 ANCHORAGE AK 21 03-13 1113A ADT

PMS REP BOB BRADLEY CHAIRMAN

HOUSE COMMERCE COMMITTEE

JUN\*

I AM AGAINST HB243 UTILITIES ADVERTISING BILL AND REQUEST  
THAT PUBLIC HEARINGS ON THIS BILL BE HELD IN ANCHORAGE

CARL BRACALE PRESIDENT KIMO TV ANCHORAGE

# TELEGRAM

**WCA ALASKA COMMUNICATIONS, INC.**

**PHONE: 586-6440**

**JUNEAU, ALASKA 99801**

1975 MAR 11 PM 3 12

02050 ANCHORAGE AK 45 03-11 1202P ADT

PMS REP BOB BRADLEY CHAIRMAN STATE HOUSE

1057  
COMMERCE COMMITTEE

JUN

DEAR REPRESENTATIVE BRADLEY

REFERENCE BILL 243 WHICH WILL BE COMING UP BEFORE YOUR

COMMITTEE TOMORROW I DESIRE TO SUBMIT WRITTEN COMMENTS

TO THE COMMITTEE OPPOSING THIS PROPOSED LEGISLATION AND

SHOULD HAVE IT IN THE MAIL NO LATER THAN MARCH 12, 1975

CARL A BRACLE PRESIDENT AND GENERAL MANAGER

KIMO TELEVISION

# TELEGRAM

BCA ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

JUNEAU, ALASKA 99801

1975 MAR 13 PM 12 44

#

03007 NL ANCHORAGE ALASKA 07 03-13 1034A ADT

PMS REPRESENTATIVE BOB BRADLEY CHAIRMAN

HOUSE COMMERCE COMMITTEE

1321

JUNEAU ALASKA

REFERENCE PUBLIC UTILITIES ADVERTISING HOUSE BILL 243

RESPECTFULLY REQUEST THAT YOUR COMMITTEE SCHEDULE A FULL  
HEARING ON THIS IMPORTANT ISSUE IN ANCHORAGE WHERE THE MAJORITY  
OF ALASKAS BROADCASTERS HAVE THEIR HEADQUARTS. PLEASE ADVISE  
YOUR DECISION AND IF POSSIBLE THE HEARING DATE AT EARLIEST  
CONVENIENCE. AS PRESIDENT OF NORTHERN TELEVISION INC I  
SPEAK FOR TELEVISION RADIO AND FM STATIONS IN ANCHORAGE AND  
TELEVISION AND RADIO STATIONS IN FAIRBANKS.

A G HIEBERT



JUNEAU ALASKA

Alaska State Legislature  
House

March 13, 1975

Mr. Connel Murray, President  
Murray, Kraft, & Rockey, Inc.  
3925 Reka Drive  
Anchorage, Alaska 99504

Dear Conn:

Thank you for your views on House Bill 243, a copy of which I have enclosed for your information.

The bill does not directly prohibit utility advertising to "reasonable promotional expenditures" or "energy conservation measures" but only disallows the inclusion of advertising expenditures in other areas in the tariff of public utilities. In so far as the utilities, they may be subject to taxable advertising expenditures and still be a deductible item. I do not know whether this restriction on what kind of advertising expenditures may be included in the utilities tariff will eliminate advertising in areas beyond competitive promotion or energy conservation.

I did, however, discuss the bill with the sponsors and they conceded that a loosening of the restriction on advertising areas may be warranted. The bill is presently assigned to the Commerce Committee and I have provided the chairman of that committee, Bob Bradley, with a copy of your remarks and have requested him to notify you in advance of any hearings that may be held on the bill.

Mr. Bradley and I would also welcome any additional comments you may wish to make.

Very truly yours,

*Clark Gruening*  
Clark Gruening

pmm

cc: Representative Bob Bradley ✓

Enclosure

*File with  
bill material*



murray, kraft & rockey, inc.  
advertising & public relations

3925 Reka Drive, Anchorage, Alaska 99504, (907) 279-3516, Telex (090) 26-449

March 7, 1975

The Honorable Clark Gruening  
Alaska State House of Representatives  
917 Cordova  
Anchorage, Alaska 99501

Dear Representative Gruening:

This letter is in response to a news release in the Anchorage Times concerning a bill introduced by Fairbanks democrats, Fred Brown and Mike Bradner, and apparently aimed at the advertising industry.

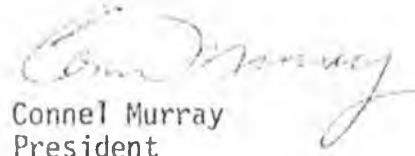
This bill threatens the livelihood of a number of Alaskan members of the advertising industry. These are people who have worked hard to upgrade their chosen profession, who live in Alaska, raise their families here, and pay their taxes to help support State government. If the Brown-Bradner bill were passed as presently written, it would constitute a serious blow to this industry.

In what is ostensibly an effort to protect the consumer, this bill instead would deprive the public of much needed information and/or education. As written it restricts utility advertising to "reasonable promotional expenditures in competitive areas" or "energy conservation measures." What about service interruptions? New installations? New procedures? Reminders about seasonal precautions? Meeting notices? These are just a few areas of needed communications which would be excluded by the Brown-Bradner bill.

Any business -- and utility is a business -- must depend upon public acceptance for its ultimate survival. This even includes good will advertising, since it is vitally important to have the good will of the public when the inevitable crisis arises. And when considering the many man-hours which must be expended in answering public complaints, handling real or threaten law suits, and the other results of bad public relations, it might safely be said that such good will might indeed be a bargain for the consumer.

I join nearly two dozen other members of this agency and, I am sure, hundreds of other Alaskans in urging you to oppose this bill.

Very truly yours,

  
Connel Murray  
President

CM/rb

243

H.B.

KFQD

A.K. Broadwater

Pres. of Radio

Ohio Supreme Ct.

FILE

• from the desk of Al Bramstedt

PRESIDENT AND GENERAL MANAGER  
MIDNIGHT SUN BROADCASTERS, INC.  
P.O. BOX 1160, ANCHORAGE, ALASKA, 99501  
THE MIDNIGHT SUN NETWORK

Mar 11, 1975

To: Secretary,  
House Commerce  
Committee -

Please accept enclosed as my written  
testimony on hearing for House Bill  
#243. Many thanks -

Al C. Bramstedt, Sr.

"A WRONG KIND OF LEGISLATION"  
KENT-TV, Anchorage

Mar. 11, 1975

We have worked intimately with the development of communications in Alaska for over 35 years now. The territorial legislature and more recently the State legislature has both helped and has hindered, depending on the kind of lawmaking in the legislative mill on the shores of Gastineau Channel.

Now comes the worst kind of legislation in the form of House Bill 243. What will it do? It will abolish advertising <sup>by</sup> all kinds of utilities in Alaska. At first thought that may not sound like such an unreasonable idea.

But it's bad legislation -- for several reasons. The first objection that comes to mind is it could wipe out or put <sup>an</sup> ~~an~~ crimp in the currently emerging development of network satellite sports on TV. We of the Midnight Sun network in recent years have worked closely with RCA and the NBC Network and key local sponsors in trying to give the Alaska sports fan an increasing schedule of national sports attractions. As witness our late-March plans to bring national basketball from NBC to make Alaska just a bit less isolated. Our friends and competitors with CBS in <sup>the state</sup> ~~Alaska~~ have also worked hard to achieve the satellite sports attractions of today in Alaska. It hasn't been easy, it hasn't been profitable, and the job is far from having been completed.

Now comes boneheaded House Bill 243 that is orchestrated to decimate the progress we have made in Alaska on the real thing -- live and direct and in living color, straight from the field of play. As a business matter in the TV industry, these games - football, baseball, and now basketball have been marginal if not unprofitable. And now we are told that our elected lawmakers will no longer allow such stalwart supporters as RCA, Chugach Electric Anchorage Natural gas -- or any of the ~~utility~~ <sup>and environs</sup> power companies or phone companies in Anchorage, Fairbanks and Juneau to help make all this possible. This bill threatens to put Alaska satellite television back ten years, <sup>to</sup> when it was nothing at all. And let's observe that what these entities spend in advertising is but a minute part of their overall gross income.

And there are other strong reasons for delivering the deep six to House Bill 243. A utility firm lives and breathes on public consent -- it must tell its story, tell what its doing and where and for what purpose. They want to tell how they are progressing for Alaska's benefit.

Another reason for a utility advertising is they sometimes have a need for showing the public how to use new equipment. For example right now they are preparing radio, TV, and newspaper material to show the public in the Juneau area how to use the new DDD - direct distance dialing -- equipment. Suppose they couldn't advertise this service? Beautiful!

Right here in Anchorage earlier this winter we had a prime example of why utilities should spend money for advertising. The community developed some hairy power supply problems which in the dead of winter might have brought this town to its knees -- in terms of loss of life, suffering, and property damage. But the utilities used the media with well planned advertising campaigns to keep the public fully informed on a day-to-day basis, and hopefully by this time the crisis is in the past tense.

Sometimes I think it's too bad our legislators aren't tested for brain damage before we send them to Juneau. There is no better example than House Bill 243. If we all don't do something about it -- we'll have to live with it and without satellite sports on TV, without emergency information about our utilities. They will be required to operate in the dark, so to speak. If House Bill 243 bothers you like it bothers me I suggest you raise hell with your State Senators and State House of Representative members. They're supposed to be there to be of help to you.

*Alvin C. Bramwell*  
Alvin C. Bramwell  
Box 1160,  
Anchorage



March 11, 1975

Representative Bob Bradley  
Alaska State House of Representatives  
Juneau, AK 99801

Dear Representative Bradley:

There are many insidious methods of practicing censorship of the media. One method is legislation eliminating advertising of businesses and services. Regardless of the pretext under which the legislation is introduced censorship is the end result. This effect is just one of the reasons the Advertising Club of Alaska objects to House Bill 243 introduced by Representatives Fred Brown and Mike Bradner.

Utility advertisers are already conscious of the inappropriateness of advertising promoting unnecessary energy consumption. It is not necessary to legislate against this type of advertising. There are many examples of worthwhile advertising by utilities in a market area in which the utility has no direct competition for its product or services. One example is a telephone utility advising people of the low traffic hours on long distance telephone lines. If the public is to get maximum use of the utilities that are available to them, and for which they are paying, it seems more reasonable to require the utilities to tell about their services.

There are many other things that could be said, but in the sake of brevity I will outline some of the principles of our country that are violated by legislation restricting advertising.

*Does the public have the right to not pay for adv. that does not benefit them?*

1. The right to advertise truthfully, a right of all the people.
2. The right of people--taxpaying citizens--to be informed.
3. The right of companies to communicate properly and truthfully with their customers and the general public. This right includes the privilege of choosing the method of communication they prefer.
4. And to repeat, the right to free, uncensored communications.

OF WHAT IS THE QUESTION + trying for it.  
OBJECTIVELY

The proposed legislation also brings two immediate questions to mind. Will the sale of electric powered and other energy-using appliances be banned? Are public relations type news articles about a utility and its plans for the future to be banned? And finally, who is to decide exactly what advertisements, what wording, what illustrations, what ad headings, what facts are good or bad in a utility advertisement. Just thinking of the people it will take to decide this leads me to think the consumer will pay more for the regulatory agency than they might pay for costs related to advertising.

Speaking for the Advertising Club of Alaska, I urge you to do everything you can to see that this legislation does not progress any further. I welcome your comments.

Ask for unqualified answer!  
 Sincerely,  
 Vic Hussey

Vic Hussey, President  
 Advertising Club of Alaska

Can't say own profession (adv.) and liars.

kdg

Question: Do all soapfully soap Co. adv. truthfully - are they liars? Answer: YES

Question: Do all soap Co. adv. objectively? Answer: Should be NO - they try + sell their product.

FACTS ARE ACCEPTABLE FOR THE PUBLIC TO PAY



# ALASKA BROADCASTERS ASSOCIATION

March 7, 1975

Representative Bob Bradley  
Alaska State House  
Juneau, Alaska 99801

Dear Bob:

Rep. Fred Brown and Mike Bradner of Fairbanks have introduced a bill (HB 243) in the Alaska State House that would deny public utilities the right to advertise as they wish. The bill would usurp first amendment freedoms guaranteed by the Constitution and place the public in a very precarious position. You need only ask a resident of the Anchorage and Peninsula areas about their frightening experiences during our recent blackouts.

Not only is it necessary for utilities to be free to advertise during a crisis in the amount and the time they feel would benefit the public but it is of equal importance for a utility to be free to advise the public of new technical developments and services available.

Speaking for the Alaska Broadcasters association, I am asking you to do everything you can to see that this legislation does not progress any further. Please let me know, by return mail, your feelings on this matter.

Sincerely,

Roy Robinson  
President

cc: KYAK, KBYR, KENI, KHAR, KFQD  
KIMO-TV, KTVA, KENI-TV  
The Anchorage Times  
The Anchorage Daily News

RR/cg

Alaska State Legislature

Representative  
**CLARK GRUENING**  
940 Tyonek Drive  
Anchorage, Alaska  
99501  

---

907-274-2446



HB. 243

House of Representatives

POUCH V JUNEAU 99811

March 14, 1975

Mr. Roy Robinson, President  
Alaska Broadcasters Association  
9200 Lake Otis Parkway  
Anchorage, Alaska 99507

Dear Roy:

Thank you for your views on HB 243, a copy of which I have enclosed for your information.

This bill does not, as you will discover upon reading, deny public utilities the right to advertise as they wish. It does, however, disallow the inclusion of certain advertising expenditures in the tariffs of public utilities.

Your point that utilities should be able to advertise during a crisis and to advise the public of new technical developments and services is well taken. To the extent that it disallows certain advertising expenses to be included in the tariff this bill would discourage advertising in certain areas including advising the public of new technical developments and services although probably expenses incurred in a crisis situation would be allowed.

The purpose of the bill is to prevent huge advertising budgets of utilities from substantially raising the public's rates. I'm not convinced at this point there is any need to attempt to so restrict the advertising budgets and even if such a need were shown I would not favor HB 243 in its present form inasmuch as it tends to restrict advertising except in two areas and would tend to discourage utilities from advising the public of new technical developments and services.

I have already discussed the bill with the sponsors and they

page 2

March 14, 1975

have both conceded that a loosening of these restrictions may be warranted. HB243 is presently assigned to the House Commerce Committee and I have provided the chairman of that committee, Bob Bradley, with a copy of your remarks. I have requested Mr. Bradley to notify you in advance of any hearings that may be held on the bill.

Roy, after you have had time to read the bill and consider possible amendments, if any, to improve it I would welcome any additional comments you may have.

Sincerely,

Clark Gruening

CG/mm

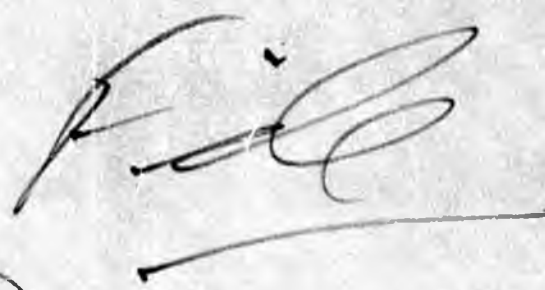
enclosure

cc: Representative Bob Bradley ✓

# KENAI UTILITY SERVICE CORPORATION

A BLUE FLAME COMPANY  
BENCO BUILDING P.O. BOX 614  
KENAI, ALASKA 99611  
(907) 283-7932

March 16, 1975



Dear Legislator:

Reference is made to H.B. 243 which would provide restrictions on advertising and promotional expense incurred by public utility companies.

Although we agree with the objectives of the proposed legislation we take strong issue with the means set forth for achievement. The regulation of utility rates should remain the sole province of the Alaska Public Utilities Commission. This agency is fully funded and, to our knowledge, the only body in the state with the capacity for a total overview of individual utility functions on a company by company basis. The commission's staff support includes a consumer protection section as well as financial analysts, tariff experts and engineering specialists. By law, the commission has full regulatory authority over the utility companies of Alaska, excepting those which are municipally owned. In that the commission is readily available to the legislature, the public and the utilities we fail to see why the alleged improprieties of one company, which have reportedly instigated H.B. 243, should not be handled through the existing channels. To correct through legislation might well interfere with legitimate and well founded programs of public utilities throughout Alaska.

By way of example, our company currently budgets \$1,500.00 annually for advertising and promotion. This amount represents less than 3/10 of 1% of our total anticipated revenues. About half of the advertising budget goes to sponsor Little League baseball and Youth Hockey teams along with support to the local high school athletic and theatrical groups. The balance goes into direct communication with our consumers on subjects of interest to them. We would hope that the legislature would not act in such a manner as to interfere with this type of activity.

Very truly yours,

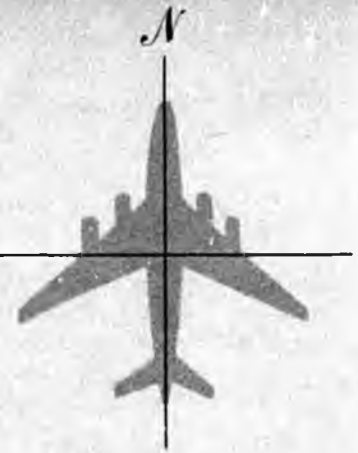
KENAI UTILITY SERVICE CORPORATION



Oscar L. Thomas, Vice-President

**Greater Anchorage**  
**CHAMBER of COMMERCE**

H.B.  
243



*Crossroads of the Air World*

**POLICY RECOMMENDATION FROM STATE LEGISLATIVE COMMITTEE**

**\* Approved by Greater Anchorage Chamber of Commerce Board of Directors  
In Regular Session, March 21, 1975**

WHEREAS, the Greater Anchorage Area is in need of knowing, for the public's good, what is taking place in Public Utilities, and the Anchorage population is interested in knowing and learning about the improvement of service from Public Utilities. A Public Utility must maintain a constant community awareness about current use and needs, future use and needs, and potential changes in the utility system.

A Public Utility by virtue of its service is working with and for practically every citizen in the community; the constant community communication and activity of Public Utility employees in key leadership areas of Anchorage produce a vital service to the future of the Utility and its public responsibility, and

WHEREAS, Public Utility budgets encompass operational and promotional monies for these vital functions, and these monies also provide for employment in the community of a substantial, contributive and educational nature.

NOW, THEREFORE, BE IT RESOLVED THAT the Greater Anchorage Chamber of Commerce encourages the maximum of essential public information gathering and dissemination by each utility.

BE IT FURTHER RESOLVED THAT any legislative effort to diminish this vital function be eliminated and that the Alaska Public Utilities Commission consider acting in its designated role in a positive manner to monitor the need and expenditures of such communication between Public Utilities and the community which they serve.



murray, kraft & rockey, inc.  
advertising & public relations

3925 Reka Drive, Anchorage, Alaska 99504, (907) 279-3516, Telex (090) 26-449

March 19, 1975

The Honorable Clark Gruening  
Alaska State House of Representatives  
Pouch "V" State Capitol Building  
Juneau, Alaska 99811

*A.B. 243*

Dear Clark:

Thanks for your letter and the copy of House Bill No. 243.

I am also grateful to you for your discussion with the sponsors of the bill, although I think that rather than a loosening of restrictions, the sensible thing to do would be to eliminate this bill completely.

Mechanics for control have already been allocated to other governmental agencies -- this merely drags the State legislature in, too.

As to your question regarding continuation of advertising outside the rate base, I think I can assure you that this would simply not happen. Unless advertising and public relations can be counted as a normal cost of doing business, along with the other avenues of sales, customer relations, and so forth, it would simply be eliminated -- which in turn would strike a blow at our industry.

Clark, the people of Alaska have not asked for this type of legislation. If Brown is quoted accurately in the press, he is using the State legislature as a weapon to settle a private vendetta with RCA. Frankly, I am hopeful that the balance of the legislature will not make that body a party to the settlement of personal arguments.

I would certainly strongly urge you to oppose House Bill No. 243.

Very truly yours,

*Connel Murray*

Connel Murray  
President

CM/db

cc: Representative Bob Bradley  
Roy Robinson  
Vic Hussey

STATE OF ALASKA  
Inter-Department Route Slip

TO:  
MAIL STATION NUMBER 3101  
DEPARTMENT Legislature - House  
ATTENTION Rep. Bob Bradley

- |  |  |
|--|--|
| <input type="checkbox"/> Approval      | <input type="checkbox"/> Note & Return               |
| <input type="checkbox"/> Signature     | <input type="checkbox"/> Initial & Return            |
| <input type="checkbox"/> Comment       | <input type="checkbox"/> Return As Requested         |
| <input type="checkbox"/> Contact Me    | <input type="checkbox"/> Return For Approval         |
| <input type="checkbox"/> Prepare Reply | <input type="checkbox"/> Necessary Action            |
| <input type="checkbox"/> For Your File | <input checked="" type="checkbox"/> Your Information |

Remarks:

*Gordon Zerbetz comments  
re: NR 243... for your  
files.  
Bm*

FROM:  
MAIL STATION NUMBER \_\_\_\_\_

DEPARTMENT Commerce

BY B. Miller DATE 4/1/75

TO: \_\_\_\_\_

DATE: March 20, 1975

(SENATE - HOUSE) BILL 243

RE: "An Act relating to public utility rates; and providing  
for an effective date."

Check One:

- 1. TOP PRIORITY - in favor of. \_\_\_\_\_
- 2. FAVOR - in favor of, but not top priority. \_\_\_\_\_
- 3. OF - no definite stand. \_\_\_\_\_
- 4. NOT IN FAVOR - \_\_\_\_\_ X
- 5. TOP PRIORITY - "Strongly Opposed" \_\_\_\_\_
- 6. BILL DOES NOT PERTAIN TO DIVISION \_\_\_\_\_


COMMENTS: (Justification must be stated for the above line checked -  
Continue on another page if needed.)

HB 243 amends AS 42.05.381(a) by adding the following sentence:

No rate may include an allowance for costs of advertising or public relations except for reasonable amounts spent for energy conservation efforts or reasonable amounts spent for business promotion in a market area in which the utility has direct competition for its product <sup>OK</sup> of service.

For the reasons stated below, it is my opinion that this portion of AS 42.05.381(a) should be replaced by the following provision:

The revenue requirements of a utility may not include advertising expenses except reasonable amounts spent for efficiency or conservation efforts and for business promotion in a market area in which the utility has direct competition for its services.

Writer's Signature:   
Writer's Title: Chairman  
(DEADLINE 24 hours)

(SEE ATTACHED PAGE 2)

## COMMENTS: (continued)

As you will note, the phrase "revenue requirements" has been substituted for the word "rate" because the word "rate" as used in this phrase provides that the utility cannot spend for advertising that portion of the rate collected which is the utility's profit. As you know, each utility is allowed to earn a reasonable rate of return on its equity which is normally considered the profit of the utility. Historically, this profit has never been regulated by any public utility commission or federal regulatory body. Regulation of the dispersment of this profit may be unconstitutional. It is strongly suggested that this Commission not recommend regulation of the "profit" of a utility. Furthermore, the "rate" charged by a utility is computed by distributing among the utility's customers the revenue requirements of the utility (expenses) and a return on the rate base of the utility to cover the utility's cost of debt and cost of equity. The advertising expense which is the subject of HB 243 is a part of the utility's revenue requirements and is not reflected in the rate base or other computations upon which a consumer's rate is calculated.

The second change which you will note in the suggested replacement is the addition of the word "efficiency" to the phrase and deletion of the word "energy." This would allow utilities to reflect in their revenue requirements funds spent for promoting efficiency as well as conservation. The case law on this matter generally permits utilities to reflect in their revenue requirements funds expended for efficiency and conservation. It would appear to be in the public interest to allow a utility to include in its revenue requirements advertising expenses spent to inform the public of the efficient ways of using the utility's services. The word "energy" was deleted because other utilities including telephone, gas, sewer and water entities should be allowed a reasonable advertising expense where the advertising directly refers to efficiencies or conservation that would benefit its consumers.

The next minor change found in the replacement section is the deletion of the word "product" in the last line. The reason for this deletion is that AS 42.05.701(3) defines "service" to mean "...every commodity, product, use, facility, convenience or other form of service which is offered for and provided by a public utility for the convenience and necessity of the public." It is apparent that the word "product" in the last line of HB 243 is surplusage and repetitive.

An additional point should be raised with respect to HB 243, and that is its effect on municipally owned utilities. As you are aware, many of the municipally owned utilities in the State are exempt from AS 42.05.381 as well as other Commission regulation and consequently could pass on to their customers advertising expenses.



March 18, 1975

Mr. Connel Murray, President  
Murray, Kraft & Rockey, Inc.  
3925 Reka Drive  
Anchorage, Alaska 99504

Dear Conn;

Thanks much for your letter of March 7th relative to the bill which limits advertising in public relations by Utilities. At the present time this bill is under consideration by the Commerce Committee, Bob Bradley Chairman. I have taken the liberty of sending Bob a copy of your letter.

Thanks much for letting me know your thoughts in this matter. I am most appreciative.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Miller".

Mike Miller

REPRESENTATIVE  
**MIKE MILLER**  
ALASKA STATE LEGISLATURE  
P.O. Box 1494  
JUNEAU, ALASKA 99802  
HOME PHONE 556-3067  
LEGISLATIVE PHONE 465-3739

HOUSE MAJORITY LEADER  
VICE CHAIRMAN, LEGISLATIVE COUNCIL  
VICE CHAIRMAN, STATE AFFAIRS COMMITTEE  
MEMBER, RULES COMMITTEE  
MEMBER, COMMITTEE ON COMMITTEES



murray, kraft & rokey, inc  
advertising & public relations

3925 Reka Drive, Anchorage, Alaska 99504, (907) 279-3516, Telex (090) 26-449

March 7, 1975

The Honorable Mike Miller  
Alaska State House of Representatives  
Box 1494  
Juneau, Alaska 99811

Dear Mike:

This letter is in response to a news release in the Anchorage Times concerning a bill introduced by Fairbanks democrats, Fred Brown and Mike Bradner, and apparently aimed at the advertising industry.

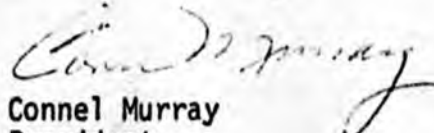
This bill threatens the livelihood of a number of Alaskan members of the advertising industry. These are people who have worked hard to upgrade their chosen profession, who live in Alaska, raise their families here, and pay their taxes to help support State government. If the Brown-Bradner bill were passed as presently written, it would constitute a serious blow to this industry.

In what is ostensibly an effort to protect the consumer, this bill instead would deprive the public of much needed information and/or education. As written it restricts utility advertising to "reasonable promotional expenditures in competitive areas" or "energy conservation measures." What about service interruptions? New installations? New procedures? Reminders about seasonal precautions? Meeting notices? These are just a few areas of needed communications which would be excluded by the Brown-Bradner bill.

Any business -- and utility is a business -- must depend upon public acceptance for its ultimate survival. This even includes good will advertising, since it is vitally important to have the good will of the public when the inevitable crisis arises. And when considering the many man-hours which must be expended in answering public complaints, handling real or threaten law suits, and the other results of bad public relations, it might safely be said that such good will might indeed be a bargain for the consumer.

I join nearly two dozen other members of this agency and, I am sure, hundreds of other Alaskans in urging you to oppose this bill.

Very truly yours,

  
Connel Murray  
President

CM/rb

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99801

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 4, 1976

TO: Representative Bob Bradley  
Chairman, House Commerce Committee

FROM: Billy G. Berrier *BGB*  
Director, Legal Services

*H.B. 243*

You have asked whether the exclusion of costs of advertising or public relations with certain exceptions for the rates demanded to receive by a public utility for service would preclude the utility for making expenditures for advertising other than the accepted expenditures. In my opinion it would not. Of course, such expenditures could not be recovered by the utility in its rates.

To over simplify, utility rates consist of the amount necessary to recover the expenses of the utility and a reasonable rate of return upon the investment made by the utility. This rate of return is the profit to the utility and, of course, may be spent as the utility determines. While advertising expense, except for the allowed categories, would neither be an expense for which recovery could be had nor an investment on which a return could be earned it would be a permissible expenditure from the return earned by the utility since this is in effect a profit to the utility for its unrestricted use.

BGB:smh

25% CO  
**kfod**  
**750**

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50,000 WATTS

March 12, 1976

Representative Bob Bradley  
Chairman, House Commerce Committee  
Pouch V  
Juneau, Alaska 99811

Dear Mr. Bradley:

*H.B. 243*

I understand your Committee is currently scrutinizing HB243, a Bill designed to curtail most of the advertising done by utilities in Alaska.

I am writing to you as a Director of the Alaska Broadcasters Association, as a member of the Advertising Club of Alaska, as General Manager of KFQD Radio, as a citizen, and speaking for all, we strongly oppose this legislation. It did not get out of Committee last year. I hope the same is true this year.

The bill would usurp First Amendment freedoms guaranteed by the Constitution and would definitely be detrimental to the public. Not only is it necessary for utilities to be free to advertise during a crisis in the amount and the time they feel would benefit the public but it is of equal importance for a utility to be free to advise the public of new technical developments and services available.

Thank you for your consideration.

Sincerely, *Roy Robinson*

Roy Robinson  
General Manager  
KFQD, Inc.

cc: Tim Wallis, Vice-Chairman  
Oral Freeman, Ramona Kelley, Leo Rhode, Rick Urion  
Lisa Rudd, Joe McKinnon, Helen Fischer

*Superase*