

HB 754

COMMITTEE REPORT

2/12/76

HOUSE

Mr. Speaker:

Date 3/19/76

The Committee on COMMERCE has had HB 754

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 \_\_\_\_\_ AND THAT

CS FOR \_\_\_\_\_ DO PASS

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

COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

L. J. Bradley \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Joe McCann \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Members NOT concurring in the Majority report:

Ed Hill recommends: no rec

Freeman recommends: no rec

Rhine recommends: " "

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

L. J. Bradley Chairman



# Alaska Gas and Service Company

GENERAL OFFICES LOCATED AT 3000 SPENARD ROAD  
P. O. BOX 6288 ANCHORAGE, ALASKA 99502 / PHONE (907) 277-5551  
TELEX 25-187

March 17, 1976

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

*File*

Dear Representative Bradley:

We have not attended any hearings on HB754 and do not know its intended effect. We do see many objections to its being enacted. We believe the Bill is unenforceable: a utility which is exempt from regulation can hardly be regulated as to its "services which do not recur on a regular basis." Such services are in fact probably not "utility service" and probably are not covered by tariff.

In the case of Anchorage Natural Gas (which is fully regulated), non-recurring services might include investigation of gas leaks or gas equipment malfunction: repair of utility or non-utility facilities; or installation of utility or non-utility facilities, and other activity such as bad check charges, costs for collections, etc. Some of this work is done without charge.

Our customer service department does most of the work involving non-recurring charges. In 1975 24,479 individual "orders" were worked, requiring a total of 23,554 manhours, of which only 4,199 manhours were treated as "chargeable time." Similarly, our customer appliance installation department completed 1,183 individual "orders," essentially all as "chargeable time." Our distribution ("street") department completed 452 individual orders to repair gas mains and services broken by "others", of which charges were made on 290 incidents, in addition to various other work done at customer request.

Some of our appliance installation work is done at a predetermined, fixed price, as is some of the service work. Sometimes service work and distribution work are done on a "time and materials" basis, or a "minimum charge" basis. It is effectively impossible to standardize such charges or to assure "equitable" treatment as to charges versus cost because of the great disparity of time required for one call versus another, over our 600-mile system of gas mains. A degree of discretion is always necessary for both the servicemen on the job and for their supervisors. No efforts is made to "cost" the majority of calls by the service department, because either no charge or a minimum charge is made for such work.

In view of the foregoing, it simply would not be practicable for us to comply with the provisions of HB754 as it was introduced. We believe our customers are well pleased with our service work and our policy and charging when and how is deemed appropriate by the workmen involved, and their supervisors. If enforcement of HB754



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Representative Bob Bradley  
Continuation Sheet #2  
March 17, 1976

would require us to perform cost analysis on each of the 25,000 "orders" mentioned above, and to limit our charge to a particular percentage of that cost, the administrative burden would be intolerable. We might be forced to discontinue most of such work and refer our customers to contractors or appliance stores. Although not subject to the proposed law, we doubt if the contractors and appliance stores would want this work because it offers low profitability, if any. We have had to provide the service because it was not otherwise available to our customers but is essential to the safety and success of our utility operations.

We believe that our current program and policy for handling these non-recurring services and charges is well accepted by our customers and that any legislative effort to enforce a "regulated" operation in this area could not work as well, if at all, because of the need for on-the-spot discretion and judgment.

We ask that HB754 not be enacted to apply to natural gas utilities.

Very truly yours,

Dale Teel  
President

DT:dh

cc: Representative Mike Bradner  
Representative Fred Brown  
Representative William Parker