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561-4221

April 5, 1983

The concept that the transportation industry should be regulated by specific regulatory agencies dates back to the late 1880's in the United States. In Alaska the transportation industry has been regulated since statehood under AS 42.10--Alaska Motor Freight Carrier Act and AS 02.05--Alaska Air Commerce Act of 1960. Initially, regulation was under the Public Service Commission which was split in 1966 into the Alaska Transportation Commission and the Alaska Public Utilities Commission.

Generally, the reason for the regulation of transportation is that it falls within those certain occupations or services which because of their vital and essential interest to the public require a minimal guarantee that certain standards be met. The minimal standards are set through either licensing or registration covering such professions as medicine, law, teaching, barbering and services such as banking institutions, insurance companies, hospitals, taxi cabs, real estate agencies, and transportation. While there is a variety of reasons for the regulation of the individual profession or service, the central reason is that the consumer/public deserves a guarantee that the service received will not be harmful either physically or monetarily. There is a further link in that all such services will be performed efficiently and in most cases at non-discriminatory rates.

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Under Alaskan law, the key areas of regulation of transportation are:

1. Entry of new competition (includes expansion of existing authority);
2. Rates for services;
3. Performance of service;
4. Safety of operation (primarily for trucking); and
5. Proof of adequate insurance.

The Commission administers its regulatory authority through various means, a majority of which are required by the statutes. The statutes provide that as a quasi-judicial agency the Commission has powers of subpoena and other processes necessary to conduct hearings, investigations and proceedings necessary to reach a final determination. The statute provides that all parties are assured of fair treatment legal due process and that rules of evidence will apply as well as providing for the appeal of any final administrative order to the Superior Court.

Specifically, the theory behind regulation of transportation is that a level of control is necessary to assure the availability of adequate, dependable and available transportation services for the movement of necessary supplies, materials, and people while at the same time providing the consumer with stable service at rates that foster sound economic conditions among the carriers. Further, the consumer is to be provided reasonable rates without undue discrimination or preference while protecting the carrier from unfair or destructive competitive practices.

Without regulation the possibility exists that destructive competition will occur due to the unlimited entry of carriers many of whom may not have adequate knowledge to use the correct equipment or routing for the task to be performed, to establish a system to prevent loss of cargo through misplacement or theft, or to employ competent employees.

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If regulation did not exist, there would be no market protection for existing carriers. To many people this is the most offensive aspect of transportation regulation. However, the concept is based on the rationale that transportation companies should be granted a share of the market place that allows a reasonable return on the required investment. The carrier must have a wide range of equipment, personnel, and facilities that will not be fully utilized, but are necessary to meet the public demands for service. Therefore, as long as the authorized carriers maintain adequate equipment, facilities, and personnel to meet the public demands, then new entries should be limited since all that new entries will do is take existing businesses away from existing carriers thus denying them revenue necessary to provide full service.

It should be understood that a high degree of competition exists between the regulated carriers since rates are generally the same or very close for each type of commodity or trip. The carriers compete for customers by demonstrating service, reliability and efficiency in meeting the public demand. If a carrier does not perform for a shipper, there is someone else who will, or there is another mode of transportation. In the situation where a new entrant can prove that none of the existing carriers are performing or that shipping needs are not being met, then new entry is allowed.

In all cases it is the consumer that pays the shipping cost. There seems to be an overriding thought that regulation of transportation places the public in the position of subsidizing an archaic system. What regulation really does is to guarantee the public that a transportation system will exist to move people and commodities throughout an area at reasonable prices and with assurance of competent handling. The current movement toward deregulation is clearly showing a trend toward carriers, both air and motor, concentrating their efforts in high market areas for large shippers and ignoring equal service for small demand areas and small shippers.

Another function of regulation relates to the requirement to file rates for approval and for a carrier to abide by the posted rates. This function reduces the possibility of

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either a shipper or a carrier controlling the price and assures that all shippers are treated equally. In the situation where a shipper dictates the price of transportation since it controls a large enough segment that a carrier allows the shipper to dictate its own price, other shippers not having a controlling segment will have to pay higher rates since the carrier is not receiving adequate compensation for the controlled moves. Thus, one shipper gets a lower rate and everyone else makes up for the difference.

Based on its statutory authority the Commission also has the authority to require all common and contract carriers to provide proof of adequate insurance necessary to protect the public. If a carrier does not have insurance on file, it cannot legally operate. The Commission also has authority to conduct safety inspections of all commercial motor vehicles over 4,000 pounds to assure vehicle and load safety. While the commercial vehicle safety program has previously been funded primarily through other agencies responsible for the operation of the weigh stations, as of March 12, 1983, the ATC again became the sole administrative agency responsible for commercial vehicle safety.

The Commission consists of 30 employees, including three Commissioners, two Hearings Examiners and a staff of 25 employees. Attached is a Staffing Chart. In the operating budget for FY 1984 the staff will be reduced by two positions, the Transportation Field Agent II located in Soldotna and the Accounting Technician I in Anchorage, in accordance with the 5% reduction mandated by the administration.

The functional responsibilities of the various employee classifications are:

Commissioners and Hearing Officers are responsible for the adjudicating proceedings. As quasi-judicial officials they are separate from the daily operations of the staff. The Commissioners set general policy guidelines that are implemented by the Executive Director.

Executive Director is responsible for the daily supervision of the staff and the implementation of Commission policy.

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Tariff Staff is responsible for reviewing all applications filed with the ATC, review all rate filings, and assist the public by answering questions concerning the statutes and regulations. The staff will assist any applicant in completing any of the necessary forms or in the preparation of a tariff. The tariff staff may intervene at application or revocation hearings as well as opening investigations on rate matters.

Enforcement Staff is responsible for the actual field investigations necessary to prove a violation of the statutes or regulation. The field agents are responsible for initiating most accusations or complaints filed before the Commission for violations and assist the Assistant Attorney General who presents the case at hearings. The field agents also conduct the safety inspections and answer many inquiries from both carriers and non carriers concerning alleged illegal operations.

Administrative Support Staff handle the daily work flow and assist the other sections by providing clerical support. Unlike most clerical positions these employees are assigned specific tasks and are responsible for all of the work necessary to complete the processing of the document or bringing it to the attention of either the Tariff Specialist or the Field Agent if a violation is suspected.

ALASKA TRANSPORTATION COMMISSION
ACTIVITIES FOR CALENDAR YEAR 1982

<u>DOCKETS FILED</u>	<u>AIR</u>	<u>MOTOR</u>
Applications for Authority	33	105
Transfers	26	27
Extensions	35	19
Petitions	100	45
Complaints	3	2
Investigations	0	6
Revocations	11	10
Accusations	<u>46</u>	<u>199</u>
	254	413
 TOTAL WRITTEN ORDERS ISSUED		 803
 ENFORCEMENT ACTIVITIES:		
Formal Complaints Acted on		284
Citations (Non-dismissable)		35
Accusations		245
Civil Penalties Collected		\$43,275
 HEARING SECTION:		
Number of oral Hearings, by docket		132
Number of Hearings by show cause procedure or written submission, by docket		26
 REVENUE: FISCAL YEAR 1982		
Applications, Aircraft Registration, Civil Penalties and Sale of Documents Revenue		\$155,063
Motor Carrier Weight Fees Collected by ATC		
Motor Carrier Weight Fees (Collected by Division of Motor Vehicles for ATC)		617,054

COMMISSIONER
PCN 7001
GUY RUSSO

CHAIRMAN
PCN 7002
KEITH MILLER

PCN 7003
HESDEN SCOUGAL

(EXAMINER)
CHIEF HEARING OFFICER
PCN 7022
GEORGE BENESCH

(EXAMINER)
HEARING OFFICER
PCN 7026
ROBERT BRECKBERG

EXECUTIVE DIRECTOR
PCN 7024
LAWRENCE MICHOU

ASSISTANT A. G.

ADMINISTRATIVE SUPPORT SECTION

ADMINISTRATIVE
SUPPORT CENTER SUPERVISOR
PCN 7011
HELEN WELCH

SAFETY & ENFORCEMENT

TRANSPORTATION
FIELD AGENT IV
PCN 7008

TARIFF SPECIALIST
PCN 7004
RALPH STURGEON
PCN 7005
DEL TURNER
PCN 7027
CARY PARKER

ACCOUNTING TECH. I
PCN 7010
SHARON AVERY

ACCOUNTING TECH. II
PCN 7031

ADMINISTRATIVE
SUPPORT TECH. IV
PCN 7012
CAROLYN HOMME
PCN 7013
ANN LACEY
PCN 7015
FREDA MORGAN
PCN 7019
VELMA NEELY
PCN 7025
JUDY WHITE

ADMINISTRATIVE
SUPPORT TECH. III
PCN 7017
HAZEL BURGOS

ADMINISTRATIVE
SUPPORT TECH. II
PCN 7014
MELVA A. KAUS

ADMINISTRATIVE
SUPPORT TECH. IV
PCN 7021
C. JEAN CUFFEL

CORRES. SEC. III
PCN 7020
JOYCE VANCE

CORRES. SEC. II
PCN 7016
ROSE MORGAN

ANCHORAGE
FIELD AGENT I
PCN 7007
GEORGE STEWART
PCN 7009
RON HULL
PCN 7028
CHARLES INMAN
PCN 7030
RUDY FIRM

FAIRBANKS
FIELD AGENT II
PCN 7018
JAMES NUTTALL
FIELD AGENT I
PCN 7029
ROBERT HALL

SOLDOTNA
FIELD AGENT I
PCN 7023
GARY MARTIN

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

ALASKA TRANSPORTATION COMMISSION

BILL SHEFFIELD, GOVERNOR

SUITE 778, FRONTIER BUILDING
3801 C STREET
ANCHORAGE, ALASKA 99503

PHONE: 561-4221

March 14, 1983

Senator Richard Eliason, Chairman
Labor and Commerce Committee
Senate
Pouch V
Juneau, AK 99811

Dear Senator Eliason:

Your staff has requested that the Alaska Transportation Commission respond to comments made in the Analysis of Public Need section of the April 1, 1982 Performance Review prepared by the Division of Legislative Audit.

The following statement appears in the introductory paragraph:

"This analysis is not intended to be comprehensive in nature."

Then follows comments relating to nine specific statements. The comments are obviously slanted against the ATC and no effort is made to avoid unsupported generalities. There is no effort made to support the conclusion other than references back to the Recommendations.

Our specific comments for each of the nine areas are as follows:

I. The extent to which the board, commission, or programs has operated in the public interest.

The ATC believes that its operations are in the public interest. Efforts have been made to reduce the processing time of applications while still guaranteeing that all parties receive due process. While this effort may have not been obvious during the time frame covered by the audit, calendar year 1980-81, it was obvious in calendar year 1982 when processing time for non-protested applications averaged less than 90 days. This reduction has been made in spite of the fact that requested additional staff that was recommended in the 1978 audit were never approved in the operating budget.

There is no indication of how the public interest is to be better served by the recommended merger of the ATC and the APUC. It would appear that the public and the regulated industries would be better served by an adequately funded ATC rather than further diluting the economic regulation of transportation by combining it with the regulation of utilities.

The enforcement effort is being improved with a concentration of manpower in three general areas--authorized carrier compliance, elimination of unauthorized operations, and commercial vehicle safety. Again, this effort does not always generate obvious results since seven agents must supervise about 445 authorized motor carriers, 270 authorized air carriers, probably 1500 legitimate private carriers and probably, at any one time, about 50 active unauthorized carriers.

II. The extent to which the operation of the board, commission, or agency program has been inspired or enhanced by existing statutes, procedures and practices which it has adopted, and any other matters including budgetary resource and personnel matter.

The ATC concurs that it was necessary to promulgate revised regulations to assist in a more efficient processing of applications and enforcement action through the hearing stage. However, the length of time in promulgating the regulations did not impede the program as the existing regulations were adequate. It was simply an effort to clarify the procedures for the sake of all concerned. Since the revisions of the procedures covered some 28 pages of the Administrative Code, it is not surprising that it took several years for them to get through drafting into final print. Further, other proposed changes in the regulations have been tabled as the comments received at public hearings indicate they had the potential of causing more problems than improving the situations. It is our opinion that the ATC should have received a more positive comment for not implementing regulations that might have caused an economic hardship on the regulated industries without adequate staff justification.

Again we note that no comment was made concerning the attempts the ATC made to get additional staff as was recommended in the 1978 audit. Further, the fact the Commission received a budget reduction in fiscal year 1980 of \$103,200 from its maintenance level is not mentioned. It is difficult to maintain a level of service and to improve service without adequate funding and positions.

III. The extent to which the board, commission or agency has recommended statutory changes which are generally of benefit to the public interest.

The Commission has recommended several items for legislative action and has testified on several others. It is difficult for a regulatory commission to recommend legislative changes as such changes have a tendency to either increase or decrease the level of regulation. The Commission is in a better position to advise the Executive and Legislative Branches of the State on the impact of proposed legislation on the industries and the Commission's ability to carry on its mandate.

IV. The extent to which the board, commission or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service which it has provided.

As stated in the audit report, the Commission conducts its business through the hearing process that is designed to guarantee all participants fair treatment and due process of law. Further, the Commission publishes its journal twice a month which is sent to local newspapers, libraries, radio and television stations. The journal contains notices as well as procedural matters that are designed to inform the public of the Commission's business.

V. The extent to which the board, commission or agency has encouraged public participation in the making of its regulations and decisions.

As stated in the audit report, the journal is designed to inform the public of the Commission actions. To further insure that all local participants that wish to take part in a proceeding, the Commission travels to the locality most convenient to the applicant or the respondent. While general public comment is not solicited at Commission proceedings, as such proceedings are quasi-judicial in nature and all parties must be assured of the right of cross-examination, time is allowed for public comment if requested by any party.

VI. The efficiency with which public inquiries or complaints regarding the activities of the board, commission or agency filed with it, with the department to which a board or commission is administratively assigned, or with the office of the ombudsman have been processed and resolved.

The response in the audit appears not to relate to the statement. The statement concerns inquiries or complaints of the Commission activities not how enforcement is doing in answering complaints about violation of the statutes or regulations. While we have agreed that the enforcement effort can be improved, this effort has no bearing on our willingness and performance in answering inquiries from the public. We answer as promptly as possible and seek to generally satisfy the public that the ATC is functioning within the law.

The statements concerning the Ombudsman's office are totally misleading. The Commission makes every effort to answer all correspondence from that office within the time frames indicated. Our records indicate that with very few exceptions the Ombudsman has not found the Commission in error. It appears to us that the 33 complaints should have been analyzed so a clear picture of the exact number of resolved and unresolved complaints could be established.

II. The extent to which a board or commission which regulate entry into an occupation or profession has presented qualified applicants to some of the public.

The Commission agrees that more analytical work might be performed on applications. However, this does not mean that the applicant is unqualified. It must be remembered that the regulated transportation industry is highly competitive that the as well as being at the mercy of changing economic condition. Therefore, the analytical evaluation of the application and projected services do not guarantee success, but only that the applicant meets entry standards.

VIII. The extent to which state personnel practices including affirmative active requirements, have been complied with by the board, commission or agency to its own activities and the area of activity or interest.

The Commission has made every effort to function within the state personnel systems, labor agreement and affirmative action program. To the best of our knowledge there have not been any problems in this area for several years.

IX. The extent to which statutory, regulatory, budgeting or other changes are necessary to enable the agency, board, or commission to better serve the interest of the public and to comply with the factors enumerated in this subsection.

The comments in the audit referring the reader to the "Findings and Recommendations" does not answer this statement. The recommended merger of the two Commissions even with the suggestion of a management study does not evaluate the need for statutory, regulatory or budgeting changes necessary for the ATC to conduct its business.

The ATC has requested new positions that would have assisted in the elimination of some of the problems enumerated in the audit and in fact recommended in the 1978 audit. Everyone realizes that any agency can only perform the tasks for which it is funded and must determine the priority of service based on the funds received. The ATC would like to expand its activities in the area of economic review of active carriers as well as determination of market needs for additional service, but neither the funds nor the positions have been approved.

In the area of enforcement, the ATC could obviously increase the number of illegal activities that are brought before the Commission for adjudication. But the increase requires more manpower as again priorities must be set between the three areas of enforcement--surveys and enforcement of authorized carriers, prevention of unauthorized carrier, and vehicle safety. As stated in our response to the audit, the Commission recognizes the need to streamline the processing of accusations and citations, but only so much can be done to improve without additional manpower. The enforcement of economic regulation is not a simple matter and requires many manhours of work to gather the evidence to prove a violation has occurred and to prove who committed the violation. It is easy to accuse, but it can be difficult to prove that the accused should have a civil penalty levied against him.

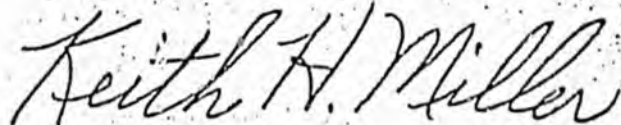
There is no doubt that the major question that should be before the Legislature is that of deregulation. There needs to be a decision as to what direction should be taken in the future as to the amount of economic regulation is needed or desired by both the public and the industry. While very few

March 14, 1983

states are completely deregulating, several have started looking at lessening regulation that is shown to be of little real value or unreasonably blocks entry or competition. The Commission and the Staff would be happy to assist the Legislature if it is determined that review of AS 42.10 and AS 02.05 is needed. There will always be a need to protect the public by requiring carriers to register, show a degree of fitness, provide proof of insurance, and to operate safe vehicles. However, the need to prove public convenience and necessity for entry, filing and justifying tariffs, and all the required filing of reports may not be as necessary as it was once thought to be.

If you need any additional information, please let me know and we wish to thank you for this opportunity to express our views.

Very truly yours,



Keith H. Miller
Chairman

KHM/LWM/rm

cc: Richard Lyon, Commissioner
Department of Commerce &
Economic Development
Pouch D
Juneau, AK 99811

Emil Notti, Legislative Assistant
to the Governor
Pouch A
Juneau, AK 99811

561-4216

April 11, 1983

David Dye
Administrative Assistant
Senate State Affairs Committee
Pouch V
Juneau, AK 99811

Dear Mr. Dye:

During your discussion with our Executive Director of the Alaska Transportation Commission's role in commercial vehicle safety inspection, you requested that we provide you with a written summary of our proposed program.

The ATC has authority under both AS 42.07 and AS 42.10 to conduct safety inspections of all commercial vehicles in Alaska weighing over 4,000 pounds. The only vehicles that are exempt from inspection are buses and government vehicles. Under its statutory authority, the ATC has published administrative Code 3 AAC 62 which is in fact a safety manual. A copy is enclosed for your information.

The ATC's transportation field agents have conducted random safety inspections for years, but with the enforcement of the safety regulations at the weigh stations by first the Alaska State Police and then the Division of Measurement Standards, the ATC has not attempted to develop a comprehensive safety program. The weigh station program was part of a federally funded program that expired on March 11, 1983. With the completion of the federal program, the responsibility for the safety program has returned to the ATC, but without any funding to administer the program.

A commercial vehicle safety program normally covers three areas--the driver, the power unit and trailing equipment, and the load. The objective of such a program is to protect the public, the driver, and the cargo. Our program would continue the emphasis in all three areas as all three are important in a successful program. Actual safety inspection can and should be conducted in three locations--the terminal, at selected roadside points, and random roadside stops (usually based on obvious violations).

While there are many requirements that a commercial operator must meet for its equipment to pass with 100%, the Commercial Vehicle Safety Alliance has identified 11 as the critical points. A copy of that standard is also attached along with a handout used by the Alliance. Generally, the ATC expects to follow the CVSA standards in its inspection program.

Our proposal includes provisions for both voluntary and involuntary terminal or job site inspection, road site inspection, and random inspection. We expect to use the assistance of the Alaska State Police, local police and the weigh station personnel, in addition to our own staff. We would hope to incorporate a reporting system that would allow the central processing of all inspections in order to develop a good data base to develop statistical analysis necessary to identify problem carriers and/or vehicles.

The actual inspections can result in various classes of recommendations or citations, generally depending on the problem. The first category would be a "fix-it" which simply means something needs to be repaired, is not hazardous to the public, the driver, or cargo. If it is a violation that can be repaired on the spot, a compliance report would not even be written. More serious violations would also fall into the "fix-it" category, but the repairs would require verification of repair and possibly could result in a civil penalty. The third category would be more serious violations that require either repair or correction and a formal citation that requires a hearing, as staff would expect to prove a violation that would result in the levying of a civil penalty. The fourth category are deadlines--a vehicle will not be moved under its own power until corrected and a civil penalty would definitely be expected. A fifth category of violations would be primarily lodged against companies that have allowed the operation of vehicles that are found unsafe or who operate vehicles that have not been repaired as indicated.

The ability to cite both the operator and the carrier is a definite advantage of a safety program conducted by an agency with quasi judicial authority rather than a police agency. An agency such as the ATC can require both the driver and the carrier to answer for the violation while a police agency normally can only cite the operator. By making the carrier

assume its responsibilities for its vehicle, we can hopefully develop an awareness among carriers that its vehicles must remain in good repair, that loads be properly secured and protected and that only qualified drivers be employed. While the program should not be viewed as a revenue source, the ability to levy civil penalties of up to \$1,000 is definitely an incentive for a carrier to get into compliance.

The attached budget projection if funded would augment the ATC's staff to a level that would allow it to continue its enforcement functions in the area of economic regulation as well as to initiate a vehicle safety program. We would expect to use all the transportation agents in conducting the safety program as well as to assist in the economic regulation of transportation. With the additional staff, we would expect to log at least 4,000 actual vehicle inspections the first year as a minimum and with possibly as many as 6,000 as a maximum. The number of inspections will vary greatly depending on the completeness of the inspection and the number of deficiencies found on the vehicles. Stated simply, the greater the number of violations, the more staff time necessary to conduct the inspection and the follow-up compliance inspection. We would expect that much of the quantify work and data collection can be done by existing staff. The more assistance that we receive from other agencies, the greater the number of vehicles that can be inspected.

The funds necessary to conduct the program would be as follows:

100 Account

2 Transportation Field Agents - Range 16 - Anch.		
2 X 12 mo X 2463/mo		\$59,112
2 Transportation Field Agents - Range 16 - Fairbanks		
2 X 12 mo X 2838/mo		68,112
1 Paralegal Assistant II, Range 16, Anch.		
1 X 12 mo X 2463/mo		29,556
1 Admin. Support Technician, Range 12, Fairbanks		
1 X 12 mo X 2218/mo		26,616
		<u>\$183,396</u>

Benefits 183, 396 X .0613	11,243	
Variable Benefits 183, 396 X .1550	28,426	
Health Benefits 6 X 12 X 240 mo	17,280	56,949
	Total	<u>100</u>
		240.3

200 Account:

To provide for per diem and air fares for inspection and hearings			
100 days X 90 per day		13,500	
Estimated Air Fares		<u>10,000</u>	
	Total	200	23.5

300 Account:

Contractual Services			
Equipment Rental - WCF			
3 cars (class 108D)			
Rental .39/mi X 850m X 3 veh X 12 mo		11,934	
PAED Fees 173/mo X 12 mo X 3		<u>5,228</u>	
	Total Vehicles		18.2
Increased Data Processing for Statistical Support			15.0
Central Printing Charges - Booklets & Forms			5.0
	Total	300	38.2

400 Account

Commodities			
Office Supplies and Protective Clothing			3.0
	Total	400	3.0

500 Equipment 1 Time Cost

3 Sedans (class 106D) with radios			
	3 X 10.0		30.0
6 Desks	6 X 427		2.6
6 Chairs	6 X 247		1.5
12 Side Chairs	12 X 98		1.2
1 Calculator			.2
1 Wang Terminal			<u>3.4</u>
	Total	500	40.1
	Total Budget		<u>345.1</u>

The second year of operation should be about 300.0 since all equipment costs are a one time expense.

Revenue is a bit difficult to project, but it would be expected that at least \$25,000 in added revenue could be expected. If the voluntary aspect of both inspections and compliance is dropped, then revenue could be as much as \$75,000 as all violation would result in a civil penalty.

David Dye

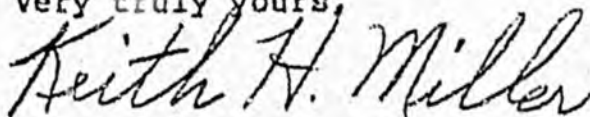
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April 11, 1983

The ATC will continue to perform some safety inspections as it is part of the economic regulation of transportation even if no additional funds are provided. However, without additional funds there is no way that a program can be developed and implemented and we will simply continue to catch violators as we find them without really determining patterns or concentrating on problem areas.

If you need any additional information, please let us know.

Very truly yours,



Keith H. Miller
Chairman

KHM/jv

Enclosure

cc: Richard A. Lyon, Commissioner
Department of Commerce &
Economic Development

Emil Notti
Legislative Assistant
Office of the Governor

SENATE
LETTER OF INTENT
FOR
CSSB 134

During the scheduled hearings in which the Alaska Transportation Commission (A.T.C.) was discussed and reviewed, many problem areas were identified. The Performance Review of the Alaska Transportation Commission conducted by the Division of Legislative Audit, April 1, 1982, concluded that the functions of A.T.C. could be better performed if A.T.C. were to merge with the Alaska Public Utilities Commission.

However, several questions were raised which remain unanswered:

- 1) Is State involvement in the Essential Air Service Program required?
- 2) Does the State want to deregulate surface and air transportation within Alaska?
- 3) What method does the State wish to employ to assure the public that air and motor carriers have sufficient insurance coverage to protect the public's interest?
- 4) What is the role of the Alaska Transportation Commission in regard to a commercial vehicle safety program?
- 5) Would a citizen's board be an appropriate mechanism to perform the oversight functions which are currently the responsibility of the Commissioners of the Alaska Transportation Commission.
- 6) Do the Alaska Transportation Commission's policies regarding light aircraft ensure that innovative competition which could be beneficial to the public is not eliminated?

With the passage of this legislation, it is the intent of the Senate Labor and Commerce Committee that the Office of Management and Budget conduct a thorough performance review of the functions of A.T.C. The review will include, but will not be limited to, the scope of areas previously outlined.

The Office of Management and Budget will report back to the Thirteenth Legislature within ten days after the second session convenes in 1984. The report shall outline the findings of the audit as well as specific actions to implement any changes recommended.

Adopted in the Senate, April 27, 1983.

SUPPLEMENTAL
SENATE LETTER OF INTENT
TO CSSB 184 (L&C)

In the interim it is the intent of the Senate that the Alaska Transportation Commission fulfill its statutory responsibility with concentration on protection of the public.

Adopted in the Senate, April 27, 1983.

STATE OF ALASKA
FISCAL NOTE

Revision Date 4/6, 1983

I. REQUEST

Bill/Resolution No.: SB 184
 Title: Extending termination of ATC
 Sponsor: Labor & Commerce Committee
 Requestor: _____

II. FISCAL DETAIL

Agency Affected: Commerce & Econ. Development
 Program Category Affected: Consumer Protection
 BRU, Program of Subprogram(s) Affected: Alaska Transportation Commission

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Catherine Wallen
 Division: Administrative Services
 Approved by Commissioner: Richard A. Lyon
 Department: Commerce & Economic Development

Phone: 465-2504
 Date: 4/7/83
 Date: 4/7/83

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

SB 184 FISCAL NOTE ANALYSIS

The submitted FY '84 budget request for ATC follows:

Operating Expenditures	FY '83	FY '84
Personal Services	1,356.6	1,293.1
Travel	57.7	61.2
Contractual	182.5	192.2
Commodities	16.2	16.9
Equipment	1.2	-0-
	<u>1,614.2</u>	<u>1,563.4</u>
Capital Expenditures	0	0
Revenue	145.2	155.2

If the legislation fails to pass and ATC sunsets, there will continue to be a financial impact to the State for the administration of the State's share in the Essential Air Services Program and for verification of insurance registration. The reduced responsibilities would be reflected in the FY '85 budget request. In this case, the budget would be as follows:

Operating Expenditures	FY '83	FY '84	FY '85	FY '86	FY '87
Personal Services	1,356.6	1,293.1	69.6	73.8	78.2
Travel	57.7	61.2	0	0	0
Contractual	182.5	192.2	16.5	17.5	18.5
Commodities	16.2	16.9	2.0	2.1	2.2
Equipment	1.2	0	0	0	0
Total Operating	<u>1,614.2</u>	<u>1,563.4</u>	<u>88.1</u>	<u>93.4</u>	<u>98.9</u>
Capital Expenditures	0	0	0	0	0
Revenue	145.2	155.2	0	0	0
Positions (Full-Time)	30	28	2	2	2

NOTE REGARDING THE FOLLOWING FRAME(S) ON MICROFILM:
COMPLETE DOCUMENT IS AVAILABLE IN ORIGINAL FILES.
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A PERFORMANCE REVIEW OF THE
DEPARTMENT OF COMMERCE
AND ECONOMIC DEVELOPMENT
ALASKA TRANSPORTATION COMMISSION

April 1, 1982

Audit Control Number

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Commerce and Economic Development

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Members of the Alaska Transportation Commission

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