


leg. Finance - House & Senate Finance Comte Files (1975-76) 361
HB 81, CSHB 81, HB 82, CSHB 82



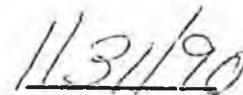
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Signature of Camera Operator



Date

2/5/75

COMMITTEE REPORT

HOUSE

Mr. Speaker:

Date 2/5

The Committee on FINANCE has had HB 31

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 HB 31 AND THAT
CS FOR HB 31 DO PASS

() "and" recommends it BE REFERRED TO THE _____
COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

all

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K - STATE CAPITOL
JUNEAU 99801

April 2, 1975

The Honorable Hugh Malone
Chairman
House Finance Committee
Alaska State Legislature
State Capitol, Pouch V
Juneau, Alaska 99811

Re: House Bill 81 - Supplemental Budget
Request to the Department of Law

Dear Representative Malone:

At a recent hearing on HB 81, you requested detailed information about the travel funds for the state's discovery program in the Cook Inlet Pricing Case and questioned the amount budgeted for travel. We have thoroughly analyzed our transportation and per diem needs to pursue the case and find we need approximately \$16,963. This breaks down to \$5,748 for air fares, \$1,295 for surface transportation, and \$9,920 for per diem. The following table details the basis for these numbers:

City	Single Fare from Preceding City	Stay (days)	Per Diem (\$40/day)	Cost For 2	Cabs, Buses, etc.	Total
Anchorage	--	--	--	--	--	--
San Francisco, Ca.	\$153	14	\$560	\$1,426	\$ 80	\$1,106
Bakersfield, Ca.	32	3	120	304	25	329
Anchorage	185	--	--	370	--	370
SUBTOTAL	\$370	17	\$680	\$2,100	\$105	\$2,295
Anchorage	--	--	--	--	--	--
Los Angeles, Ca.	\$173	21	\$840	\$2,026	\$115	\$2,141
Anchorage	173	--	--	346	--	346
SUBTOTAL	\$346	21	\$840	\$2,372	\$115	\$2,487
Anchorage	--	--	--	--	--	--
Denver	\$189	28	\$1,120	\$2,618	\$150	\$2,768
Anchorage	189	--	--	378	--	378
SUBTOTAL	\$378	28	\$1,120	\$2,996	\$150	\$3,146
Anchorage	--	--	--	--	--	--
Dallas	\$229	14	\$560	\$1,578	\$ 80	\$1,658
Midland, Texas	40	3	120	320	25	345
San Antonio, Texas	37	5	200	474	35	509
Anchorage	233	--	--	466	--	466
SUBTOTAL	\$539	22	\$880	\$2,838	\$140	\$3,078

The Honorable Hugh Malone
Chairman
House Finance Committee

April 2, 1975

Re: House Bill 51 - Supplemental Budget
Request to the Department of Law

City	Single Fare from Preceding City	Stay (days)	Per Diem (\$40/day)	Cost For 2	Cabs, Buses, etc.	Total
Anchorage	--	--	--	--	--	--
Tulsa, Okla.	\$220	7	\$280	\$1,000	\$ 45	\$1,645
Bartlesville, Okla.	--	10	400	300	160#	960
Tulsa, Okla.##	--	--	--	--	100#	100
Anchorage	220	--	--	440	--	440
SUBTOTAL	\$440	17	\$680	\$2,240	\$305	\$2,595
Anchorage	--	--	--	--	--	--
Toledo, Ohio ##	\$224	1	\$ 40	\$ 528	\$ 10	\$ 538
Findlay, Ohio	--	7	280	560	145#	705
Toledo ##	--	--	--	--	100#	100
New York, N.Y.	55	8	320	750	50	820
Anchorage	243	--	--	486	--	486
SUBTOTAL	\$522	16	\$640	\$2,324	\$305	\$2,629

**TOTAL FOR DISCOVERY
BY THE STATE** \$2,595 121 \$4,840 \$14,870 \$1,120 \$15,990

City	Single Fare from Preceding City	Stay (days)	Per Diem (\$40/day)	Cost For 1	Cabs, Buses, etc.	Total
Anchorage	--	--	--	--	--	--
San Francisco, Ca.	\$153	3	\$120	\$273	\$ 25	\$ 298
Anchorage	153	--	--	153	--	153
SUBTOTAL	\$306	3	\$120	\$426	\$ 25	\$ 451
Anchorage	--	--	--	--	--	--
Woodburn, Oregon	\$126	3	\$120	\$246	\$150***	\$ 396
Anchorage	126	--	--	126	--	126
SUBTOTAL	\$252	3	\$120	\$372	\$150	\$ 522

**TOTAL FOR DISCOVERY
BY OTHER PARTIES** \$558 6 \$240 \$798 \$175 \$ 973

**GRAND TOTAL -- ALL
DISCOVERY** \$3,153 127 \$5,080 \$15,668 \$1,295 \$16,963

- * Includes \$100 car rental, assuming rental of \$25/day, \$0.25/mile and \$25 drop-off fee for driving one way, one day, 200 miles.
- ** City en route to another where there is either a change in transportation mode (i.e., rented car to airplane or vice versa) or an
- *** Includes \$150 car rental, assuming rental of \$50/day and \$0.25/mile for driving round trip, three days, 400 miles.

The Honorable Hugh Malone
Chairman
House Finance Committee

- 3 -

April 2, 1975

Re: House Bill 81 - Supplemental Budget
Request to the Department of Law

In addition, please disregard Commissioner of Administration Warwick's memorandum of February 13, 1975, which requested \$54,100 for a billing from the law firm of Ferguson and Burdell. A settlement has been made in the State of Alaska, et al v. Chevron Asphalt Company case and all fees due Ferguson and Burdell will be paid from the settlement as set forth in the contract between them and the State of Alaska.

Sincerely,

WILSON L. CONDON
DEPUTY ATTORNEY GENERAL

By *Robert F. Schroeder*
Robert F. Schroeder
Legal Administrator

WLC:RFS:pg

Re: HB 81

STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K - STATE CAPITOL
JUNEAU 99801

March 13, 1975

The Honorable Hugh Malone
Chairman
House Finance Committee
Pouch V
Juneau, Alaska 99811

Dear Mr. Malone:

The Attorney General has requested me to answer your letter of February 25, 1975, concerning House Bill 81, because he represented three of the parties opposing the State in the Cook Inlet Pricing Case before assuming his present duties with the State and has, therefore, disqualified himself from participation in matters pertaining to that case.

The Cook Inlet Pricing Case involves three major issues of dispute between the State and the eleven oil producers in Cook Inlet: First, what is the value, for purposes of production tax (AS 42.55.010) and the State's royalty share when taken in cash, of the crude oil when it is metered into the facilities of the common carrier pipelines serving the Cook Inlet area? In the past companies owning interests in oil coming from the same well have reported to the State as many as six different values for a barrel of that oil.

Second, should royalty and production tax payments be made using that oil value at the meter into the common carrier pipeline, or should a deduction be allowed for the costs of moving the oil to shore in order to net the value back to the offshore platform? In 1967 the Director of Lands purportedly okayed the net-back approach for royalties; in 1969 this position was reversed by the Commissioner of Natural Resources, and that attempt to reverse the policy precipitated the litigation.

Third, if a charge for moving the oil from platform-to-shore is to be allowed for either royalty in value or the percentage-of-value production tax, how should that deduction be computed. In the past, the oil companies have claimed platform-to-shore charges ranging from 4.41 cents per barrel to \$1.67 per barrel; further, as many as three different charges are being simultaneously claimed by different companies for oil from the same leases moving to shore through the same pipelines.

Since 1970 the State has taken over 33,000,000 barrels of royalty oil in kind and sold them to Tesoro-Alaskan Petroleum Corporation; cumulative production from offshore Cook Inlet leases is several hundred million barrels. Approximately one eighth of those barrels are the State's outright; the remainder are all subject to production tax. These prodigious volumes necessarily make large the dollars-and-cents per barrel. Our latest estimate suggests that the State could win as much as \$9.7 million dollars in back royalties and production taxes if it won on all issues and stands to lose something over \$4 million if it lost on everything. Moreover, because an adverse adjudication of the State's royalty rights could set a precedent for North Slope leases, hundreds of millions of dollars in future royalties could be affected.

Because the Cook Inlet Pricing Case is important to the State, an active program of discovery from the other parties has been undertaken to ascertain, in preparation for trial, what happened as the seeds of the litigation were planted. In the first phase of that program, the State propounded to the eleven producer companies over eleven hundred pages, total, of interrogatories and requests for the production of documents regarding their treatment of the oil for income tax purposes and for internal accounting, regarding their transactions between and among each other, and regarding their involvement in various historical events that now have significance in determining the outcome of the litigation.

During the preparation of these massive interrogatories and requests for documents, it became apparent that depositions from an average of six or seven persons in each company should be taken in preparation for trial. Because of the long history before and since this dispute has arisen, nearly all of these people are outside Alaska--in San Francisco, Los Angeles, Denver, Dallas, Houston, San Antonio, Midland (Texas), Tulsa, Bartlesville (Oklahoma), Findlay (Ohio) and New York City, where the companies maintain their regional and national headquarters.

The request for a supplemental appropriation contemplated the possibility that some or all of the companies would elect, as is their privilege, to make the documents that we requested available for our inspection in their various offices around the country. Since literally thousands of documents were requested from each company, the election by the companies to make the documents available for our inspection and copying at their many offices would require that considerable time be spent in each of the cities mentioned above in order to inspect and copy all those documents. Most of the proposed depositions would cover matters that the documents would also shed light on, so that it would be impractical and unwise to attempt to depose eighty people without having the documentary background to take an effective deposition.

Rather than make two trips through all those cities--one trip for document inspection and copying and another to take depositions after the documentary materials have been analyzed and evaluated--it was decided that one trip should be attempted to achieve both purposes. Since the documents would include tax records, purchase and sale materials, etc., which might prove quite time-consuming to go through, we conservatively estimated the rate at which depositions could be prepared for and taken by a two-attorney team. While time consumed by the whole program could be as much as eighty man-weeks, we expect that the events will show transportation costs to places as far as New York City to be major factors in the overall cost of the deposition program.

Transcripts of all the depositions will be necessary to prepare for trial. Court reporting services were consulted about the cost of transcription Outside. The estimates we received were about \$300 for a half-to-full-day deposition, which we expect will be the average length of the proposed depositions. If we need a transcript prepared on a rush basis, a \$500 figure was given. We assumed that no transcripts would have to be rush jobs.

Our estimate of the total cost of the deposition program is \$67,000. This is derived as follows: transportation to nearly a dozen cities across the country and per diem, \$40,000 (based on the Department's experience with past trips Outside); transcripts, \$24,000 (eighty at \$300 each); and rental of Xerox machines, \$3,500.

The remainder of the \$107,900 requested for the Pricing Case is based on estimates of \$14,000 for services of experts to assist in trial preparation and to testify at trial; \$17,100 to supplement the present secretarial staff; \$6,500 for increased office expenses such as phone calls, postage and office machine rental; \$1,500 for consumable office supplies; \$1,000 for Outside travel already taken in FY 75; and \$300 for a typist's desk and chair.

I should also bring to your attention the fact that settlement possibilities among some or all of the parties are being actively explored. At present several companies do not feel inclined to settle, and we expect to go all the way to trial with these companies. On the other hand, if a settlement can be achieved with the other parties, the case would be simplified considerably and its concomitant costs reduced. I would welcome the opportunity to meet with your committee, should you so desire, to discuss further the present posture of the case.

March 13, 1975

In addition, you have requested us to explain the \$54,100 in additional monies which Commissioner of Administration, Andrew Warwick, requested in his letter of February 28, 1975. As he stated in his letter, these funds were requested to pay the bill of the law firm of Ferguson & Burdell for expenses incurred in representing the State of Alaska in State of Alaska et al. v Chevron Asphalt Company et al. This case is an anti-trust case in which the State of Alaska and 5 Alaskan municipalities, (Anchorage, Ketchikan, Fairbanks and Fairbanks North Star Borough) have joined 4 other States, (Washington, Oregon, California, and Arizona) in a suit against approximately 10 oil companies for conspiring to fix the price of asphalt from 1960 to 1969.

Alaska's suit is against Chevron Asphalt, a subsidiary of Standard Oil of California, and Union Oil Company. The State and five Alaska cities are represented by Ferguson & Burdell of Seattle which also represents the State and many municipalities of Washington. Ferguson & Burdell are regarded by the plaintiff and defense attorneys in this case as perhaps the most competent and experienced attorneys on the West Coast in the field of plaintiffs' anti-trust litigation.

In 1971 Alaska's Attorney General entered into an agreement with Ferguson & Burdell which provided for the then three plaintiff States to share expenses to be incurred in discovery and trial preparation which they determined would benefit all plaintiffs equally.

This agreement contains a formula for apportioning the expenses among the plaintiff States according to the proportion of each State's damage claims to the total damages claims of all plaintiffs which are parties to the expense sharing agreement. Alaska's proportion of the expenses as determined by this formula is approximately 9% of the total amount spent during the term of the recent billing.

Because of the relationship between the Attorney General's staff attorney working with Ferguson & Burdell on this case and the relationship between Ferguson & Burdell and the other plaintiff's attorneys who are parties to the expense sharing agreement, it is not possible for the Attorney General to demand the current balance of Alaska's share of the expenses except at times mutually agreed to by the other plaintiffs steering committee attorneys.

In view of this awkward billing schedule, the Attorney General has asked Ferguson & Burdell to estimate these expenses for the next fiscal year.

It is probable that Alaska's case will be concluded by spring of 1976, but whether by trial or settlement is not known at present.

March 13, 1975

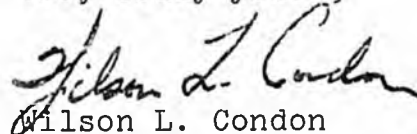
To date the State has received a settlement offer of approximately \$1,500,000 to which we have responded with a counter offer of \$3,100,000.

Presently the case is very active. The State of California and the cities and counties in its case will begin trial of their unit of cases on March 17, 1975. This trial is expected to last approximately six months. It involves claims against several asphalt producing oil companies for a total of \$29,000,000.

Alaska's attorneys, Ferguson & Burdell, are assisting the California Attorney General's office in the trial of this case and concurrently continuing trial preparation and settlement negotiations on Alaska's case. This accelerated, concentrated activity in what has been an arduous five years of discovery and trial preparation may conclude this case within the next six months.

It should be emphasized that Ferguson & Burdell's representation of the State in these cases has produced a great deal of value compared to the costs, particularly in view of the complexity and required expertise inherent in large anti-trust cases.

Very truly yours,



Wilson L. Condon
Deputy Attorney General

WLC:jeh

TERRY GARDINER
P. O. Box 1092
KETCHIKAN, ALASKA 99901

Phone 225-3551

Alaska State Legislature



House

POUCH V
JUNEAU, ALASKA 99801

February 4, 1975

Rep. Hugh Malone
Chairman
House Finance

Dear Rep. Malone:

Although the House Judiciary Committee passed HB 81 as amended on February 3, 1975, the Committee stipulated that the following be submitted to the Finance Committee for their consideration:

Testimony of Mr. Bob Shroedor, Department of Law, indicated that part of the request, \$107,900, is for continued funding of the Cook Inlet Oil Pricing case. It would cover expenses necessary to bring this case to an end and would cover funding that extended past FY 75 into FY 76. It would appear improper for a supplemental request to extend past the current fiscal year.

In addition, the catch all phrase, "and for specialized legal services" was removed and language changed (see amendment) to limit the appropriation to the Cook Inlet Oil Pricing case and the late billing charge of \$12,400. Mr. Shroedor stated that HB 81 was to cover these cases specifically.

Sincerely,

A handwritten signature in cursive script that reads "Terry Gardiner".

Terry Gardiner
Chairman, House Judiciary Committee

MEMORANDUM

State of Alaska

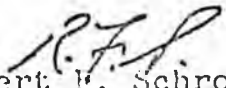
MB 81

TO: V. Kent Dawson, Director
Division of Budget & Management
Department of Administration

DATE: January 29, 1975

FILE NO:

TELEPHONE NO:

FROM: 
Robert P. Schroeder
Legal Administrator
Department of Law

SUBJECT: FY75 Supplemental Budget
Request - Cook Inlet Pricing
Case Litigation

The Department of Law requests a supplemental appropriation of \$107,900 to the FY75 Legal Services operating appropriation. The funds requested are for costs expected to materialize during the remainder of conducting the state's portion of the Cook Inlet Pricing case. (A period including FY75, and in all likelihood, the first half of FY76). The Department does not have sufficient funds available in its FY75 budgets to cover these costs. Neither are those costs expected to occur in FY76 reflected in the FY76 budget request.

The Cook Inlet Pricing Case is a case involving disputes between the state and eleven oil companies and the purchaser of the state's royalty oil. The matters involved in the lawsuit are complex, but essentially the case involves the price of oil upon which both royalties and taxes are to be calculated, and whether certain deductions from this price are allowable in computing the state's royalty and taxes.

This case has reached a critical stage in which it is necessary to incur additional costs to complete the state's discovery of important documents and information. These costs are compounded by the fact that the case covers events extending back into the early 1960's and involves persons and businesses situated throughout the United States.

The \$107,900 requested is composed of \$17,100 for personal services, \$41,000 for travel, \$48,000 for contractual services, \$1,500 for commodities and \$300 for equipment.

Personal Services

This case currently requires full time attention by two attorneys and part time attention by another attorney in addition to most of the time of one legal secretary. All are on the Department's present staff. For the duration of the case, including the impending trial in the state Superior Court in Anchorage, this same level of personal services will be needed. In addition to the present commitment of personnel, the Department estimates that, with twelve other parties opposing the state, an overwhelming amount of legal documents and written communications between the state and the opposition will necessitate the hiring of another legal secretary on a permanent full time basis for the duration of the case and a temporary clerk typist for six months on an as needed basis.

V. Kent Dawson, Director
Department of Administration

January 29, 1975

- 2 -

Travel

During the course of taking depositions essential to the state's case, it will be necessary for the state's attorneys to travel to the locations of pertinent persons and businesses, and almost all of these are outside of Alaska. Based upon past experiences with cases of similar nature, the department estimates 30 weeks of travel will be necessary at an average cost of \$500 per week. This amount includes transportation and per diem.

Contractual Services

The amount requested here is to pay for approximately eighty depositions and transcripts at \$300 each - \$24,000; anticipated costs of Services of experts - \$14,000; cost to produce necessary copies of pertinent documents - \$3500. Cost of communication services, postage, office rent and office machines rent - \$6,500.

Commodities

Consumable office supplies - stationary, etc.

Equipment

Typist desk and chair.

RFS:jdg

MEMORANDUM

State of Alaska

TO: Ron Lind, Deputy Director
Division of Budget and Management
Department of Administration

DATE: December 10, 1974

FILE NO:

TELEPHONE NO:

R.F.S.
FROM: Robert F. Schroeder
Legal Administrator
Department of Law

SUBJECT: 1975 Miscellaneous Claims

Attached are three statements from the law firm of Baker and Botts for the contracted services of Thomas M. Phillips, attorney consultant in the Lower Cook Inlet case. These are for services from December 1973 through June 30, 1974. Because we did not lapse sufficient funds in Contractual Services in the Legal Services Program for FY 1974, we are asking that the statements, totaling \$12,350.00, be included in the Miscellaneous Claims.

Enclosed is a copy of a letter from former Attorney General, Norman C. Gorsuch to Mr. Phillips and his reply. This is the culmination of our long drawn out effort to get periodical billings from Baker and Botts so that payments can be made in compliance with state fiscal periods. The attached billings are the first positive results we have achieved even though they are not timely.

This case has been proceeding for a few years with this firm representing the state. We have passed the point of terminating their services without seriously jeopardizing the outcome of the case but we will make every other effort to obtain timely billings from them for the duration of this case.

RFS:jdj

Attachments

12,400

83,900

BAKER & BOTTS
ATTORNEYS AT LAW
ONE SHELL PLAZA
HOUSTON, TEXAS 77002

November 27, 1974

State of Alaska
Attn.: Attorney General Norman Gorsuch
Pouch K
Juneau, Alaska 99801

Re: United States of America v. State of Alaska

To fee for services rendered from December 1, 1973 through December 31, 1973, including: long distance conferences with Bradley and thereafter with Cranston; continued study of Government's brief; study of record, revised draft of supplemental brief; work on brief; long distance calls to printer and Clerk in California; letter to Cranston recommending preparation and filing of supplemental brief; extended long distance conference with Cranston; agreed to take responsibility for preparing final draft of supplemental brief; study of material from Cranston for incorporation in supplemental brief; study of all briefs filed thus far in this matter; drafting, revising and drawing final draft of motion for leave to file supplemental brief; work on draft of brief; completed final draft of supplemental brief; long distance calls to printer and Clerk; letters to Cranston, Bradley and Gorsuch; letter to printer, review of supplemental brief.

39 Hours

\$3,900 00

BAKER & BOTTS
ATTORNEYS AT LAW
ONE SHELL PLAZA
HOUSTON, TEXAS 77002

November 27, 1974

State of Alaska
Attn.: Attorney General Norman Gorsuch
Pouch K
Juneau, Alaska 99801

Re: United States of America v. State of Alaska

To fee for services rendered from January 1, 1974 through March 31, 1974, including: long distance conference with Clerk in California re filing of brief; correspondence on same; long distance telephone call to Clerk re receipt of motion for leave to file supplemental brief; letter on same; review all briefs filed in trial court and Court of Appeals preparatory to arguing case in Ninth Circuit; long distance conference with Cranston re presentation of oral arguments in Court of Appeals; legal research between difference between "acquiescence" and "tolerate"; preparation for oral argument; January 12 through January 14 in San Francisco; in further preparation for oral argument conferred with Cranston and coordinated our arguments; appeared in Ninth Circuit Court on submission of case and made Appellee's opening argument; returned to Houston; review of Master's Report filed by Federal Government; long distance conference with Stockwell re status of Louisiana tidelands case; correspondence with Cranston; letter to Olive Stone; study legislative history; telephone conference with Oliver Stone; memorandum to file; letter to Stone; study of Court of Appeals' Opinion; letters to Cranston and Stone.

49.5 Hours

\$4,950 00

BAKER & BOTTS
ATTORNEYS AT LAW
ONE SHELL PLAZA
HOUSTON, TEXAS 77002

November 27, 1974

State of Alaska
Attn.: Attorney General Norman Gorsuch
Pouch K
Juneau, Alaska 99801

Re: United States of America v. State of Alaska

To fee for services rendered from April 1, 1974 through June 30, 1974, including: long distance conference with Cranston re proposed meetings with Department of Interior personnel in Washington; calls, conferences and correspondence with our Washington office re making appointment for conference; long distance conference with Bradley; call to Department of Interior and made appointment with Solicitor Frizzell; long distance conference with Attorney General Gorsuch; outlined presentation to be made to Solicitor Frizzell; study of file and completing arrangements and plans for presentation to Solicitor Frizzell; April 21 through April 22, in Washington, D. C.; there conferred with Solicitor Frizzell and Deputy Solicitor Lindgren; letter to Attorney General Gorsuch reporting results of conference with Dept. of Interior personnel; letter to Frizzell, Solicitor; long distance conference with Cranston re preparation of brief in opposition to petition for writ of certiorari; began study of petition for writ of certiorari; began draft of opposition brief to petition for writ of certiorari with review of file and briefs.

35 Hours

\$3,500 00

3500
11/20
2900
11-20

November 21, 1974

Mr. Thomas W. Phillips
Attorney at Law
Taker & Potts
One Shell Plaza
Houston, Texas 77002

Re: Billing in Cook Inlet Case

Dear Tom:

Before delving into the subject matter of this letter, I want to once again acknowledge the State's appreciation for the unique and invaluable work you have performed in the Cook Inlet Case. The State's favorable posture in the case at this moment is directly related to your efforts.

However, your billing practices are creating extreme problems for the Department of Law. The department operates on a fiscal year basis beginning July 1 and ending on the following June 30. As you know, your contract running from July 1, 1973 to June 30, 1974, requires billing on a monthly basis. The July 1, 1974 to June 30, 1975 contract requires billing on a calendar quarter. The purpose of such billing provisions is to insure that all charges attributable to a particular fiscal year are presented to the department during that fiscal year. The department does not have the latitude to intermingle funds of different fiscal years. For FY '74, this department lapsed about approximately \$10,000. If your billing for services rendered in FY '74 had been timely presented, the lapsed \$10,000 would have been used to pay your bill. Further, in FY '73, your bill for services rendered in that fiscal year was not presented in time to encumber FY '73 monies. As a result, some \$13,000 which the department had allocated to your contract lapsed. The department was able to pay the FY '73 bills with FY '74 monies. However, in order to do so, the department went through some very tense belt-tightening (which involved a reduction in both the quantity and quality of our services to the citizens of Alaska) and for awhile, the department anticipated a FY '74 deficit.

In accord with the above, the department is returning your November 4, 1974 billing in the amount of \$10,021.53 and requesting that the charges contained in this billing be separated out on a calendar quarter basis. This will result in

BAKER & BOTTS

ONE SHELL PLAZA
HOUSTON, TEXAS 77002

TELEPHONE (713) 229-1234
CABLE: BOTTBHOVE - TELE: 76-2770

1701 PENNSYLVANIA AVE., N.W.
WASHINGTON, D. C. 20006
TELEPHONE (202) 337-4000

ASSOCIATED OFFICES

PASEO DE LA REFORMA 76
MEXICO D. F. MEXICO

21 AVENUE GEORGE V, 5E ETAGE
PARIS 8, FRANCE

G-24,363
United States of America v.
State of Alaska
(Cook Inlet)

November 29, 1974

RECEIVED
Department of Law

The Honorable Norman C. Gorsuch
Attorney General, State of Alaska
Pouch K - State Capitol
Juneau, Alaska 99801

DEC 6 1974
AM 11:00 AM 12:00 PM
VIS: 03:00 PM 12:00 PM 4:00 PM

Dear General:

I thank you for your letter of November 21st concerning our previous statement. First, let me express my appreciation for the confidence you have expressed with regard to our work. This case, as you know, has been a fascinating experience, although it has not been financially rewarding to my firm. Secondly, I regret that our business practices have caused you to suffer problems. I simply was unaware (or forgot) that you were having these problems. I offer no excuses, but by way of explanation I might state that in working on this case my attention was more closely focused on obtaining a victorious result for the State.

I have complied with your request and am submitting our bill, broken down into the periods you suggested. The enclosed and revised statement is for \$18,900. From this you will observe that we have done practically no work in this case since the close of September, 1974.

I trust that the enclosed statement will meet with your approval and again apologize for the problem that our billing practices have caused you. With warm esteem and personal regards.

Yours very truly,

Thomas M. Phillips
Thomas M. Phillips

TMP: 34
Encl.

Mr. Thomas W. Phillips
Houston, Texas

November 21, 1974

- 2 -

separate amounts for the hours you worked on the case and expenses incurred for the periods of December 1, 1973 through December 31, 1973, January 1, 1974 through March 31, 1974, April 1, 1974 through June 30, 1974, July 1, 1974 through September 30, 1974, and October 1, 1974 through December 31, 1974. (The Department realizes that your November 4, 1974 billing includes October 1974 and not November and December. I recommend that those charges incurred in October be removed from the billing and become an incident of your October, November, December bill.)

In the long run, it is hoped that the above procedures will permit the State to provide timely compensation for your services and not excessively inconvenience you. Your cooperation in this matter will be appreciated.

Sincerely yours,

Norman C. Gorsuch
Attorney General

WCC:cjs



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James A. Smith
Signature of Camera Operator

11/31/90
Date

COMMITTEE REPORT

5/7/75

SENATE

Mr. President:

Date

5/8/75

The Committee on FINANCE has ^{CSHB 81} and _____

supplemental appropriation to the Department of Law 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)
- 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:

Bill Kay _____
Steve Obenauer _____
Steve Obenauer _____

Members NOT concurring in the Majority report:

_____ recommends:
 _____ recommends:
 _____ recommends:
 _____ recommends:
 _____ recommends:

Bill Kay Chairman

MB 81

MEMORANDUM

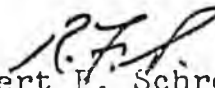
State of Alaska

TO: V. Kent Dawson, Director
 Division of Budget & Management
 Department of Administration

DATE: January 29, 1975

FILE NO:

TELEPHONE NO:

FROM: 
 Robert F. Schroeder
 Legal Administrator
 Department of Law

SUBJECT: FY75 Supplemental Budget
 Request - Cook Inlet Pricing
 Case Litigation

The Department of Law requests a supplemental appropriation of \$107,900 to the FY75 Legal Services operating appropriation. The funds requested are for costs expected to materialize during the remainder of conducting the state's portion of the Cook Inlet Pricing case. (A period including FY75, and in all likelihood, the first half of FY76). The Department does not have sufficient funds available in its FY75 budgets to cover these costs. Neither are those costs expected to occur in FY76 reflected in the FY76 budget request.

The Cook Inlet Pricing Case is a case involving disputes between the state and eleven oil companies and the purchaser of the state's royalty oil. The matters involved in the lawsuit are complex, but essentially the case involves the price of oil upon which both royalties and taxes are to be calculated, and whether certain deductions from this price are allowable in computing the state's royalty and taxes.

This case has reached a critical stage in which it is necessary to incur additional costs to complete the state's discovery of important documents and information. These costs are compounded by the fact that the case covers events extending back into the early 1960's and involves persons and businesses situated throughout the United States.

The \$107,900 requested is composed of \$17,100 for personal services, \$41,000 for travel, \$48,000 for contractual services, \$1,500 for commodities and \$300 for equipment.

Personal Services

This case currently requires full time attention by two attorneys and part time attention by another attorney in addition to most of the time of one legal secretary. All are on the Department's present staff. For the duration of the case, including the impending trial in the state Superior Court in Anchorage, this same level of personal services will be needed. In addition to the present commitment of personnel, the Department estimates that, with twelve other parties opposing the state, an overwhelming amount of legal documents and written communications between the state and the opposition will necessitate the hiring of another legal secretary on a permanent full time basis for the duration of the case and a temporary clerk typist for six months on an as needed basis.

January 29, 1975

- 2 -

Travel

During the course of taking depositions essential to the state's case, it will be necessary for the state's attorneys to travel to the locations of pertinent persons and businesses, and almost all of these are outside of Alaska. Based upon past experiences with cases of similar nature, the department estimates 30 weeks of travel will be necessary at an average cost of \$500 per week. This amount includes transportation and per diem.

Contractual Services

The amount requested here is to pay for approximately eighty depositions and transcripts at \$300 each - \$24,000; anticipated costs of Services of experts - \$14,000; cost to produce necessary copies of pertinent documents - \$3500. Cost of communication services, postage, office rent and office machines rent - \$6,500.

Commodities

Consumable office supplies - stationary, etc.

Equipment

Typist desk and chair.

RFS:jdg

MEMORANDUM

State of Alaska

TO: Ron Lind, Deputy Director
Division of Budget and Management
Department of Administration

DATE: December 10, 1974

FILE NO:

TELEPHONE NO:

R.F.S.
FROM: Robert F. Schroeder
Legal Administrator
Department of Law

SUBJECT: 1975 Miscellaneous Claims

Attached are three statements from the law firm of Baker and Botts for the contracted services of Thomas M. Phillips, attorney consultant in the Lower Cook Inlet case. These are for services from December 1973 through June 30, 1974. Because we did not lapse sufficient funds in Contractual Services in the Legal Services Program for FY 1974, we are asking that the statements, totaling \$12,350.00, be included in the Miscellaneous Claims.

Enclosed is a copy of a letter from former Attorney General, Norman C. Gorsuch to Mr. Phillips and his reply. This is the culmination of our long drawn out effort to get periodical billings from Baker and Botts so that payments can be made in compliance with state fiscal periods. The attached billings are the first positive results we have achieved even though they are not timely.

This case has been proceeding for a few years with this firm representing the state. We have passed the point of terminating their services without seriously jeopardizing the outcome of the case but we will make every other effort to obtain timely billings from them for the duration of this case.

RFS:jdg

Attachments

12,400

83,900

BAKER & BOTTS
ATTORNEYS AT LAW
ONE SHELL PLAZA
HOUSTON, TEXAS 77002

November 27, 1974

State of Alaska
Attn.: Attorney General Norman Gorsuch
Pouch K
Juneau, Alaska 99801

Re: United States of America v. State of Alaska

To fee for services rendered from December 1, 1973 through December 31, 1973, including: long distance conferences with Bradley and thereafter with Cranston; continued study of Government's brief; study of record, revised draft of supplemental brief; work on brief; long distance calls to printer and Clerk in California; letter to Cranston recommending preparation and filing of supplemental brief; extended long distance conference with Cranston; agreed to take responsibility for preparing final draft of supplemental brief; study of material from Cranston for incorporation in supplemental brief; study of all briefs filed thus far in this matter; drafting, revising and drawing final draft of motion for leave to file supplemental brief; work on draft of brief; completed final draft of supplemental brief; long distance calls to printer and Clerk; letters to Cranston, Bradley and Gorsuch; letter to printer, review of supplemental brief.

39 Hours

\$3,900 00

BAKER & BOTTS
ATTORNEYS AT LAW
ONE SHELL PLAZA
HOUSTON, TEXAS 77002

November 27, 1974

State of Alaska
Attn.: Attorney General Norman Gorsuch
Pouch K
Juneau, Alaska 99801

Re: United States of America v. State of Alaska

To fee for services rendered from January 1, 1974 through March 31, 1974, including: long distance conference with Clerk in California re filing of brief; correspondence on same; long distance telephone call to Clerk re receipt of motion for leave to file supplemental brief; letter on same; review all briefs filed in trial court and Court of Appeals preparatory to arguing case in Ninth Circuit; long distance conference with Cranston re presentation of oral arguments in Court of Appeals; legal research between difference between "acquiescence" and "tolerate"; preparation for oral argument; January 12 through January 14 in San Francisco; in further preparation for oral argument conferred with Cranston and coordinated our arguments; appeared in Ninth Circuit Court on submission of case and made Appellee's opening argument; returned to Houston; review of Master's Report filed by Federal Government; long distance conference with Stockwell re status of Louisiana tidelands case; correspondence with Cranston; letter to Olive Stone; study legislative history; telephone conference with Oliver Stone; memorandum to file; letter to Stone; study of Court of Appeals' Opinion; letters to Cranston and Stone.

49.5 Hours

\$4,950 00

BAKER & BOTTS
ATTORNEYS AT LAW
ONE SHELL PLAZA
HOUSTON, TEXAS 77002

November 27, 1974

State of Alaska
Attn.: Attorney General Norman Gorsuch
Pouch K
Juneau, Alaska 99801

Re: United States of America v. State of Alaska

To fee for services rendered from April 1, 1974 through June 30, 1974, including: long distance conference with Cranston re proposed meetings with Department of Interior personnel in Washington; calls, conferences and correspondence with our Washington office re making appointment for conference; long distance conference with Bradley; call to Department of Interior and made appointment with Solicitor Frizzell; long distance conference with Attorney General Gorsuch; outlined presentation to be made to Solicitor Frizzell; study of file and completing arrangements and plans for presentation to Solicitor Frizzell; April 21 through April 22, in Washington, D. C.; there conferred with Solicitor Frizzell and Deputy Solicitor Lindgren; letter to Attorney General Gorsuch reporting results of conference with Dept. of Interior personnel; letter to Frizzell, Solicitor; long distance conference with Cranston re preparation of brief in opposition to petition for writ of certiorari; began study of petition for writ of certiorari; began draft of opposition brief to petition for writ of certiorari with review of file and briefs.

35 Hours

\$3,500 00

2500
11420
5000
17350

November 21, 1974

Mr. Thomas W. Phillips
Attorney at Law
Baker & Potts
One Shell Plaza
Houston, Texas 77002

Re: Billing in Cook Inlet Case

Dear Tom:

Before delving into the subject matter of this letter, I want to once again acknowledge the State's appreciation for the unique and invaluable work you have performed in the Cook Inlet Case. The State's favorable posture in the case at this moment is directly related to your efforts.

However, your billing practices are creating extreme problems for the Department of Law. The department operates on a fiscal year basis beginning July 1 and ending on the following June 30. As you know, your contract running from July 1, 1973 to June 30, 1974, requires billing on a monthly basis. The July 1, 1974 to June 30, 1975 contract requires billing on a calendar quarter. The purpose of such billing provisions is to insure that all charges attributable to a particular fiscal year are presented to the department during that fiscal year. The department does not have the latitude to intermingle funds of different fiscal years. For FY '74, this department lapsed about approximately \$10,000. If your billing for services rendered in FY '74 had been timely presented, the lapsed \$10,000 would have been used to pay your bill. Further, in FY '73, your bill for services rendered in that fiscal year was not presented in time to encumber FY '73 monies. As a result, some \$13,000 which the department had allocated to your contract lapsed. The department was able to pay the FY '73 bills with FY '74 monies. However, in order to do so, the department went through some very tense belt-tightening (which involved a reduction in both the quantity and quality of our services to the citizens of Alaska) and for awhile, the department anticipated a FY '74 deficit.

In accord with the above, the department is returning your November 4, 1974 billing in the amount of \$19,021.33 and requesting that the charges contained in this billing be separated out on a calendar quarter basis. This will result in

Mr. Thomas W. Phillips
Houston, Texas

November 21, 1974

- 2 -

separate amounts for the hours you worked on the case and expenses incurred for the periods of December 1, 1973 through December 31, 1973, January 1, 1974 through March 31, 1974, April 1, 1974 through June 30, 1974, July 1, 1974 through September 30, 1974, and October 1, 1974 through December 31, 1974. (The Department realizes that your November 4, 1974 billing includes October 1974 and not November and December. I recommend that those charges incurred in October be removed from the billing and become an ingredient of your October, November, December bill.)

In the long run, it is hoped that the above procedures will permit the State to provide timely compensation for your services and not excessively inconvenience you. Your cooperation in this matter will be appreciated.

Sincerely yours,

Herman C. Gorsuch
Attorney General

HCG:cjs

STATE OF ALASKA

all
JAY S. HAMMOND, Governor

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K - STATE CAPITOL
JUNEAU 99801

April 2, 1975

The Honorable Hugh Malone
Chairman
House Finance Committee
Alaska State Legislature
State Capitol, Pouch V
Juneau, Alaska 99811

Re: House Bill 81 - Supplemental Budget
Request to the Department of Law

Dear Representative Malone:

At a recent hearing on HB 81, you requested detailed information about the travel funds for the state's discovery program in the Cook Inlet Pricing Case and questioned the amount budgeted for travel. We have thoroughly analyzed our transportation and per diem needs to pursue the case and find we need approximately \$15,963. This breaks down to \$5,748 for air fares, \$1,295 for surface transportation, and \$9,920 for per diem. The following table details the basis for these numbers:

City	Single Fare from Preceding City	Stay (days)	Per Diem (\$40/day)	Cost For 2	Cabs, Buses, etc.	Total
Anchorage	--	--	--	--	--	--
San Francisco, Ca.	\$153	14	\$560	\$1,426	\$ 80	\$1,506
Bakersfield, Ca.	32	3	120	304	25	329
Anchorage	185	--	--	370	--	370
SUBTOTAL	\$370	17	\$680	\$2,100	\$105	\$2,205
Anchorage	--	--	--	--	--	--
Los Angeles, Ca.	\$173	21	\$840	\$2,026	\$115	\$2,141
Anchorage	173	--	--	346	--	346
SUBTOTAL	\$346	21	\$840	\$2,372	\$115	\$2,487
Anchorage	--	--	--	--	--	--
Denver	\$189	28	\$1,120	\$2,618	\$150	\$2,768
Anchorage	189	--	--	378	--	378
SUBTOTAL	\$378	28	\$1,120	\$2,996	\$150	\$3,166
Anchorage	--	--	--	--	--	--
Dallas	\$229	14	\$560	\$1,578	\$ 80	\$1,658
Midland, Texas	40	3	120	320	25	345
San Antonio, Texas	37	5	200	474	39	509
Anchorage	233	--	--	466	--	466
SUBTOTAL	\$539	22	\$880	\$2,838	\$140	\$2,978

The Honorable Hugh Malone
Chairman
House Finance Committee

- 2 -

April 2, 1975

Re: House Bill 51 - Supplemental Budget
Request to the Department of Law

City	Single Fare from Preceding City	Stay (days)	Per Diem (\$40/day)	Cost For 2	Cabs, Buses, etc.	Total
Anchorage	--	--	--	--	--	--
Tulsa, Okla.	\$220	7	\$280	\$1,000	\$ 45	\$1,045
Bartlesville, Okla.	--	10	400	800	160*	800
Tulsa, Okla.**	--	--	--	--	100*	100
Anchorage	220	--	--	440	--	440
SUBTOTAL	3440	17	\$680	\$2,240	\$305	\$2,545
Anchorage	--	--	--	--	--	--
Toledo, Ohio **	\$224	1	\$ 40	\$ 528	\$ 10	\$ 538
Findlay, Ohio	--	7	280	560	145*	705
Toledo **	--	--	--	--	100*	100
New York, N.Y.	55	8	320	750	50	800
Anchorage	243	--	--	886	--	886
SUBTOTAL	3522	16	\$640	\$2,324	\$305	\$2,629
TOTAL FOR DISCOVERY BY THE STATE	\$2,595	121	\$4,840	\$14,870	\$1,120	\$15,995
City	Single Fare from Preceding City	Stay (days)	Per Diem (\$40/day)	Cost For 1	Cabs, Buses, etc.	Total
Anchorage	--	--	--	--	--	--
San Francisco, Ca.	\$153	3	\$120	\$273	\$ 25	\$ 298
Anchorage	153	--	--	153	--	153
SUBTOTAL	\$306	3	\$120	\$426	\$ 25	\$ 451
Anchorage	--	--	--	--	--	--
Woodburn, Oregon	\$126	3	\$120	\$246	\$150***	\$ 396
Anchorage	126	--	--	126	--	126
SUBTOTAL	\$252	3	\$120	\$372	\$150	\$ 522
TOTAL FOR DISCOVERY BY OTHER PARTIES	\$558	6	\$240	\$798	\$175	\$ 973
GRAND TOTAL -- ALL DISCOVERY	\$3,153	127	\$5,080	\$15,668	\$1,295	\$16,963

* Includes \$100 car rental, assuming rental of \$25/day, \$0.25/mile and \$25 drop-off fee for driving one way, one day, 200 miles.

** City en route to another where there is either a change in transportation mode (i.e., rented car to airplane or vice versa) or an

*** Includes \$150 car rental, assuming rental of \$25/day and \$0.25/mile for driving round trip, three days, 300 miles.

The Honorable Hugh Malone
Chairman
House Finance Committee

- 3 -

April 2, 1975

Re: House Bill 81 - Supplemental Budget
Request to the Department of Law

In addition, please disregard Commissioner of Administration Warwick's memorandum of February 28, 1975, which requested \$54,100 for a billing from the law firm of Ferguson and Burdell. A settlement has been made in the State of Alaska, et al v. Chevron Asphalt Company case and all fees due Ferguson and Burdell will be paid from the settlement as set forth in the contract between them and the State of Alaska.

Sincerely,

WILSON L. CONDON
DEPUTY ATTORNEY GENERAL

By *Robert F. Schroeder*
Robert F. Schroeder
Legal Administrator

WLC:RFS:pg

COPY -
FILE IN BILL FOLDER

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C-JUNEAU ~~99001~~ ⁹⁹⁸¹¹

February 28, 1975

Honorable Bill Ray
Chairman - Senate Finance Committee
Alaska State Legislature
State Capitol - Pouch V
Juneau, Alaska 99811

Re: Revision to Supplemental Budget Request - House Bill
No. 81

Dear Senator Ray:

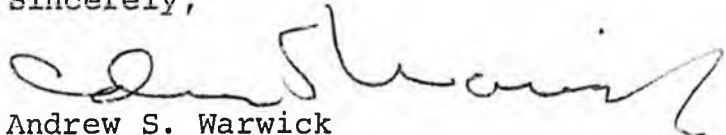
The Department of Administration requests that House Bill
No. 81 "An Act making a supplemental appropriation to the
Department of Law" be amended as follows:

Line 10, delete: \$120,300
insert: \$174,400

Line 11, delete: two
insert: three

This change is necessary due to an unexpected billing for
\$54,074.07 from the law firm of Ferguson and Burdell under a contract
entered in on October 27, 1970. This case, State of Alaska, et al
V. Chevron Asphalt Company, is an antitrust suit in which the State
of Alaska has joined with Arizona, California, Oregon, and
Washington and cities and counties in these states for the common
good. Our pro-rated share of the expenses is 13% and we expect to
receive some \$1,000,000 net from this action.

Sincerely,



Andrew S. Warwick
Commissioner

ASW/mjc

Original sponsor: Rules Committee by request
of the Governor

Offered: 4/14/75
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 81

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

NINTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making a supplemental appropriation to the

7

Department of Law; and providing for an effective date."

8

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9

* Section 1. The sum of \$96,300 is appropriated from the general fund

10

to the Department of Law to provide funding for two major pending law suits

11

in which the state is a party and for specialized legal services, to be

12

allocated as follows: \$83,900 for Cook Inlet Price Case; \$12,400 for Lower

13

Cook Inlet Case.

14

* Sec. 2. The appropriation made by this Act is to provide continuing

15

funding for more than one year and is not subject to the lapse provisions

16

of AS 37.25.010.

17

* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-

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070(c).

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Original sponsor: Rules Committee by request
of the Governor

Offered: 4/14/75
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

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CS FOR HOUSE BILL NO. 81

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Original sponsor: Rules Committee by request
of the Governor

Offered: 4/14/75
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1 IN THE HOUSE

BY THE FINANCE COMMITTEE

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Introduced: 1/27/75
Referred: Judiciary and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 81

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Referred: Judiciary and
Finance

BY THE RULES COMMITTEE BY
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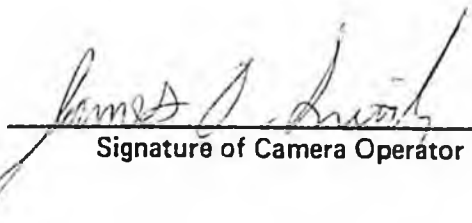
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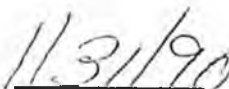
RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.



Signature of Camera Operator



Date

An Act making a special appropriation to the Department of Administration; and providing for an effective date.

1/27/75

COMMITTEE REPORT

HOUSE

Mr. Speaker:

Date Feb. 6 1975

The Committee on Finance has had HB 82

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 HB 82 AND THAT CS FOR HB 82 DO PASS

() "and" recommends it BE REFERRED TO THE COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

Handwritten signatures of committee members on lines.

Members NOT concurring in the Majority report:

Five lines for non-concurring members, each followed by the word "recommends:"

Handwritten signature of the Chairman followed by the word "Chairman".

Original sponsor: Rules Committee by
request of the governor

Offered: 2/7/75
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 82

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Administration; and providing for an effective
8 date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. The sum of \$482,000 and interest on that amount, at eight
11 per cent a year from the date the increments were earned until the date of
12 payment, is appropriated from the general fund to the Department of Adminis-
13 tration for the payment of pay increments due from past years to state
14 employees for longevity employment under AS 39.27.022.

15 * Sec. 2. The unexpended and unobligated portion of this appropriation
16 lapses into the general fund June 30, 1975.

17 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
18 070(c).

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STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF BUDGET & MANAGEMENT

POUCH C — JUNEAU 99801

February 5, 1975

JAY S. HAMMOND, Governor

The Honorable Hugh Malone
Chairman
House Finance Committee
Pouch V
Juneau, Alaska 99811

Re: House Bill 82

Dear Representative Malone:

The following information is supplied in response to your inquiry of January 31, 1975, concerning matters related to House Bill 82.

The principal portion of the obligation, which was previously cited as being approximately \$490,600, has been lowered to \$482,000. This overstatement was caused by a double counting of a correction of data previously submitted by an agency.

1. Estimate of interest due as of February 1, 1975

The array of variables involved complicates calculation of the interest due. In effect, the problem involves about 465 small loans different sizes which run for a variety of time spans. The discussion that follows is based upon preliminary information received from the agencies which employ(ed) the personnel affected by the credit decision. Two techniques were used to estimate the amount of interest due:

A. Approximately twenty percent of the individual cases were sampled to determine the duration of their eligibility for the retroactively effective pay increases. The length of eligibility characteristics of the twenty percent sample were extrapolated to the whole group of eligibles and incorporated into a calculation of the interest due them as shown in tables 1 and 2.

Table 1: Estimate of Interest Due Through October, 1974

<u>Length of Retroactive Eligibility</u>	<u>Estimated % of Total Cases</u>	<u>Pro-rated Principal Amount</u>	<u>Monthly Interest Factor*</u>	<u>Number of Months</u>	<u>Estimated Interest</u>
24-26 months	38%	\$183,160	.0066	26	\$31,430
18-23 months	28%	134,960	.0066	19	16,923
1-17 months	34%	163,880	.0066	7	7,571
TOTALS	100%	\$482,000			\$55,924

*8% annual interest divided by 12 months = .066% per month.

Table 2: Estimate of Interest Due for Nov., Dec. 1974 & Jan. 1975

Principal	x	Monthly Interest	x	Months	=	Estimated Interest
\$482,000	x	.066	x	3	=	\$9,543

Using this technique the total estimated interest due is the sum of the amounts shown in Tables 1 and 2 which is \$65,467.

B. The second method used to estimate the amount of interest due was based upon the assumption that the accrual of the principal was a linear function. The total known principal obligation was divided by the number of months (26) during which the obligation was accrued. The interest outstanding on the total principal accumulated by the end of each of those twenty six months and those elapsing since September 1974, was calculated. The sum of the calculated increments of interest is \$60,250. This is about \$5,217 less than the interest calculated via method (A) above. This is to be expected because the accumulation of the obligation was not in fact linear, there being a large number of persons whose eligibility started at the outset of the time span involved and continued to the end of that span. The higher number is probably the more valid of the two as it considers the non-linear nature of the accumulation.

2. Number of people to receive payments under the APEA vs. State of Alaska decision.

The number of currently identified recipients is 465. This number is subject to minor increases due to the possible discovery of additional eligible individuals.

3. Number of recipients who still work for the State.

The currently identified recipients fall in the following categories:

Current employees	394
Retired	47
Terminated	20
Deceased	4
TOTAL	465

4. Number of recipients by employing agency.

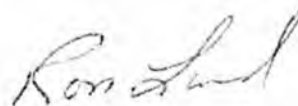
<u>Agency</u>	<u>Recipients</u>
Office of the Governor	1
Department of Administration	9
Department of Law	3
Department of Revenue	15
Department of Education	5

February 5, 1975

Department of Health and Social Services	82
Department of Labor	26
Department of Commerce	5
Department of Military Affairs	7
Department of Natural Resources	15
Department of Fish and Game	29
Department of Public Safety	18
Department of Public Works	40
Department of Highways	203
Department of Economic Development	1
Department of Environmental Conservation	2
State-Operated Schools	2
Department of Community & Regional Affairs	1
TOTALS	<u>465</u>

I hope the above information will adequately answer the questions posed by your January 31, 1975, memorandum. Please contact me if you require additional information.

Sincerely,



Ron Lind, Deputy Director

MEMORANDUM

State of Alaska

TO: FILE

DATE: January 29, 1975

FILE NO:

TELEPHONE NO:

RL
FROM: Ronald B. Lind, Deputy Director
Division of Budget and Management
Department of Administration

SUBJECT: House Bill 82

The Superior Court for the State of Alaska ordered on November 24, 1974 that the State of Alaska change the way in which it had been considering longevity increases under AS 39.27.022(b) and make retroactive payments, including interest, to the people affected.

State agencies have researched their records and accumulated \$490,600 in payments due employees and former employees. This supplemental will provide funding for these payments and details of the amounts due are available from the Division of Finance, Department of Administration.

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IN THE SUPERIOR COURT FOR THE STATE OF ALASKA
FIRST JUDICIAL DISTRICT AT JUNEAU

ALASKA PUBLIC EMPLOYEES
ASSOCIATION, et al.,

Plaintiff,

vs.

STATE OF ALASKA and
COMMISSIONER OF ADMINISTRATION,
JOSEPH R. HENRI,

Defendant.

RECEIVED
NOV 26 1974
DIV. OF PERSONNEL
DIRECTOR'S OFFICE

C. A. No. - 72-298

JUDGMENT

The Alaska Public Employees Association and Don H. Strode filed an appeal from the judgment of this court entered on May 3, 1973. The Supreme Court, in an opinion dated July 29, 1974, reversed the judgment of the Superior Court. Pursuant to that opinion and the Mandate of the Supreme Court dated August 9, 1974,

IT IS ORDERED, that:

1. The \$750.00 appeal bond shall be returned to the plaintiffs.
2. The State of Alaska and the Commissioner of Administration, Richard W. Freer, shall cease withholding longevity pay increments from state employees and shall begin paying such increments as provided for in A.S. 39.27.022(b) as soon as the individual employee has served the requisite four, nine and thirteen years as provided in the statute, without regard to the effective date of the act. In calculating the four, nine and thirteen year eligibility periods the State shall count time spent in the final step before July 1, 1972, as well as time spent in the final step after that date.

FAULKNER, DANFIELD, DOOGAN, GROSS & HOLMES
SUITE 201, 511 FRANKLIN ST. JUNEAU, ALASKA 99801
PHONE (907) 586-2216

FAULKNER, CARFIELD, BOGAN, CROSS & HOLVICK
SUITE 201, 311 PRANSKY ST. PHOENIX 10093 ARIZONA
JURNEY, ALASKA 99501

1 3. The State of Alaska and the Commissioner of Admini-
2 stration shall also pay to eligible present and former state
3 employees the longevity pay increments earned but not paid under
4 A.S. 39.27.022(b) during the period from July 1, 1972 to the
5 date regular periodic payments of longevity pay increments are
6 begun as ordered in paragraph 2 of this judgment, together with
7 interest thereon at the rate of eight percent per annum from the
8 date the increments were earned until paid.

9 4. The State of Alaska and the Commissioner of Admini-
10 stration shall provide all present and former state employees
11 receiving payments pursuant to this judgment with a statement
12 showing the pay period and tax year during which all increments
13 were earned to assist the employee in determining what monies he
14 is receiving and how they were calculated.

15 5. The plaintiffs shall recover from the State of
16 Alaska their costs and attorney fees of \$ _____.

17 DATED: Sept. 10, 1974

18 Thomas B. Atkinson
19 Superior Court Judge

20
21
22 Copy received and approved
23 as to form and substance,
24 this 2nd day of September,
25 1974.

26 Kenneth Loren Lyness
27 Attorney for Defendants

28 STATE OF ALASKA
29 FIRST JUDICIAL DISTRICT

30 I, the undersigned, certify that this is a true and full copy of an
31 original document on file in the Superior Court, First Judicial District,
32 State of Alaska.

Witness my hand and the seal of this court this 25th day
of November 1974 at Juneau, Alaska.

33 Judith R. Jones
34 Clerk of the Superior Court
35 Jerry Lee Jones
36 Deputy



Alaska State Legislature
House

JUNEAU ALASKA

M E M O R A N D U M

TO: Ron Lind
Deputy Director
Budget and Management

DATE: January 31, 1975

FROM: Hugh Malone
Chairman
House Finance Committee

SUBJ: House Bill 82

Could you please supply the House Finance Committee with the following information:

1. A fair estimate, plus or minus 10%, of the amount of interest due on the longevity increment increases as of February 1, 1975.
2. How many people will be receiving payments under APEA vs. State of Alaska.
3. How many of these people still work for the State of Alaska.
4. A copy of the numbers of personnel involved by agency.

I would appreciate it if you could have this information available to the committee by Wednesday, February 5, 1975.

A handwritten signature in cursive script that reads "H Malone".


HM/sd



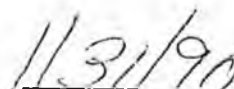
RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.



Signature of Camera Operator



Date

COMMITTEE REPORT

SENATE

2/27/75

Mr. President:

Date _____

The Committee on FINANCE has had CSHB 82 special appropriation to the Department of Administration 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)
- () 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:

<u>Earl Kray</u>	<u>Holman</u>	_____
<u>John Williams</u>	<u>Poland</u>	_____
_____	_____	_____
<u>Gene Chance</u>	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Earl Kray Chairman

HB 82

100-100000: 10743
100-100000: 10743

January 27, 1975

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

Pursuant to the Uniform Rules of the Legislature, I am transmitting a bill making a special appropriation to the Department of Administration for \$490,600.

AS 39.27.022 contains provisions requiring pay increments to State employees for longevity employment commencing July 1, 1972. A recent court decision has ruled that the State's previous interpretation of this law was incorrect, and has required that the State correct underpayments for the previous years. The amount that was held to be due is \$409,600. Interest in the amount of eight percent a year must be paid on that amount and until payment is made, the amount required for interest will not be known.

Sincerely,

Jay S. Hammond
Governor

COMMITTEE COPY

MEMORANDUM

State of Alaska

TO: FILE

DATE: January 29, 1975

FILE NO:

TELEPHONE NO:

Repl
FROM: Ronald B. Lind, Deputy Director
Division of Budget and Management
Department of Administration

SUBJECT: House Bill 82

The Superior Court for the State of Alaska ordered on November 24, 1974 that the State of Alaska change the way in which it had been considering longevity increases under AS 39.27.022(b) and make retroactive payments, including interest, to the people affected.

State agencies have researched their records and accumulated \$490,600 in payments due employees and former employees. This supplemental will provide funding for these payments and details of the amounts due are available from the Division of Finance, Department of Administration.

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA
FIRST JUDICIAL DISTRICT AT JUNEAU

ALASKA PUBLIC EMPLOYEES)
ASSOCIATION, et al.,)
)
Plaintiff,)
)
vs.)
)
STATE OF ALASKA and)
COMMISSIONER OF ADMINISTRATION,)
JOSEPH R. HENRI,)
)
Defendant.)

RECEIVED

NOV 26 1974

DIV. OF PERSONNEL
DIRECTOR'S OFFICE

C. A. No. - 72-298

JUDGMENT

The Alaska Public Employees Association and Don H. .
Strode filed an appeal from the judgment of this court entered
on May 3, 1973. The Supreme Court, in an opinion dated July 29,
1974, reversed the judgment of the Superior Court. Pursuant to
that opinion and the Mandate of the Supreme Court dated August 9,
1974,

IT IS ORDERED, that:

1. The \$750.00 appeal bond shall be returned to the plaintiffs.
2. The State of Alaska and the Commissioner of Administration, Richard W. Freer, shall cease withholding longevity pay increments from state employees and shall begin paying such increments as provided for in A.S. 39.27.022(b) as soon as the individual employee has served the requisite four, nine and thirteen years as provided in the statute, without regard to the effective date of the act. In calculating the four, nine and thirteen year eligibility periods the State shall count time spent in the final step before July 1, 1972, as well as time spent in the final step after that date.

FAULKNER, PANFIELD, DOOGAN, GROSS & HOLMES
SUITE 201, 811 FRANKLIN ST. PHONE (907) 586-2216
JUNEAU, ALASKA 99801

PAULKRIET, BAIFIELD, BOGDAN, CROSS & HOLMES
SUITE 201, 811 FRANKLIN ST. PHONE (907) 552-2123
JULIEAU, ALASKA 99501

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3. The State of Alaska and the Commissioner of Administration shall also pay to eligible present and former state employees the longevity pay increments earned but not paid under A.S. 39.27.022(b) during the period from July 1, 1972 to the date regular periodic payments of longevity pay increments are begun as ordered in paragraph 2 of this judgment, together with interest thereon at the rate of eight percent per annum from the date the increments were earned until paid.

4. The State of Alaska and the Commissioner of Administration shall provide all present and former state employees receiving payments pursuant to this judgment with a statement showing the pay period and tax year during which all increments were earned to assist the employee in determining what monies he is receiving and how they were calculated.

5. The plaintiffs shall recover from the State of Alaska their costs and attorney fees of \$ _____.

DATED: Sept. 10, 1974

Thomas B. Stewart
Superior Court Judge

Copy received and approved as to form and substance, this 2nd day of September, 1974.

Thomas B. Stewart
Attorney for Defendants

STATE OF ALASKA
FIRST JUDICIAL DISTRICT

I, the undersigned, certify that this is a true and full copy of an original document on file in the Superior Court, First Judicial District, State of Alaska.

Witness my hand and the seal of this court this 25th day of November, 1974 at Juneau, Alaska.

Judith R. Jones
Clerk of the Superior Court

By Jerry Lee Jones
Deputy

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF ADMINISTRATION

DIVISION OF BUDGET & MANAGEMENT POUCH C — JUNEAU 99801

February 5, 1975

The Honorable Hugh Malone
Chairman
House Finance Committee
Pouch V
Juneau, Alaska 99811

Re: House Bill 82

Dear Representative Malone:

The following information is supplied in response to your inquiry of January 31, 1975, concerning matters related to House Bill 82.

The principal portion of the obligation, which was previously cited as being approximately \$490,600, has been lowered to \$482,000. This overstatement was caused by a double counting of a correction of data previously submitted by an agency.

1. Estimate of interest due as of February 1, 1975

The array of variables involved complicates calculation of the interest due. In effect, the problem involves about 465 small loans different sizes which run for a variety of time spans. The discussion that follows is based upon preliminary information received from the agencies which employ(ed) the personnel affected by the court decision. Two techniques were used to estimate the amount of interest due:

A. Approximately twenty percent of the individual cases were sampled to determine the duration of their eligibility for the retroactively effective pay increases. The length of eligibility characteristics of the twenty percent sample were extrapolated to the whole group of eligibles and incorporated into a calculation of the interest due them as shown in tables 1 and 2.

Table 1: Estimate of Interest Due Through October, 1974

<u>Length of Retroactive Eligibility</u>	<u>Estimated % of Total Cases</u>	<u>Pro-rated Principal Amount</u>	<u>Monthly Interest x Factor*</u>	<u>Number of Months</u>	<u>Estimated Interest</u>
24-26 months	38%	\$183,160	.0066	26	\$31,430
18-23 months	28%	134,960	.0066	19	16,923
1-17 months	34%	163,880	.0066	7	7,571
TOTALS	100%	\$482,000			\$55,924

*8% annual interest divided by 12 months = .066% per month.

Table 2: Estimate of Interest Due for Nov., Dec. 1974 & Jan. 1975

Principal	x	Monthly Interest	x	Months	=	Estimated Interest
\$482,000	x	.066	x	3	=	\$9,543

Using this technique the total estimated interest due is the sum of the amounts shown in Tables 1 and 2 which is \$65,467.

B. The second method used to estimate the amount of interest due was based upon the assumption that the accrual of the principal was a linear function. The total known principal obligation was divided by the number of months (26) during which the obligation was accrued. The interest outstanding on the total principal accumulated by the end of each of those twenty six months and those elapsing since September 1974, was calculated. The sum of the calculated increments of interest is \$60,250. This is about \$5,217 less than the interest calculated via method (A) above. This is to be expected because the accumulation of the obligation was not in fact linear, there being a large number of persons whose eligibility started at the outset of the time span involved and continued to the end of that span. The higher number is probably the more valid of the two as it considers the non-linear nature of the accumulation.

2. Number of people to receive payments under the APEA vs. State of Alaska decision.

The number of currently identified recipients is 465. This number is subject to minor increases due to the possible discovery of additional eligible individuals.

3. Number of recipients who still work for the State.

The currently identified recipients fall in the following categories:

Current employees	394
Retired	47
Terminated	20
Deceased	4
TOTAL	465

4. Number of recipients by employing agency.

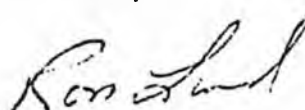
<u>Agency</u>	<u>Recipients</u>
Office of the Governor	1
Department of Administration	9
Department of Law	3
Department of Revenue	15
Department of Education	6

February 5, 1975

Department of Health and Social Services	82
Department of Labor	26
Department of Commerce	5
Department of Military Affairs	7
Department of Natural Resources	15
Department of Fish and Game	29
Department of Public Safety	18
Department of Public Works	40
Department of Highways	203
Department of Economic Development	1
Department of Environmental Conservation	2
State-Operated Schools	2
Department of Community & Regional Affairs	<u>1</u>
TOTALS	465

I hope the above information will adequately answer the questions posed by your January 31, 1975, memorandum. Please contact me if you require additional information.

Sincerely,



Ron Lind, Deputy Director

January 27, 1975

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

Pursuant to the Uniform Rules of the Legislature, I am transmitting a bill making a special appropriation to the Department of Administration for \$490,600.

AS 39.27.022 contains provisions requiring pay increments to State employees for longevity employment commencing July 1, 1972. A recent court decision has ruled that the State's previous interpretation of this law was incorrect, and has required that the State correct underpayments for the previous years. The amount that was held to be due is \$409,600. Interest in the amount of eight percent a year must be paid on that amount and until payment is made, the amount required for interest will not be known.

Sincerely,

Jay S. Hammond
Governor

COMMITTEE COPY

RECORDED: 10762
CLASSIFIED: 51112

January 27, 1975

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

Pursuant to the Uniform Rules of the Legislature, I am transmitting a bill making a special appropriation to the Department of Administration for \$490,600.

AS' 39.27.022 contains provisions requiring pay increments to State employees for longevity employment commencing July 1, 1972. A recent court decision has ruled that the State's previous interpretation of this law was incorrect, and has required that the State correct underpayments for the previous years. The amount that was held to be due is \$409,600. Interest in the amount of eight percent a year must be paid on that amount and until payment is made, the amount required for interest will not be known.

Sincerely,

Jay S. Hammond
Governor

COMMITTEE COPY

Original sponsor: Rules Committee by
request of the governor

Offered: 2/7/75
Referred: Rules

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 82

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Administration; and providing for an effective
8 date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. The sum of \$482,000 and interest on that amount, at eight
11 per cent a year from the date the increments were earned until the date of
12 payment, is appropriated from the general fund to the Department of Adminis-
13 tration for the payment of pay increments due from past years to state
14 employees for longevity employment under AS 39.27.022.

15 * Sec. 2. The unexpended and unobligated portion of this appropriation
16 lapses into the general fund June 30, 1975.

17 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
18 070(c).

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Original sponsor: Rules Committee by
request of the governor

Offered: 2/7/75
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 82

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

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12 payment, is appropriated from the general fund to the Department of Adminis-
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Original sponsor: Rules Committee by
request of the governor

Offered: 2/7/75
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 82

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

NINTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making a special appropriation to the Department of Administration; and providing for an effective date."

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10

* Section 1. The sum of \$482,000 and interest on that amount, at eight per cent a year from the date the increments were earned until the date of payment, is appropriated from the general fund to the Department of Administration for the payment of pay increments due from past years to state employees for longevity employment under AS 39.27.022.

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* Sec. 2. The unexpended and unobligated portion of this appropriation lapses into the general fund June 30, 1975.

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* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-070(c).

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Introduced: 1/27/75
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 82

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Administration; and providing for an effective
8 date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. The sum of \$490,600 and interest on that amount, at eight
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13 stration for the payment of pay increments due from past years to state
14 employees for longevity employment under AS 39.27. 022.

15 * Sec. 2. The unexpended and unobligated portion of this appropriation
16 lapses into the general fund June 30, 1975.

17 * Sec. 3. This Act takes effect immediately in accordance with AS 01.
18 10.070(c).

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Introduced: 1/27/75
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 82

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Administration; and providing for an effective
8 date."

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