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service. The relationship between the annual revenue requirement and the annual cost of service can be expressed algebraically as:  $R = E + D + T + r(VP - AD)$ , where (R) is revenue requirement; (E) is operating expenses; (D) is depreciation; (T) is income taxes; (r) is the fair return; (VP) is the gross value of the assets; and (AD) is accumulated depreciation. The return component, r, is typically defined as:  $r = i\left(\frac{D}{C}\right) + k\left(\frac{E}{C}\right)$ , where (r) is the fair rate of return; (i) is the cost of debt capital; (D) is the amount of debt capital; (k) is the cost of equity capital; (E) is the amount of equity capital; and (C) is the amount of total capital.

Although the algebraic expressions provide convenient means of capsulizing the cost of service approach, it must be understood that each of the terms in the expression is subject to numerous interpretations and methods of calculation. The purpose of Task A.2 is to describe fully the cost of service approach, its relationship to the theory and objective of regulation, to identify alternative interpretations and methods of calculation, and the data necessary for calculating each of the cost components.

This task will also involve a discussion of such topics as the use of a test period to estimate revenues and costs. Within this discussion emphasis will be placed on the concepts of a modified and fully adjusted test

period and their relationship to such factors as the elasticity of demand, economic growth, productivity, inflation and technological change.

Task A.3, when completed, will set forth an in-depth discussion and analysis of the various methods which have been either proposed or are in use by regulatory agencies to determine the assets which are used and useful in providing service (rate base) and the depreciation relative to the rate base to be allowed as an operating expense. Each of these methods will be discussed with regard to their consistency with the theory of regulation, the ease with which the method can be used and the impact on rate levels as a result of using the method.

Task A.4 will involve a detailed explanation of the cost of capital approach to the determination of the fair rate of return. Primary emphasis will be placed on the determination of the cost of equity capital through an explanation of the use of such indicators as comparable earnings, discounted cash flow, price/earnings ratios, market/book ratios, and coverage ratios. In addition, the analysis will consider such issues as the appropriateness of the capital structure, the reasonableness of interest costs, the relationship between rate base and capitalization and the dichotomy between business and financial risk.

Task A.5 will address the question of how regulation should insure that the expenses claimed by regulated companies for ratemaking purposes were incurred under honest, efficient and prudent management. The specific issues to be addressed include, but are not limited to, the treatment of research and development expenses, advertising and promotional expenses, expenses for services provided by affiliated companies, and administrative and/or overhead costs.

Task A.6 will focus on theoretical and applied procedures for distributing the overall cost of service (Task A.2) among the various customers. In the case of pipelines, customers are truly point to point (origin-destination) movements. The two philosophies to be explored with regard to rate structure or tariff design are value of service pricing and cost of service pricing. The former rests on the premise that cross-subsidization is necessary to maximize aggregate social benefits while the latter argues that social benefits can only be maximized when all rates reflect costs. The advantages and disadvantages of each of these approaches, as well as their comparative merits, will be fully explored.

With regard to the cost of service pricing philosophy, a detailed discussion will be presented on the difference between marginal (incremental) and fully distributed (average)

costs, the ratemaking appropriateness of the respective concepts, how the costs should be determined in each case, and the impact on rate levels resulting from each of the cost concepts.

Task A.7, the final major task, will involve a review of the impact of certain significant accounting and/or regulatory policies. These will include, but not be limited to, policies related to automatic adjustment clauses, construction work in progress, reserve capacity, interest during construction, and normalization versus flow-through.

#### B. Phase II

This phase of the study will (1) set forth the regulatory policy and practice recommendations of the Consultant based on the work conducted in Phase I; (2) present the results of a cost of service analysis of the Trans Alaska Pipeline conducted in accordance with the recommended regulatory policies and procedures; and (3) present and analyze the results of a cost of service study of the Trans Alaska Pipeline based on practices heretofore used by the Interstate Commerce Commission.

Phase II will be prepared in the format of question and answer testimony with supporting exhibits in anticipation that it will be eventually offered in a

regulatory proceeding either before the Commission or some other regulatory body.

Task B.1 will involve a detailed identification of the regulatory policies and practices recommended by the Consultant and a comprehensive discussion of the basis for those recommendations. Phase I, therefore, provides the foundation upon which the "testimony" in Phase II will invariably rest.

Task B.2, given that the required cost data is provided by Trans Alaska Pipeline and that investigations are completed,<sup>2</sup> will involve an application of the recommended policies and practices to the Trans Alaska Pipeline. The specific issues which the testimony will address with regard to the Pipeline and a finding reached include:

- (1) its overall cost of service and revenue requirement;
- (2) the proper rate base and depreciation;
- (3) the allowable expenses for ratemaking purposes;
- (4) the fair rate of return to be allowed; and
- (5) the appropriate level and structure of rates.

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<sup>2</sup>The Consultant will be unable to complete Phase II until all necessary data are provided. In this regard, it may be necessary for the Consultant, working in conjunction with the Commission, to file interrogatories with the Trans Alaska Pipeline.

To the extent that any investigations are not completed, the corresponding results obviously cannot be considered in Phase II. The Consultant will stay abreast of the investigations being conducted in Alaska as well as those of the Interstate Commerce Commission, the General Accounting Office, and the Department of Transportation.

Task B.3 will consist of work paralleling that performed in Task B.2, except that it will be conducted employing the practices which have been used by the Interstate Commerce Commission to regulate oil pipelines. The purpose of this task is not only to show the impact of such policies, but also how such policies have developed. Additionally, work on this task will explore the rationale for ICC decisions in the past and the extent to which it has regulated oil pipelines.

### III. MANAGEMENT PLAN<sup>3</sup>

The study project will be directed by Michael J. Ileo,<sup>4</sup> President of Technical Associates, Inc. In this role, he will be involved on a day-to-day basis in the technical direction of the project. Under the supervision of Dr. Ileo, primary responsibility for the completion of Phase I will rest with Mr. David C. Parcell while Mr. Joe S. McKnight will assume the responsibility for completion of Phase II.

The task leaders have been chosen so as to insure the proper mix of skills. Each task leader is a senior level professional accustomed to directing efforts of similar complexity. It is recognized that the efforts within the individual tasks are interactive and the entire team is accustomed to working together toward a common objective.

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<sup>3</sup>See Appendix A for resumes of the Project Staff.

<sup>4</sup>The Consultant anticipates that all expert testimony will be provided by Dr. Ileo and Mr. Parcell.

Task leaders and groups for Phase I of the study project are:

Task A.1 - David C. Parcell

Task A.2 - James R. Marchand

Task A.3 - Michael J. Ileo, Kenneth C. Strobl

Task A.4 - David C. Parcell, James R. Marchand

Task A.5 - Russel D. Thorell, Joe S. McKnight

Task A.6 - Michael J. Ileo, Neale M. Robertson

Task A.7 - Russel D. Thorell

Data Research and

Technical Support - Susan L. Hiser, Alan D. Haymes,  
Jeanne Magro, and Robert E. Hammack

Task leaders and groups for Phase II of the study project are:

Task B.1 - Michael J. Ileo, David C. Parcell and  
Joe S. McKnight

Task B.2 - James R. Marchand, Russel D. Thorell,  
David C. Parcell, Joe S. McKnight

Task B.3 - Neale M. Robertson, Kenneth C. Strobl  
and Michael J. Ileo

Data Research and

Technical Support - Susan L. Hiser, Alan D. Haymes,  
Jeanne Magro, and Robert E. Hammack

Tables 1 and 2, respectively, show the timeframe proposed by the Consultant for completing the tasks in Phases I and II. As indicated, the tasks in Phase I can largely be conducted simultaneously once Task A.1 is underway. The largest effort will be required in completing Task A.6. The Consultant proposes to complete Phase I by

submitting a preliminary draft of the study to the Commission four months after a contract is awarded. A final draft of the study will be submitted fifteen days after the Consultant receives the comments of the Commission on the preliminary draft.

As shown in Table 2, Task B.1 will be completed simultaneously with the completion of Phase I, after Commission review. Tasks B.2 and B.3 can begin very shortly after a contract is awarded; the initial efforts will involve data collection and organization. It is proposed that the Consultant will submit the completed Phase II in question and answer testimony form seven months after the date of contract award.

#### IV. COST PROPOSAL

Tables 3 and 4, respectively, present the Consultant's cost estimates for services rendered in completing Phases I and II. As shown in Table 3, the Consultant estimates that Phase I will require 1,980 person hours to complete at an estimated cost of \$56,600. As noted in the Table, the estimate covers all costs incurred by the Consultant except travel and per diem. In Phase I, one trip to Alaska during December for Dr. Ileo and Mr. Parcell will be necessary to testify as to the study design. It is estimated that this cost will be approximately \$1,500.

Table 4 shows the Consultant's cost estimate for services rendered in completing Phase II. As indicated, it is estimated that the work effort will involve 6,040 person hours at a cost of \$160,740. The nature of travel and per diem expenditures is indeterminate at this time, except that at least one trip to Alaska for several days will be necessary to briefly inspect the Trans Alaska Pipeline.

The total cost of Phases I and II is estimated to be \$217,340 with a total work effort of 8,020 hours or roughly 4 person years. The estimate provides for the delivery of ten copies of both the final reports of Phases I and II. The estimate does not provide for the actual presentation of testimony other than the presentation in December. A separate contract would be required for such services, but at the same billing rates.

Since the Commission has expressed an interest in a range for the cost estimate, the Consultant has taken a 5 percent variance about its estimate. Consequently, the estimated total cost of the study is in the range of \$206,473 to \$228,207.

TABLE 1  
TIME FRAME OF TASKS FOR PHASE I <sup>1)</sup>

TASK	MONTHS AFTER CONTRACT AWARD							
	1	2	3	4	5	6	7	8
A.1	_____							
A.2		_____						
A.3		_____						
A.4		_____						
A.5			_____					
A.6		_____						
A.7		_____						

- 1) Work effort contemplated to begin by the first of November, 1976.
- 2) Preliminary draft of report due to Commission by March 1, 1977 for review.
- 3) Reviewed preliminary draft report with comments, due to Technical Associates by March 15, 1977.
- 4) Submission of final report due to Commission April 1, 1977.

TABLE 2  
TIME FRAME OF TASKS FOR PHASE II <sup>1)</sup>

TASK	MONTHS AFTER CONTRACT AWARD							
	1	2	3	4	5	6	7	8
B.1								
B.2								
B.3								2)

- 1) Time frame of Phase II Tasks to be contingent on the commencement of Phase I on the first of November, 1976.
- 2) Submission of Phase II report due to Commission by June 1, 1977.

TABLE 3

## COST ESTIMATE FOR COMPLETION OF PHASE I

Task	Consultant	Estimated Hours	Hourly Billing Rate <sup>1</sup>	Cost	Totals
A.1	M. J. Ileo	40	\$40	\$1600	\$6,890
	D. C. Parcell	80	36	2880	
	Research & Technical Support	100	15	2400	
	Secretarial Support	10	10	100	
A.2	M. J. Ileo	40	\$40	\$1600	\$7,320
	D. C. Parcell	40	36	1440	
	J. M. Marchand	80	36	2880	
	Research & Technical Support	80	15	1200	
	Secretarial Support	20	10	200	
A.3	M. J. Ileo	100	\$40	\$4000	\$11,040
	D. C. Parcell	40	36	1440	
	K. C. Strobl	160	30	4800	
	Research & Technical Support	40	15	600	
	Secretarial Support	20	10	200	
A.4	M. J. Ileo	20	\$40	\$ 800	\$4,380
	D. C. Parcell	40	36	1440	
	J. M. Marchand	40	36	1440	
	Research & Technical Support	40	15	600	
	Secretarial Support	10	10	100	
A.5	M. J. Ileo	20	\$40	\$ 800	\$8,380
	D. C. Parcell	20	36	720	
	R. D. Thorell	120	36	4320	
	J. S. McKnight	40	36	1440	
	Research & Technical Support	60	15	900	
	Secretarial Support	20	10	200	

TABLE 3

COST ESTIMATE FOR COMPLETION OF PHASE I  
(CONTINUED)

Task	Consultant	Estimated Hours	Hours Billing Rate <sup>1</sup>	Cost	Totals
A.6	M. J. Ileo	80	\$40	\$3200	\$10,520
	D. C. Parcell	20	36	720	
	N. M. Robertson	160	30	4800	
	Research & Technical Support	100	15	1500	
	Secretarial Support	30	10	300	
A.7	M. J. Ileo	20	\$40	\$ 800	\$ 7,980
	D. C. Parcell	20	36	720	
	R. D. Thorell	160	36	5760	
	Research & Technical Support	40	15	600	
	Secretarial Support	10	10	100	
TOTAL		\$1,980			\$55,600 <sup>2</sup>

<sup>1</sup>Hourly billing rates include overhead and profit.<sup>2</sup>Does not include travel and per diem -- to be determined on out-of-pocket expenses based on necessary travel to be prescribed by the Commission.

TABLE 4

## COST ESTIMATE FOR COMPLETION OF PHASE II

Task	Consultant	Estimated Hours	Hours Billing Rate <sup>1</sup>	Cost	Totals
B.1	M. J. Ileo	40	\$40	\$1600	\$ 4,680
	D. C. Parcell	40	36	1440	
	J. S. McKnight	40	36	1440	
	Secretarial Support	20	10	200	
B.2	M. J. Ileo	280	\$40	\$11,200	\$85,440
	J. R. Marchand	400	36	14,400	
	R. D. Thorell	320	36	11,520	
	D. C. Parcell	280	36	10,080	
	J. S. McKnight	640	36	23,040	
	Research & Technical Support	800	15	12,000	
Secretarial Support	320	10	3,200		
B.3	M. J. Ileo	280	\$40	\$11,200	\$76,200
	J. S. McKnight	320	36	11,520	
	N. M. Robertson	520	30	15,600	
	K. C. Strobl	520	30	15,600	
	Research & Technical Support	900	15	13,500	
Secretarial Support	320	10	3,200		
TOTAL		6,040			\$160,740 <sup>2</sup>

<sup>1</sup>Hourly billing rates include overhead and profit.

<sup>2</sup>Does not include travel and per diem -- to be determined on out-of-pocket expenses based on necessary travel to be prescribed by the Commission.

APPENDIX A

VITAS OF PROJECT STAFF

MICHAEL J. ILEO  
President

EDUCATION

1969-1972 Ph.D., Economics, Virginia Polytechnic Institute and State University (Blacksburg)  
1967-1969 Graduate Economics, University of Missouri (Columbia)  
1965-1967 M.S., Economics, University of Rhode Island (Kingston)  
1963-1965 B.S., Business Economics, University of Rhode Island (Kingston)  
1961-1963 A.S., Accounting, Roger Williams College, Bristol, Rhode Island

POSITIONS

1972-Present President, Technical Associates, Inc.  
1971-1972 Vice President, Technical Associates, Inc.  
1969-1971 Research Economist, Technical Associates, Inc.  
1968-1969 Research Associate, Department of Electrical Engineering, University of Missouri (Columbia)  
1967-1968 Economics Instructor, Department of Economics, University of Missouri (Columbia)  
1965-1967 Consulting Economist, Monsanto Chemical Company

EXPERIENCE

Monetary Economics - Conducted profitability, feasibility and expansion studies for a number of banks and savings and loan associations. Advised other financial institutions on interest rate structure and loan maturity. Presented expert testimony before the Regional Administrator of National Banks and the Virginia State Corporation Commission with respect to certificates for need and convenience, permissible interest rates and term to maturity for loans. Published law review articles on banking questions.

Utility Economics - Testified before many state and Federal regulatory commissions in numerous rate proceedings concerned with electric, gas, water and telephone utilities. Testimony dealt with cost of capital, cost of service, and rate design including marginal cost and peak load pricing. Published a law review article on utility regulation in Virginia.

Environmental & Social Economics - Supervised a research team that developed a computer model (benefit/cost framework) for selecting corridors (via a search technique) which minimize social costs including environmental costs. Developed a benefit/cost model for evaluating alternative projects for reducing recidivism among juvenile delinquents. Supervised a research team which developed a benefit/cost model for assessing the social impact of rail abandonment on local communities.

Transportation Economics - Conducted cost of service studies to assess profitability of oil pipelines, trucks, taxicabs and railroads. Analyses have been presented before the Interstate Commerce Commission in rate proceedings. Served as a consultant to the Rail Services Planning Office on the reorganization of rail service in the U.S.

Energy Economics - Conducted studies on the relationship between utility pricing practices and the demand and supply of oil for residential heating purposes. Analyzed the relative energy efficiencies of rail versus truck transportation. Conducted studies of the structure and performance of the petro-chemical industry.

MEMBERSHIPS

American Economic Association  
Western Economic Association  
Southern Economic Association  
American Risk and Insurance Association  
American Academy of Political & Social Studies

DAVID PARCELL  
Vice President

EDUCATION

1969-1970 M.A., Economics, Virginia Polytechnic Institute and State University, (Blacksburg)  
1965-1969 B.A., Business Economics, Virginia Polytechnic Institute and State University (Blacksburg)

POSITIONS

1972-Present Vice President, Technical Associates, Inc.  
1969-1972 Research Economist, Technical Associates, Inc.  
1968-1969 Research Associate, Department of Economics, Virginia Polytechnic Institute and State University (Blacksburg)

EXPERIENCE

Monetary Economics - Conducted profitability, feasibility and expansion studies for a number of banks and savings & loan associations. Advised other financial institutions on interest rate structure and loan maturity. Served as consultant to the Virginia Bureau of Banking and U. S. Department of Justice on the Economics of bank expansion and anti-trust economics. Presented expert testimony before the Regional Administrator of National Banks and the Virginia State Corporation Commission with respect to certificates for need and convenience for organizing banks, savings and loan associations, and branches.

Utility Economics - Testified before the Federal Power Commission and several state utility commissions in numerous rate proceedings concerned with electric, gas, water and telephone utilities. Testimony dealt with cost of capital, rate of return and other matters.

Environmental & Social Economics - Participated in a research team that developed a computer model (benefit/cost framework) for selecting corridors (via a search technique) which minimize social costs including environmental costs. Developed a benefit/cost model for evaluating alternative projects for reducing recidivism among juvenile delinquents. Participated in a research team which developed a benefit/cost model for assessing the social impact of rail abandonment on local communities.

Transportation Economics - Conducted cost of service studies to assess profitability of oil pipelines, trucks, taxicabs and railroads. Analyses have been presented before the Interstate Commerce Commission in rate proceedings. Served as a consultant to the Rail Services Planning Office on the reorganization of rail service in the U. S.

Energy Economics - Conducted studies on the relationship between utility pricing practices and the demand and supply of oil for residential heating purposes. Analyzed the relative energy efficiencies of rail versus truck transportation. Also conducted studies on rate design, including marginal cost pricing and peak load pricing.

Risk & Insurance - Served as a consultant to the Virginia Bureau of Insurance on property and liability insurance ratemaking.

Other Feasibility Studies - Conducted feasibility studies for other business enterprises, including shopping centers, nursing homes and housing developments.

MEMBERSHIPS

American Economic Association  
American Marketing Association  
National Association of Business Economists  
Virginia Association of Economists

JOE S. MCKNIGHT  
Consultant

EDUCATION

1958-1964    Advanced graduate studies in Management and Economics, Texas  
                  Christian University  
1957         M.S., Industrial Psychology, Oklahoma State University  
1954         B.S.C., Business Administration, Oklahoma State University

POSITIONS

1975-Present    Consultant, Technical Associates, Inc.  
1967-1975      NUS Corporation  
1957-1967      General Dynamics Corporation, Management Systems Specialist  
1955-1957      Montgomery Ward and Company, Industrial Engineer

EXPERIENCE

Utility and Transportation Economics - Directed project to assess the structure and performance of the Bureau of Insurance, Virginia State Corporation Commission. Analysis of utility load forecasts and the need for transmission line expansions. Study and preparation of testimony on the question of railroad branch line abandonment. Major participant in the development of the Connecticut state rail plan. Review of numerous state rail plans for Rail Services Planning Office, Interstate Commerce Commission.

General Economics - Served as a lecturer in Economics at Texas Christian University. Managed Cost and Economics Section of large Operations Research Group supervising studies in cost estimating, cost-effectiveness trade-off studies and cost forecasting mathematical models. Supervised or conducted economic development, urban and regional development, and economic impact studies. Conducted socio-economic impact studies for a variety of proposed utility, petrochemical and transportation systems.

Corporate Management - Responsible for division financial performance; establishing current and long range divisional objectives, plans, policies and budgets consistent with corporate objectives; representing division and corporation with clients and public; directing, administering and coordinating divisional and interdivisional activities. Responsible for developing and maintaining sound organizational structure and management development program.

Management Consulting - Served as senior consultant and directed studies in a variety of management areas including financial planning, industrial engineering, management information systems, marketing and market research, personnel management and executive development, organizational planning and records management.

Systems Analysis - As Manager of the Systems Development Group held corporate responsibility for sales and technical activities in the areas of operations research, assurance engineering, configuration management, and systems engineering. Also responsible for several studies in environmental planning and water resources.

MEMBERSHIPS

American Management Association  
Operations Research Society of America  
American Economic Association

JAMES R. MARCHAND  
Research Economist

EDUCATION

1970-1973 Ph.D. Economics, Virginia Polytechnic Institute and State University (Blacksburg)  
1966-1970 Graduate Economics, University of California (San Diego)  
1962-1966 B.A., Mathematics, Economics Minor, University of California (Riverside)

POSITIONS

1975-Present Assistant Professor, Economics, Virginia Commonwealth University, (Richmond)  
1971-1975 Assistant Professor, Economics, California State University, (Northridge)  
1970-1971 Instructor, Economics, Virginia Polytechnic Institute and State University  
1970-Present Research Economist, Technical Associates, Inc. (Richmond, Virginia)  
1970 Economic Consultant, State of Virginia  
1967-1970 Research Assistant, U. S. Treasury, Washington, D. C.  
1966-1968 Instructor, Economics, University of California (San Diego)  
1966 Research Assistant, University of California (Riverside)

EXPERIENCE

Environmental Economics - Research on the effects of and the correction of externalities in supply, unpublished doctoral dissertation. Publications in *American Economic Review*, Sept. 1973, "Externalities, Liability Separability and Resource Allocation", "Externalities, Liability, Separability and Resource Allocation, Reply", Sept. 1975. Development of a linear programming model for land-use planning under environmental constraints. Preparation of an upper division undergraduate textbook on environmental economics.

Utility Economics - Preparation of testimony on the effects and need for incremental cost pricing for presentation before several utility commissions. Preparation of rate structure reflecting incremental cost for Virginia utilities. Testimony before U. S. and Pennsylvania legislatures on electricity rate structures.

Energy Economics - Analysis of the effects of the gas and electric utility pricing on the consumer petroleum market. Study of promotional practices of gas and electric utilities and their effect on the home heating oil market.

Economics of Crime - Assisted in the preparation of a survey of the facilities of the original justice system in Virginia. Development of price indexes for the illicit heroin market as a measure of the effectiveness of law enforcement.

International Economics - Analysis of the effects of the proposed legislation on tariffs, subsidies, and monetary institutions. Econometric estimation of import and export demand equations.

Monetary Economics - Analysis of the need for branch banks and new bank facilities in the state of Virginia. Testified on branch applications before the Virginia State Corporation Commission.

Economics of Industrial Organization - Preparation of statistics on industrial concentration and structure.

MEMBERSHIPS

American Economics Association  
Public Choice Society  
National Tax Association

RUSSELL D. THORILL  
ASSOCIATE CONSULTANT

EDUCATION

1951-1956 B.S., Accounting, University of Illinois  
1957 Certified Public Accountant

EXPERIENCE

1976-Present Consultant to Federal Power Commission on price level accounting and ratemaking policy

1974-1976 Deputy Chief, Bureau of Natural Gas, Federal Power Commission. Worked with Commission for the Bureau in formulating policies and programs particularly on rate matters. Supervised cases pertaining to special relief, optional pricing, cost allocations, limited-term certificates and other cases involving gas pricing. Conducted investigation for Commission and testified as an expert witness.

1973-1974 Consultant to Federal Price Commission. Worked with Commission in developing policies, programs and regulations applicable to regulated industries and succeeded in guiding them to a reasonable program. Testified as an expert witness for Commission in case against the New England Motor Rate Bureau.

1972-1973 Research Associate, National Association of Regulatory Utility Commissioners. Conducted studies on regulatory policy.

Consultant to Union Carbide. Provided expert testimony in rate proceeding before the Interstate Commerce Commission.

1968-1972 Managing Partner, TCM Associates. Development and management of financial holdings which included farmland, cattle and rental properties.

1956-1968 Accountant, Arthur Anderson & Co.

Home Office - Special studies and assignments for the Firm Chairman, Partner in Charge of Firm-Wide Industries and Committee on Accounting Principles and Auditing Procedures (merger studies, rate matters, industry studies, German accounting and Firm policies, etc.).

Chicago Office - Responsibilities for Firm work on assigned clients consisted primarily of maintaining and developing client relationships; preparation and presentation, both written and oral, to management of results of special studies, solutions to problems, and ideas. This work included selection and supervision of men, planning, administering, research, review and finalization and billing and collecting from clients. It also included recruitment, development and training of staff personnel, both individually and through group training (lecturing, preparation of training material, interviews, etc.).

These assignments were primarily in regulated industries and service fields, including partnerships and a subchapter S corporation. Approximately 50% of the work during this period was in connection with accounting and audits and approximately 50% was of a special nature.

Preparation of testimony and exhibits for regulatory proceedings, i.e., rate of return and cost of service studies in gas, electric, telephone and water utilities.

Special studies for management regarding such matters as: tax, regulatory and economic aspects of acquisitions, advisability of continuing certain segments of business; advisability of filing consolidated Federal income tax returns, review and recommendations regarding operations and management of acquired customer billing techniques and procedures; economics of purchasing gas in place; methods of forming joint ventures; studies of property costs and installation of continuing records.

Special studies for Firm: theoretical accounting and research on industry problems, review and recommendations for Firm policies and procedures; research and preparation of opinions for Firm, preparation of articles for publication.

KENNETH C. STROBL  
Engineer

EDUCATION

1972-1973 M.A., Division of Environmental and Urban Systems, Department of Architecture (thesis requirement uncompleted), Virginia Polytechnic Institute and State University (Blacksburg)  
1970-1972 M.S., Department of Engineering, Mechanics, Virginia Polytechnic Institute and State University (Blacksburg)  
1963-1966 B.S., Mechanical Engineering, Tri-State College (Angola, Indiana)  
1960-1963 Undergraduate Mechanical Engineering, Case Institute of Technology (Cleveland, Ohio)

POSITIONS

1973-Present Consulting Engineer, Technical Associates, Inc.  
1972-1973 Research Assistant, Division of Environmental and Urban Systems (Dept. of Architecture), Virginia Polytechnic Institute and State University (Blacksburg)  
1970-1972 Graduate teaching and research assistant, Department of Engineering Mechanics, Virginia Polytechnic Institute and State University (Blacksburg)  
1966-1970 Development Engineer (Mechanical), Special Products Division, Eastman Kodak Company (Rochester, New York)

EXPERIENCE

Environmental And Social Modeling Techniques - Assisted in the development of a benefit/cost framework for evaluating the local community impact of a railroad abandonment. Project manager of a research group that developed a computer model that minimizes environmental, social and technological (construction) costs for selecting utility, transportation, etc. corridors.

Technological and Environmental Computer Modeling - Testified before the State Corporation Commission (Virginia) on technological and environmental aspects of electric utility transmission powerline routing. Testimony dealt with the development and capabilities of a computer model designed initially for this Commission.

Transportation Systems - Served as a consultant to the Rail Service Planning Office (ICC) on the reorganization of rail service activities for the Northeast and Midwest U. S.

Experimental Mechanics - Masters Thesis involved normal two-dimensional photo-elastic stress analysis of laminated (composite) beams as a part of a research effort for the Department of Defense, Watervliet Arsenal.

Information Systems - Designed and supervised data collection processes, formatting, and computer processing for management and engineering information systems.

Engineering Designs and Studies - Responsible for specifications, designs, development, follow-up and implementation (after hardware manufacture) of mechanical equipment. Assisted in studies of the environment and handling techniques in storage for mechanical structures and equipment. Provided technical liaison with sub-contractors for mechanical equipment designs.

Utilities - Presented testimony before the Maryland Public Service Commission on load forecasting and need for transmission line additions.

MEMBERSHIPS

Virginia Society of Professional Engineers



ALAN D. HAYMES  
Economist

EDUCATION

1972-1974 M.A., Economics, Columbia University  
1969-1972 B.A., Economics, Virginia Commonwealth University

POSITIONS

1975-Present Economist, Technical Associates, Inc.  
1966-1969 First Lieutenant, U. S. Army

EXPERIENCE

Utility Economics - Analysis of utilities' costs of service and performance. Specific analysis of rate of return, including system wide and by customer classes. Computations of the cost of service were for the complete utility system and separate classes of customers. Further analysis of the cost of service including the development of rate structures based on the cost of service. Assistance in the preparation of rate of return testimony.

Urban Economics - Research on the dynamics of urban areas. Emphasis was on the dynamic relationship between municipal expenditures for public goods and services and residential location.

Banking - Conducted analysis on the need for bank branches at particular locations. Studies included economic and demographic analysis as well as analysis of the adequacy of existing institutions.

MEMBERSHIPS

American Economics Association  
National Association of Business Economists

JEANNE MAGRO  
Research Associate

EDUCATION

1976-Present Graduate Economics, Virginia Commonwealth University  
1970-1974 B.A., Economics, Vassar College, Poughkeepsie, New York

POSITIONS

1975-Present Research Associate, Technical Associates, Inc.  
1974-1975 Research Assistant, National Economic Research Associates, Inc.,  
New York, New York

EXPERIENCE

Utility Economics - Analysis of current and proposed utility rates. Study of electric utility rate structure alternatives. Assisted in compilation of new and planned electric utility plants. Participated in analysis of "lifeline" rate proposals.

Antitrust Economics - Assisted in preparation of testimony in antitrust proceedings.

Transportation Economics - Collected and analyzed cost of service data in oil pipeline case. Prepared all supporting exhibits for testimony in proceeding before ICC.

Health Economics - Analyzed cost control mechanisms for hospitals. Emphasis was on cost review procedures.

Monetary Economics - Analyzed cost of service, rates and structure for consumer finance industry. Assisted in preparation of an alternative rate structure.

ROBERT E. HANBACK

EDUCATION

1967-1971 B.S., Accounting, Virginia Polytechnic Institute & State University (Blacksburg)

POSITIONS

1974-Present Secretary-Treasurer, Technical Associates, Inc.  
1971-1974 Accountant / Research Associate, Technical Associates, Inc.  
1970-1971 Research Associate, Crime Prevention Systems Corporation

EXPERIENCE

Accounting - Responsible for all corporate accounting functions, including the preparation and supervision of accounting records, tax reports, and statements.

Monetary Economics - Conducted research on profitability, feasibility and expansion studies for a number of banks and savings & loans associations. Assisted in preparation of testimony for the Regional Administrator of National Banks and the Virginia State Corporation Commission.

Utility Economics - Research on testimony in numerous rate proceedings concerned with electric, gas, water and telephone utilities.

Environmental & Social Economics - Participated in a research team that developed a computer model (benefit/cost framework) for selecting corridors (via a search technique) which minimize social costs including environmental costs.

Transportation Economics - Research on cost of service studies to assess profitability of oil pipelines, trucks, taxicabs and railroads.

Energy Economics - Research on studies on the relationship between utility pricing practices and the demand and supply of oil for residential heating purposes. Analyzed the relative energy efficiencies of rail versus truck transportation.

MEMBERSHIPS

American Management Association

7/1/74

Technical Associates, Inc.

WALD, HARKRADER & ROSS  
Alaska Pipeline Contract

Summary Sheet

ALTERNATIVE A

Time	\$300,500 <sup>A/</sup>
Expenses	<u>366,200<sup>B/</sup></u>
	666,700
G&A (21%)	<u>140,007<sup>C/</sup></u>
Total	<u>\$806,707</u>

<sup>A/</sup> See Schedule A attached.

<sup>B/</sup> See Schedule B attached.

<sup>C/</sup> Does not include any attorney's wages or fringes.

SCHEDULE A

Estimated Expenses

January - June 1977

TIME

<u>Name</u>	<u>Title</u>	<u>Rate/Hr.</u>	<u>Est. Hours</u>	<u>Dollar Value of Estimated Time</u>
Lenzner	Attorney	\$ 100	1000	\$ 100,000
Berg	Attorney	65	750	48,750
Watson	Attorney	80	350	28,000
DeOrio	Investigator	40	750	30,000
Ginsberg	Investigator	40	1000	40,000
Caplan	Investigator	30	1000	30,000
McEwen	Paralegal	30	500	15,000
Sadler	Paralegal	35	250	<u>8,750</u>
Total Dollar Value of Estimated Time				<u>\$ 300,500</u>

SCHEDULE B

Estimated Expenses

January - June 1977

EXPENSES (Rounded to nearest \$100)

Equipment:	<u>1/</u>	
3 Lanier Dictators		
1 Lanier Transcriber		
4 Lanier Pocket Dictators		\$ 3,400
Furnished Apartments	<u>2/</u>	10,800
Space/Furniture Rental	<u>3/</u>	- 0 -
Light/Heat	<u>4/</u>	- 0 -
Telephone	<u>5/</u>	6,800
Telecom	<u>6/</u>	8,100
Transportation, Local	<u>7/</u>	3,500
Travel, Air Fare Only	<u>8/</u>	16,700
Duplicating	<u>9/</u>	25,000
Insurance	<u>10/</u>	1,000
Temporary Personnel	<u>11/</u>	8,500
Cleaning & Maintenance	<u>12/</u>	1,000
Travel Allowance (per diem)	<u>13/</u>	37,000
Out-of-pocket	<u>14/</u>	1,300
Court Costs	<u>15/</u>	- 0 -
Court Reporter	<u>16/</u>	14,200
Parking	<u>17/</u>	- 0 -
Computer	<u>18/</u>	- 0 -
Taxes	<u>19/</u>	- 0 -
Storage	<u>20/</u>	1,000
Postage	<u>21/</u>	100
Air Freight	<u>22/</u>	7,800
Disbursements	<u>23/</u>	- 0 -
Professional Services:		
Attorney	<u>24/</u>	20,000
Accountants, Investigators		
& Engineering Consultants	<u>24/</u>	125,000
2 Investigators	<u>24/</u>	<u>75,000</u>
Total Estimated Expenses		<u>\$366,200</u>
Total Estimated Time Expenses		<u>\$666,700</u>

[Footnotes attached]

FOOTNOTES TO SCHEDULES A & B

1/ Cost of machines for this project:

3 Dictators and service	\$1,900
1 Transcriber and service	600
4 Pocket Dictators	<u>900</u>
	\$3,400

2/ 3 Apartments at \$600/month for 6 months

3/ Unnecessary if state facilities are used; and assuming apartments are furnished

4/ Included in state facilities

\* 5/ Install 2 lines, 2 phones \$ 100  
Usage ( 6 mos.) 100  
\$ 200

Long distance: Assume \$1.25/min

x 30 min/day x 180 days = \$6,750

6/ Cost information not available. Used Dex costs.

2 terminals at \$115 x 6 mos.	\$1,400
Transmission same as phone rates	
\$1.25/min x 30 min/day x 180 days	<u>6,700</u>
= 10 pages/day AVR	<u>\$8,100</u>

\* 7/ Car Rental - Standard size cars available only.  
Avis \$132/mo + (22 cents/mile x 2,000 mile estimate)  
includes oil, maintenance, insurance = \$ 1,232

Gasoline Estimate Alaska 81 cents/gal x  
15 MPG x 2,000 mi. = 108

Cost of rental car \$ 1,340

Taxis \$12/day x 180 days = 2,200

\$ 3,540

8/ Assume all routings are DC/Anch/Fairbanks/Anch/DC  
 Northwest coach fare = \$613; expect 2% increase over  
 next 6 mos. Therefore, average air fare = \$619.

<u>Name</u>	<u>Estimated No. of Trips</u>	<u>Cost</u>
Lenzner	10	\$ 6,190
Investigator A	4	2,476
Watson	1	619
DeOrio	6	3,714
Ginsberg	1	619
Caplan	3	1,857
McEwen	0	- 0 -
Sadler	2	1,238
	<u>27</u>	<u>\$16,713</u>

9/ Estimate 15 cents/page x 6000 - 6500 pages/wk  
 x 26 wks = \$25,000

10/ Alaskan rates not available. Assumed \$1000  
 for fire and extended coverage.

\* 11/ Secretary  
 $\$6.50 \times 1.25\% \times 35 \text{ hrs/wk} \times 26 \text{ wks} + 15\% \text{ OT} = \$8500$

\* 12/ Cleaning service  
 $\$4.00 \times 1.25\% \times 8 \text{ hrs/wk} \times 26 \text{ wks} = \$1000$

13 / U.S. gov't per diem for Alaska travel (covering food and  
 lodging only) \$59/day x 4.5 people x 180 days, less  
 furnished apartment (\$10,800) = \$37,000

14 / Assume \$50/wk x 26 wks for misc. charges = \$1300

15/ Anticipate none to be paid by us

\* 16/ DC rates: Ordinary delivery .18/pg  
 Daily .414/pg  
 Rush .54/pg  
 Average .38/pg

38 cents x 1.25% x 30,000 pages = \$14,200

- 17/ Street parking available in most areas
- 18/ Need uncertain
- 19/ Anticipate none
- 20/ 400 sq.ft. at \$5/sq.ft. for 6 months
- 21/ Estimate \$4/wk x 26 wks = \$100  
(Telecom & Air Freight all else)
- 22/ Bor-Air next day delivery 1 - 50 lbs. = \$100  
Estimate 3 packages/wk x \$100 x 26 wks = \$7800
- 23/ No additional anticipated
- 24/ Estimated by T.F. Lenzner, as follows:

Attorney \$35,000: I have offered the job of on-site lawyer to Terry Bird, presently an Assistant United States Attorney in the United States Attorney's Office in Los Angeles at a salary of \$30,000 with expenses of \$5,000, which will be for a six-month period \$15,000 and \$5,000.

Total \$125,000 for Accountants, Investigators, and Engineering Consultants: We will need for a labor intensive effort to examine extensively certain records, audit trials and other accounting matters which will require a substantial expenditure for accountant/investigators like Carmine Bellino and individuals working under his supervision. Accountants would provide in-depth analysis records obtained from Alyeska and the contractors to determine if the material accurately reflects decisions and payments made by both Alyeska and the contractors. While we cannot undertake an analysis of every cost item, we would attempt to review major cost issues with regard to certain contractors and sectors, particularly where they have been identified as the results of possible mismanagement or negligence.

In addition, I anticipate the need to obtain expert consultant help from engineers, chemists, soil experts, and others who could assist us in analyzing comparative cost data or similar construction efforts in different parts of the United States and the world. Engineering consultants and experts will also provide substantial assistance in identifying areas where different management decisions would have resulted in substantial cost savings for the construction costs.

A final figure of \$75,000 for investigators -- former IRS or FBI agents to conduct interviews both in Alaska and in different

parts of the United States to assist in the Phase II inquiry on determining the validity of costs of construction. These investigators would be expected to interrogate present and former employees of Alyeska, its contractors, and federal and state officials; prepare summary interview forms; and make recommendations on possible witnesses for public hearings for our final report. Such investigators would be expected to conduct and pursue leads which may be productive to the goals of the Alaska Pipeline Commission.

[\* GS14 at Justice who has recently traveled to Alaska for U.S. government advises that U.S. government advises that U.S. government guideline is Alaska 125% of other states.]

# STATE OF ALASKA

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

ALASKA PIPELINE COMMISSION

338 DENALI ST./12TH FLOOR  
ANCHORAGE 99501

March 4, 1977

The Honorable John C. Sackett  
Chairman, Senate Finance Committee  
Pouch V  
Juneau, AK 99811

Dear Senator Sackett:

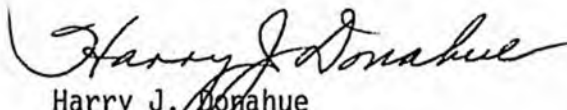
I am enclosing for possible use by the Finance Committee in its deliberations copies of the two proposed contracts with consultants. The contracts have been signed by the consultants. They will not be signed by the Commission until and unless the supplemental appropriation is duly approved.

The funds required for the two proposed contracts (\$811,700) constitute the bulk of the supplemental appropriation. \$21,000 is requested to permit adding a Pipeline Engineer, Grade 24, and a Pipeline Auditor (CPA), Grade 21, to the staff for the final three months of FY-1977. The remaining \$11,000 is allocated to travel and expenses related to the contract with the economic consultant.

It is my understanding that the Attorney General (or his representative) and Mr. Kent Dawson will be present at the Committee sessions to provide whatever background data may be required and to respond to inquiries. Naturally, I will be pleased to testify before the Committee should you find that it would be necessary or useful.

With best wishes,

Sincerely,

  
Harry J. Donahue  
Chairman

Enclosures

AGREEMENT BETWEEN THE  
ALASKA PIPELINE COMMISSION AND  
TERRY F. LENZNER

---

WHEREAS, the Alaska Pipeline Commission is an independent regulatory agency created by the Legislature of the State of Alaska for the purpose of regulating the transportation of oil and gas by pipeline; and

WHEREAS, the Alaska Pipeline Commission, in furtherance of its statutory duties, has been charged with the responsibility of investigating the costs and charges incurred by the Alyeska Pipeline Service Company during the construction of the Trans-Alaska Pipeline; and

WHEREAS, it is determined that this investigation can be carried out most expeditiously by hiring an individual to act as a special counsel for the purpose of carrying out the above-referenced investigation; and

WHEREAS, Terry F. Lenzner is an individual who is experienced in the law and in investigative work and who is both fully able and willing to assume this responsibility; and

WHEREAS, the Alaska Pipeline Commission, in furtherance of its statutory duties, entered into a contract with Terry F. Lenzner dated November 12, 1976 designating Mr. Lenzner as Special Counsel to the Commission and detailing specific responsibilities, rights, duties and obligations between the parties, and the period of such contract to cover services and expenses from November 3, 1976 to November 22, 1976; and

WHEREAS, the Alaska Pipeline Commission entered into a subsequent contract with Terry F. Lenzner dated November 22, 1976 designating Mr. Lenzner as Special Counsel to the Commis-

sion and detailing specific responsibilities, rights, duties and obligations between the parties, the period of such contract to cover services and expenses for a period of six months; and

WHEREAS, the Alaska Pipeline Commission and Terry F. Lenzner, Special Counsel and a partner in the law firm of Wald, Harkrader & Ross, desire to continue and expand the scope of the work, and the rights, duties and obligations undertaken by the parties pursuant to the two previous contracts for purposes of carrying out the above-referenced investigation; and

WHEREAS, the Alaska Pipeline Commission and Terry F. Lenzner, Special Counsel, concur that the undertakings of this Agreement are nonetheless separate and distinct from the previous Agreement and are governed by the payment provisions of Paragraph 7 hereof.

The parties hereby agree as follows:

1. Definition of Client. For purposes of this Agreement, and in order to define attorney-client responsibilities, rights and duties, from both the client's perspective and the perspective of the Special Counsel, the client is deemed to be the Alaska Pipeline Commission acting in Executive Session pursuant to its own governance.

2. Period of Contract. Terry F. Lenzner shall be employed as a Special Counsel by the Alaska Pipeline Commission for a period of four (4) months. Said period commences upon the date which the contract is signed by the Chairman of the Alaska Pipeline Commission. Financial liabilities of the Alaska Pipeline Commission incurred pursuant to the terms of this contract begin only as of this date. The contract may be extended for such periods and under such terms as are agreed to by the parties.

3. Cancellation of Contract. This contract may be cancelled without cause by the Alaska Pipeline Commission upon fifteen (15) days written notice. The Special Counsel may cancel the contract only with the consent of the Alaska Pipeline Commission.

4. Notice. Any notice required to be made in writing under the terms of this contract is sufficient notice if it is a written notice transmitted to the other party by certified mail addressed to the residence or principal place of business of the party.

5. (a) Duties. Terry F. Lenzner, the Special Counsel for the Alaska Pipeline Commission, shall investigate the costs and charges incurred by the Alyeska Pipeline Service Company during the construction of the Trans-Alaska Pipeline, employing such powers of the Commission established by statute and delegated to him by the Alaska Pipeline Commission.

(b) Reports. Terry F. Lenzner, Special Counsel, shall prepare and transmit to the Alaska Pipeline Commission monthly reports which must contain an analysis of the investigation being conducted by the U. S. General Accounting Office and the Interstate Commerce Commission, a list of those costs which are not being extensively investigated by the two aforementioned agencies, a list of those areas which are being explored in greater depth by the Special Counsel, and a summary of the progress of the investigation in each area being investigated.

(c) Final Report. Terry F. Lenzner, Special Counsel, shall prepare and transmit to the Alaska Pipeline Commission a final report detailing cost overruns in the construction of the Trans-Alaska Pipeline System of such significance that, in the opinion of Special Counsel, the Commission should consider disallowing such costs in valuing pipeline facilities pursuant to

AS 42.06.420 and AS 42.06.450. The final report must include an analysis as to the causes of cost overruns set forth therein.

(d) Testimony. Terry F. Lenzner, Special Counsel, shall be available as required by the Alaska Pipeline Commission to give testimony pursuant to the Commission's investigation of cost overruns incurred in the construction of the Trans-Alaska Pipeline System. Such testimony must include but is not limited to testimony given to the Commission staff and to the Commission in hearings or investigative sessions.

(e) Obligations to the Commission. During the course of his employment as Special Counsel, Terry F. Lenzner agrees to devote that period of time necessary to the fulfillment of the aforementioned duties and to complete the investigation within the contract period set forth herein.

6. Interim Reports. Terry F. Lenzner, while acting as Special Counsel, shall maintain a daily time report showing the number of hours spent by himself and all personnel working for him on Pipeline Commission business and the nature of that business. This report must be provided to the Pipeline Commission monthly. In addition, Terry F. Lenzner, Special Counsel, shall submit, together with the monthly time report to the Alaska Pipeline Commission and his monthly bill, an itemized record of expenses incurred during the course of the month.

7. Payment. Terry F. Lenzner, Special Counsel, shall receive up to Six Hundred Forty-five Thousand Seven Hundred Dollars (\$645,700) for the reports and testimony required to be prepared and given for the Commission pursuant to the provision of Paragraph 5 of this Agreement. One Hundred Thousand Dollars (\$100,000) is to be paid upon the signing of this Agreement. Thereafter, Special Counsel shall submit on the first of each

month an itemized record of fees and expenses for the prior month. This itemized record of fees and expenses shall be in accordance with the rates set forth in the attached proposal designated "Appendix A." The Commission shall compensate the Special Counsel for itemized fees and expenses within fifteen (15) days of receipt of said itemized fees and expenses. Itemized records of fees and expenses shall be set off against the initial payment of One Hundred Thousand Dollars (\$100,000). The parties recognize that billings under the scope of the work of this contract may not be evenly distributed over the life of the contract. Terry F. Lenzner, Special Counsel, will make all reasonable efforts to keep the Commission advised of time and expense commitments which may give rise to monthly billings in excess of One Hundred Thousand Dollars (\$100,000) per month. A final payment shall be made within fifteen (15) days after the acceptance of the final report of Special Counsel by the Commission.

8. Employees of Special Counsel. Special Counsel shall notify the Commission when he employs other individuals, professional or clerical, for the purpose of assisting him with the investigation.

9. Relations Between the Parties. For the purpose of this Agreement, Terry F. Lenzner, Special Counsel, is to be considered as a member of the staff of the Alaska Pipeline Commission. The report and preliminary drafts of such reports prepared by Terry F. Lenzner, during the course of his investigation, whether prepared by him or any individual employed by him pursuant to the terms of this contract, are considered to be the property of the Alaska Pipeline Commission and must be

given to the Commission upon the request of the Commission or at the conclusion of this Agreement.

10. Nondisclosure of Information. Terry F. Lenzner, Special Counsel, agrees not to disclose nor to permit any individual employed by him, pursuant to the terms of this Agreement, to disclose information obtained during the course of the investigation without the express permission of the Alaska Pipeline Commission except that the Special Counsel may utilize information obtained during the investigation in further inquiries.

11. Liability. Terry F. Lenzner, Special Counsel, agrees to hold the State harmless from any liability incurred by him or by any individual employed by him during the life of this Agreement pursuant to the provisions of this Agreement, including but not limited to, liability for personal injuries, libel, and improper disclosure of trade secrets or confidential information.

12. Remedy for Breach. In the event of a breach of this contract, the parties may file suits in a superior court within the State of Alaska for damages or specific performance. Nothing contained in this Agreement is to be construed as a waiver of the sovereign immunity of the State of Alaska from being sued in the courts of the United States or of other states. Any disputes between the parties must be settled with reference to Alaska law.

13. Payment of Taxes. As a condition of performance of this contract, Terry F. Lenzner, Special Counsel, agrees that neither the Alaska Pipeline Commission nor the State of Alaska shall have any responsibility of payment of federal, state and local taxes incurred by the Special Counsel, his employees, or subcontractors, or other persons employed by the Special Counsel in the performance of this contract.

14. Inspection and Reports. (a) The Alaska Pipeline Commission shall have the right to inspect, in such manner and at all reasonable times as it deems appropriate, all activities of the Special Counsel arising in the course of his undertakings under this contract.

(b) The Special Counsel shall make progress and other reports in such manner and at such time as required by Paragraph 5(b) of this Agreement.

15. State Saved Harmless. Terry F. Lenzner, Special Counsel, shall hold and save the State, its officers, agent and employees harmless for liability of any nature or kind, including costs and expenses, for or on account of any or all suits or damages of any character whatsoever resulting from personal injuries or property damages sustained by any person or persons or property by virtue of performance of this contract; however, any liability of the Special Counsel to the State shall be governed by the rules of liability applicable to an attorney-client relationship.

16. Disputes. (a) The Contracting Officer under this contract is the Commissioner of Commerce and Economic Development acting for the State and the Alaska Pipeline Commission.

(b) Except as otherwise provided in this contract, any dispute concerning a question of fact arising under this contract which is not disposed of by agreement is to be decided by the Contracting Officer, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Special Counsel. The decision of the Contracting Officer shall be final and conclusive unless, within thirty (30) days from the date of receipt of such copy, the Special Counsel mails or otherwise furnishes to the Contracting Officer a written appeal

addressed to the Alaska Pipeline Commission. The decision of the Alaska Pipeline Commission or its duly authorized representative for the determination of such appeals is to be final and conclusive. This provision is not to be pleaded in any suit involving a question of fact arising under this contract as limiting judicial review of any such decision to cases where fraud by such official or his representative is alleged; provided, however, that any such decision must be final and conclusive unless the same is fraudulent or capricious or arbitrary or so grossly erroneous as necessarily to imply bad faith or is not supported by substantial evidence. In connection with any appeal proceeding under this clause, the Special Counsel shall be afforded an opportunity to be heard and to offer evidence in support of his appeal. Pending final decision of a dispute hereunder, the Special Counsel shall proceed diligently with the performance of the contract and in accordance with the Contracting Officer's decision.

(c) This dispute clause does not preclude consideration of questions of law in connection with decisions provided for in Paragraph 16(a) above. Nothing in this contract, however, must be construed as making final the decision of any administrative official, representative or board on a question of law.

17. Equal Employment Opportunity. (a) Terry F. Lenzner, Special Counsel, shall not discriminate against any employee or applicant for employment because of race, color, religion, national origin, ancestry, age or sex. Such action includes, but is not limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment

advertising, layoff or termination, rates of pay, or other forms of compensation, and selection for training, including apprenticeship. The Special Counsel agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

(b) The Special Counsel shall state, in all solicitations or advertisements for employees to work on State of Alaska contract jobs, that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, ancestry, age or sex.

(c) The Special Counsel shall send to each labor union or representative of workers with which the Special Counsel has a collective bargaining agreement or other contract or understanding a notice advising such labor union or workers' representative of the Special Counsel commitments under this section, and shall post copies of the notice in conspicuous places available to all employees and applicants for employment.

(d) The Special Counsel shall include the provisions of Paragraphs (a) through (c) of this section in every contract, and shall require the inclusion of those provisions in every subcontract entered into by any of its subcontractors, so that such provisions are binding upon each subcontractor, as the case may be. For the purpose of including such provisions in any construction, maintenance, or service contract or subcontract, as required hereby, the term "special counsel" and the term "subcontractor" may be changed to reflect appropriately the name or designation of the parties of such contract or subcontract.

(e) The Special Counsel shall cooperate fully with the office or agency of the State of Alaska which seeks to deal with the problem of unlawful or invidious discrimination, and with all other State efforts to guarantee fair employment practices under this contract, and the Special Counsel shall comply promptly with all requests and directions from the Alaska State Commission for Human Rights or any of its officers or agents relating to prevention of discriminatory employment practices.

(f) Full cooperation as expressed in Paragraph (e) foregoing must include, but is not limited to, being a witness in any proceeding involving questions of unlawful or invidious discrimination if such is deemed necessary by any official or agency of the State of Alaska, permitting employees of the Special Counsel to be witnesses or complainants in any proceeding involving questions of unlawful or invidious discrimination, if such is deemed necessary by any official or agency of the State of Alaska, participating in meetings, submitting periodic reports on the equal employment aspects of present and future employment, assisting in inspection of any construction site pertinent to this contract, and promptly complying with all State directives deemed essential by any office or agency of the State of Alaska to insure compliance with all Federal and State laws, regulations, and policies pertaining to the prevention of discriminatory employment practices.

(g) Failure to perform any of the above agreements pertaining to equal employment opportunities is deemed a material breach of the contract.

The responsible officer overseeing compliance with such fair practice and nondiscrimination provision shall be the executive head of such department or other agency of the

State of Alaska as is a party to the contract. Such responsible officer shall report to the Alaska State Commission for Human Rights whenever discriminatory practices are brought to his attention.

18. No Assignment. Terry F. Lenzner, Special Counsel, shall not assign this contract, nor any part thereof, nor any right to any of the monies to be paid him hereunder, except with the written consent of the Alaska Pipeline Commission.

19. No Additional Work. The Alaska Pipeline Commission shall not allow any claim for additional work or materials, not specifically herein provided, done or furnished by the Special Counsel, nor shall the Special Counsel do any work or furnish any material not covered by the contract, unless such work is ordered in writing by the Alaska Pipeline Commission.

20. Entire Agreement. This Agreement is the entire Agreement between the parties. The parties shall not change this Agreement except in writing.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 1977

ALASKA PIPELINE COMMISSION

By \_\_\_\_\_  
Harry J. Donahue, Chairman

DATED this 1st day of March, 1977

By Terry F. Lenzner  
Terry F. Lenzner, Special Counsel

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 1977

DEPARTMENT OF COMMERCE AND  
ECONOMIC DEVELOPMENT

By \_\_\_\_\_  
H. Phillip Hubbard, Commissioner

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 1977

DEPARTMENT OF ADMINISTRATION

By \_\_\_\_\_  
B. B. Allen, Commissioner

WALD, HARKRADER & ROSS

ALASKA PIPELINE  
Hourly Rates  
2/22/77

<u>Category</u>	<u>Hourly Rate Range</u>
Lenzner	\$100
Partners	\$85 - \$100
Associates	\$50 \$75
Investigators	\$25 - \$40
Paralegals	\$30

AGREEMENT BETWEEN THE ALASKA PIPELINE  
COMMISSION AND TECHNICAL ASSOCIATES, INC.

WHEREAS, the Alaska Pipeline Commission is an independent regulatory agency created by the Legislature of the State of Alaska for the purpose of regulating the transportation of oil and gas by pipeline; and

WHEREAS, the Alaska Pipeline Commission, in furtherance of its statutory duties, has been charged with the responsibility of determining the justness and reasonableness of the rates to be charged for the transportation of oil and gas by pipeline within the State of Alaska; and

WHEREAS, the Alaska Pipeline Commission must set a fair and reasonable intrastate tariff on the Trans-Alaska Pipeline; and

WHEREAS, it has been determined that this function can best be discharged, if the Commission has available to it, expert advice with regard to the development of sound regulatory policies and practices to be applied to the Trans-Alaska Pipeline; and

WHEREAS, Technical Associates, Inc., is a corporation engaged in the business of providing consulting, engineering and economic advice and which is both able and willing to prepare such an analysis for the Commission, the parties hereby agree as follows:

1. Period of Contract. Technical Associates, Inc. is to be employed by the Alaska Pipeline Commission for a period of five (5) months. Said period commences upon the date that the contract is signed by the Chairman of the Alaska Pipeline Commission. Financial liabilities of the Alaska Pipeline Commission incurred pursuant to the terms of this contract begin only as of this date. The contract may be extended for such periods and under such terms as are agreed to by the parties.

2. Cancellation of Contract. This contract may be cancelled by the Alaska Pipeline Commission without cause on 15 days' notice. Technical Associates, Inc. may cancel the contract only

with the consent of the Alaska Pipeline Commission. Technical Associates, Inc., will be compensated for work performed up to the date of cancellation.

3. Duties. Technical Associates, Inc. shall conduct such research as shall enable it to recommend for application to the Trans-Alaska Pipeline System, inter alia, a valuation of the property, appropriate depreciation of such property, and a rate of return on the valuation base. Such data are for use by the Alaska Pipeline Commission in determining fair and reasonable intrastate tariffs for the Trans-Alaska Pipeline System.

4. Compensation. Technical Associates, Inc. shall receive from the Alaska Pipeline Commission \$166,000 in compensation for the analysis to be performed pursuant to the terms of this contract. This amount includes all amounts necessary to be expended by Technical Associates, Inc., except for transportation and travel expenses for the purpose of carrying out the analysis pursuant to paragraph 3 above. Transportation and travel expenses are to be reimbursed separately. Bills must be submitted monthly by Technical Associates, Inc., with a statement of work performed and expenses incurred. Payment is to be made within fifteen days of receipt of said bills.

5. Work Papers, Research Notes and Other Data. Work papers, research notes and other materials accumulated by Technical Associates, Inc., during the course of the analysis are to be considered the property of the Alaska Pipeline Commission. This property is to be turned over to the Alaska Pipeline Commission upon request of the Commission or at the termination of this contract.

6. Nondisclosure of Information. Technical Associates, Inc., agrees not to disclose nor permit any individual employed by it pursuant to the terms of this agreement to disclose information obtained during the course of the study and analysis without the express permission of the Alaska Pipeline Commission.

7. Payment of Taxes. As condition of performance of this contract, Technical Associates, Inc., shall pay all Federal, State, and local taxes incurred by Technical Associates, Inc., or subcontractor, or other person or persons in the performance of this contract, and proof of payment of these taxes is a condition precedent to payment by the State under this contract.

8. Inspection and Reports. (a) The Alaska Pipeline Commission shall have the right to inspect, in such manner and at all reasonable times as it deems appropriate, all activities of Technical Associates, Inc. arising in the course of its undertakings under this contract.

(b) Technical Associates, Inc. shall make progress and other reports in such manner and at such times as the Alaska Pipeline Commission may reasonably require.

9. State Saved Harmless. Technical Associates, Inc. shall hold and save the State, its officers, agent, and employees, harmless from liability of any nature or kind, including costs and expenses, for or on account of any or all suits or damages of any character whatsoever resulting from personal injuries or property damages sustained by any person or persons or property by virtue of performance of this contract.

10. Disputes. (a) The contracting officer under this contract is the Commissioner of Commerce and Economic Development acting for the State and the Alaska Pipeline Commission.

(b) Except as otherwise provided in this contract, any dispute concerning a question of fact arising under this contract which is not disposed of by agreement is to be decided by the contracting officer, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to Technical Associates, Inc. The decision of the contracting officer is final and conclusive unless, within thirty (30) days from the date of receipt of such copy, Technical Associates, Inc. mails or otherwise furnishes to the contracting officer a written appeal addressed

to the Alaska Pipeline Commission. The decision of the Alaska Pipeline Commission or its duly authorized representative for the determination of such appeals is final and conclusive. This provision is not to be pleaded in any suit involving a question of fact arising under this contract as limiting judicial review of any such decision to cases where fraud by such official or his representative is alleged; provided, however, that any such decision is final and conclusive unless the same is fraudulent or capricious or arbitrary or so grossly erroneous as necessarily to imply bad faith or is not supported by substantial evidence. In connection with any appeal proceeding under this clause, Technical Associates, Inc. shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, Technical Associates, Inc. shall proceed diligently with the performance of the contract and in accordance with the contracting officer's decision.

(c) This dispute clause does not preclude consideration of questions of law in connection with decisions provided for in paragraph (a) above. Nothing in this contract, however, is to be construed as making final the decision of any administrative official, representative, or board on a question of law.

11. Equal Employment Opportunity. (a) Technical Associates, Inc. shall not discriminate against any employee or applicant for employment because of race, color, religion, national origin, ancestry, age, or sex. Such action includes, but is not limited to, the following: employment, upgrading, demotion, or transfer, recruitment or recruitment advertising; layoff or termination, rates of pay, or other forms of compensation; and selection for training, including apprenticeship. Technical Associates, Inc. agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

(b) Technical Associates, Inc. shall state, in all solicitations or advertisements for employees to work on State

of Alaska contract jobs, that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, ancestry, age, or sex.

(c) Technical Associates, Inc. shall send to each labor union or representative of workers with which Technical Associates, Inc. has a collective bargaining agreement or other contract or understanding a notice advising such labor union or worker's representative of Technical Associates, Inc.'s commitments under this section, and shall post copies of the notice in conspicuous places available to all employees and applicants for employment.

(d) Technical Associates, Inc. shall include the provisions of paragraphs (a) through (c) of this section in every contract, and shall require the inclusion of those provisions in every subcontract entered into by any of its subcontractors, so that such provisions are binding upon each subcontractor, as the case may be. For the purpose of including such provisions in any construction, maintenance, or service contract or subcontract, as required hereby, the term "Technical Associates, Inc." and the term "subcontractor" may be changed to reflect appropriately the name or designation of the parties of such contract or subcontract.

(e) Technical Associates, Inc. agrees that it shall fully cooperate with the office or agency of the State of Alaska which seeks to deal with the problem of unlawful or invidious discrimination, and with all other State efforts to guarantee fair employment practices under this contract; and Technical Associates, Inc. shall comply promptly with all requests and directions from the Alaska State Commission for Human Rights or any of its officers or agents relating to prevention of discriminatory employment practices.

(f) Full cooperation as expressed in paragraph (e) foregoing shall include, but not be limited to, being a witness in any proceeding involving questions of unlawful or invidious discrimination if such is deemed necessary by any official or

agency of the State of Alaska; permitting employees of Technical Associates, Inc. to be witnesses or complainants in any proceeding involving questions of unlawful or invidious discrimination, if such is deemed necessary by any official or agency of the State of Alaska; participating in meetings; submitting periodic reports on the equal employment aspects of present and future employment; assisting in inspection of any construction site pertinent to this contract; and promptly complying with all State directives deemed essential by any office or agency of the State of Alaska to insure compliance with all Federal and State laws, regulations, and policies pertaining to the prevention of discriminatory employment practices.

(g) Failure to perform any of the above agreements pertaining to equal employment opportunities is deemed a material breach of the contract.

The responsible officer overseeing compliance with such fair practice and nondiscrimination provision shall be the executive head of such department or other agency of the State of Alaska as is a party to the contract. Such responsible officer shall report to the Alaska State Commission for Human Rights whenever discriminatory practices are brought to his attention.

12. No Assignment. Technical Associates, Inc. shall not assign this contract, nor any part thereof, nor any right to any of the monies to be paid him hereunder, nor shall it sublet any part of the work done or materials furnished under this contract, except with the written consent of the Alaska Pipeline Commission.

13. No Additional Work. The Alaska Pipeline Commission shall not allow any claim for additional work or materials, not specifically herein provided, done or furnished by Technical Associates, Inc., nor shall Technical Associates, Inc. do any work or furnish any material not covered by the contract, unless such work is ordered in writing by the Alaska Pipeline Commission.

14. Entire Agreement. This agreement is the entire agreement between the parties. There are no unintegrated oral agreements. The parties shall not change this agreement orally, but may do so in writing.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 1977.

ALASKA PIPELINE COMMISSION

By: \_\_\_\_\_  
Harry J. Donahue, Chairman

DATED this 28th day of February, 1977.

TECHNICAL ASSOCIATES, INC.

By: Michael J. Ileo  
Michael J. Ileo, President

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 1977.

DEPARTMENT OF COMMERCE AND  
ECONOMIC DEVELOPMENT

By: \_\_\_\_\_  
H. Phillip Hubbard, Commissioner

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 1977

DEPARTMENT OF ADMINISTRATION

By: \_\_\_\_\_  
B.B. Allen, Commissioner



# 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 O. Smith  
Signature of Camera Operator

2/14/90  
Date

# COMMITTEE REPORT

## HOUSE

3/18/77

4/20/77 Date

Mr. Speaker:

The Committee on FINANCE has had SSHR 125

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 SSHR 125 and that CS for SSHR 125 do pass
- (and) recommends it be referred to the \_\_\_\_\_ committee
- reports it back without recommendation
- AND attaches a report of its intent *FRONT NOTE DATED 11-20-77*
- (other) \_\_\_\_\_

### MEMBERS SIGNING THE MAJORITY REPORT:

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

### MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

[Signature] recommends: \_\_\_\_\_

[Signature] recommends: \_\_\_\_\_

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

[Signature]  
Chairman

HB 126 WILL NOT BE ACTED UPON: HOWEVER HB 125 WAS REPORTED OUT WITH THIS FISCAL NOTE.

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Sponsor Substitute HB 125 and HB 126  
Title Alaska Education Administration Internship Program  
Requested by H.E.S.S. Date March 15, 1977

II. FISCAL DETAIL

Agency Affected Department of Education  
Program Category Affected Department of Education  
Budget Request Unit(s) Affected Alaska Commission on Postsecondary Education

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		41.9	45.0	48.0		
200 TRAVEL		5.0	5.0	5.0		
300 CONTRACTUAL		-0-	-0-	-0-		
400 COMMODITIES		3.0	3.0	3.0		
500 EQUIPMENT		-0-	-0-	-0-		
600 LAND & STRUCTURES		-0-	-0-	-0-		
700 GRANTS, CLAIMS, ETC.		235.1	235.0	235.0		
TOTAL		285.0	288.0	291.0		

FUNDING (Thousands of Dollars)

GENERAL FUND		225.0	228.0	231.0		
FEDERAL FUNDS		60.0	60.0	60.0		
OTHER (Specify)						

POSITIONS

FULL TIME		1.5	1.5	1.5		
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Project Director Full Time	21 A	12 x 2,356 =	28,272	
Clerk Typist III Full/Half Time	8 A	12 x 478.5 =	5,742	
Fixed Charges @ 23%			7,823	41,837
Travel for Director				5,000
Commodities				3,000
Student Support Services, Tuition, etc.	21 @	8,342		175,163
				225,000
Student Support Services Other	21 @	2,817		59,157
				284,157

IV. DATE March 15, 1977

PREPARED BY James R. Beima  
AGENCY Alaska Commission on Postsecondary Education  
PHONE 465-2855

Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

Original sponsors: Duncan, Akers,  
Bradley, et al

Offered: 3/18/77  
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 125

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska education administra-  
7 tion internship program; and providing for an effective  
8 date."

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

10 \* Section 1. AS 14.40 is amended by adding new sections to read:

11 ARTICLE 10B ALASKA EDUCATION ADMINISTRATION  
12 INTERNSHIP PROGRAM.

13 Sec. 14.40.880. PURPOSE. The legislature finds and declares that  
14 the quality of education in the state can be improved by training a wide  
15 variety of persons, particularly from minority groups who are presently  
16 underrepresented in the field of education administration, to be pro-  
17 fessional education administrators. The involvement of such people in  
18 the educational process of their children is desirable and necessary.  
19 Developing a broadened cadre of educators at all levels of instruction  
20 and administration will build and maintain bridges between different  
21 races, minorities, and other cultural groups. Diversity of representa-  
22 tion in this area is particularly important since the majority of  
23 Alaska's school districts are rural in nature, with a predominance of  
24 Native residents among the student population. These districts should  
25 be administered and staffed by a larger percentage of Native Alaskans  
26 than at present. The establishment of the regional educational atten-  
27 dance areas in the unorganized borough under ch. 8 of this title recom-  
28 mends the development of an education administration internship program  
29 designed to meet the needs of these emerging units of public school

1 administration.

2 Sec. 14.40.882. ESTABLISHMENT. There is established the Alaska  
3 education administration internship program to assist in expanding the  
4 number of minority citizens serving as education administrators in the  
5 state, particularly in the rural school districts and regional educa-  
6 tional attendance areas of the state by enabling them to gain practical  
7 experience toward professional objectives in education administration by  
8 establishing statewide standards for this program and by providing  
9 financial assistance for its administration.

10 Sec. 14.40.884. ADMINISTRATION. The Alaska education administra-  
11 tion internship program shall be administered by the Alaska Commission  
12 on Postsecondary Education in accordance with the provisions of secs.  
13 880 - 894 of this chapter. The commission shall promulgate regulations  
14 to implement the program.

15 Sec. 14.40.886. POWERS. The commission may

16 (1) apply for, receive and administer grants from federal  
17 agencies applicable to this internship program;

18 (2) accept and administer gifts, grants, bequests or funds  
19 from other public or private sources for the administration of the  
20 internship program;

21 (3) contract with federal, state or local agencies, or non-  
22 profit corporations or associations, for the placement of education  
23 administration interns.

24 Sec. 14.40.888. ELIGIBILITY. (a) A student may apply for partici-  
25 pation in the internship program if the student

26 (1) possesses a bachelor's degree in an appropriate field  
27 of study, as determined by the commission;

28 (2) is accepted for admission or enrolled as a full-time or  
29 part-time student in a graduate program leading to a graduate degree or

1 educational credentials in education administration at an accredited  
2 postsecondary educational institution;

3 (3) is a resident of the state.

4 (b) No person may simultaneously receive a grant under the intern-  
5 ship program and a student loan or grant under secs. 751 - 806 of this  
6 chapter.

7 Sec. 14.40.889. SELECTION CRITERIA. Applicants who are eligible  
8 for the internship program shall be ranked after consideration of the  
9 following criteria which relate to their ability to fulfill the purposes  
10 of the program:

- 11 (1) length of residency in the state;  
12 (2) length of residency in rural locations in the state;  
13 (3) minority identification as it relates to minority repre-  
14 sentation figures for state education administrators;  
15 (4) previous education or work experience in rural areas;  
16 (5) proficiency in a Native language or languages spoken in  
17 the state.

18 Sec. 14.40.890. FUND DISTRIBUTION; ACADEMIC CREDIT. The funds  
19 appropriated or allocated for this program shall be allocated to post-  
20 secondary educational institutions as tuition grants for students who  
21 are participating in the program if the postsecondary educational in-  
22 stitution grants those students academic credit for their participation  
23 in an internship program involving both employment in education admin-  
24 istration and academic study undertaken simultaneously by a student  
25 under the direction of the institution's instructional staff. The post-  
26 secondary educational institution receiving an allocation of funds under  
27 this section shall establish rules or guidelines for the awarding of  
28 academic credit.

29 Sec. 14.40.892. PAYMENT TO STUDENTS. The postsecondary

1 institution, the student and the employer shall be responsible for the  
2 terms of the student's work experience employment agreement. No student  
3 enrolled in the internship program may be paid less than the minimum  
4 wage established under AS 23.10.065. Gifts, grants, bequests or funds  
5 from other public or private agencies shall be used to aid the student  
6 and his family while the student participates in the program.

7 Sec. 14.40.893. AGREEMENT TO SEEK EMPLOYMENT IN THE STATE. As a  
8 condition of accepting a grant under the internship program, a student  
9 shall agree upon completion of his course of study and internship in the  
10 program, to seek employment as a professional education administrator in  
11 the state.

12 Sec. 14.40.894. DEFINITIONS. In secs. 880 - 894 of this chapter

13 (1) "academic credit" means the unit that is awarded by a  
14 postsecondary educational institution to its students to indicate satis-  
15 faction of the institution's requirements for completion of a course of  
16 study leading to graduation or the receipt of educational credentials or  
17 a graduate degree in the field of education administration;

18 (2) "academic study" means a systematic program of reading,  
19 written work, seminars, lectures, laboratory, tutorial or other instruc-  
20 tion which is undertaken by a student under the supervision or direction  
21 of the instructional staff of a postsecondary educational institution  
22 and which is related to the student's employment as an education admin-  
23 istration intern;

24 (3) "commission" means the Alaska Commission on Postsecondary  
25 Education;

26 (4) "employed" means working for and receiving compensation  
27 from an eligible employer in the field of education administration for  
28 at least 32 hours a week;

29 (5) "internship" means a program of supervised practical

1 experience in which a student enrolled in a postsecondary educational  
2 institution in the field of education administration receives academic  
3 credit for participation in both employment and academic study related  
4 to that employment occurring simultaneously;

5 (6) "Native Alaskan" means a person who

6 (A) is a descendant of a member of the aboriginal races  
7 inhabiting the state when annexed to the United States, or who is a  
8 descendant of an Indian, Aleut or Eskimo who, since the year 1867  
9 and before July 1, 1952, migrated into the state from Canada; and

10 (B) is a descendant having at least one-quarter blood  
11 derived from those ancestors;

12 (7) "postsecondary educational institution" means an ac-  
13 credited academic, vocational, technical, professional or other school,  
14 college or university, or other organization, offering educational  
15 credentials or a graduate degree in education administration;

16 (8) "qualified employer" means the employer who in conjunc-  
17 tion with the postsecondary educational institution furnishes the work  
18 experience portion of the student's internship in education administra-  
19 tion;

20 (9) "resident" means a person domiciled in Alaska who has  
21 been in the state for at least two years before an application for par-  
22 ticipation in the internship program is made under secs. 880 - 894 of  
23 this chapter.

24 \* Sec. 2. AS 14.40.909(b) is amended by adding a new paragraph to read:

25 (7) administer the provisions of secs. 880 - 894 of this  
26 chapter (Alaska education administration internship program).

27 \* Sec. 3. This Act expires July 1, 1982.

28 \* Sec. 4. This Act takes effect July 1, 1977.

29

#

Introduced: 3/14/77  
Referred: Health, Education &  
Social Services and Finance

BY DUNCAN, AKERS, BRADLEY,  
BUCHHOLDT, MALONE, MILLER,  
NAKAK, OSTERBACK, PARR,  
RUDD, SCHAEFFER AND SNIDER

1 IN THE HOUSE

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 125

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska education administra-  
7 tion internship program; and providing for an effective  
8 date."

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

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11 ARTICLE 10B. ALASKA EDUCATION ADMINISTRATION

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15 variety of persons, particularly from minority groups who are presently  
16 underrepresented in the field of education administration, to be pro-  
17 fessional education administrators. The involvement of such people in  
18 the educational process of their children is desirable and necessary.  
19 Developing a broadened cadre of educators at all levels of instruction  
20 and administration will build and maintain bridges between different  
21 races, minorities, and other cultural groups. Diversity of representa-  
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25 be administered and staffed by a larger percentage of Native Alaskans  
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\* Sec. 3. This Act takes effect July 1, 1977.

Original sponsors: Duncan, Akers,  
Bradley, et al

Offered: 3/18/77  
Referred: Finance

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BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

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3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

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14 to implement the program.

15 Sec. 14.40.886. POWERS. The commission may

16 (1) apply for, receive and administer grants from federal  
17 agencies applicable to this internship program;

18 (2) accept and administer gifts, grants, bequests or funds  
19 from other public or private sources for the administration of the  
20 internship program;

21 (3) contract with federal, state or local agencies, or non-  
22 profit corporations or associations, for the placement of education  
23 administration interns.

24 Sec. 14.40.888. ELIGIBILITY. (a) A student may apply for partici-  
25 pation in the internship program if the student

26 (1) possesses a bachelor's degree in an appropriate field  
27 of study, as determined by the commission;

28 (2) is accepted for admission or enrolled as a full-time or  
29 part-time student in a graduate program leading to a graduate degree or

1 educational credentials in education administration at an accredited  
2 postsecondary educational institution;

3 (3) is a resident of the state.

4 (b) No person may simultaneously receive a grant under the intern-  
5 ship program and a student loan or grant under secs. 751 - 806 of this  
6 chapter.

7 Sec. 14.40.889. SELECTION CRITERIA. Applicants who are eligible  
8 for the internship program shall be ranked after consideration of the  
9 following criteria which relate to their ability to fulfill the purposes  
10 of the program:

11 (1) length of residency in the state;

12 (2) length of residency in rural locations in the state;

13 (3) minority identification as it relates to minority repre-  
14 sentation figures for state education administrators;

15 (4) previous education or work experience in rural areas;

16 (5) proficiency in a Native language or languages spoken in  
17 the state.

18 Sec. 14.40.890. FUND DISTRIBUTION; ACADEMIC CREDIT. The funds  
19 appropriated or allocated for this program shall be allocated to post-  
20 secondary educational institutions as tuition grants for students who  
21 are participating in the program if the postsecondary educational in-  
22 stitution grants those students academic credit for their participation  
23 in an internship program involving both employment in education admin-  
24 istration and academic study undertaken simultaneously by a student  
25 under the direction of the institution's instructional staff. The post-  
26 secondary educational institution receiving an allocation of funds under  
27 this section shall establish rules or guidelines for the awarding of  
28 academic credit.

29 Sec. 14.40.892. PAYMENT TO STUDENTS. The postsecondary

1 institution, the student and the employer shall be responsible for the  
2 terms of the student's work experience employment agreement. No student  
3 enrolled in the internship program may be paid less than the minimum  
4 wage established under AS 23.10.065. Gifts, grants, bequests or funds  
5 from other public or private agencies shall be used to aid the student  
6 and his family while the student participates in the program.

7 Sec. 14.40.893. AGREEMENT TO SEEK EMPLOYMENT IN THE STATE. As a  
8 condition of accepting a grant under the internship program, a student  
9 shall agree upon completion of his course of study and internship in the  
10 program, to seek employment as a professional education administrator in  
11 the state.

12 Sec. 14.40.894. DEFINITIONS. In secs. 880 - 894 of this chapter

13 (1) "academic credit" means the unit that is awarded by a  
14 postsecondary educational institution to its students to indicate satis-  
15 faction of the institution's requirements for completion of a course of  
16 study leading to graduation or the receipt of educational credentials or  
17 a graduate degree in the field of education administration;

18 (2) "academic study" means a systematic program of reading,  
19 written work, seminars, lectures, laboratory, tutorial or other instruc-  
20 tion which is undertaken by a student under the supervision or direction  
21 of the instructional staff of a postsecondary educational institution  
22 and which is related to the student's employment as an education admin-  
23 istration intern;

24 (3) "commission" means the Alaska Commission on Postsecondary  
25 Education;

26 (4) "employed" means working for and receiving compensation  
27 from an eligible employer in the field of education administration for  
28 at least 32 hours a week;

29 (5) "internship" means a program of supervised practical

1 experience in which a student enrolled in a postsecondary educational  
2 institution in the field of education administration receives academic  
3 credit for participation in both employment and academic study related  
4 to that employment occurring simultaneously;

5 (6) "Native Alaskan" means a person who

6 (A) is a descendant of a member of the aboriginal races  
7 inhabiting the state when annexed to the United States, or who is a  
8 descendant of an Indian, Aleut or Eskimo who, since the year 1867  
9 and before July 1, 1952, migrated into the state from Canada; and

10 (B) is a descendant having at least one-quarter blood  
11 derived from those ancestors;

12 (7) "postsecondary educational institution" means an ac-  
13 credited academic, vocational, technical, professional or other school,  
14 college or university, or other organization, offering educational  
15 credentials or a graduate degree in education administration;

16 (8) "qualified employer" means the employer who in conjunc-  
17 tion with the postsecondary educational institution furnishes the work  
18 experience portion of the student's internship in education administra-  
19 tion;

20 (9) "resident" means a person domiciled in Alaska who has  
21 been in the state for at least two years before an application for par-  
22 ticipation in the internship program is made under secs. 880 - 894 of  
23 this chapter.

24 \* Sec. 2. AS 14.40.909(b) is amended by adding a new paragraph to read:

25 (7) administer the provisions of secs. 880 - 894 of this  
26 chapter (Alaska education administration internship program).

27 \* Sec. 3. This Act expires July 1, 1982.

28 \* Sec. 4. This Act takes effect July 1, 1977.

29

#



# 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 O. Smith  
Signature of Camera Operator

2/14/90  
Date

COMMITTEE REPORT  
SENATE

3/2378

FURTHER: \_\_\_\_\_

Date: June 14, 1978

Mr. President:

The Committee on FINANCE has had CSSSHE 125  
establishing the Alaska education administration internship program

under consideration and (a majority of the committee) (the committee reports it back as follows)

- 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 \_\_\_\_\_ ( ) new title                      ( ) same title
- ( ) AND attaches a Letter of Intent                      ( ) New Fiscal Note
- ( ) reports it back without recommendation
- ( ) and recommends it be referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*C. Tullion No Rec*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*[Signature]*

\_\_\_\_\_

Chairman

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Sponsor Substitute HB 125 and HB 126  
Title Alaska Education Administration Internship Program  
Requested by H.E.S.S. Date March 2, 1978

II. FISCAL DETAIL

Agency Affected Department of Education  
Program Category Affected Department of Education  
Budget Request Unit(s) Affected Alaska Commission on Postsecondary Education

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES			41.9	45.0	48.0	
200 TRAVEL			5.0	5.0	5.0	
300 CONTRACTUAL			-0-	-0-	-0-	
400 COMMODITIES			3.0	3.0	3.0	
500 EQUIPMENT			-0-	-0-	-0-	
600 LAND & STRUCTURES			-0-	-0-	-0-	
700 GRANTS, CLAIMS, ETC.			235.1	235.0	235.0	
TOTAL			<del>285.0</del>	288.0	291.0	

FUNDING (Thousands of Dollars)

GENERAL FUND			225.0	228.0	231.0	
FEDERAL FUNDS			60.0	60.0	60.0	
OTHER (Specify)						

POSITIONS

FULL TIME			1.5	1.5	1.5	
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Project Director Full Time	21 A	12 x 2,356 =	28,272	
Clerk Typist III Full/Half Time	8 A	12 x 478.5 =	5,742	
Fixed Charges @ 23%			7,823	41,837
Travel for Director				5,000
Commodities				3,000
Student Support Services, Tuition, etc.	21 @ 8,342			<u>175,163</u>
Student Support Services Other	21 @ 2,817			225,000
				<u>59,157</u>
				284,157

IV. DATE March 2, 1978

PREPARED BY James R. Beima  
AGENCY Alaska Commission on Postsecondary Education  
PHONE 465-2854

Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

SENATE FINANCE COMMITTEE - June 14, 1978

MOTION

Senator Tillion made a motion to pass CSSSHB 125 from committee with individual recommendations providing the native corporations would fund 115.0 with 110.0 coming from general funds. It was so ordered. Senators Sackett, Hohman, Meland and Butrovich voted to pass. Senator Tillion voted no recommendation. Senator Orsini voted no recommendation printable.

Original sponsors: Duncan, Akers,  
Bradley, et al

Offered: 3/18/77  
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 125

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska education administra-  
7 tion internship program; and providing for an effective  
8 date."

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

10 \* Section 1. AS 14.40 is amended by adding new sections to read:

11 ARTICLE 10B ALASKA EDUCATION ADMINISTRATION  
12 INTERNSHIP PROGRAM.

13 Sec. 14.40.880. PURPOSE. The legislature finds and declares that  
14 the quality of education in the state can be improved by training a wide  
15 variety of persons, particularly from minority groups who are presently  
16 underrepresented in the field of education administration, to be pro-  
17 fessional education administrators. The involvement of such people in  
18 the educational process of their children is desirable and necessary.  
19 Developing a broadened cadre of educators at all levels of instruction  
20 and administration will build and maintain bridges between different  
21 races, minorities, and other cultural groups. Diversity of representa-  
22 tion in this area is particularly important since the majority of  
23 Alaska's school districts are rural in nature, with a predominance of  
24 Native residents among the student population. These districts should  
25 be administered and staffed by a larger percentage of Native Alaskans  
26 than at present. The establishment of the regional educational atten-  
27 dance areas in the unorganized borough under ch. 8 of this title recom-  
28 mends the development of an education administration internship program  
29 designed to meet the needs of these emerging units of public school

1 administration.

2 Sec. 14.40.882. ESTABLISHMENT. There is established the Alaska  
3 education administration internship program to assist in expanding the  
4 number of minority citizens serving as education administrators in the  
5 state, particularly in the rural school districts and regional educa-  
6 tional attendance areas of the state by enabling them to gain practical  
7 experience toward professional objectives in education administration by  
8 establishing statewide standards for this program and by providing  
9 financial assistance for its administration.

10 Sec. 14.40.884. ADMINISTRATION. The Alaska education administra-  
11 tion internship program shall be administered by the Alaska Commission  
12 on Postsecondary Education in accordance with the provisions of secs.  
13 880 - 894 of this chapter. The commission shall promulgate regulations  
14 to implement the program.

15 Sec. 14.40.885. POWERS. The commission may

16 (1) apply for, receive and administer grants from federal  
17 agencies applicable to this internship program;

18 (2) accept and administer gifts, grants, bequests or funds  
19 from other public or private sources for the administration of the  
20 internship program;

21 (3) contract with federal, state or local agencies, or non-  
22 profit corporations or associations, for the placement of education  
23 administration interns.

24 Sec. 14.40.883. ELIGIBILITY. (a) A student may apply for partici-  
25 pation in the internship program if the student

26 (1) possesses a bachelor's degree in an appropriate field  
27 of study, as determined by the commission;

28 (2) is accepted for admission or enrolled as a full-time or  
29 part-time student in a graduate program leading to a graduate degree or

1 educational credentials in education administration at an accredited  
2 postsecondary educational institution;

3 (3) is a resident of the state.

4 (b) No person may simultaneously receive a grant under the intern-  
5 ship program and a student loan or grant under secs. 751 - 806 of this  
6 chapter.

7 Sec. 14.40.889. SELECTION CRITERIA. Applicants who are eligible  
8 for the internship program shall be ranked after consideration of the  
9 following criteria which relate to their ability to fulfill the purposes  
10 of the program:

- 11 (1) length of residency in the state;
- 12 (2) length of residency in rural locations in the state;
- 13 (3) minority identification as it relates to minority repre-  
14 sentation figures for state education administrators;
- 15 (4) previous education or work experience in rural areas;
- 16 (5) proficiency in a Native language or languages spoken in  
17 the state.

18 Sec. 14.40.890. FUND DISTRIBUTION; ACADEMIC CREDIT. The funds  
19 appropriated or allocated for this program shall be allocated to post-  
20 secondary educational institutions as tuition grants for students who  
21 are participating in the program if the postsecondary educational in-  
22 stitution grants these students academic credit for their participation  
23 in an internship program involving both employment in education admin-  
24 istration and academic study undertaken simultaneously by a student  
25 under the direction of the institution's instructional staff. The post-  
26 secondary educational institution receiving an allocation of funds under  
27 this section shall establish rules or guidelines for the awarding of  
28 academic credit.

29 Sec. 14.40.892. PAYMENT TO STUDENTS. The postsecondary

1 institution, the student and the employer shall be responsible for the  
2 terms of the student's work experience employment agreement. No student  
3 enrolled in the internship program may be paid less than the minimum  
4 wage established under AS 23.10.065. Gifts, grants, bequests or funds  
5 from other public or private agencies shall be used to aid the student  
6 and his family while the student participates in the program.

7 Sec. 14.40.893. AGREEMENT TO SEEK EMPLOYMENT IN THE STATE. As a  
8 condition of accepting a grant under the internship program, a student  
9 shall agree upon completion of his course of study and internship in the  
10 program, to seek employment as a professional education administrator in  
11 the state.

12 Sec. 14.40.894. DEFINITIONS. In secs. 880 - 894 of this chapter

13 (1) "academic credit" means the unit that is awarded by a  
14 postsecondary educational institution to its students to indicate satis-  
15 faction of the institution's requirements for completion of a course of  
16 study leading to graduation or the receipt of educational credentials or  
17 a graduate degree in the field of education administration;

18 (2) "academic study" means a systematic program of reading,  
19 written work, seminars, lectures, laboratory, tutorial or other instruc-  
20 tion which is undertaken by a student under the supervision or direction  
21 of the instructional staff of a postsecondary educational institution  
22 and which is related to the student's employment as an education admin-  
23 istration intern;

24 (3) "commission" means the Alaska Commission on Postsecondary  
25 Education;

26 (4) "employed" means working for and receiving compensation  
27 from an eligible employer in the field of education administration for  
28 at least 32 hours a week;

29 (5) "internship" means a program of supervised practical

1 experience in which a student enrolled in a postsecondary educational  
2 institution in the field of education administration receives academic  
3 credit for participation in both employment and academic study related  
4 to that employment occurring simultaneously;

5 (6) "Native Alaskan" means a person who

6 (A) is a descendant of a member of the aboriginal races  
7 inhabiting the state when annexed to the United States, or who is a  
8 descendant of an Indian, Aleut or Eskimo who, since the year 1867  
9 and before July 1, 1952, migrated into the state from Canada; and

10 (B) is a descendant having at least one-quarter blood  
11 derived from those ancestors;

12 (7) "postsecondary educational institution" means an ac-  
13 credited academic, vocational, technical, professional or other school,  
14 college or university, or other organization, offering educational  
15 credentials or a graduate degree in education administration;

16 (8) "qualified employer" means the employer who in conjunc-  
17 tion with the postsecondary educational institution furnishes the work  
18 experience portion of the student's internship in education administra-  
19 tion;

20 (9) "resident" means a person domiciled in Alaska who has  
21 been in the state for at least two years before an application for par-  
22 ticipation in the internship program is made under secs. 880 - 894 of  
23 this chapter.

24 \* Sec. 2. AS 14.40.909(b) is amended by adding a new paragraph to read:

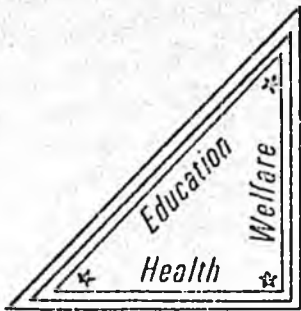
25 (7) administer the provisions of secs. 880 - 894 of this  
26 chapter (Alaska education administration internship program).

27 \* Sec. 3. This Act expires July 1, 1982.

28 \* Sec. 4. This Act takes effect July 1, 1977.

29

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COPPER  
RIVER  
NATIVE  
ASSOCIATION, INC.  
(Ahtna Tanah Ninnah)

*June*  
*7 AB 125*  
*interns*

Adm. 822-3949-3521  
Health  
Alcoholism 822-3955  
J.O.M. 822-3333  
Manpower 822-3333  
Housing 822-3333

Drawer H-Copper Center, Alaska 99573

May 3, 1977

Mr. Glenn Hackney, Chairman  
Health Education and Social Services  
Alaska Senate  
Assembly Room 106  
Juneau, Alaska 99811

Dear Senator Hackney:

The Copper River Native Associations, Inc. is extremely interested in seeing that administrative programs are established for Native Alaskans.

House Bill 125 which is written to establish administrative internship program for Native Educators is a vital interest to us. We feel it is past the time when we should be encouraging this type of program for our Alaskan Natives.

Last August I resigned as Superintendent of schools in the state of Alaska and I have been appalled down through the years for the lack of professional leadership from the Native community in the area of education in the state. I really feel that House Bill 125 is a strong move toward closing this gap and making a reality program available for Native Educators.

Your support of this bill is greatly appreciated..

Sincerely,

Maxwell L. Fancher  
Executive Director  
Copper River Native  
Association, Inc.

cc: Senate President John L. Rader  
Capital Building Room 104  
Juneau, Alaska 99811

Senator John C. Sackett  
Capital Building Room 415  
Juneau, Alaska 99811

Senator Jalmar M. Kerttula  
Court Building 624  
Juneau, Alaska 99811

**KOYUKON  
DEVELOPMENT  
CORPORATION, INC.**



May 11, 1977

Honorable George Holmen  
United State Senate  
Pouch V  
Juneau, Alaska 99801

Dear Sir:

This letter is sent asking your support to assure passage of HB 125, a bill to establish an Administrative Internship Program for Native Educators.

Thank you for your kind consideration in this matter. I'll be watching to see how this area of concern fares.

Yours very truly,

  
Jim Farmer  
Regional Director  
KOYUKON DEVELOPMENT CORPORATION

JF/co

cc: Governor