

**ALASKA LEGISLATURE**

**2113**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 1999 - 2000**

(1) equalizing power cost per kilowatt-hour statewide at a cost close to or equal to the mean of the cost per kilowatt-hour in Anchorage, Fairbanks, and Juneau by paying money from the fund to eligible electric utilities in the state; and

(2) to make grants to eligible utilities under AS 42.45.180 to improve the performance of the utility.

(b) The fund shall be administered by the department as a fund distinct from the other funds of the department. The fund is composed of

(1) money appropriated to provide power cost equalization to eligible electric utilities and to provide grants for utility improvements; and

(2) interest earned on the appropriations.

(c) The fund is not a dedicated fund. (§ 5 ch 18 SLA 1993)

**Opinions of attorney general.** — The Alaska Public Utilities Commission has the authority to promulgate standards for defining costs under the power cost equalization program (the article), and standards for generation efficiency. The commission is empow-

ered to adopt these standards as regulations under AS 42.05.151, as long as the provisions of the Administrative Procedure Act are followed (decided under former AS 44.83.102 — 44-83.165), May 16, 1988, Op. Att'y Gen.

**Sec. 42.45.110. Entitlement to power cost equalization.** (a) The costs used to calculate the amount of power cost equalization for all electric utilities eligible under AS 42.45.100 — 42.45.150 include all allowable costs, except return on equity, used by the Alaska Public Utilities Commission to determine the revenue requirement for electric utilities subject to rate regulation under AS 42.05. The costs used in determining the power cost equalization per kilowatt-hour shall exclude any other type of assistance that reduces the customer's costs of power on a kilowatt-hour basis and that is provided to the electric utility within 60 days before the commission determines the power cost equalization per kilowatt-hour of the electric utility. In calculating power cost equalization, the commission may not consider validated costs or kilowatt-hour sales associated with a United States Department of Defense facility.

(b) An eligible electric utility is entitled to receive power cost equalization

(1) for sales of power to local community facilities, calculated in the aggregate for each community served by the electric utility, for actual consumption of not more than 70 kilowatt-hours per month for each resident of the community; the number of community residents shall be determined under AS 29.60.020; and

(2) for actual consumption of not more than 700 kilowatt-hours per month sold to each customer in all classes served by the electric utility except

(A) customers of the utility under (1) of this subsection; and

(B) customers that are state or federal offices or state or federal facilities other than public schools.

(c) The amount of power cost equalization provided per kilowatt-hour under subsection (b) of this section may not exceed 95 percent of the power costs, or the average rate per eligible kilowatt-hour sold, whichever is less, as determined by the commission. However,

(1) during the state fiscal year that began July 1, 1993, the power costs for which power cost equalization were paid to an electric utility were limited to minimum power costs of more than 9.5 cents per kilowatt-hour and less than 52.5 cents per kilowatt-hour;

(2) during each following state fiscal year, the commission shall adjust the power costs for which power cost equalization may be paid to an electric utility based on the weighted average retail residential rate in Anchorage, Fairbanks, and Juneau; and

(3) the power cost equalization per kilowatt-hour may be determined for a utility without historical kilowatt-hour sales data by using kilowatt-hours generated.

(d) An electric utility whose customers receive power cost equalization under AS 42.45.100 — 42.45.150 shall set out in its tariff the rates without the power cost equalization and the amount of power cost equalization per kilowatt-hour sold. The rate charged to the customer shall be the difference between the two amounts. Power cost equalization paid under AS 42.45.100 — 42.45.150 shall be used to reduce the cost of all

power sold to local community facilities, in the aggregate, to the extent of 70 kilowatt-hours per month per resident of the community, and to reduce the cost of the first 700 kilowatt-hours per customer per month for all other classes served by the electric utility except state and federal offices and state and federal facilities other than public schools.

(a) The power cost equalization program shall be administered by the department based on a determination by the commission under (a) and (c) of this section of power cost equalization per kilowatt-hour for each eligible electric utility.

(f) The department may not deny an eligible electric utility power cost equalization because complete cost information is not available. The commission shall assist an eligible electric utility that is exempt from rate regulation under AS 42.05 to provide the cost information the commission considers necessary to comply with AS 42.45.100 — 42.45.150. Only power costs that are supportable may be considered in calculating power cost equalization. Each electric utility is responsible for keeping records that provide the information necessary to comply with AS 42.45.100 — 42.45.150 including records of monthly kilowatt-hour sales or generation, monthly fuel balances, fuel purchases, and monthly utility fuel consumption.

(g) The commission shall determine the cost of fuel for each eligible electric utility using the procedure for approving fuel cost rate adjustments of electric utilities subject to rate regulation under AS 42.05.

(h) Each electric utility receiving power cost equalization approved by the commission shall

(1) report monthly to the department within the time and in the form the department requires; and

(2) use operational equipment designed to meter individual utility customer power consumption and to determine and record the utility's overall fuel consumption.

(i) The department shall review the report required under (h) of this section. After review and approval of the report, the department shall, subject to appropriation, pay to each eligible electric utility an amount equal to the power cost equalization per kilowatt-hour determined under (a) and (c) of this section, multiplied by the number of kilowatt-hours eligible for power cost equalization that were sold during the preceding month to all customers of the utility under (b) of this section. Payment shall be made by the department within 30 days after receipt from the utility of the report required under (h) of this section. If appropriations are insufficient for payment in full, the amount paid to each electric utility is reduced on a pro rata basis. (§ 5 ch 18 SLA 1993; am §§ 7 — 11 ch 9 SLA 1994)

**Effect of amendments.** — The 1994 amendment, effective April 7, 1994, substituted "commission" for "department" in subsections (c) and (e)-(h).

**Editor's notes.** — Under § 20, ch. 9, SLA 1994, the 1994 amendments to this section are retroactive to August 11, 1993.

**Sec. 42.45.120. Notice to customers.** If an electric utility receives power cost equalization under AS 42.45.100 — 42.45.150, the utility shall either give to its electric service customers eligible under this program, for each period for which the payment is received,

(1) the following notice:

**NOTICE TO CUSTOMER**

For the current billing period the utility will be paid under the State of Alaska's power cost equalization program (AS 42.45.100) to assist the utility and its customers in reducing the high cost of generation of electric energy. Your total electrical service cost

	\$.....
Less state equalization	\$.....
Your charge	\$.....; or

(2) a notice approved by the department that provides electric service customers the same information provided by the notice in (1) of this section. (§ 5 ch 18 SLA 1993)

**Sec. 42.45.130. Cost minimization.** (a) In order to qualify for power cost equalization, each electric utility shall make every reasonable effort to minimize administrative, operating, and overhead costs, including using the best available technology consistent with sound utility management practices. In reviewing applications for power cost equalization, the commission may require the elimination of unnecessary operating expenses. Each eligible electric utility shall cooperate with appropriate state agencies to implement cost-effective energy conservation measures and to plan for and implement feasible alternatives to diesel generation.

(b) In this section, "energy conservation measures" include weatherization and other insulating methods, utilization of waste heat, appropriate sizing of new generating equipment, and other programs of the state or federal government intended and available for energy conservation. (§ 5 ch 18 SLA 1993; am § 12 ch 9 SLA 1994)

**Effect of amendments.** — The 1994 amendment, effective April 7, 1994, substituted "commission" for "department" in the second sentence in subsection (a).

**Editor's notes.** — Under § 20, ch. 9, SLA 1994, the 1994 amendment to (a) of this section is retroactive to August 11, 1993.

**Sec. 42.45.140. Customer petitions.** If the department receives a petition requesting power cost equalization, signed by at least 25 percent of the customers of an electric utility that is subject to rate regulation under AS 42.05 and that has not applied for power cost equalization under AS 42.45.100 — 42.45.150, the department shall require the utility to submit a power cost equalization application. Upon a determination of eligibility for power cost equalization, the utility, as a part of its service, shall receive power cost equalization and pass power cost equalization benefits to its customers under AS 42.45.100 — 42.45.150. (§ 5 ch 18 SLA 1993)

**Sec. 42.45.150. Definitions for 42.45.100 — 42.45.150.** In AS 42.45.100 — 42.45.150,

(1) "community facility" means a water and sewer facility, public outdoor lighting, charitable educational facility, or community building whose operations are not paid for by the state, the federal government, or private commercial interests;

(2) "eligible electric utility" or "electric utility" means a public, cooperative, or other corporation, company, individual, or association of individuals, and includes the lessees, trustees, or receivers appointed by a court, that

(A) owns, operates, manages, or controls a plant or system for the furnishing, by generation, transmission or distribution, of electric service to the public for compensation;

(B) during calendar year 1983, had a residential consumption level of power eligible for power cost equalization under former AS 44.83 of less than 7,500 megawatt hours or had a residential consumption level of power eligible for power cost equalization under former AS 44.83 of less than 15,000 megawatt hours if the utility served two or more municipalities or unincorporated communities; and

(C) during calendar year 1984, used diesel fired generators to produce more than 75 percent of the electrical consumption of the utility; an electric utility that is a subsidiary of another electric utility is an "eligible electric utility" if the operations of the subsidiary, considered separately, meet the eligibility requirements of AS 42.45.100 — 42.45.150; if an electric utility did not receive power cost assistance in 1983 but is otherwise eligible for power cost equalization under AS 42.45.100 — 42.45.150, the utility is an "eligible electric utility";

(3) "power costs" means costs used in determining power cost equalization under AS 42.45.110(a) and (c). (§ 5 ch 18 SLA 1993)

**Sec. 42.45.160. Adjustments to power cost equalization.** (a) The commission may adjust the power cost equalization per kilowatt-hour, determined under AS 42.45.100 — 42.45.150, payable to an electric utility that is subject to rate regulation under AS 42.05 if the

(1) commission has approved a fuel cost rate adjustment caused by an increase or decrease in the electric utility's cost of fuel;

(2) commission has approved a permanent or interim rate increase or decrease that establishes a higher or lower power cost;

(3) department has discovered, in reviewing the monthly data submitted by the electric utility, discrepancies that require adjustment of the power cost equalization; or

(4) department determines that appropriations are insufficient to finance full payments to eligible electric utilities.

(b) An electric utility that is eligible to receive power cost equalization under this section and that receives power cost equalization per kilowatt-hour approved by the commission shall report monthly to the department within the time and in the form the department requires. An electric utility shall report

(1) the power cost equalization per kilowatt-hour approved by the commission;

(2) the total kilowatt-hours sold to each class of customer during the preceding month;

(3) the total kilowatt-hours eligible for power cost equalization under this section sold to each class of customer during the preceding month;

(4) the total kilowatt-hours generated during the preceding month, if available;

(5) any commission approved amendments to the schedule of rates in effect during the preceding month; and

(6) an increase or decrease in the current unit price of fuel from the base price used by the commission in determining power costs if the change is expected to result in a subsequent power cost equalization adjustment.

(c) The provisions of AS 42.45.100 — 42.45.150 relating to the determination of the amount of power cost equalization and payment of the equalization assistance apply to equalization assistance under this section. (§ 5 ch 18 SLA 1993; am § 13 ch 9 SLA 1994)

*Revisor's notes.* — In 1993, "department" was substituted for "authority" in (a)(3) and (4) of this section to correct a manifest error in ch. 18, SLA 1993.

*Effect of amendments.* — The 1994 amendment, effective April 7, 1994, in subsection (b), substituted

"commission" for "department" in the introductory language and in paragraphs (1), (5), and (6).

*Editor's notes.* — Under § 20, ch. 9, SLA 1994, the 1994 amendment to (b) of this section is retroactive to August 11, 1993.

**Sec. 42.45.170. Equalization assistance to unregulated utilities.** (a) An electric utility that is not subject to rate regulation by the Alaska Public Utilities Commission under AS 42.05 may receive power cost equalization if the utility is otherwise eligible for equalization assistance under AS 42.45.100 — 42.45.150 and if the utility

(1) files with the commission financial data necessary to determine the power cost equalization per kilowatt-hour as prescribed by the commission and that is in compliance with AS 42.45.100 — 42.45.150;

(2) reports monthly to the department, within the time and in the form required, the information required in (b) of this section;

(3) sets rates

(A) that consider the power cost equalization provided under AS 42.45.100 — 42.45.150 by subtracting from its revenue requirements for electric services the power cost equalization per kilowatt-hour that it is eligible to receive; and

(B) under which the power cost equalization provided in AS 42.45.060 — 42.45.110 is applied as a credit only against the cost of kilowatt-hours eligible for equalization assistance under AS 42.45.100 — 42.45.150 that are consumed by each customer in any month;

(4) allows audits that the commission determines are necessary to ensure compliance with this section; and

(5) furnishes its electric service customers eligible under this program a notice as specified in AS 42.45.120.

(b) An electric utility that is eligible to receive power cost equalization under this section shall report in accordance with (a)(2) of this section

- (1) the power cost equalization per kilowatt-hour approved by the commission;
- (2) the total kilowatt-hours sold to each class of customer during the preceding month;
- (3) the total kilowatt-hours eligible for power cost equalization under this section sold to each class of customer during the preceding month;
- (4) the total kilowatt-hours generated during the preceding month, if available;
- (5) any amendments to the schedule of rates in effect during the preceding month; and
- (6) an increase or decrease in the current unit price of fuel from the base price used by the commission in determining power costs if the change is expected to result in a subsequent equalization assistance level adjustment.

(c) An electric utility that is eligible to receive power cost equalization under this section may have its power cost equalization per kilowatt-hour determination changed by the commission if the

- (1) commission has verified an increase or decrease in the electric utility's cost of fuel;
- (2) commission has verified an increase in rates based on an increase in costs;
- (3) department has discovered, in reviewing the monthly data submitted by the electric utility, discrepancies that require adjustment of the power cost equalization; or
- (4) department determines that appropriations are insufficient to finance full payments to eligible electric utilities.

(d) The provisions of AS 42.45.100 — 42.45.160 relating to the determination of the amount of power cost equalization and payment of the equalization assistance apply to equalization assistance under this section.

(e) An application for power cost equalization by an electric utility that is eligible to receive power cost under this section does not extend the jurisdiction of the Alaska Public Utilities Commission beyond that established by AS 42.05. (§ 5 ch 18 SLA 1993; am §§ 14 — 16 ch 9 SLA 1994)

**Effect of amendments.** — The 1994 amendment, effective April 7, 1994, substituted "commission" for "department" in paragraphs (a)(1), (a)(4), (b)(1), and (b)(6); and, in subsection (c), substituted "commission" for "department" and deleted "department" following "if the" in the introductory language, and added "com-

mission" at the beginning of paragraphs (1) and (2) and "department" at the beginning of paragraphs (3) and (4).

**Editor's notes.** — Under § 20, ch. 9, SLA 1994, the 1994 amendments to this section are retroactive to August 11, 1993.

**Appendix II**

**Power Cost Equalization Program Regulations**

**Division of Energy**

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## ARTICLE 2. POWER COST EQUALIZATION PROGRAM.

Section	Section
200. Technical requirements; metering	240. Reporting and recordkeeping requirements
210. Overpayments	250. Power cost equalization and the commission
220. Power cost equalization pro-rata reduction	260. Standards for customer eligibility
230. Exclusions from power cost equalization	270. Definitions

### 19 AAC 97.200. TECHNICAL REQUIREMENTS; METERING.

- (a) An eligible electric utility shall install and maintain
- (1) operational equipment designed to meter power consumption of its utility customers, including community facilities and power stations;
  - (2) a fuel meter on the day tank to record the amount of fuel used to generate electric power on a daily basis;
  - (3) an appropriate master meter or totalizing meter and demand register to measure the electric power generated at the main bus-bar; and
  - (4) a station service meter to measure the power consumed by the utility for lights and heat for the power plant.
- (b) No metering is required for street lights.
- (c) An electric utility that has technical or financial problems in implementing the metering requirements in (a) of this section may petition the department for technical assistance.
- (d) The department will, in its discretion, exempt an electric utility from the requirements of (a) of this section if the department determines that compliance is not practicable. The exemption will remain in effect until the department determines that the conditions for which it was granted no longer exist.
- (e) An electric utility owning or operating any new generating plant built or upgraded after October 28, 1989 is not eligible for the exemption in (d) of this section.
- (f) Failure to comply with (a) of this section or to secure an exemption under (d) of this section, means that non-metered electric

utility customers, including community facilities, are not eligible to receive power cost equalization credits. (Eff. 2/16/96, Register 137)

**Authority:** AS 42.45.100 AS 42.45.130 AS 44.47.980  
AS 42.45.110 AS 44.47.050

**Editor's note:** Before 2/16/96, Register 137, the substance of 19 AAC 97.200 was set out in former 3 AAC 94.305. The history note of 19 AAC 97.200 does not reflect the history of 3 AAC 94.305.

**19 AAC 97.210. OVERPAYMENTS.** (a) The department is entitled to reimbursement if an eligible electric utility, or its electric utility customers, have received power cost equalization payments to which they were not entitled.

(b) Grounds for reimbursement include

(1) an interim or permanent power cost equalization reduction ordered by the commission;

(2) a reduction of power cost equalization resulting from an adjustment to fuel or other eligible costs ordered by the commission;

(3) payment disbursed in error or based on an erroneous or undocumented monthly report.

(c) An adjustment in the power cost equalization amount per kilowatt hour in (b)(1) and (b)(2) of this section is retroactive to the effective date of its determination by the commission.

(d) The department will recover any overpayment under this section by reducing the future power cost equalization payments to be disbursed or by demanding repayment from the participating utility, whichever method the department determines is appropriate. (Eff. 2/16/96, Register 137)

**Authority:** AS 42.45.100 AS 42.45.160 AS 44.47.050  
AS 42.45.110 AS 42.45.170 AS 44.47.980

**Editor's note:** Before 2/16/96, Register 137, the substance of 19 AAC 97.210 was set out in former 3 AAC 94.310. The history note of 19 AAC 97.210 does not reflect the history of 3 AAC 94.310.

**19 AAC 97.220. POWER COST EQUALIZATION PRO-RATA REDUCTION.** When power cost equalization payments paid to each electric utility are reduced on a pro rata basis as required by AS 42.45.110(i), eligible electric utilities will implement the pro rata reduction effective with the comparable monthly report. An electric utility shall consult with the department regarding implementation of the reduction. (Eff. 2/16/96, Register 137)

**Authority:** AS 42.45.100 AS 42.45.160 AS 44.47.050  
AS 42.45.110 AS 42.45.170 AS 44.47.980

**19 AAC 97.230. EXCLUSIONS FROM POWER COST EQUALIZATION.** (a) A customer whose facility has more than one meter will only receive power cost equalization credit for the master meter.

(b) Power consumption measured by a station service meter required in 19 AAC 97.200 is not eligible for power cost equalization credit. (Eff. 2/16/96, Register 137)

Authority:	AS 42.45.100	AS 42.45.160	AS 44.47.050
	AS 42.45.110	AS 42.45.170	AS 44.47.980

*Editor's note:* Before 2/16/96, Register 137, the substance of 19 AAC 97.230 was set out in former 3 AAC 94.315. The history note of 19 AAC 97.230 does not reflect the history of 3 AAC 94.315.

**19 AAC 97.240. REPORTING AND RECORDKEEPING REQUIREMENTS.** (a) An eligible electric utility shall submit a power cost equalization report to the department within 10 working days after the end of its billing period. The report must set out the power consumption of the previous month and must be in the format required by the department. Within each fiscal year an eligible electric utility shall submit 12 separate monthly reports.

(b) Power cost equalization payments will not be made for power consumed through June 30 of a year if the relevant monthly report is received after August 31 of that year.

(c) An eligible electric utility shall report separately, in the format required by the department, the power eligible for power cost equalization that is consumed by each of its customers.

(d) An eligible electric utility shall keep accurate periodic written records for the fuel day meters, generating meters, and station service meters required by 19 AAC 97.200.

(e) An eligible electric utility shall organize and maintain, in accordance with standard accounting practices, the accounts of its electric fund as a separate accounting entity in a self-balancing set of accounts that includes the assets, liabilities, balance, revenue, and expenses of the electric fund.

(f) An eligible electric utility shall make its records available to the department and the commission within 60 days after receipt of a request to do so.

(g) Failure to comply with (f) of this section may result in

(1) suspension by the department of the power cost equalization disbursements to the eligible electric utility, until satisfactory records are provided;

(2) loss of the suspended power cost equalization disbursements, if satisfactory records are not submitted by January 31 of the following fiscal year. (Eff. 2/16/96, Register 137)

Authority:	AS 42.45.100	AS 42.45.160	AS 44.47.050
	AS 42.45.110	AS 42.45.170	AS 44.47.980
	AS 42.45.130		

**Editor's note:** Before 2/16/96, Register 137, the substance of 19 AAC 97.240 was set out in former 3 AAC 94.320. The his-

tory note of 19 AAC 97.240 does not reflect the history of 3 AAC 94.320.

**19 AAC 97.250. POWER COST EQUALIZATION AND THE COMMISSION.** (a) The department and the commission have statutory responsibilities in furtherance of the power cost equalization program.

(b) 19 AAC 97.200 — 19 AAC 97.270 should be read together with 3 AAC 52.600 — 3 AAC 52.690. (Eff. 2/16/96, Register 137)

<b>Authority:</b> AS 42.45.100	AS 42.45.140	AS 42.45.170
AS 42.45.110	AS 42.45.150	AS 44.47.050
AS 42.45.120	AS 42.45.160	AS 44.47.980
AS 42.45.130		

**Editor's note:** Before 2/16/96, Register 137, the substance of 19 AAC 97.250 was set out in former 3 AAC 94.325. The his-

tory note of 19 AAC 97.250 does not reflect the history of 3 AAC 94.325.

**19 AAC 97.260. STANDARDS FOR CUSTOMER ELIGIBILITY.** To receive a power cost equalization payment, a customer of an eligible electric utility

(1) must be billed by the utility in accordance with the relevant tariff, rate structure, separate demand charge, or minimum charge;

(2) shall make timely payments to the utility, for the electric power purchased, at least annually or on an appropriate schedule throughout the year, and in an amount equal to the required annual payment, if this practice is justified by the community's seasonal economy, the local utility rule, and the economic feasibility of the practice by the local utility; and

(3) shall pay to the utility at least the applicable base amount determined by the commission under AS 42.45.110 and 3 AAC 52.160, plus the difference between the utility rate and the amount of power cost equalization, for each kilowatt-hour consumed. (Eff. 2/16/96, Register 137)

<b>Authority:</b> AS 42.45.100	AS 42.45.140	AS 42.45.170
AS 42.45.110	AS 42.45.150	AS 44.47.050
AS 42.45.120	AS 42.45.160	AS 44.47.980
AS 42.45.130		

**19 AAC 97.270. DEFINITIONS.** (a) In 19 AAC 97.200 — 19 AAC 97.260 and in AS 42.45.110 — 42.45.170, unless the context requires otherwise,

- (1) "commission" means the Alaska Public Utilities Commission;
- (2) "customers" means

(A) an eligible electric utility's residential customer of energy for a single-family or multi-family dwelling, or residential housing unit;

(B) an eligible electric utility's commercial customer of energy for a business, school, or building other than the customers identified in (A), (C), and (D) of this paragraph

(C) a community facility as defined in AS 42.45.150;

(D) state or federal customers;

(3) "department" means the Department of Community and Regional Affairs;

(4) "state or federal customer" means a state or federal office or facility other than public schools.

(b) As used in AS 42.45.150(1), "community building" means a community facility that

(1) is not operated for profit;

(2) is open to the general public;

(3) complies with 19 AAC 97.260(1);

(4) makes timely payments to the utility for the electric power consumed; and

(5) complies with 19 AAC 97.260(3). (Eff. 2/16/96, Register 137)

<b>Authority:</b>	AS 42.45.100	AS 42.45.140	AS 42.45.170
	AS 42.45.110	AS 42.45.150	AS 44.47.060
	AS 42.45.120	AS 42.45.160	AS 44.47.980
	AS 42.45.130		

**Editor's note:** Before 2/16/96, Register 137, the substance of 19 AAC 97.270 was set out in former 3 AAC 94.330. The his-

tory note of 19 AAC 97.270 does not reflect the history of 3 AAC 94.330.

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**Appendix II**

**Power Cost Equalization Program Regulations**

**Alaska Public Utilities Commission**

# CORRECTION

THE FOLLOWING DOCUMENT(S)  
HAVE BEEN REFILMED TO  
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services  
Department of Education & Early Development  
State of Alaska

**Appendix II**

**Power Cost Equalization Program Regulations**

**Alaska Public Utilities Commission**

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### Article 6. Criteria for Determination of Power Cost Equalization

Section	Section
600. Applicability, purposes, and waiver	650. Processing of power cost equalization requests
610. Computation of power cost equalization	660. Annual filing requirements
620. Generation efficiency and line loss standards	670. Other requirements
630. Standards for nonfuel costs	680. Effect on power cost equalization for noncompliance
640. Adjustments to power cost equalization	690. Definitions

#### 3 AAC 52.600. APPLICABILITY, PURPOSES, AND WAIVER.

(a) The provisions of 3 AAC 52.600 — 3 AAC 52.690 apply to all electric utilities participating in the power cost equalization program established in AS 42.45.100 — 42.45.190.

(b) The purposes of 3 AAC 52.600 — 3 AAC 52.690 are to establish criteria for the determination of power cost equalization per kilowatt-hour and to encourage economic and efficient practices by participating electric utilities.

(c) For good cause shown, the commission will, in its discretion, waive all or any portion of 3 AAC 52.600 — 3 AAC 52.690 for a participating electric utility and establish appropriate criteria for that utility. (Eff. 10/28/89, Register 112; am 5/18/96, Register 138)

Authority: AS 42.05.141	AS 42.45.110	AS 42.45.160
AS 42.05.151	AS 42.45.130	AS 42.45.170

**3 AAC 52.610. COMPUTATION OF POWER COST EQUALIZATION.** (a) Power cost equalization per kilowatt-hour is determined separately for each rate schedule.

(b) The power cost equalization per kilowatt-hour for each rate schedule is the least of

- (1) the average rate per kilowatt-hour for that rate schedule;
- (2) the amount equal to  $.95 \times (52.5 - B)$  where B is the base amount set by the commission under (c) of this section;
- (3) the amount equal to  $.95 \times (F + NF - A - B)$  where F is the total fuel cost per kilowatt-hour;

F is the total fuel cost per kilowatt-hour;

NF is the total nonfuel cost per kilowatt-hour; and

A is other assistance per kilowatt-hour that reduces a customer's rate on a kilowatt-hour basis and that is provided to the utility within 60 days before the commission determines the power cost equalization per kilowatt-hour; and

B is the base amount established by order of the commission under (c) of this section.

(c) During each fiscal year the commission will notify the public and each utility receiving power cost equalization of a proposed base amount per kilowatt-hour and the basis for that amount. Within 45 days after notice of the proposed base amount is issued, the commission will hold a public hearing to receive comments on the proposed base amount. Within 60 days after notice of the proposed base amount is issued, the commission will issue an order establishing the base amount.

(d) In the case of all service provided under a flat kilowatt-hour rate structure and in the case of service provided under a declining block rate structure to a customer that is not a community facility, the average rate per kilowatt-hour is calculated by dividing the cost of the first 700 kilowatt-hours of service by 700 kilowatt-hours and subtracting the base amount established under (c) of this section from the result. In calculating the cost of the first 700 kilowatt-hours of service, all energy charges, including base rates, fuel surcharge rates, and customer charges, are included, but demand charges are not included.

(e) In the case of all service provided under an inclining block rate structure and in the case of service provided under a declining block rate structure to a community facility, the average rate per kilowatt-hour is determined separately for each block of the declining or inclining block rate structure. For each block of service within each rate schedule, the average rate per kilowatt-hour is the total energy charges for each kilowatt-hour in that block (including both base rates and fuel surcharge rates but not including demand charges) minus the base amount established under (c) of this section.

(f) For a regulated participating electric utility, the total fuel cost per kilowatt-hour is calculated in accordance with the fuel surcharge calculation for that utility, subject to adjustment if the utility does not achieve the generation efficiency and line loss standards set out in 3 AAC 52.620.

(g) For a nonregulated participating electric utility, total fuel cost per kilowatt-hour is calculated by dividing total fuel cost by the number of kilowatt-hours sold, as follows:

(1) total fuel cost is calculated by multiplying the price of fuel per gallon times the lesser of the

(A) actual number of gallons consumed for electric generation;

or

(B) number of gallons that would have been consumed if the utility had achieved the line loss and generation efficiency standards set out in 3 AAC 52.620;

(2) for a utility that does not have substantial inventory capacity, the price of fuel per gallon is the current invoiced price of fuel; for a utility that has substantial inventory capacity, the price of fuel per gallon is the most current weighted average cost of fuel; in either event, the price of fuel per gallon includes costs of delivery of the fuel to the utility;

(3) in determining total fuel cost per kilowatt-hour, both the number of gallons consumed and the kilowatt-hours sold are based on a 12-month period ending no more than 30 days before the date that the utility requests a change in its power cost equalization per kilowatt-hour;

(4) in determining whether the utility achieved the generation efficiency and line loss standards set out in 3 AAC 52.620, the number of gallons consumed, the kilowatt-hours generated, and the kilowatt-hours sold are based on the same 12-month period used in (3) of this subsection.

(h) Subject to the standards set out in 3 AAC 52.630, total nonfuel costs include all nonfuel costs, except return on equity, that regulated electric utilities are allowed to include in the revenue requirement recoverable from ratepayers.

(i) In calculating the fuel and nonfuel costs per kilowatt-hour under this section, neither the costs nor kilowatt-hour sales associated with a United States Department of Defense facility are considered. (Eff. 10/28/89, Register 112; am 5/18/96, Register 138)

Authority: AS 42.05.141  
AS 42.05.151

AS 42.45.110  
AS 42.45.130

AS 42.45.160  
AS 42.45.170

### 3 AAC 52.620. GENERATION EFFICIENCY AND LINE LOSS STANDARDS.

(Eff. 10/28/89, Register 112)

(a) Generation efficiency and line loss standards are established to encourage efficient and economical generation, transmission, and distribution of electricity. The standards represent the minimum acceptable level of performance by a participating electric utility.

(b) For a participating electric utility that relies exclusively on diesel generation for all power requirements, an efficiency standard measured in kilowatt-hours sold per gallon consumed is established to incorporate both generation efficiency and line loss requirements. The efficiency standard applicable to a utility under this subsection is based on the size of the utility, measured in annual kilowatt-hours sold, and the date that the standard is applied, as set out in the chart below.

**MINIMUM EFFICIENCY STANDARDS FOR UTILITIES  
THAT RELY ON ALL-DIESEL GENERATION — MEASURED  
IN KILOWATT-HOURS (KWH) SOLD PER GALLON CONSUMED  
WITH CLASSIFICATION BY ANNUAL KWH SALES**

E F F E C T I V E	B E G I N N I N G	Less Than	100,000	500,000	1,000,000	10,000,000
		100,000	to	to	to	and
			499,999	999,999	9,999,999	More
	10/1/90	6.0	7.0	8.0	9.0	10.0
	10/1/91	7.0	8.0	9.0	10.0	11.0
	10/1/93	8.0	9.0	10.0	11.0	12.0

(c) For a participating electric utility that does not rely exclusively on diesel generation for all power requirements, separate generation efficiency standards and line loss standards are established. The following generation efficiency standard applies only to the utility's diesel generation and is measured in kilowatt-hours generated per gallon of fuel consumed. The following line loss standard applies to all electricity sold and is measured as all kilowatt-hours generated or purchased (from whatever source) minus kilowatt-hours sold, divided by kilowatt-hours generated or purchased.

(1) Beginning October 1, 1990, the line loss standard is 12 percent.

(2) The efficiency standard applicable to a utility under this subsection is based on the annual number of kilowatt-hours of diesel generation and the date that the standard is applied, as set out in the chart below.

**MINIMUM EFFICIENCY STANDARDS FOR UTILITIES  
THAT DO NOT RELY ON ALL-DIESEL GENERATION — MEASURED  
IN KILOWATT-HOURS (KWH) GENERATED PER GALLON CONSUMED  
WITH CLASSIFICATION BY ANNUAL  
KWH OF DIESEL GENERATION**

E F F E C T I V E	B E G I N N I N G	Less Than	100,000	500,000	1,000,000	10,000,000
		100,000	to	to	to	and
			499,999	999,999	9,999,999	More
	10/1/90	6.5	7.5	8.5	10	11
	10/1/91	7.5	8.5	10	11	12
	10/1/93	8.5	10	11	12	13

(d) In determining the generation efficiency standard for a participating electric utility that provides service to two or more locations by separate generation, transmission, and distribution systems and that charges the same rates and relies exclusively on diesel generation for all locations, an average of kilowatt-hours sold will be used. That average is determined by dividing the total kilowatt-hour sales for all locations by the total number of locations. The generation efficiency standard that applies to a utility the size of that average is then applicable to the total system. The same methodology applies to a uniform rate, multi-location utility that does not rely on diesel generation for all power requirements at all locations, except that two separate averages are required, one average for those locations that do rely totally on diesel and one for those locations that do not. Separate computations for generation efficiency and line loss standards are also required for the latter group.

(e) A utility that does not meter street lights shall estimate the kilowatt-hours used by unmetered street lights and add those kilowatt-hours to kilowatt-hours sold for the purpose of determining compliance with the generation efficiency and, if appropriate, line loss standards in this section. Nonetheless, actual kilowatt-hours sold shall continue to be used for the purpose of computing power cost equalization per kilowatt-hour. (Eff. 10/28/89, Register 112)

Authority:	AS 42.05.141	AS 42.45.110	AS 42.45.160
	AS 42.05.151	AS 42.45.130	AS 42.45.170

Publisher's note: The authority line for this section is set out above, pursuant to directions from the Department of Law, in order to make changes necessitated by changes in sec. 28, ch. 18, SLA 1993.

**3 AAC 52.630. STANDARDS FOR NONFUEL COSTS.** Nonfuel costs used in the calculation of power cost equalization per kilowatt-hour are subject to the following standards:

(1) depreciation rates must be in accordance with the guidelines established by the Rural Electrification Administration that were in effect as of January 1, 1988, or, if different, the standards established by the commission;

(2) depreciation expense is not allowed on plant funded with grants, contributions in aid of construction, or other nonutility money; and

(3) major overhauls on equipment must be amortized over an appropriate period. (Eff. 10/28/89, Register 112)

Authority:	AS 42.05.141	AS 42.45.110	AS 42.45.160
	AS 42.05.151	AS 42.45.130	AS 42.45.170

Publisher's note: The authority line for this section is set out above, pursuant to directions from the Department of Law, in order to make changes necessitated by changes in sec. 28, ch. 18, SLA 1993.

**3 AAC 52.640. ADJUSTMENTS TO POWER COST EQUALIZATION.** (a) A regulated participating electric utility shall request a change in its power cost equalization per kilowatt-hour only in conjunction with a request for

- (1) approval of a fuel surcharge rate change; or
- (2) a permanent or interim rate change that establishes higher or lower nonfuel costs for the utility.

(b) A nonregulated participating electric utility shall request a change in its power cost equalization per kilowatt-hour only if

- (1) the utility has experienced a change in its fuel or purchased power costs; or
- (2) a change in the utility's rates has resulted from an increase or decrease in the utility's nonfuel costs.

(c) The commission will, in its discretion, adjust the power cost equalization per kilowatt-hour of a participating electric utility based on

- (1) a review by the commission or by the Department of Community and Regional Affairs of monthly data submitted by the utility to the Department of Community and Regional Affairs;

- (2) a review of the annual filing submitted by the utility;

- (3) any other evidence that the power cost equalization per kilowatt-hour of the utility is not just and reasonable; or

- (4) a determination by the Department of Community and Regional Affairs that appropriations are insufficient to finance full payments to eligible electric utilities, in which case the power cost equalization per kilowatt-hour of each participating utility will be reduced by an equal percentage.

(d) A regulated participating electric utility shall submit in support of each request for adjustment of its power cost equalization per kilowatt-hour

- (1) a tariff advice letter under 3 AAC 48.270;

- (2) tariff sheets that show the amount of power cost equalization per eligible kilowatt-hour requested;

- (3) a schedule showing the computation of the requested power cost equalization per kilowatt-hour for each rate schedule;

- (4) a summary of the data necessary for determination of the power cost equalization per kilowatt-hour; and

- (5) documentation of all data submitted under (4) of this subsection, except that in the case of a request for an adjustment of power cost equalization per kilowatt-hour that is in conjunction with a request for a fuel surcharge rate change, the utility shall rely on the nonfuel costs per kilowatt-hour established in its most recent general rate case.

(e) A nonregulated participating electric utility shall submit in support of each request for an adjustment of its power cost equalization level

(1) a written statement of the power cost equalization per kilowatt-hour requested and the name of the person responsible for providing information in support of the request;

(2) a copy or summary of all effective rate schedules for each customer class, stating the current charges without power cost equalization;

(3) a schedule showing the computation of the power cost equalization per kilowatt-hour for each rate schedule;

(4) a summary of all data necessary for determination of power cost equalization per kilowatt-hour; and

(5) documentation, including a copy of the most recent fuel bill, of all data submitted under (4) of this subsection, except that in the case of a request for an adjustment of power cost equalization per kilowatt-hour that is in conjunction with a change in fuel or purchased power costs only, the utility shall rely on the nonfuel power costs per kilowatt-hour established in the approval of its most recent power cost equalization change.

(f) When a participating electric utility receives information regarding changes in fuel or purchased power costs that could result in a change in power cost equalization per kilowatt-hour, the utility shall promptly file that information with the commission. (Eff. 10/28/89, Register 112; am 5/18/96, Register 138)

Authority:	AS 42.05.141	AS 42.45.110	AS 42.45.160
	AS 42.05.151	AS 42.45.130	AS 42.45.170

**3 AAC 52.650. PROCESSING OF POWER COST EQUALIZATION REQUESTS.** (a) Within 45 days after receipt of a request by a participating electric utility for an adjustment of its power cost equalization per kilowatt-hour, the commission will, in its discretion, approve the filing, modify and approve it, or suspend it for further action.

(b) If the commission determines that a request for an adjustment of power cost equalization per kilowatt-hour should be suspended, the commission will, in its discretion, grant interim, refundable power cost equalization per kilowatt-hour. (Eff. 10/29/89, Register 112)

Authority:	AS 42.05.141	AS 42.45.110	AS 42.45.160
	AS 42.05.151	AS 42.45.130	AS 42.45.170

**Publisher's note:** The authority line for this section is set out above, pursuant to directions from the Department of Law, in order to make changes necessitated by changes in sec. 28, ch. 18, SLA 1993.

**3 AAC 52.660. ANNUAL FILING REQUIREMENTS.** (a) In order for the commission to determine whether the power cost equalization per kilowatt-hour of a participating electric utility is just and reasonable, a utility shall annually file with the commission a report for review.

(b) For a regulated participating electric utility, the report required by (a) of this section is the annual report required under AS 42.05.451(b).

(c) For a nonregulated participating electric utility, the report required by (a) of this section must be filed on the date specified by the commission by order and include the following information:

(1) a copy or summary of the effective rate schedule for each customer class, stating the current charges without power cost equalization and the amount of power cost equalization per kilowatt-hour that has been approved by the commission;

(2) a computation of the power cost equalization per kilowatt-hour for the annual reporting period;

(3) a summary of all data necessary for determination of power cost equalization per kilowatt-hour;

(4) documentation to support the data submitted under (3) of this subsection; and

(5) a list of each customer qualifying as a community facility. (Eff. 10/28/89, Register 112)

Authority: AS 42.05.141  
AS 42.05.151

AS 42.45.110  
AS 42.45.130

AS 42.45.160  
AS 42.45.170

**Publisher's note:** The authority line in order to make changes necessitated by this section is set out above, pursuant to changes in sec. 28, ch. 18, SLA 1993. to directions from the Department of Law,

**3 AAC 52.670. OTHER REQUIREMENTS.** A participating electric utility shall

(1) install and maintain adequate meters to measure kilowatt-hours of generation, fuel consumption, and energy consumption by all ratepayers as prescribed by 19 AAC 97.200;

(2) make reasonable efforts to minimize administrative, operating, and overhead costs, including use of the best available technology consistent with sound utility management practices;

(3) cooperate with appropriate state agencies to implement cost-effective energy conservation measures and to plan for and implement feasible alternatives to diesel generation; and

(4) file a monthly report with the Department of Community and Regional Affairs in accordance with the requirements of AS 42.45.110(h)(1) and 42.45.170(a)(2). (Eff. 10/28/89, Register 112; am 5/18/96, Register 138)

Authority: AS 42.05.141  
AS 42.05.151

AS 42.45.110  
AS 42.45.130

AS 42.45.160  
AS 42.45.170

**3 AAC 52.680. EFFECT ON POWER COST EQUALIZATION FOR NONCOMPLIANCE.** (a) If a participating electric utility fails to comply with any of the requirements of AS 42.45.100 — 42.45.190 or 3 AAC 52.600 — 3 AAC 52.670, the power cost equalization (PCE) of that utility becomes interim and refundable effective as of the initial date of the noncompliance.

(b) If a nonregulated participating electric utility fails to notify the commission promptly after a change in fuel or purchased power cost, the PCE per kilowatt-hour of that utility becomes interim and refundable effective on the first day of the

(1) month following the change if the change occurs during the first 15 days of a month; or

(2) second month following the change if the change occurs after the first 15 days of a month.

(c) If a participating electric utility fails to file its annual report when due, the PCE becomes interim and refundable on the date the annual report was due.

(d) The PCE rate designated as interim and refundable under this section is subject to modification when a permanent PCE rate is approved by order of the commission. The modification will be made as follows:

(1) if the permanent PCE rate is less than the interim and refundable PCE rate, the effective date for the permanent PCE rate is the date that the interim and refundable PCE rate was established by the commission; the difference between the two rates will be recovered by the Department of Community and Regional Affairs under the provisions of 19 AAC 97.210(d);

(2) if the permanent PCE rate is greater than the interim and refundable PCE rate, the effective date for the permanent PCE rate is the date that the permanent PCE rate is established by the commission; the lower interim and refundable PCE rate will be made permanent for the period from the date that the interim and refundable PCE rate was established to the date that the higher permanent PCE rate is effective. (Eff. 10/28/89, Register 112; am 5/18/96, Register 138)

Authority: AS 42.05.141  
AS 42.05.151

AS 42.45.110  
AS 42.45.130

AS 42.45.160  
AS 42.45.170

**3 AAC 52.690. DEFINITIONS.** Unless the context indicates otherwise, in 3 AAC 52.600 — 3 AAC 52.690

(1) "commission" means the Alaska Public Utilities Commission;

(2) "community facility" means a facility determined by the Department of Community and Regional Affairs to be a community facility as defined in AS 42.45.150(1) and 19 AAC 97.270(b);

(3) "fuel surcharge" means a fuel cost rate adjustment, a cost-of-power adjustment, or any similar mechanism;

(4) "kilowatt-hour sold" means all electric energy delivered by a utility to consumers and includes energy furnished by the utility to a consumer free of charge;

(5) "nonregulated participating electric utility" means a utility that is exempt from the provisions of AS 42.05, except for the provisions of AS 42.05.221 — 42.05.281, or from all the provisions of AS 42.05;

(6) "participating electric utility" means an eligible electric utility as defined in AS 42.45.150(2) that receives payments from the power cost equalization fund;

(7) "regulated participating electric utility" means a utility as defined in AS 42.05.990(4)(A) that is subject to the provisions of AS 42.05;

(8) "substantial inventory capacity" means fuel storage capacity exceeding 10 percent of annual usage. (Eff. 10/28/89, Register 112; am 5/18/96, Register 138)

Authority:	AS 42.05.141	AS 42.45.110	AS 42.45.160
	AS 42.05.151	AS 42.45.130	AS 42.45.170
	AS 42.05.990		

Editor's note: For Department of Community and Regional Affairs' regulations regarding the power cost equalization program, see 19 AAC 97.200 — 19 AAC 94.270.

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04/30/99  
09:31:22

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM  
PARTICIPANT LIST (TESTIFIERS ONLY)  
TCN:90684 SCHEDULED FOR:04/30/99 09:00 TO 11:00  
PUBLIC HEARING SENATE FINANCE

LTN1150  
BY:JNU  
FOR:ALL

LOCATION:ANCHORAGE

SB 140		CLIFF	EAMES	AK CNTR ENVIRON	TESTIFY
SB 140		JOHN	BAKER	DEPT OF LAW	TESTIFY
SB 140		NORM	STOUT		TESTIFY

LOCATION:DILLINGHAM

SB 140		JOHN	EASTON	BBCRSA	TESTIFY
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LOCATION:KODIAK

SB 140	MS	LINDA	FREED	KOD IS BOROUGH	TESTIFY
<del>SB 151</del>	<del>MR</del>	<del>PAT</del>	<del>CARLSON</del>	<del>BOROUGH ASSESSOR</del>	<del>UNABLE</del>

LOCATION:MATSU

SB 140	MS	KAROL	KOLEHMAINEN		TESTIFY
SB 140	MS	KATHY	WELLS		TESTIFY

LOCATION:NOME

SB 140	MR.	ROBERT	FAGERSTROM	CPC	TESTIFY
SB 157	MR.	JOHN	HANDELAND	NJUS/CITY OF NOME	TESTIFY

LOCATION:SITKA

LOCATION:OFFNET 2

SB 140	MS	JANE	ANCHORAGE ANGVIK		TESTIFY
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SENATE FINANCE COMMITTEE

SIGN-IN

SB 157-POWER COST EQUALIZATION

NAME: LANAR COTTEN Sub./Bill No: 157

Co./Dept./Title: DCRA Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond to Questions

NAME: \_\_\_\_\_ Sub./Bill No: \_\_\_\_\_

Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond to Questions

NAME: \_\_\_\_\_ Sub./Bill No: \_\_\_\_\_

Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond to Questions

NAME: \_\_\_\_\_ Sub./Bill No: \_\_\_\_\_

Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond to Questions

SENATE FINANCE COMMITTEE

SIGN-IN

SB 157-POWER COST EQUALIZATION

NAME: Eric Youle Sub./Bill No: \_\_\_\_\_

Co./Dept./Title: Ex Dir ARCA Phone: 462-3634

Address: 703 W Tudor Rd And Zip: 99503

Do you wish to testify?  Yes  No  Respond to Questions <sup>IF requested</sup>

NAME: LAMAR POTEN / Dick EMMERMAN Sub./Bill No: 157

Co./Dept./Title: DCRA Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond to Questions

NAME: \_\_\_\_\_ Sub./Bill No: \_\_\_\_\_

Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond to Questions

NAME: \_\_\_\_\_ Sub./Bill No: \_\_\_\_\_

Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond to Questions

SENATE FINANCE COMMITTEE

SIGN-IN

SB 155-SALARY REPORTS: LEG/EXEC/JUDICIAL BRANCH

NAME: DAVID ESSARY Sub./Bill No: SB 155  
Co./Dept./Title: DOA / Director, Division of Finance Phone: 3435  
Address: P.O. Box 110204 Juneau, AK Zip: 99801

Do you wish to testify?  Yes  No  Respond to Questions

NAME: \_\_\_\_\_ Sub./Bill No: \_\_\_\_\_

Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond to Questions

NAME: \_\_\_\_\_ Sub./Bill No: \_\_\_\_\_

Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond to Questions

NAME: \_\_\_\_\_ Sub./Bill No: \_\_\_\_\_

Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond to Questions

05/10/99  
09:10:49

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM  
PARTICIPANT LIST (TESTIFIERS ONLY)  
TCN:90737 SCHEDULED FOR:05/10/99 09:00 TO 11:00  
PUBLIC HEARING SENATE FINANCE

LTN1150  
BY:JNU  
FOR:ALL

LOCATION: ANCHORAGE

SB 157  
SB 97

CHARLIE  
JEFF

WALLS \_\_\_\_\_ ANS ?S  
JESSE \_\_\_\_\_ ANS ?S

AVEC

TESTIFY  
TESTIFY

LOCATION: FAIRBANKS

SB 97

MS.

MARY

SYNOGROUND\_ (SB59)

TESTIFY

05/06/99  
09:42:12

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM  
PARTICIPANT LIST (ALL PARTICIPANTS)  
TCN:90722 SCHEDULED FOR:05/06/99 09:00 TO 11:00  
PUBLIC HEARING SENATE FINANCE

LTN1150  
BY:ANC  
FOR:ANC

LOCATION: ANCHORAGE

SB 157  
SB 97

RANDY  
JEFF

SIMMONS \_\_\_\_\_ANS ?S  
JESSE \_\_\_\_\_ANS ?S

AIDEA

TESTIFY  
TESTIFY

SENATE FINANCE COMMITTEE

SIGN-IN

SB 157-POWER COST EQUALIZATION

NAME: Eric Yould Subject/Bill No: SB 157  
Co./Dept./Title: ARECA Executive Dir Phone: 561-6103  
Address: 703 W Tudor Rd Zip: 99503  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions

**SB**

**160**

**SFIN**

**FILE**

SB 160

was referred to the  
Senate Finance  
Committee

No hearing was held  
on this bill

# FISCAL NOTE

**STATE OF ALASKA  
1999 LEGISLATIVE SESSION**

**BILL NO. SB-160**

Revision Date/Time (Note if correction) \_\_\_\_\_ Dept. Affected \_\_\_\_\_  
 Title \_\_\_\_\_ BRU \_\_\_\_\_  
 Alaska Railroad Passenger Surcharge \_\_\_\_\_ Component \_\_\_\_\_  
 Sponsor Senate Finance \_\_\_\_\_  
 Requester \_\_\_\_\_ Component Serial No. \_\_\_\_\_

**Expenditures/Revenues (Thousands of Dollars)**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**CAPITAL EXPENDITURES**

<b>CHANGE IN REVENUES ( )</b>	<b>1,536.0</b>	<b>1,535.0</b>	<b>1,535.0</b>	<b>1,536.0</b>	<b>1,536.0</b>	<b>1,535.0</b>
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**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY99) cost: 75,000.0

**POSITIONS**

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

The Alaska Railroad computes passenger counts by segments and not by individual. In FY 1998, the number of passenger segments sold was 814,238. Since the proposed legislation states that a \$5 surcharge be applied to each passenger ticket sold, a more reasonable estimate of 1998 passenger count could be achieved by dividing the total number of segments by two. The Alaska Railroad fiscal year is on a calendar year basis.

Prepared by J. Blasingame Phone \_\_\_\_\_  
 Division \_\_\_\_\_ Date/Time \_\_\_\_\_  
 Approved by Commissioner [Signature] Date 4/28/99  
 Agency Alaska Railroad Corporation, Gov. Bill Sheffield Pres. & CEO

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# FISCAL NOTE

**STATE OF ALASKA  
1999 LEGISLATIVE SESSION**

**BILL NO. CSSB 160(TRA)**

Revision Date/Time (Note if correction) _____	Dept. Affected	Revenue
Title <u>Alaska Railroad Passenger Surcharge</u>	BRU	Revenue Operations
	Component	Income and Excise Audit
Sponsor <u>(S) FIN</u>		
Requester <u>(S) FIN</u>	Component Serial No.	<u>113</u>

**Expenditures/Revenues (Thousands of Dollars)**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<b>CHANGE IN REVENUES (increase)</b>	<b>307.1</b>	<b>1,535.6</b>	<b>1,535.6</b>	<b>1,535.6</b>	<b>1,535.6</b>	<b>1,535.6</b>

**FUND SOURCE (Thousands of Dollars)**

FUND SOURCE	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of current year (FY99) cost: 0.0

**POSITIONS**

POSITIONS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Full-time						
Part-time						
Temporary						

**ANALYSIS:**

A \$5 head tax is imposed on each "passenger" transported on the Alaska Railroad. The Alaska Railroad collects data on passengers by segment. The Alaska Railroad Corporation reports that 614,236 segments were sold in FY 98. Because of confidentiality reasons the number of passengers per segment cannot be reported. The Alaska Railroad Corporation suggested a reasonable estimate could be achieved by dividing the number of segments by two and using this as a passenger count. For FY 2000, we used 20% of the total passengers to estimate revenues because the effective date of the bill is January 1, 2000 and thus collections for FY 2000 would only include the months of January-May 2000. Collections from June 2000 would not be posted until July 2000. Additionally, 85% of visitors to Alaska arrive between the months of May and September.

Prepared by <u>Brett Fried, Economist</u>	Phone <u>465.3682</u>
Division <u>Income and Excise Audit</u>	Date/Time <u>May 3, 1999</u>
Approved by <u>Wilson L. Condon</u>	Date <u>May 3, 1999</u>
Commissioner	
Agency <u>Department of Revenue</u>	

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**SECTIONAL ANALYSIS BY THE DEPARTMENT OF REVENUE OF SB 160 –  
ALASKA RAILROAD PASSENGER SURCHARGE**

**SECTION ANALYSIS**

**Section 1** amends AS 42.40 to prevent the Alaska Railroad Corporation from applying or accepting a grant of federal land or federal property within a municipality unless the legislature determines that the federal land or property is required for essential railroad purposes.

**Section 2** amends AS 42.40 to allow for applications for the acquisition of federal land as long as the application meets the criteria discussed in section 1, will enhance the essential railroad operations of the Corporation and is available under a federal law other than the Alaska Statehood Act of 1958..

**Section 3** amends AS 42.40 to add a new section imposing a passenger surcharge for carriage on the Alaska Railroad. AS 42.40.915 provides that the Alaska Railroad shall collect a \$5 passenger surcharge on each passenger transported in either corporation or privately owned railroad coaches. The Alaska Railroad is to remit the surcharge to the department each month for deposit in the general fund. The department and the legislative auditor may review the records of the Alaska Railroad to determine compliance.

**Section 4** provides that the legislation has a January 1, 2000 effective date.

**Overall Analysis**

A \$5 head tax is imposed on each "passenger" transported on the Alaska Railroad. We interpret the reach of the bill to extend to each individual passenger transported on the railroad regardless of whether that person is a paying passenger. Presumably, this would cover every person riding on the railroad other than railroad employees on duty. That may be overly broad and could apply to non-revenue generating riders. For example, we understand that the railroad on occasion provides non-revenue generating special excursions for head-start children. Under the bill this would nevertheless result in the application of the \$5 head tax on each child transported.

It is also our understanding that tour companies pre-purchase a substantial amount of the space on the railroad cars. It is not clear from the bill whether the tour companies would include the \$5 head tax with the pre-payment to the Alaska Railroad or whether the obligation would fall upon the railroad to collect the tax from each individual as they are transported. We would anticipate that the Alaska Railroad would require the tour companies to pre-pay the tax at the time the space is paid, with a credit mechanism available to adjust between the number of persons pre-paid and the number of persons transported.

There may be some accounting problems in tracking passengers traveling more than one segment. The tour companies may not necessarily know the precise number of passengers

Alaska Railroad Passenger Surcharge  
CSSB 160(TRA)  
May 3, 1999  
Page 3 of 3

that will occupy the pre-purchased space on a segment by segment basis. Individuals not traveling on tour company space may purchase tickets for each individual segment. We view the bill to associate a "passenger" with a ticket. An individual with one ticket for more than one segment and over any period of time is one passenger for purposes of the tax. An individual who buys tickets on a segment by segment basis would be subject to the tax on each ticket. These results may present some problems to the Alaska Railroad and require changes if it does not currently track tickets or passengers.

**SB**

**165**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 5/13/99

FURTHER: 2/1/00

DATE TURNED IN TO OFFICE: Feb 1, 2000

Finance Committee considered

SENATE BILL NO. 165

"An Act relating to the remedies available to judgment creditors against limited liability company members and their assignees and against limited partnership general and limited partners and their assignees; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

- Senate Bill:**
- same title
  - new title
- House Bill:**
- same title
  - technical title
  - new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>W. Adams</i>	X	<i>W. Adams</i>	✓		
<i>David D. Simon</i>	✓	<i>David D. Simon</i>	✓		
		<i>Alvin Weber</i>	✓		
Co-Chair: <i>David D. Simon</i>	✓	Co-Chair:			
Co-Chair: <i>Alan Powell</i>	✓	Co-Chair:			

**NEW FISCAL NOTE(S):**

Department      Date      Zero      Fiscal

forthcoming law			

**PREVIOUS FISCAL NOTE(S):\***

Department      Date      Zero      Fiscal

Law	2/1/99		✓

FISCAL NOTE

STATE OF ALASKA  
1999 Legislative Session

BILL NO. SB 165

8-2/100

Revision Date: \_\_\_\_\_  
 Title: "An Act relating to the remedies available to judgement  
 creditors against limited liability company members..."  
 Sponsor: Senate Judiciary Committee by Request  
 Requester: (S)RLS

Dept. Affected Law  
 BRU Civil Division  
 Component Commercial  
 Component Serial No. 2211

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY01	FY02	FY03	FY04	FY05	FY06
Personal Services	0.0					
Travel	0.0					
Contractual	0.0					
Supplies	0.0					
Equipment	0.0					
Land & Structures	0.0					
Grants & Claims	0.0					
Miscellaneous	0.0					
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES [ ]						
------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts	0.0					
1003 GF Match	0.0					
1004 GF	0.0					
1005 GF/Program Receipts	0.0					
1037 GF/Mental Health	0.0					
1091 Designated Program Receipts	0.0					
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY99) costs: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

No fiscal impact on the Department of Law

Prepared By: SENATE FINANCE COMMITTEE

  
 SENATOR SEAN PARNELL, CO-CHAIR

Date: 2-1-00  
 Phone: 465-2995

  
 SENATOR JOHN TORGERSON, CO-CHAIR

Date: 2-1-00  
 Phone: 465-2828

# Alaska State Legislature

Chairman,  
Judiciary Committee  
Administrative Regulations  
Revenue Committee

Vice Chairman,  
Resources Committee



*Senator Robin L. Taylor*

State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-3873  
Fax: (907) 465-3922

50 Front Street  
Suite 203  
Ketchikan, Alaska 99901  
(907) 225-8088  
Fax: (907) 225-0713

## REQUESTOR STATEMENT

### SB 165

**"An Act relating to the remedies available to judgment creditors against limited liability company members and their assignees and against limited partnership general and limited partners and their assignees; and providing for an effective date."**

SB 165 amends the Alaska Limited Partnership Act and the Alaska Limited Liability Act. The proposed amendments make it clear that a judgement creditor of an Alaska limited partnership or limited liability company has only the remedy of a charging order. Thus, the creditor will receive all distributions made to the debtor partner or member. However, the right to receive such distribution is the judgement creditor's only remedy. No other remedies are available to the judgement creditor or to a court implementing a creditor's collection request.

Limited partnerships and limited liability companies are often used for closely held businesses or investment activities. Families frequently use them. One of the key advantages of these business entities is that the partners or members can choose who will be their business associates, and can be secure that the venture will continue until an agreed time or event.

If a creditor obtains a judgement against a partner or member, the statutes provide that the creditor can obtain a "charging order" against the debtor's partnership or limited liability company interest. This allows the creditor to receive the distributions to which the partner or member would be entitled.

District A:

Hyder • Ketchikan • Kupreanof • Meyers Chuck • Petersburg • Saxman • Sitka • Wrangell

Requestor Statement

Pg. 2

On its face, these statutes do not expressly allow for any other creditor remedies. This is consistent with the concept that the other partners of a partnership or members of a limited liability company should not have their business or investment actively disrupted, nor should they be forced to take in a substitute partner or member (e.g., the judgement creditor). This was the generally understood position taken by the Uniform Limited Partnership Act and many limited liability acts.

However, recently a Connecticut court held that a judgement creditor of a limited partnership could foreclose on the partnership interest. This holding was in conflict with a prior Florida court decision which held that foreclosure was not an available remedy for a judgement creditor of a limited partner. Such foreclosure would allow the judgement creditor to become a partner of the limited partnership, or a member of the limited liability company. Depending on the provisions of the partnership agreement or operating agreement, this could result in a forced dissolution of the entity and sale of its assets. Such a result could be very harmful to the other partners or members.

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

## MEMORANDUM

September 27, 1999

**SUBJECT:** Sectional Summary of SB 165(Work order 21-LS0919A)

**TO:** Senator Robin Taylor  
Attn: Sue

**FROM:** *TB*  
Theresa Bannister  
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

**Section 1.** Adds provisions relating to the rights of judgment creditors of a member (or a member's assignee) of a limited liability company.

Sec. 10.50.380(c) states that AS 10.50.380 provides the exclusive remedy that the judgment creditor may use to satisfy a judgment out of the judgment debtor's interest in the limited liability company. Identifies some of the remedies that are not available to the judgment creditor.

Sec. 10.50.380(d) states that AS 10.50.380 does not deprive a member of a limited liability company of the benefit of an exemption that applies to the member's membership interest in the limited liability company.

**Section 2.** Provides that the rights of a creditor with regard to the interest of a general partner in a limited partnership are subject to the new provision proposed by sec. 3 of the bill.

**Section 3.** Adds a provision relating to the rights of judgment creditors of a general or limited partner (or of the partner's assignee) of a limited partnership. States that AS 32.11.340 provides the exclusive remedy that the judgment creditor may use to satisfy a judgment out of the judgment debtor's interest in the partnership. Identifies some of the remedies that are not available to the judgment creditor.

**Section 4.** States that the Act does not apply to a judgment creditor's remedies for collecting a judgment entered by a court before the Act takes effect.

Senator Robin Taylor  
September 27, 1999  
Page 2

**Section 5.** Gives the Act an immediate effective date.

If I may be of further assistance, please advise.

TLB:pl  
99-152.plm

**SB**

**167**

**HFIN**

**FILE**

(11)

# HOUSE COMMITTEE REPORT

Date Referred to Committee: May 15, 1999

FURTHER REFERRALS:

Date of Committee Action: 5/16/99

The FINANCE Committee considered:

CSSB 167(FIN)

CS FOR SENATE BILL NO. 167(FIN)

UOA SCHOLARSHIPS/ALASKA SCHOLARS PROGRAM

"An Act relating to scholarships to attend the University of Alaska; and providing for an effective date."

recommends it be replaced with the following committee substitute \_\_\_\_\_  the same title  a new title

additional referral to \_\_\_\_\_ Committee  attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): \_\_\_\_\_ (Dept)

APPROVES PREVIOUS: \_\_\_\_\_ (Dept/Date)

fiscal note(s) \_\_\_\_\_

<sup>Senate</sup> fiscal note(s) UA, 5/7/99

zero fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Car Bunde</i>	Bunde	<input checked="" type="checkbox"/>			
<i>Vic Kohring</i>	Kohring			<input checked="" type="checkbox"/>	
<i>John Austerman</i>	Austerman	<input checked="" type="checkbox"/>			
<i>Cal Davis</i>	J. Davis	<input checked="" type="checkbox"/>			
<i>Ben Grussendorf</i>	Grussendorf	<input checked="" type="checkbox"/>			
<i>Alfred E. Moses</i>	Moses	<input checked="" type="checkbox"/>			
<i>John G. Davis</i>	J. Davis			<input checked="" type="checkbox"/>	
<i>William</i>	William			<input checked="" type="checkbox"/>	
<i>John</i>	John	<input checked="" type="checkbox"/>			

VICE CHAIR'S SIGNATURE Car Bunde V.C.  
Bunde

# FISCAL NOTE

No. 1  
 Bill Version: SB 167  
 (S) Publish Date: SB 167

**STATE OF ALASKA**  
**1999 LEGISLATIVE SESSION**

Revision Date (Note if correction)	_____	Dept. Affected	University of Alaska
Title	UA Scholars Program	BRU	University of Alaska
	University of Alaska	Component	Systemwide Budget Reductions & Additions
Sponsor	Senator Gary Wilken	Component Serial No.	_____
Requester	Senate HESS Committee		

**Expenditures/Revenues**

OPERATING EXPENDITURES	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services					
Travel					
Contractual					
Supplies					
Equipment					
Land & Structures					
Grants & Claims	494.1	1,360.8	2,011.5	2,497.5	2,708.1
Miscellaneous					
<b>TOTAL OPERATING</b>	<b>494.1</b>	<b>1,360.8</b>	<b>2,011.5</b>	<b>2,497.5</b>	<b>2,708.1</b>

<b>CAPITAL EXPENDITURES</b>					
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<b>CHANGE IN REVENUES ( )</b>					
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**FUND SOURCE**

1002 Federal Receipts					
1003 GF Match					
1004 GF					
1005 GF/Program Receipts					
1037 GF/Mental Health					
Other (University Receipts)	494.1	1,360.8	2,011.5	2,497.5	2,708.1
<b>TOTAL</b>	<b>494.1</b>	<b>1,360.8</b>	<b>2,011.5</b>	<b>2,497.5</b>	<b>2,708.1</b>

Estimate of any current year (FY99) cost: None

**POSITIONS**

Full-time					
Part-time					
Temporary					

**ANALYSIS:** (Attach a separate page if necessary)

This bill provides for a scholarship of \$2,700/year for 4 years to the University of Alaska for students who meet the following criteria: (a) graduate within the top 10% of a graduating class of 30 students or more; (b) be one of the top 2 graduates of a graduating class of 15-29 students; or (c) be the top graduate of a class of less than 15 students. Based on information compiled by the Alaska Dept. of Education and the above criteria, 733 students would be eligible for the scholarship. This fiscal note assumes that 25% of potentially eligible graduates will take advantage of the program in FY00, and that 50% of potentially eligible graduates will take advantage of the program each year thereafter. It further assumes that 75% of each year's participants will enroll in the following year - i.e., 75% of the freshmen will enroll as sophomores, 75% of the sophomores will enroll as juniors, etc.

The FY00 identified university receipt funding for this scholarship program is the University's Natural Resources Fund which is the earnings on the University's Land Grant Trust Fund.

Prepared by	Pat Pitney, Director	Phone	474-7958
Division	UA Office of Budget and Institutional Research	Date	4/30/99
Approved by	CoPat Pitney, Director	Date	4/30/99
Agency	UA Office of Budget and Institutional Research		

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## GARY WILKEN

SENATOR  
Districts 29 & 30  
West Fairbanks

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Tel: (907) 465-3709 (outside Fbks)  
Fax: (907) 465-4714  
Website: [www.garywilken.com](http://www.garywilken.com)  
E-Mail: [Senator\\_Gary\\_Wilken@legis.state.ak.us](mailto:Senator_Gary_Wilken@legis.state.ak.us)

Interim:  
1851 Fox Ave.  
Fairbanks, Alaska 99701  
Tel: (907) 451-5501  
Fax: (907) 451-0438

## Sponsor Statement

### CS for SB 167 (FIN) - University of Alaska Scholarships

The University of Alaska Board of Regents has established the Alaska Scholars Program. Under this program, scholarships are awarded to the top 10 percent of Alaska's high school students to attend the University of Alaska. A recipient receives the scholarship for up to four years, provided the student successfully completes a full-time certificate or degree program. The award, in the amount of \$1,350 per semester, may be used for tuition, fees, room, board, books, transportation and other education expenses.

An individual is eligible for a UA Scholarship if, at the end of the junior year, the student is: (1) in the top 10 percent of a class of 30 or more students; (2) one of the top two students in a class of 15-29 students; or (3) the top student in a class of less than 15 students. The award may be used at any University of Alaska campus.

Unfortunately current confidentiality requirements make it difficult for schools to release the names of eligible students. Committee Substitute for Senate Bill 167 (FIN) remedies this problem. This legislation requires a qualified high school in the state to provide the Board of Regents a list of the names and addresses of students in the graduating class who meet the scholarship eligibility requirements. However, the school will not release this information if the parent of the student objects to the disclosure.

Committee Substitute for Senate Bill 167 (FIN) ensures that the Alaska Scholars Program will continue and our bright and talented students will be encouraged to attend the University of Alaska. I urge your support for SB 167.

\*\*\*

May 14, 1999



# University of Alaska

UA Scholars Program  
P.O. Box 755200  
910 Yukon Dr., Suite 202  
Fairbanks, Alaska 99775-5200

## SCHOLARS PROGRAM

April 30, 1999

### Update on the UA Scholars Program

State of Alaska Department of Education records show 286 public and 37 private Alaska High Schools that qualify to participate in the UA Scholars Program in 1999. These include all public high schools, charter schools and correspondence school programs tied to a public school, as well as private schools throughout the state which are either accredited by the Northwest Association of Schools and Colleges, or registered with the State of Alaska Department of Education.

Approximately 7,200 Alaska high school students will graduate in the class of 1999; we had estimated that 733 students would qualify in the top 10% of their class of 1999. Current estimates of total participation in this program appear to be about a 25% acceptance rate.

To date, we have received information from 117 Alaska high schools, including 2 charter schools, 7 correspondence schools and 4 Christian schools. Seven schools informed us that they do not have any graduating seniors for the class of 1999.

As of April 29, 1999, we have received 668 names of eligible UA Scholars Program recipients. All of these students have been notified of their receipt of this award via a personal letter from President Hamilton. Official UA Scholars Program certificates will be presented to these award recipients at the various awards ceremonies at the high schools throughout the state in early May.

UAA shows 82 UA Scholars have applied for admission; UAF shows 84 applicants that are receiving the UA Scholars Award and UAS has a total of 15 applicants as of April 29, 1999 that are UA Scholars Award recipients.

4/30/99 atr

January 8, 1999

Public Affairs

(907) 474-7272

## UA President Hamilton Says Scholars Award Program Looks Beyond Oil Prices to Secure Alaska's Future

There has never been a more important time for Alaska to invest in higher education, by increasing opportunities for young Alaskans to attend college in their own state, University of Alaska President Mark R. Hamilton told high school principals and counselors in Anchorage and Fairbanks this week.

The university's chief executive met with the school officials to discuss with them the University of Alaska Scholars Award Program which will give the top 10 percent of each high school graduating class, beginning in the spring of 1999, a four year scholarship award to the University of Alaska campus of their choice.

Hamilton said the program is designed to help reduce the number of Alaska's top high school graduates who leave the state for education and jobs elsewhere. He said almost 60 percent of the state's graduates who go on to higher education leave Alaska to attend college in the Lower 48 each fall, and most of them never return. Other states educate anywhere from 70 to 80 percent of their college-bound high school graduates at their own in-state colleges and universities.

"Alaska is dead last in this country in the retention of its high school students," Hamilton said. We have to turn that around because Alaska needs to take its whole team, not just the elite, into the 21st Century."

Hamilton said in his opinion the "brain drain" is a natural resource issue that dwarfs discussions about the price of oil from day to day. "We're exporting our future and we're not nearly concerned enough about it," he said.

Counting state, local and federal funds, Hamilton said Alaska spends about a billion dollars a year on K-12 education, so that means that each year the cohort of Alaska high school graduates represents an investment of \$12 billion, an amount which represents half of what's in the Alaska Permanent Fund.

"If we don't make more of an effort to keep Alaska's best and brightest in the state, then we are spending a considerable amount of money each year to make kids smarter for export to other states," he said. "It doesn't make any sense."

Hamilton believes the University of Alaska Scholars Award Program will start to make a difference in solving the problem, and he hopes that people around the state will agree with him. "The recipients of these awards will become the best possible ambassadors for the University of Alaska in communities all across the state, and because they are most likely to stay in Alaska after graduating, they will help build the state's future," he said.

The award amount for the graduating high school classes of 1999 and 2000 will be \$10,800 per recipient. The award is redeemable in the amount of \$1,350 per semester, for a total of eight semesters. To be eligible, students must be in the top 10 percent of their class at an Alaska high school accredited by the Alaska Department of Education.

The UA Scholars Award Program cost is estimated to vary from \$500,000 to \$750,000 a year, and will be paid initially by the university from earnings of the University of Alaska Land Grant Endowment Fund.

"This is part of the money the university receives for managing and developing its land," Hamilton said, "and it is appropriate that we re-invest a major part of it in Alaska's young people, the state's greatest natural resource."

Program specifics are being developed now, Hamilton said, and will be widely disseminated soon to all Alaska school districts.

The University of Alaska Scholars Program is receiving national attention because of recent studies which show that the cost of higher education continues to rise nationally as available federal grant money continues to erode, putting higher education out of reach for many families in America. California and Texas have both announced similar student retention scholarship programs.

FOR MORE INFORMATION: Bob Miller, 907-474-7272

2. Have successfully earned a high school diploma from an Alaska public high school or other high school in Alaska accredited by the Northwest Association of Schools and Colleges; and
3. Be accepted into a certificate or degree program of the University of Alaska, by the fall semester of the year following high school graduation; and
4. Be enrolled as a full-time student at the University of Alaska.

To maintain eligibility for the UA Scholars Award, a Recipient must, in accordance with standards adopted by the University of Alaska:

1. Be in good academic, financial aid, and student code of conduct standing; and
2. Be making satisfactory academic progress toward completion of a certificate or degree program.

**B. Campus Designation or Choice:**

A Recipient may choose to attend any campus of the University of

Alaska, and may transfer to any campus of the University of Alaska without affecting the Award. If a Recipient transfers between campuses of the UA system, the UA Scholars Award will move with them.

**C. Other scholarships and financial assistance:**

The UA Scholars Award may be redeemed in cash for payment of Eligible Expenses, if, for example, a student has prepaid tuition credits through the ACT program, or receives a scholarship or financial assistance from another source. Redemptions in cash shall be made in accordance with procedures established by the Program Administrator. Because of federal requirements and requirements of other financial assistance awards, in certain circumstances, receipt of the UA Scholars Award may reduce the availability of financial assistance from other sources.

**D. Eligible Expenses:**

Eligible Expenses means tuition, fees, room, board, books, supplies, transportation, and other educational costs incurred for attendance at the University of Alaska as determined by the Program Administrator.

**E. Expiration of UA Scholars Award:**

A UA Scholars Award expires:

1. When the Recipient loses eligibility for redemption; or
2. When the sum of the redemption under the Award equals the total amount of the award; or
3. Six years from the inception of the semester of initial redemption of the Award.

**Program Administrator**

**A. Appointment and Authority**

A Program Administrator shall be appointed by the University President to carry out the day-to-day administration of the Program. The Program Administrator shall have all powers necessary or appropriate to carry out his or her duties. Any interpretation or action with respect to the Award and its administration shall be conclusive and binding upon any and all affected parties and persons.

**B. Notices to the Program Administrator**

Communications to the Program shall be effective when received at the Office of the UA Scholars Program Administrator, University of Alaska, 910 Yukon Dr., Suite 202, PO Box 755200, Fairbanks, Alaska, 99775-5200.

**Other Provisions**

**A. Governing Law**

The provisions of law and authoritative interpretations shall take precedence over any provisions of the UA Scholars Award. The Program shall be construed in accordance with applicable federal law and the laws of the state of Alaska. Jurisdiction and venue for any litigation arising out of the Program shall be solely in State District or Superior Court in Anchorage or Fairbanks, Alaska.

**B. Transferability**

UA Scholars Awards are not transferable to other individuals or Recipients.

**C. Income Tax Withholding**

Benefit payments made under the Program may be subject to income tax reporting or withholding requirements. No representations, expressed or implied, are

made herein as to the taxability of benefits received under this Program.

#### D. Correction of Errors

In the event an incorrect amount is paid to or on behalf of the beneficiary, such amount may be recovered from the Recipient, or any remaining balances or payments may be adjusted to correct the error. The processing of adjustments which are *de minimis* in amount may be waived at the discretion of the Program Administrator.

#### E. Availability of Funds

All redemption or other distributions of benefits under this Program are subject to the availability of funds.

#### F. No Additional Rights

No person shall have a cause of action to recover damages arising out of this Program. Neither the establishment of this Program, the granting of an Award, nor any action of the University related to the Program shall be held or construed to confer upon any person any right to be or continue to be a student at the University. Nothing in the UA Scholars Program shall be construed to expand a student's rights beyond

those provided in University policies, regulations and other applicable documents.

#### G. Amendment or Termination

The Board of Regents reserves the right to terminate, discontinue, or suspend this Program or to merge or consolidate this Program with other programs. This Program may be amended by authority of the University President at any time, except that any reduction in benefits awarded to Recipients shall be approved by the Board of Regents.

#### **Dispute Procedure**

Disputes shall be resolved under existing campus procedure or such other procedures as the Program Administrator deems appropriate.

It is the intent of this Program that no rights are created which are the subject of judicial review. To the extent review is sought, further review may only be obtained by filing an appeal with the Superior Court of Alaska within 30 days of the final decision in accordance with Alaska Appellate Rule 602(a)(2).

Final decisions of the University shall be upheld unless shown to be discriminatory on some basis prohibited by state or federal law.

- A. For a class of 30 or more students, be in the top 10 percent of the applicant's class;
- B. For a class of 15 - 29 students, be one of the top two students; or
- C. For a class of less than 15 students be the top student.

Students who do not meet the eligibility criteria in their junior year, but subsequently qualify in the top 10% of their senior class, may submit a request for consideration of eligibility to the Program Administrator.

For students graduating in the current 1998-99 academic year, (graduating class of 1999), ranking will be determined as of the end of the junior year. (June, 1998.)

Each participating high school shall be asked to:

- A. Establish criteria to determine which students are academically ranked in the top ten percent of their junior class;
- B. Provide the university with a list of the students ranked in the top ten percent of their junior class, at the end of their junior year; and

- C. Notify eligible students of their opportunity to participate in the UA Scholars Award Program.

#### **Application for Award**

Applications for the UA Scholars Award shall be submitted at the time designated by, and in a form satisfactory to, the Program Administrator. At a minimum, the application shall include the following:

- A. Name, address, date of birth and social security or ID number of applicant;
- B. Verification of high school class standing;
- C. Name of the high school(s) attended during the qualifying period; and
- D. Verification of United States citizenship or lawfully admitted permanent resident alien status.

#### **Redemption**

- A. General:

To redeem a UA Scholars Award, a student Recipient must:

- 1. Be a U.S. citizen or an alien lawfully admitted for permanent residence in the United States;

## Introduction

Let's give our young people reasons to stay in Alaska.

Over half of Alaska high school graduates who leave to attend colleges in other states never return. This represents an incredible loss of talent and knowledge for Alaska that must be replaced, in part, and at significant cost, by hiring outside the state. Just as importantly, it represents a diminishment of Alaska's collective history and heritage. The University of Alaska Scholars Program is an attempt to encourage more young people to stay in Alaska for their college education. We know if we educate our young people in Alaska, the chances are substantially increased that they will stay to accept a job, raise a family, and contribute to the social, cultural, and economic enrichment of Alaska in ways that can never be matched by those of us who come here late in life.



Mark Hamilton, President  
University of Alaska

## General Purpose

The purpose of the University of Alaska Scholars Program (also referred to herein as the "UA Scholars Award", "Award", or "Program") is to provide an incentive for Alaska's middle and high school students to achieve excellence, to nourish efforts of school districts to provide high quality education, and to encourage the top high school graduates in Alaska to attend the University of Alaska.

## UA Scholars Award

A UA Scholars "Award Certificate" shall be issued to each applicant by the University President upon verification of eligibility. The amount of the Award shall be established by the Board of Regents and may be adjusted periodically without notice. The UA Scholars Award for the graduating high school classes of 1999 and 2000 is \$10,800 per Recipient. The Award is redeemable in the amount of \$1,350 per semester, for a total of eight semesters.

## Eligibility for Award

A student will be eligible for a UA Scholars Award if the student meets one of the following academic achievement standards at the end of their junior year at an Alaska public or other high school in Alaska accredited by the Northwest Association of Schools and Colleges:

Application Form-print clearly Application Form-print clearly Application Form-print clearly

Name: (first, middle initial, last)  
\_\_\_\_\_

Address: \_\_\_\_\_  
(city) \_\_\_\_\_, AK (zip) \_\_\_\_\_

Contact Phone #: ( ) \_\_\_\_\_

Date of Birth: \_\_\_\_/\_\_\_\_/\_\_\_\_

Social Security Number:  
\_\_\_\_\_

High School Attended:  
\_\_\_\_\_

Graduation Date: (mo./yr.)  
\_\_\_\_/\_\_\_\_

Class Standing at end of Junior Year:  
(rank/class size) \_\_\_\_/\_\_\_\_

Semester you plan to enroll at UA:  
spring/fall \_\_\_\_\_ year \_\_\_\_\_

Expected UA graduation date:  
spring/fall \_\_\_\_\_ year \_\_\_\_\_

Are you a U.S. citizen or hold status  
as a lawfully admitted permanent  
resident alien?

yes  no

I give the University of Alaska permission  
to contact me.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

University of Alaska campus you  
plan to attend:

University of Alaska Anchorage

- Anchorage Campus
- Chugiak/Eagle River College
- Kenai Peninsula College
- Kachemak Bay Branch
- Kodiak College
- Matanuska-Susitna College
- Prince William Sound C.C.

University of Alaska Fairbanks

- Fairbanks Campus
- Bristol Bay Campus
- Chukchi Campus
- Interior Campus
- Kuskokwim Campus
- Northwest Campus
- Tanana Valley Campus

University of Alaska Southeast

- Juneau Campus
- Ketchikan Campus
- Sitka Campus

## Questions?

Call: 1-877-AKSCHOL  
1-877-(257-2465)

E-mail: [scholars@alaska.edu](mailto:scholars@alaska.edu)  
web page: [www.alaska.edu/ua/scholars](http://www.alaska.edu/ua/scholars)

Mail this application form to:

UA Scholars Program  
University of Alaska  
910 Yukon Dr., Suite 202  
P.O. Box 755200  
Fairbanks, Alaska 99775-5200



University of Alaska

SCHOLARS

PROGRAM

*Find out more*

visit our web site:

[www.alaska.edu/ua/scholars/](http://www.alaska.edu/ua/scholars/)

email us:

[scholars@alaska.edu](mailto:scholars@alaska.edu)

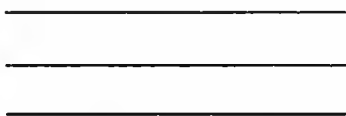
1-877-AKSCHOL

***UA Scholars Program***

University of Alaska  
910 Yukon Dr., Suite 202  
PO Box 755200  
Fairbanks, Alaska 99775-5200

*Address Correction Requested*

Place  
Stamp  
Here



***UA Scholars Program***

University of Alaska  
910 Yukon Dr., Suite 202  
PO Box 755200  
Fairbanks, Alaska 99775-5200

Place  
Stamp  
Here

**FISCAL NOTE**

No. 1  
 Bill Version: SB 167  
 (S) Publish Date: SB 167

**STATE OF ALASKA  
 1999 LEGISLATIVE SESSION**

Revision Date (Note if correction) \_\_\_\_\_ Dept. Affected University of Alaska  
 Title UA Scholars Program BRU University of Alaska  
University of Alaska Component Systemwide Budget Reductions & Additions  
 Sponsor Senator Gary Wilken  
 Requester Senate HESS Committee Component Serial No. \_\_\_\_\_

**Expenditures/Revenues**

OPERATING EXPENDITURES	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services					
Travel					
Contractual					
Supplies					
Equipment					
Land & Structures					
Grants & Claims	494.1	1,360.8	2,011.5	2,497.5	2,708.1
Miscellaneous					
<b>TOTAL OPERATING</b>	<b>494.1</b>	<b>1,360.8</b>	<b>2,011.5</b>	<b>2,497.5</b>	<b>2,708.1</b>

<b>CAPITAL EXPENDITURES</b>					
-----------------------------	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>					
-------------------------------	--	--	--	--	--

**FUND SOURCE**

1002 Federal Receipts					
1003 GF Match					
1004 GF					
1005 GF/Program Receipts					
1037 GF/Mental Health					
Other (University Receipts)	494.1	1,360.8	2,011.5	2,497.5	2,708.1
<b>TOTAL</b>	<b>494.1</b>	<b>1,360.8</b>	<b>2,011.5</b>	<b>2,497.5</b>	<b>2,708.1</b>

Estimate of any current year (FY99) cost: None

**POSITIONS**

Full-time					
Part-time					
Temporary					

**ANALYSIS:** (Attach a separate page if necessary)

This bill provides for a scholarship of \$2,700/year for 4 years to the University of Alaska for students who meet the following criteria: (a) graduate within the top 10% of a graduating class of 30 students or more; (b) be one of the top 2 graduates of a graduating class of 15-29 students; or (c) be the top graduate of a class of less than 15 students. Based on information compiled by the Alaska Dept. of Education and the above criteria, 733 students would be eligible for the scholarship. This fiscal note assumes that 25% of potentially eligible graduates will take advantage of the program in FY00, and that 50% of potentially eligible graduates will take advantage of the program each year thereafter. It further assumes that 75% of each year's participants will enroll in the following year - i.e., 75% of the freshmen will enroll as sophomores, 75% of the sophomores will enroll as juniors, etc.

The FY00 identified university receipt funding for this scholarship program is the University's Natural Resources Fund which is the earnings on the University's Land Grant Trust Fund.

Prepared by Pat Pitney, Director Phone 474-7958  
 Division UA Office of Budget and Institutional Research Date 4/30/99  
 Approved by CoPat Pitney, Director Date 4/30/99  
 Agency UA Office of Budget and Institutional Research

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**SB**

**167**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 5/7/99

FURTHER:

DATE TURNED  
IN TO OFFICE: 5/14/99

Finance Committee considered

SENATE BILL NO. 167

"An Act relating to scholarships to attend the University of Alaska; establishing the Alaska scholars program; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS SB 167 (FIN)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

- Senate Bill:
- same title
  - new title
- House Bill:
- same title
  - technical title
  - new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Arvo D. Jensen</i>	✓	<i>ST-CP BY ST-CP</i>	✓		
<i>Paul Kelly</i>	✓				
<i>John Green</i>	✓				
<i>Warren Donley</i>	✓				
<i>George Wilton</i>	✓				
Co-Chair: <i>Arvo Jensen</i>	✓	Co-Chair:			
Co-Chair: <i>David Howell</i>	✓	Co-Chair:			

**NEW FISCAL NOTE(S):**

Department                      Date      Zero      Fiscal


**PREVIOUS FISCAL NOTE(S):\***

Department                      Date      Zero      Fiscal

University	5/7/99		11-19.1

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

# FISCAL NOTE

No. 1  
 Bill Version: SB 167  
 (S) Publish Date: SB 167

STATE OF ALASKA  
 1999 LEGISLATIVE SESSION

Revision Date (Note if correction)	_____	Dept. Affected	University of Alaska
Title	<u>UA Scholars Program</u>	BRU	University of Alaska
	<u>University of Alaska</u>	Component	Systemwide Budget Reductions & Additions
Sponsor	<u>Senator Gary Wilken</u>	Component Serial No.	_____
Requester	<u>Senate HESS Committee</u>		

**Expenditures/Revenues**

OPERATING EXPENDITURES	FY 00	FY 01	FY 02	FY 03	FY 04
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CAPITAL EXPENDITURES					
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CHANGE IN REVENUES ( )					
------------------------	--	--	--	--	--

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1002 Federal Receipts					
1003 GF Match					
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<b>TOTAL</b>	<b>494.1</b>	<b>1,360.8</b>	<b>2,011.5</b>	<b>2,497.5</b>	<b>2,708.1</b>

Estimate of any current year (FY99) cost: None

**POSITIONS**

Full-time					
Part-time					
Temporary					

**ANALYSIS:** (Attach a separate page if necessary)

This bill provides for a scholarship of \$2,700/year for 4 years to the University of Alaska for students who meet the following criteria: (a) graduate within the top 10% of a graduating class of 30 students or more; (b) be one of the top 2 graduates of a graduating class of 15-29 students; or (c) be the top graduate of a class of less than 15 students. Based on information compiled by the Alaska Dept. of Education and the above criteria, 733 students would be eligible for the scholarship. This fiscal note assumes that 25% of potentially eligible graduates will take advantage of the program in FY00, and that 50% of potentially eligible graduates will take advantage of the program each year thereafter. It further assumes that 75% of each year's participants will enroll in the following year - i.e., 75% of the freshmen will enroll as sophomores, 75% of the sophomores will enroll as juniors, etc.

The FY00 identified university receipt funding for this scholarship program is the University's Natural Resources Fund which is the earnings on the University's Land Grant Trust Fund.

Prepared by	<u>Pat Pitney, Director</u>	Phone	<u>474-7958</u>
Division	<u>UA Office of Budget and Institutional Research</u>	Date	<u>4/30/99</u>
Approved by	<u>CoPat Pitney, Director</u>	Date	<u>4/30/99</u>
Agency	<u>UA Office of Budget and Institutional Research</u>		

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SENATE FINANCE  
COMMITTEE

Amendment Number: #1  
Bill Number: CSSB 167 ( ) "G"  
Sponsor: Wilken Date: 5/14/99  
Logged In By: Mindy

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR WILKEN

TO: CSSB 167 ( ) WORK DRAFT LS0900\G

Page 2, line 11, following "requirements"

Insert "for each scholarship program"

Page 2, following line 13:

Insert new paragraphs to read:

(c) A school district shall amend its policies, including those applying to student directory information, as necessary to comply with this section.

(d) A qualified high school may not provide to the board the name of a student if the parent of the student objects to the disclosure.

Reletter the following paragraph accordingly.

**SENATE FINANCE COMMITTEE**  
**1999 COMMITTEE ACTION**

<b>Bill Number:</b>	SB 167
<b>Amendment:</b>	#1
<b>Motion:</b>	adopt
<b><u>Motion by:</u></b>	Wilken
<b><u>Objection:</u></b>	
<b><u>Objection by:</u></b>	Torgerson
<b><u>Removed:</u></b>	( ) ✓
<b><u>Second Objection by:</u></b>	
<b><u>Committee Member</u></b>	<b><u>Vote</u></b>
Senator Loren Leman	
Senator Al Adams	
Senator Gary Wilken	
Senator Pete Kelly	
Senator Lyda Green	
Senator Randy Phillips	
Senator Dave Donley	
Co-Chair Sean Parnell	
Co-Chair John Torgerson	
<b><u>Tally</u></b>	
Yea	0
Nay	0
Absent	0
<b><u>MOTION</u></b>	no objection

**CS FOR SENATE BILL NO. 167( )**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-FIRST LEGISLATURE - FIRST SESSION**

**BY**

**Offered:  
Referred:**

**Sponsor(s): SENATORS WILKEN, Tim Kelly, Pete Kelly**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to scholarships to attend the University of Alaska; and providing  
2 for an effective date."

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

4 \* **Section 1.** AS 14.40.040 is amended by adding a new subsection to read:

5 (b) The Board of Regents of the University of Alaska shall provide scholarship  
6 information to school districts as required by AS 14.43.930(a).

7 \* **Sec. 2.** AS 14.40.253 is amended to read:

8 **Sec. 14.40.253. Financing notice and approval.** If the University of Alaska  
9 intends to enter into an obligation, except for refinancing obligations, under  
10 AS 14.40.040(a)(5) [AS 14.40.040(5)] with an annual payment by the university  
11 anticipated to exceed \$1,000,000, the university shall provide notice to the legislature.  
12 The notice must include the anticipated annual payment amount, the anticipated  
13 financing, and the total construction, acquisition, or other costs of the project. The  
14 university may not enter into an obligation requiring a financing notice under this

1 section, other than a refinancing obligation, unless the project has been approved by  
2 the legislature by law. An appropriation for the project does not constitute approval  
3 of the project for the purpose of this section.

4 \* **Sec. 3.** AS 14.43 is amended by adding a new section to read:

5 **Sec. 14.43.930. Scholarship program information.** (a) The board shall  
6 make information about scholarship programs available in each school district in the  
7 state and at each campus of the University of Alaska.

8 (b) By September 15 before each annual graduation, a qualified high school  
9 in the state with a high school graduating class shall provide

10 (1) to the board a list of the names and addresses of students in the  
11 graduating class who meet scholarship eligibility requirements; and

12 (2) a notice of eligibility for the scholarship program to those students  
13 on the list prepared under (1) of this subsection.

14 (c) In this section,

15 (1) "board" means the Board of Regents of the University of Alaska;

16 (2) "qualified high school" means a public high school, a high school  
17 accredited by the Northwest Association of Schools and Colleges, or a high school  
18 registered with the department.

19 \* **Sec. 4. APPLICABILITY.** This Act applies to students who were in their senior year  
20 of high school in the 1998 - 1999 or a subsequent school year.

21 \* **Sec. 5. TRANSITION PROVISION.** Notwithstanding the deadline in AS 14.43.930(b),  
22 enacted by sec. 3 of this Act, a qualified high school in the state with a high school graduating  
23 class for the 1998 - 1999 school year shall provide the list and notice specified in  
24 AS 14.43.930(b)(1) and (2), enacted by sec. 3 of this Act, not later than 30 days after the  
25 effective date of this Act.

26 \* **Sec. 6.** This Act takes effect July 1, 1999.

# A FAX

## Alaska State Legislature

Date: 5/14/99

faxed at  
6:40 a.m. to  
Legal.

To: Peggy Legal Services

Fax #: 2029 Phone #: 2450

From: Jerry, SFC Secretary

Phone #: 2618

Re: Please incorporate attached amendment #1 into  
your work orders 1-LS0900\G for Finance CSSB167 in  
final. It has been reported out. Many Thanks!

Following this page, please find 1 pages(s). If this does not reach you in full, please inform us ASAP.



## THANK YOU.

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

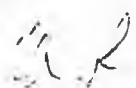
130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

## MEMORANDUM

May 13, 1999

**SUBJECT:** Release of Education Records (CSSB 167( ))

**TO:** Senator John Torgerson

**FROM:** Michael F. Ford   
Legislative Counsel

The enclosed blank CS makes the changes you requested to SB 167. Regarding the matter of federal law limiting the release of educational records, I find no reason why the legislature could not choose to provide for the release of this kind of educational record. While federal law does limit the release of educational records that contain personally identifiable information (see 20 U.S.C. 1232g), this law also contains an exception for the release of an educational record for the purpose of applying for financial aid (see 20 U.S.C. 1232g(b)(1)(D)).

Please contact me if you have further questions.

MFF:jdr  
99-275.jdr

Enclosure

## GARY WILKEN

SENATOR  
Districts 29 & 30  
West Fairbanks

### Senate Standing Committees

Member: Finance  
Member: Health, Education, &  
Social Services (HESS)  
Member: Legislative Budget & Audit  
Member: State Affairs

Alaska State Legislature

Senate

During Session:  
State Capitol Building  
Juneau, Alaska 99801-1182  
Tel: (907) 451-5501 (in Fbks area)  
Tel: (907) 465-3709 (outside Fbks)  
Fax: (907) 465-4714  
Website: [www.garywilken.com](http://www.garywilken.com)  
E-Mail: [Senator\\_Gary\\_Wilken@legis.state.ak.us](mailto:Senator_Gary_Wilken@legis.state.ak.us)

Interim:  
1851 Fox Ave.  
Fairbanks, Alaska 99701  
Tel: (907) 451-5501  
Fax: (907) 451-0438

## MEMORANDUM

TO: Senator John Torgerson, Co-chairman  
Senate Finance Committee

FROM: Senator Gary Wilken

DATE: May 7, 1999

RE: SB 167, "Alaska Scholars Program"

---

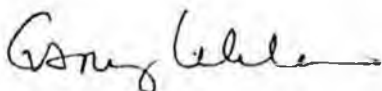
I respectfully request that SB 167, "Alaska Scholars Program," be scheduled for a hearing before the Senate Finance Committee.

Senate Bill 167 establishes the Alaska Scholars Program, administered by the Board of Regents of the University of Alaska. Under this program, scholarships are awarded to the top 10 percent of Alaska's high school students to attend the University of Alaska. A recipient receives the scholarship for up to four years, provided the student successfully completes a full-time certificate or degree program.

An individual is eligible for a UA Scholarship if, at the end of the junior year, the student is (1) in the top 10 percent of a class of 30 or more students; (2) one of the top two students in a class of 15-29 students; or (3) the top student in a class of less than 15 students. The award may be used at any University of Alaska campus.

Senate Bill 167 expands access to higher levels of learning and encourages our top high school graduates to attend the University of Alaska.

Thank you for your assistance in this matter.



## GARY WILKEN

SENATOR  
Districts 29 & 30  
West Fairbanks

### Senate Standing Committees

Member: Finance  
Member: Health, Education, &  
Social Services (HESS)  
Member: Legislative Budget & Audit  
Member: State Affairs



During Session:  
State Capitol Building  
Juneau, Alaska 99801-1182  
Tel: (907) 451-5501 (in Fbks area)  
Tel: (907) 465-3709 (outside Fbks)  
Fax: (907) 465-4714  
Website: [www.garywilken.com](http://www.garywilken.com)  
E-Mail: [Senator\\_Gary\\_Wilken@legis.state.ak.us](mailto:Senator_Gary_Wilken@legis.state.ak.us)

Interim:  
1851 Fox Ave.  
Fairbanks, Alaska 99701  
Tel: (907) 451-5501  
Fax: (907) 451-0438

## Sponsor Statement

### SB 167 - University of Alaska Scholarships

Senate Bill 167 establishes the Alaska Scholars Program, administered by the Board of Regents of the University of Alaska. Under this program, scholarships are awarded to the top 10 percent of Alaska's high school students to attend the University of Alaska. A recipient receives the scholarship for up to four years, provided the student successfully completes a full-time certificate or degree program. The award, in the amount of \$1,350 per semester, may be used for tuition, fees, room, board, books, transportation and other education expenses.

An individual is eligible for a UA Scholarship if, at the end of the junior year, the student is: (1) in the top 10 percent of a class of 30 or more students; (2) one of the top two students in a class of 15-29 students; or (3) the top student in a class of less than 15 students. The award may be used at any University of Alaska campus.

For the 1999-00 school year, the University of Alaska established this scholarship program as a pilot project using the University's Natural Resources Fund. However, in order for the Alaska Scholars Program to effectively continue, it is important it be established in law. Senate Bill 167 requires a qualified high school in the state to provide the Board of Regents a list of the names and addresses of eligible students. This condition offers a remedy to current confidentiality requirements that now make it difficult for schools to release the names of the scholarship recipients and for the University to directly contact the eligible students.

Senate Bill 167 provides an incentive for Alaska's high school students to achieve academic excellence, expands access to higher levels of learning, and encourages our top high school graduates to attend the University of Alaska. I urge your support for Senate Bill 167.



# News Release

January 8, 1999

Public Affairs

(907) 474-7272

## UA President Hamilton Says Scholars Award Program Looks Beyond Oil Prices to Secure Alaska's Future

There has never been a more important time for Alaska to invest in higher education, by increasing opportunities for young Alaskans to attend college in their own state, University of Alaska President Mark R. Hamilton told high school principals and counselors in Anchorage and Fairbanks this week.

The university's chief executive met with the school officials to discuss with them the University of Alaska Scholars Award Program which will give the top 10 percent of each high school graduating class, beginning in the spring of 1999, a four year scholarship award to the University of Alaska campus of their choice.

Hamilton said the program is designed to help reduce the number of Alaska's top high school graduates who leave the state for education and jobs elsewhere. He said almost 60 percent of the state's graduates who go on to higher education leave Alaska to attend college in the Lower 48 each fall, and most of them never return. Other states educate anywhere from 70 to 80 percent of their college-bound high school graduates at their own in-state colleges and universities.

"Alaska is dead last in this country in the retention of its high school students," Hamilton said. We have to turn that around because Alaska needs to take its whole team, not just the elite, into the 21st Century."

Hamilton said in his opinion the "brain drain" is a natural resource issue that dwarfs discussions about the price of oil from day to day. "We're exporting our future and we're not nearly concerned enough about it," he said.

Counting state, local and federal funds, Hamilton said Alaska spends about a billion dollars a year on K-12 education, so that means that each year the cohort of Alaska high school graduates represents an investment of \$12 billion, an amount which represents half of what's in the Alaska Permanent Fund.

"If we don't make more of an effort to keep Alaska's best and brightest in the state, then we are spending a considerable amount of money each year to make kids smarter to export to other states," he said. "It doesn't make any sense."

Hamilton believes the University of Alaska Scholars Award Program will start to make a difference in solving the problem, and he hopes that people around the state will agree with him. "The recipients of these awards will become the best possible ambassadors for the University of Alaska in communities all across the state, and because they are most likely to stay in Alaska after graduating, they will help build the state's future," he said.

The award amount for the graduating high school classes of 1999 and 2000 will be \$10,800 per recipient. The award is redeemable in the amount of \$1,350 per semester, for a total of eight semesters. To be eligible, students must be in the top 10 percent of their class at an Alaska high school accredited by the Alaska Department of Education.

The UA Scholars Award Program cost is estimated to vary from \$500,000 to \$750,000 a year, and will be paid initially by the university from earnings of the University of Alaska Land Grant Endowment Fund.

"This is part of the money the university receives for managing and developing its land," Hamilton said, "and it is appropriate that we re-invest a major part of it in Alaska's young people, the state's greatest natural resource."

Program specifics are being developed now, Hamilton said, and will be widely disseminated soon to all Alaska school districts.

The University of Alaska Scholars Program is receiving national attention because of recent studies which show that the cost of higher education continues to rise nationally as available federal grant money continues to erode, putting higher education out of reach for many families in America. California and Texas have both announced similar student retention scholarship programs.

FOR MORE INFORMATION: Bob Miller, 907-474-7272



# University of Alaska

UA Scholars Program  
P.O. Box 755200  
910 Yukon Dr., Suite 202  
Fairbanks, Alaska 99775-5200

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## **Update on the UA Scholars Program**

State of Alaska Department of Education records show 286 public and 37 private Alaska High Schools that qualify to participate in the UA Scholars Program in 1999. These include all public high schools, charter schools and correspondence school programs tied to a public school, as well as private schools throughout the state which are either accredited by the Northwest Association of Schools and Colleges, or registered with the State of Alaska Department of Education.

Approximately 7,200 Alaska high school students will graduate in the class of 1999; we had estimated that 733 students would qualify in the top 10% of their class of 1999. Current estimates of total participation in this program appear to be about a 25% acceptance rate.

To date, we have received information from 117 Alaska high schools, including 2 charter schools, 7 correspondence schools and 4 Christian schools. Seven schools informed us that they do not have any graduating seniors for the class of 1999.

As of April 29, 1999, we have received 668 names of eligible UA Scholars Program recipients. All of these students have been notified of their receipt of this award via a personal letter from President Hamilton. Official UA Scholars Program certificates will be presented to these award recipients at the various awards ceremonies at the high schools throughout the state in early May.

UAA shows 82 UA Scholars have applied for admission; UAF shows 84 applicants that are receiving the UA Scholars Award and UAS has a total of 15 applicants as of April 29, 1999 that are UA Scholars Award recipients.

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