

ALASKA LEGISLATURE

2519

HOUSE and SENATE FINANCE COMMITTEE FILES, 2003-2004

UNIVERSITY OF MINNESOTA

U8978

Twin Cities Campus

Office of Student Finance
Office of the Executive Vice President and Provost

Student Loan Collections
140 Williamson Hall
231 Pillsbury Drive S.E.
Minneapolis, MN 55455-0294
612-625-8007
Fax: 612-624-2873
Email: stdloan@cafe.tc.umn.edu

U OF MN ACCOUNT PLACEMENT FORM

AGENCY NAME: gc

DATE: 12-5-02

STUDENT NAME: Alaska Dept of
Resources Game & Fish

SOC. SEC.#: _____

ALTERNATE NAME: _____

STUD. ID #: Disbursement Services

ADDRESS: PO Box 308 - Attn Joan

PHONE#: 907-581-1239

CITY, STATE, ZIP: Dutch Harbor, Arkansas
99692

MAIL RET.? Y () N ()

EMPLOYER: _____

OCCUPATION: _____

ADDRESS: _____

PHONE#: (907) 581-1239

CITY, STATE, ZIP: _____

1ST PLACEMENT () 2ND PLACEMENT ()

REVENUE RECAPTURE: () YES () NO

IF 192002 \$
LOAN #1 254.31

LOAN #2

LOAN #3

LOAN TYPE: Disb Services

LOAN TYPE: _____

LOAN TYPE: _____

SEE ATTACHED BREAKDOWN
FOR OUTSTANDING AMOUNTS

SEE ATTACHED BREAKDOWN
FOR OUTSTANDING AMOUNTS

SEE ATTACHED BREAKDOWN
FOR OUTSTANDING AMOUNTS

INTEREST RATE: 0

INTEREST RATE: _____

INTEREST RATE: _____

ACCRUED THRU: 0

ACCRUED THRU: _____

ACCRUED THRU: _____

LEGAL ACTION TAKEN:
() YES () NO

LEGAL ACTION TAKEN:
() YES () NO

LEGAL ACTION TAKEN:
() YES () NO

COURT: _____

COURT: _____

COURT: _____

COUNTY: _____

COUNTY: _____

COUNTY: _____

DATE: _____

DATE: _____

DATE: _____

NUMBER: _____

NUMBER: _____

NUMBER: _____

AMOUNT: _____

AMOUNT: _____

AMOUNT: _____

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF ADMINISTRATIVE SERVICES

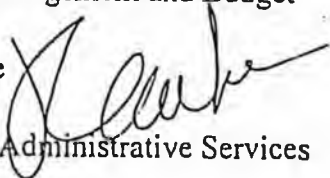
FRANK H. MURKOWSKI, GOVERNOR

P.O. Box 110650
Juneau, AK 99811-0650
Phone: (907) 465-3082
Fax: (907) 465-2499

MEMORANDUM

DATE: January 27, 2003

TO: Cheryl Frasca
Director
Office of Management and Budget

FROM: Janet Clarke 
Director
Division of Administrative Services

SUBJECT: Miscellaneous Claims Supplemental Requests

The Department of Health and Social Services requests a supplemental appropriation of \$42,267.93 in general funds for miscellaneous claims listed on attached spreadsheet. Supporting documentation is attached for your review. As in past years, the amount of this request will be updated periodically as additional claims are received, reviewed and approved for payment.

If you have any questions, please contact me at 465-1630.

cc w/only spreadsheets:

Joel Gilbertson, Commissioner
Elmer Lindstrom, Special Assistant
Laura Baker, Budget Chief
Michelle Grose, Finance Officer

DEPARTMENT OF HEALTH AND SOCIAL SERVICES
FY03 MISCELLANEOUS SUPPLEMENTAL
January 17, 2003

FY	VENDOR	REF	CC	AC	REQUESTED AMOUNT	FUND SOURCE	BRU	LAPSED BALANCE	FUND	AR	REASON
99	PENINSULA AIRWAYS	INV 42418 JANET COLON - TRAVEL	6311921	72250	\$100.00	GF	NURSING	392,727	11100	22611	LATE BILL
01	MAIL BOXES ETC (DWIGHT COPPOCK)	INV 5657	6335332	73382	\$75.90	GF	HHDD ADMIN-GF	332,070	11100	24808	LATE BILL
01	VWR SCIENTIFIC PRODUCTS	INV 7816496	6311503	74523	\$75.94	GF	PUBLIC HEALTH LABS	142,403	11100	22630	LATE BILL
01	VWR SCIENTIFIC PRODUCTS	BILL	6311042	74522	\$116.56	GF	NURSING	370,280	11100	22611	LATE BILL
01	SOUTH AUSTIN HOSPITAL	CSN 402600334, SN 033F674	6213793	77290	\$304.25	GF	RESIDENTIAL CHILD CARE	95,237	11100	24300	LATE BILL
01	KODIAK AREA NATIVE ASSOCIATION	CSN 358587607, SN 01CF1085	6213685	77722	\$1,400.00	GF	FOSTER CARE SPECIAL NEEDS	139,729	11100	22546	LATE BILL
01	TRAVEL SERVICES INC	INV 104160213	6311027	72310	\$271.50	GF	NURSING	370,280	11100	22611	LATE BILL
01	LAR CORP	INV 9324033 CSN 403761549 SN01CF1078	6213885	77290	\$80.00	GF	FOSTER CARE SPECIAL NEEDS	139,729	11100	22546	LATE BILL
01	DAVID ANDERSON MD	ACC 1-447	6311411	73230	\$56.63	GF	MATERNAL CHILD FAMILY HEALTH-GF	1,224,165	11100	24160	LATE BILL
01	ALKRAY	ACC00001281201	6311411	73230	\$22.15	GF	MATERNAL CHILD FAMILY HEALTH-GF	1,224,165	11100	24100	LATE BILL
00	AK RADIOLOGY ASSOCIATES	ACC 01155460	6311441	73230	\$37.13	GF	MATERNAL CHILD FAMILY HEALTH	497,423	11100	22613	LATE BILL
01	AK RADIOLOGY ASSOCIATES	ACC 01303755	6311441	73230	\$72.96	GF	MATERNAL CHILD FAMILY HEALTH-GF	1,224,165	11100	24100	LATE BILL
01	AK WOMEN'S & CHILDREN'S CLINIC	ACC K C	6311441	73230	\$102.70	GF	MATERNAL CHILD FAMILY HEALTH-GF	1,224,165	11100	24100	LATE BILL
01	AK WOMEN'S HEALTH SERVICES	ACC 55387 0	6213778	77610	\$140.00	GF	RESIDENTIAL CHILD CARE	95,237	11100	24300	LATE BILL
01	ANCHORAGE NEIGHBORHOOD HEALTH CENTER	4TH QTR PATIENT TRACKING FEES	6311441	73270	\$60.00	GF	MATERNAL CHILD FAMILY HEALTH-GF	1,224,165	11100	24100	LATE BILL
01	ANCHORAGE NEIGHBORHOOD HEALTH CENTER	ACC 025700-00	6311441	73230	\$88.26	GF	MATERNAL CHILD FAMILY HEALTH-GF	1,224,165	11100	24100	LATE BILL
01	ANCHORAGE NEIGHBORHOOD HEALTH CENTER	ACC 025700-00	6311441	73230	\$14.60	GF	MATERNAL CHILD FAMILY HEALTH-GF	1,224,165	11100	24160	LATE BILL
01	ANCHORAGE NEIGHBORHOOD HEALTH CENTER	ACC 025700-00	6311441	73230	\$67.81	GF	MATERNAL CHILD FAMILY HEALTH-GF	1,224,165	11100	24100	LATE BILL
00	BARBARA HORTON	ACC L W	6311441	73230	\$98.16	GF	MATERNAL CHILD FAMILY HEALTH	497,423	11100	22613	LATE BILL
01	CENTRAL PENINSULA GEN HOSPITAL	ACC VAA32321	6311441	73230	\$47.08	GF	MATERNAL CHILD FAMILY HEALTH-GF	1,224,165	11100	24100	LATE BILL
00	DEANNA DARNALL, ANP	3RD QTR PATIENT TRACKING FEES	6311441	73270	\$90.00	GF	MATERNAL CHILD FAMILY HEALTH	497,423	11100	22613	LATE BILL
00	DEANNA DARNALL, ANP	ACC M D	6311441	73230	\$99.89	GF	MATERNAL CHILD FAMILY HEALTH	497,423	11100	22613	LATE BILL
01	FAIRBANKS MEMORIAL	ACC 10064210	6311441	73230	\$49.19	GF	MATERNAL CHILD FAMILY HEALTH-GF	1,224,165	11100	24100	LATE BILL
00	INTERIOR NEIGHBORHOOD HEALTH CLINIC	ACC 013285-UP TITLE 10	6311412	77610	\$133.40	GF	MATERNAL CHILD FAMILY HEALTH	497,423	11100	22613	LATE BILL
00	INTERIOR NEIGHBORHOOD HEALTH CLINIC	ACC 003511-00 TITLE 10	6311412	77610	\$44.05	GF	MATERNAL CHILD FAMILY HEALTH	497,423	11100	22613	LATE BILL
01	INTERIOR NEIGHBORHOOD HEALTH CLINIC	ACC 003030-04	6311441	73230	\$40.43	GF	MATERNAL CHILD FAMILY HEALTH-GF	1,224,165	11100	24100	LATE BILL
01	INTERIOR NEIGHBORHOOD HEALTH CLINIC	ACC 017153-BC	6311441	73230	\$69.36	GF	MATERNAL CHILD FAMILY HEALTH-GF	1,224,165	11100	24100	LATE BILL
00	LDS FAMILY SERVICE, NEVADA	ACC BFL CSN 406001464, SN 022AF1891	6213059	77324	\$360.00	GF	FOSTER CARE SPECIAL NEEDS	139,729	11100	22546	LATE BILL
00	LDS FAMILY SERVICE, NEVADA	ACC BFL CSN 406001464, SN 022AF1891	6213859	77324	\$360.00	GF	FOSTER CARE SPECIAL NEEDS	139,729	11100	22546	LATE BILL
00	MIDWIFERY & WOMEN'S HEALTHCARE AT GENEVA WOODS	4TH QTR PATIENT TRACKING FEES	6311441	73270	\$30.00	GF	MATERNAL CHILD FAMILY HEALTH	497,423	11100	22613	LATE BILL
01	MIDWIFERY & WOMEN'S HEALTHCARE AT GENEVA WOODS	4TH QTR PATIENT TRACKING FEES	6311441	73270	\$30.00	GF	MATERNAL CHILD FAMILY HEALTH-GF	1,224,165	11100	24100	LATE BILL
01	NORTHERN MEDICAL SERVICES	4TH QTR PATIENT TRACKING FEES	6311441	73270	\$30.00	GF	MATERNAL CHILD FAMILY HEALTH-GF	1,224,165	11100	24100	LATE BILL
01	PLANNED PARENTHOOD OF ALASKA-ANC	4TH QTR PATIENT TRACKING FEES	6311441	73270	\$30.00	GF	MATERNAL CHILD FAMILY HEALTH-GF	1,224,165	11100	24100	LATE BILL
01	PLANNED PARENTHOOD OF ALASKA-ANC	FAMILY PLANNING PROGRAM	6311412	77610	\$94.85	GF	MATERNAL CHILD FAMILY HEALTH-GF	1,224,165	11100	24100	LATE BILL
00	PROVIDENCE SEWARD MEDICAL CENTER	ACC W0015500019	6311441	73230	\$49.19	GF	MATERNAL CHILD FAMILY HEALTH	497,423	11100	22613	LATE BILL
01	SUNSHINE COMMUNITY HEALTH CENTER	ACC 357 2	6311412	77610	\$64.40	GF	MATERNAL CHILD FAMILY HEALTH-GF	1,224,165	11100	24100	LATE BILL
01	SUNSHINE COMMUNITY HEALTH CENTER	ACC 768 2	6311412	77610	\$128.40	GF	MATERNAL CHILD FAMILY HEALTH-GF	1,224,165	11100	24100	LATE BILL
01	TANANA VALLEY CLINIC	ACC 5524972	6213690	77610	\$75.00	GF	FOSTER CARE SPECIAL NEEDS	139,729	11100	22546	LATE BILL
01	VALLEY PHLEBOTOMY SERVICE	INV 2521	6213871	77290	\$105.00	GF	COURT ORDER/REUNIFICATION	5,135	11100	22551	LATE BILL
01	SCAMMON BAY ASSOCIATION	INV3088	6213663	77720	\$147.07	GF	FOSTER CARE SPECIAL NEEDS	139,729	11100	22546	LATE BILL
01	OTZ TELEPHONE COOPERATIVE, INC.	442-4099 BAL ON CURRENT STMT 32 73	6216330	73321	\$32.88	GF	PA FIELD SERVICES	570,302	11100	22528	LATE BILL
01	OTZ TELEPHONE COOPERATIVE, INC.	442-3451 BAL ON CURRENT STMT 131 90	6216330	73321	\$132.53	GF	PA FIELD SERVICES	570,302	11100	22528	LATE BILL
01	BARTLETT REGIONAL HOSPITAL		6213664	77290	\$318.75	GF	PURCHASED SVC-FOSTER CARE SPECIAL NEEDS	139,729	11100	22546	LATE BILL
00	RALLY-10014 CRAZY HORSE DR, JUNEAU, AK 99801	400307063	6213664	77310	\$182.19	GF	PURCHASED SVC-FOSTER CARE SPECIAL NEEDS	326,640	11100	24296	LATE BILL
01	TIM OR THERESA KIRSCH, PYN-TIKO2040	3868494028686849401	6213637	77300	\$6,903.78	GF	PURCHASED SVC-FOSTER CARE BASE RATE	323,070	11100	22544	LATE BILL
97	CAMP FIRE ALASKA COUNCIL	407020443	6213850	77310	\$1,713.00	GF	PURCHASED SVC-FOSTER CARE SPECIAL NEEDS	340,540	11100	22546	LATE BILL
95	YUKON KUSKOKWIM HEALTH CENTER	BIL 11092319	6663104	77630	\$32.00	GF	BETHEL YOUTH FACILITY	2,989	11100	22571	LATE BILL
01	AAA MOVING AND STORAGE	INV 0003773, 0003375, 0002990	6663100	73850	\$219.96	GF	MCLAUGHLIN YOUTH CENTER	12,648	11100	22566	LATE BILL
99	DETEC SECURITY	INV 99-617	6663470	77282	\$216.40	GF	RESIDENTIAL CHILD CARE	735,643	11100	24300	LATE BILL
01	DETEC SECURITY	INV 00-77, 0076, 00-929, 00-76929, 00-769	6663470	77282	\$1,121.40	GF	RESIDENTIAL CHILD CARE	95,238	11100	24300	LATE BILL
01	SE AK REGIONAL HEALTH CONSORTIUM	GRT 06-1561	6311634	77500	\$974.00	GF	COMMUNITY HEALTH GRANTS	76,407	11100	22623	AUDIT
01	TANANA CHIEFS CONFERENCE, INC.	GRT 06-1220	6338150	77520	\$2,500.00	GF	PSYCH EMIS - GF	682,090	11100	24802	AUDIT
01	TANANA CHIEFS CONFERENCE, INC.	GRT 06-1220	6330520	77520	\$8,482.00	GF	SVCS - CRONICALLY MENTAL ILL	338,074	11100	24798	AUDIT
00	UNIVERSITY OF ALASKA, ANCHORAGE	RSA 0600306 (OLD EN 0607042)	6337016	73289	\$6,568.13	GF	ADA ADMINISTRATION	736,123	11100	24704	LATE BILL
01	JUNEAU ELECTRONICS	INV 98262	6355125	74229	\$105.00	GF	ADMIN SUPPORT SERVICES	105,927	11100	22671	LATE BILL

DEPARTMENT OF HEALTH AND SOCIAL SERVICES											
FY03 MISCELLANEOUS SUPPLEMENTAL											
January 17, 2003											
FY	VENDOR	REF	CC	AC	REQUESTED AMOUNT	FUND SOURCE	BRU	LAPSED BALANCE	FUND	AR	REASON
01	CAPITAL OFFICE SUPPLY	INVOICES	8218255	74229	\$680 00	GF	PUBLIC HEALTH ADMIN	1,433,045	11100	22525	LATE BILL
99	GENERAL COMMUNICATIONS, INC.	ACC 001-338759	8216300	73321	\$2,903 35	GF	PA FIELD SERVICES	725,316	11100	22528	LATE BILL
01	INLAND AVIATION	INV 4096, STR 1193432	8213699	77283	\$65 00	GF	FOSTER CARE SPECIAL NEEDS	138,729	11100	22546	LATE BILL
01	ASHLEY MARQUARDT	TA 06CO01-3017	6311614	72891	\$500 00	GF	COMMUNITY HEALTH EMS	758,997	11100	22622	LATE BILL
01	LAB FLYING SERVICE	AWB 113-83411	6311056	73460	\$13 83	GF	NURSING	370,280	11100	22611	LATE BILL
01	WORLD-WIDE MOVERS	INV 2-01-034127	8216250	72721	\$2,830.11	GF	PUBLIC ASSISTANCE ADMIN	1,433,045	11100	22525	LATE BILL
01	SOUTHEAST PHYSICIAN SERVICES	ACC 200270000750	6338520	77290	\$533 00	GF	DESIGNATED EVAL/TREATMENT	639,167	11100	24634	LATE BILL
	Total				\$42,267 93						
							<i>Michelle Grase</i>			1/22/03	
							Michelle Grase, CPA			Date:	
							Finance Officer				

**Stale-Dated Warrants Submitted
by the Dept. of Administration
in
HB 110 – The Fast Track Supplemental Budget**

Provided by Rep. Weyhrauch

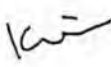
MEMORANDUM

STATE OF ALASKA

Department of Administration
Division of Finance

To: Dan Spencer
Director
Division of Administrative Services
Department of Administration

Date: January 29, 2003

From: Kim Garnero 
Director
Division of Finance

Phone: 465-2242

OFFICE OF
MANAGEMENT & BUDGET

Subject: Stale Dated Warrant Supplemental Appropriation 2003-1

FEB 05 2003

Attached is the first submission of the annual request for a supplemental appropriation to cover approved requests to reissue stale dated warrants. The total of this first memorandum is \$44,916.88. Please add this amount to the miscellaneous appropriation your division prepares for the Department. Attached are copies of the researched stale dated warrant files.

We anticipate adding to the supplemental request through March 31st as agencies receive and evaluate additional requests. If you have any questions about any part of this file, please contact Sandra Rasmussen at 465-5591 or Chrisie Zepp at 465-5609.

Attachments

CC: Chrisie Zepp
Brenda Swift

State Date Warrant Re-Appropriation Request FY 2003-1

Item	Warrant	Amount	Name	Distribution Address	ISSUED
1	15034565	\$1,426.14	Amos E Anderson	PO Box 157, Naknek, AK 99633-0157	8/26/98
2	33844222	\$250.00	Elma Peterson	PO Box 17, Levelock, AK 99625-0017	4/1/99
3	26345889	\$105.26	Ruth-Anne O'Gorman	PO Box 4261, Kodiak, AK 99615-4261	11/10/99
4	26490328	\$1,975.00	John E. Reid & Associates, Inc.	250 S Wacker Dr, Ste 1200, Chicago, IL 60606	3/24/00
5	25403874	\$35.00	Lane Inc.	600 E 48th Ave, Anchorage, AK 99503	9/18/97
6	26485338	\$26,345.99	USDA APHIS FSO Acclg Services	PO Box 3334, Minneapolis, MN 55403	3/21/00
7	26557624	\$12,900.00	Martha Dickerson	PO Box 196900, Anchorage, AK 99519	5/17/00
8	26173775	\$464.00	William Brent	PO Box 25535, Juneau, AK 99802-5535	6/29/99
9	25884982	\$115.49	Doug Alsip	PO Box 22161, Juneau, AK 99802	10/23/98
10	322112	\$300.00	William F. Jennings	16250 Old Glenn, Chuglak, AK 99567	9/2/83
11	33557322	\$100.00	Jessie V Eller	PO Box 145, Tanana, AK 99777	4/1/98
12	33730416	\$100.00	Jessie V Eller	PO Box 145, Tanana, AK 99777	11/1/98
13	33754294	\$100.00	Jessie V Eller	PO Box 145, Tanana, AK 99777	12/1/98
14	33778114	\$100.00	Jessie V Eller	PO Box 145, Tanana, AK 99777	1/1/99
15	33871395	\$100.00	Jessie V Eller	PO Box 145, Tanana, AK 99777	5/1/99
16	33894746	100	Jessie V Eller	PO Box 145, Tanana, AK 99777	6/1/99
17	34269246	\$100.00	Jessie V Eller	PO Box 145, Tanana, AK 99777	11/1/00
18	34119294	\$100.00	Jessie V Eller	PO Box 145, Tanana, AK 99777	4/1/00
19	33918218	\$100.00	Jessie V Eller	PO Box 145, Tanana, AK 99777	7/1/99
20	33941397	\$100.00	Jessie V Eller	PO Box 145, Tanana, AK 99777	8/1/99
	TOTAL	\$44,916.88	SUBMITTAL # 1		

SENATE COMMITTEE REPORT

DATE: 4/17/03

FURTHER: Finance

DATE TURNED IN TO OFFICE: 4/25/03

State Affairs Committee considered CS FOR HOUSE BILL NO. 109(FIN)

HB 109 TREASURY WARRANTS

"An Act relating to the limitation on payment of state treasury warrants and to the payment of a claim for which the appropriation has lapsed; 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 _____ Committee

Senate Bill:

same title

new title

House Bill:

same title

technical title

new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
ADM. All Dept	4/24/03		✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:		DO PASS	DO NOT PASS	NO REC	AMEND
Dyson		✓			
Guess					
CHAIR:		X			

G. Stevens

SENATE FINANCE COMMITTEE

SIGN-IN

HB 109-TREASURY WARRANTS/LAPSED APPROPRIATIONS

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: Bachel Lewis Subject/Bill No: _____

Dept of Revenue
Co./Dept./Title: Unclaimed Property Administrator Phone: 465-5885

Address: MS0405 - Bureau Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: Joe Thomas Subject/Bill No: _____

Co./Dept./Title: Div. of Finance / State Accountant Phone: 465-5616

Address: MS-0204 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

HB

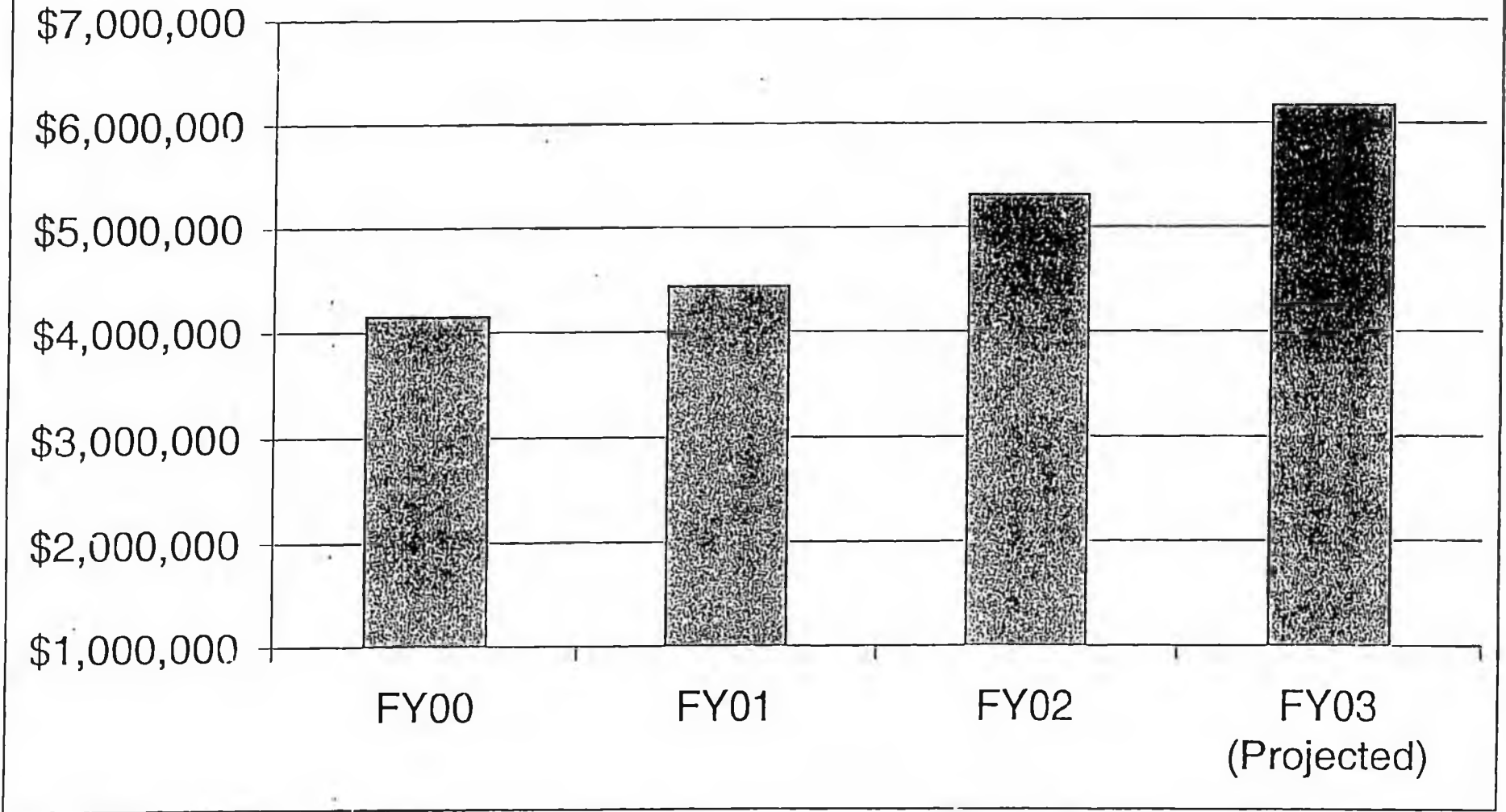
110

HFIN

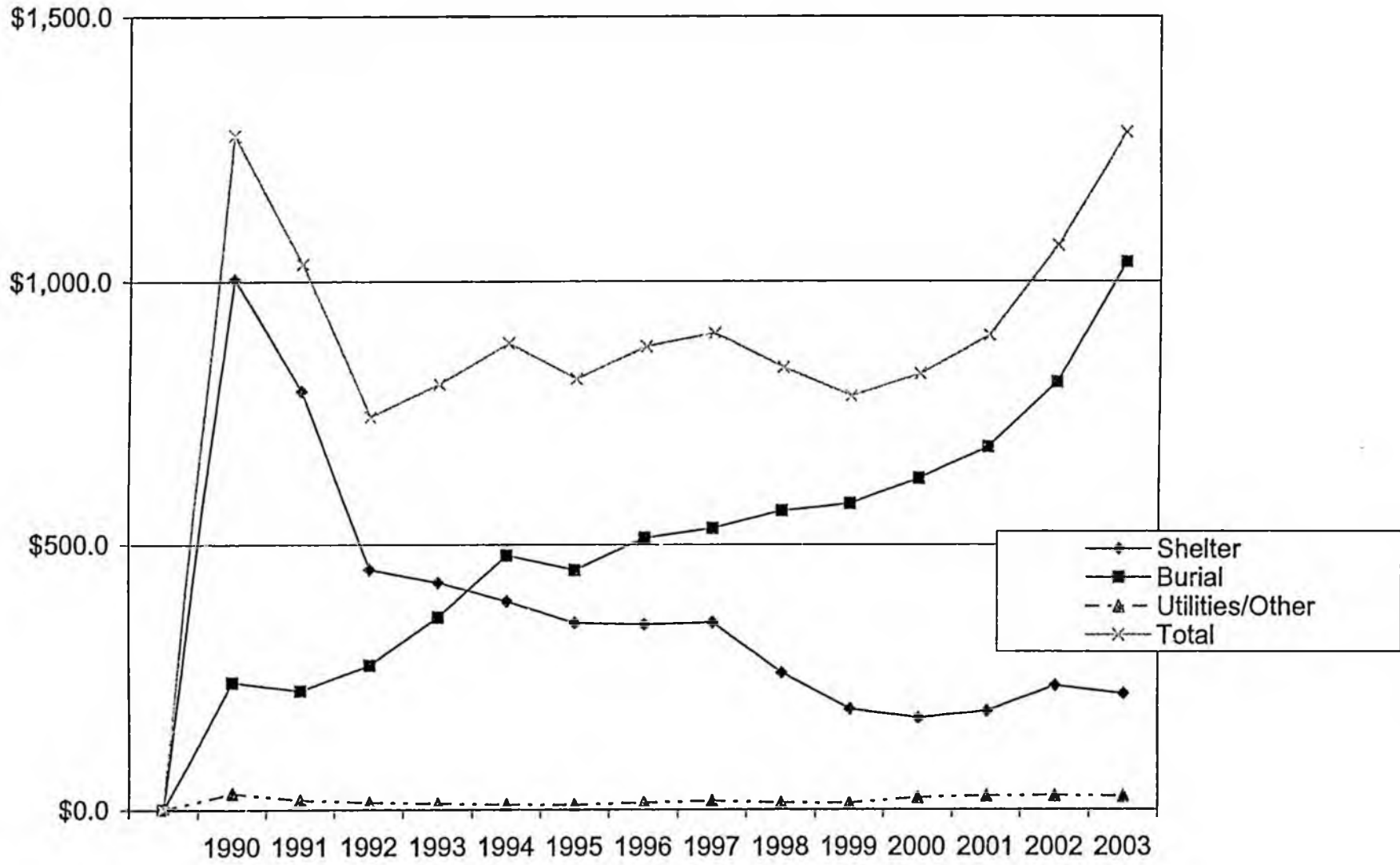
FILE

Records office

Increase in Revenue FY00 - FY03



GRA Expenditures



CORRECTION

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

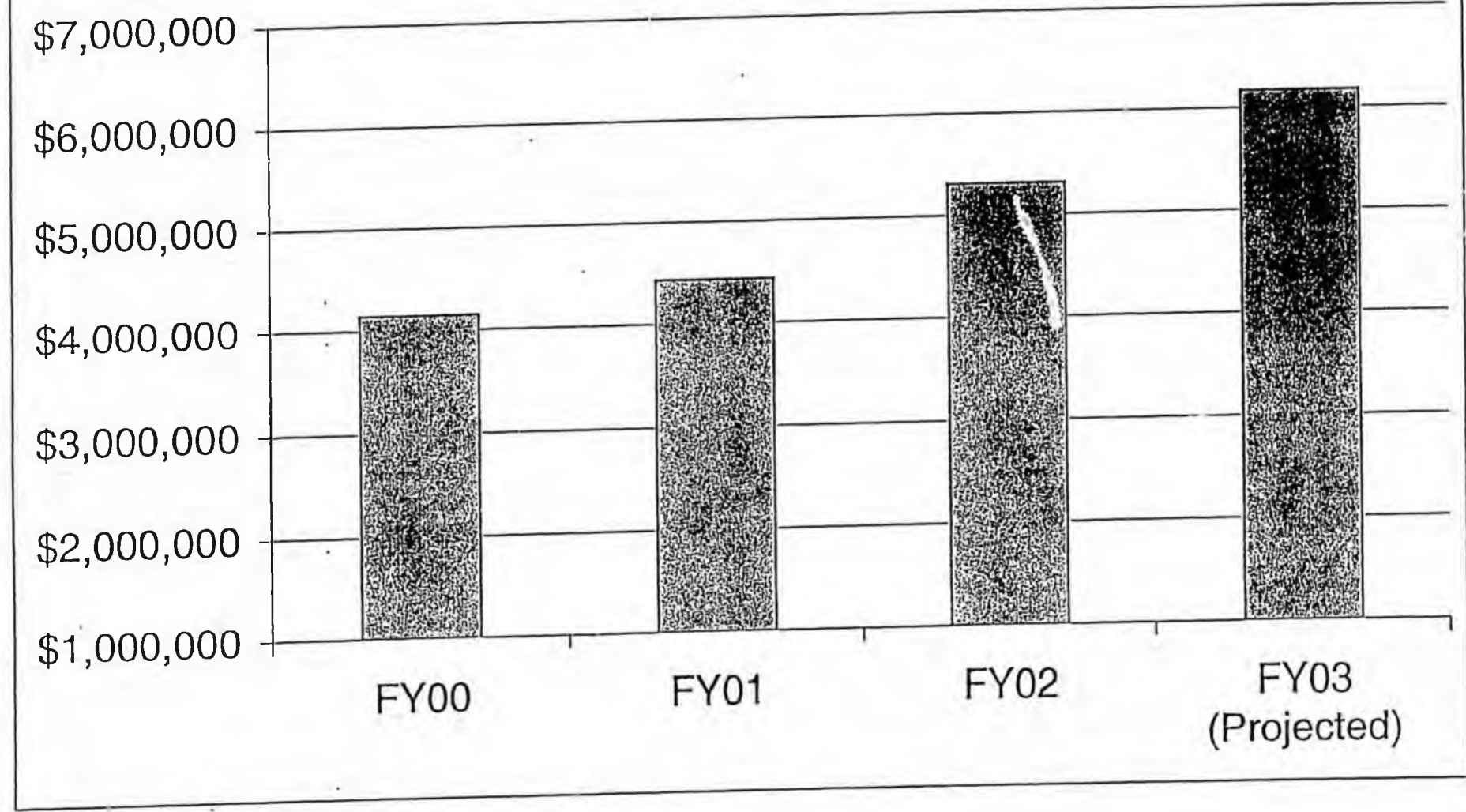


Rev. 6/98

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

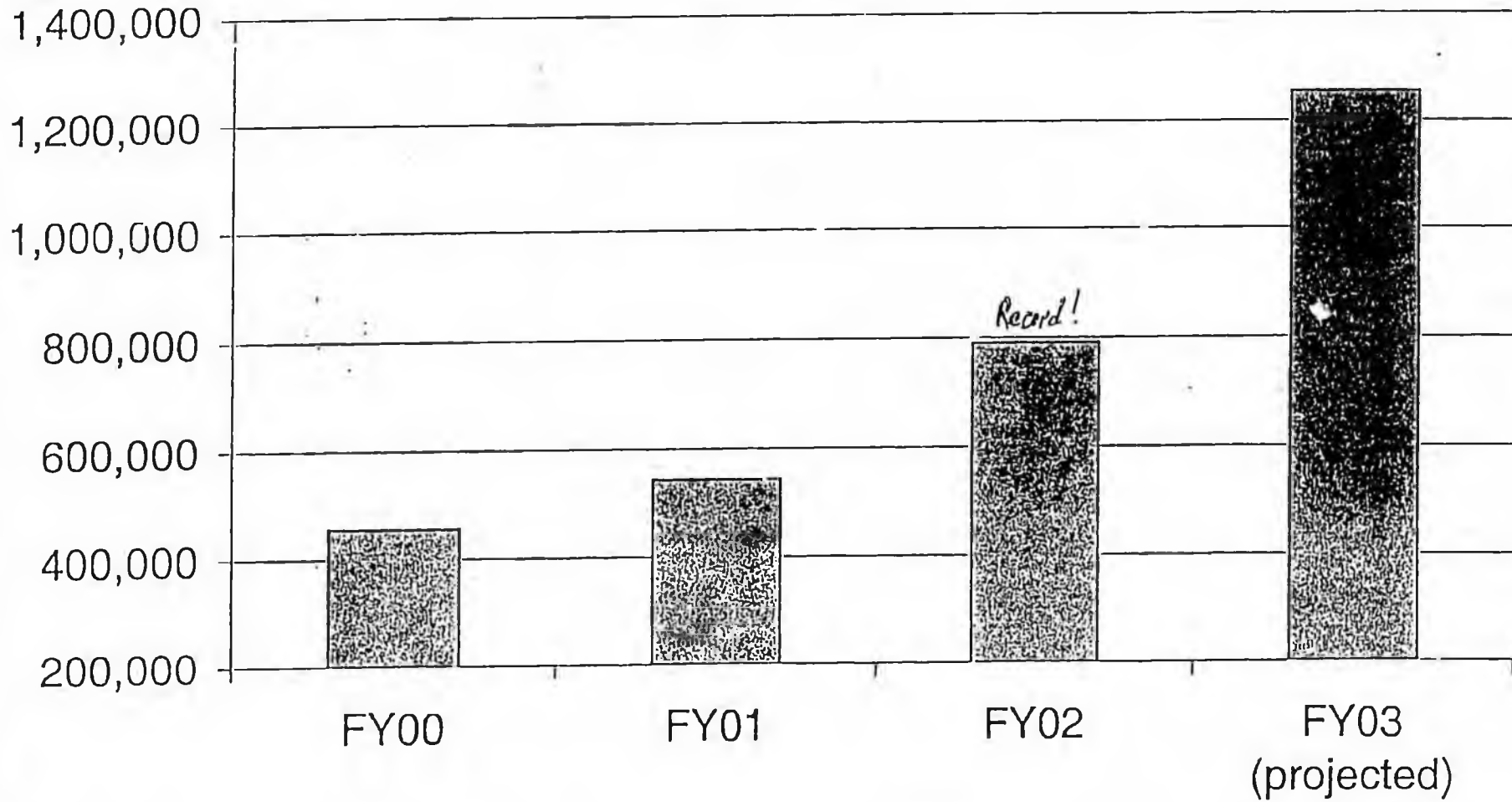
Recorder's Office

**Increase in Revenue
FY00 - FY03**

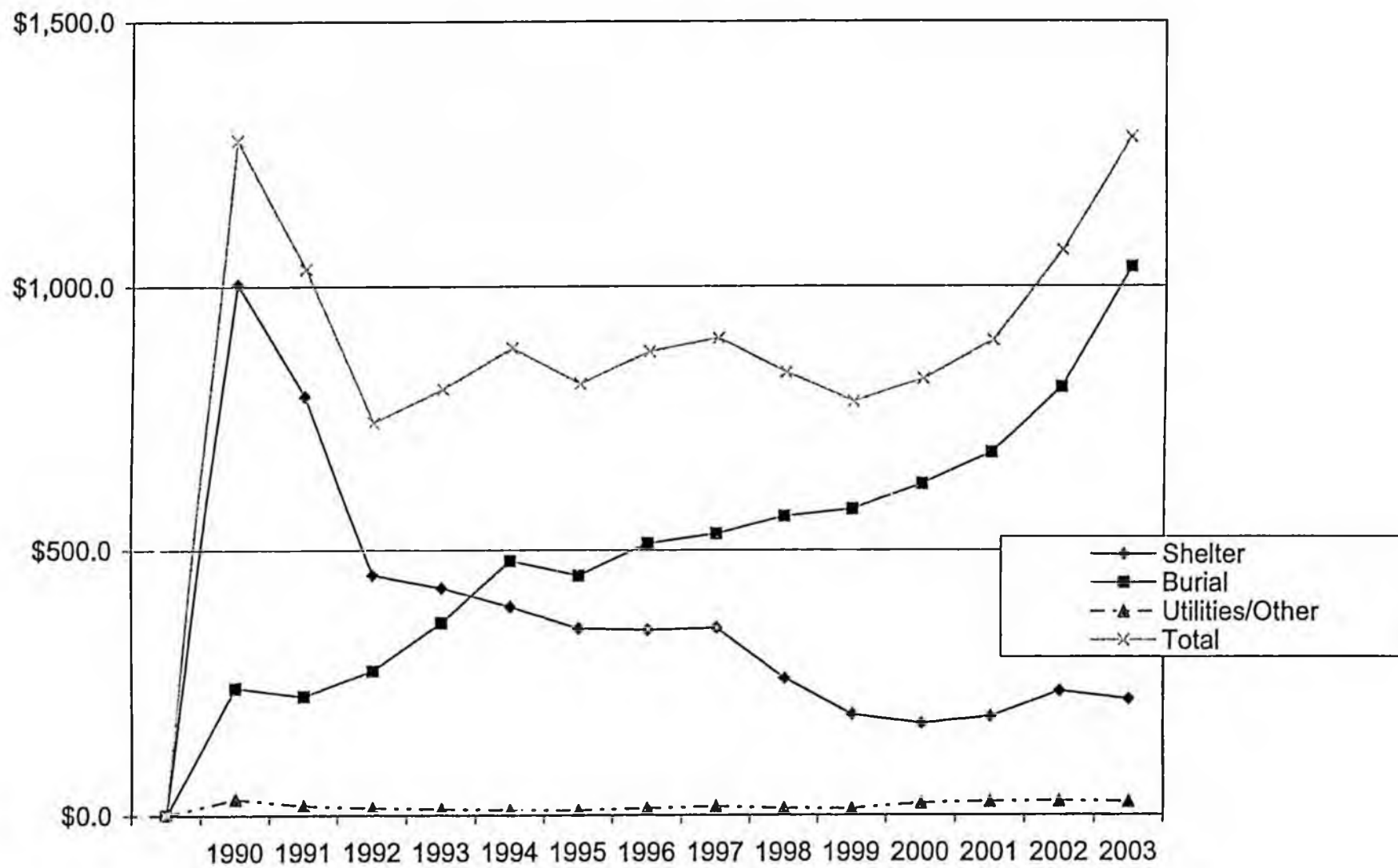


Recorder's office

**Increase in Document Size
(Image Count)
FY00 - FY03**



GRA Expenditures



FY02 Optional Expenditures and Recipients (1)

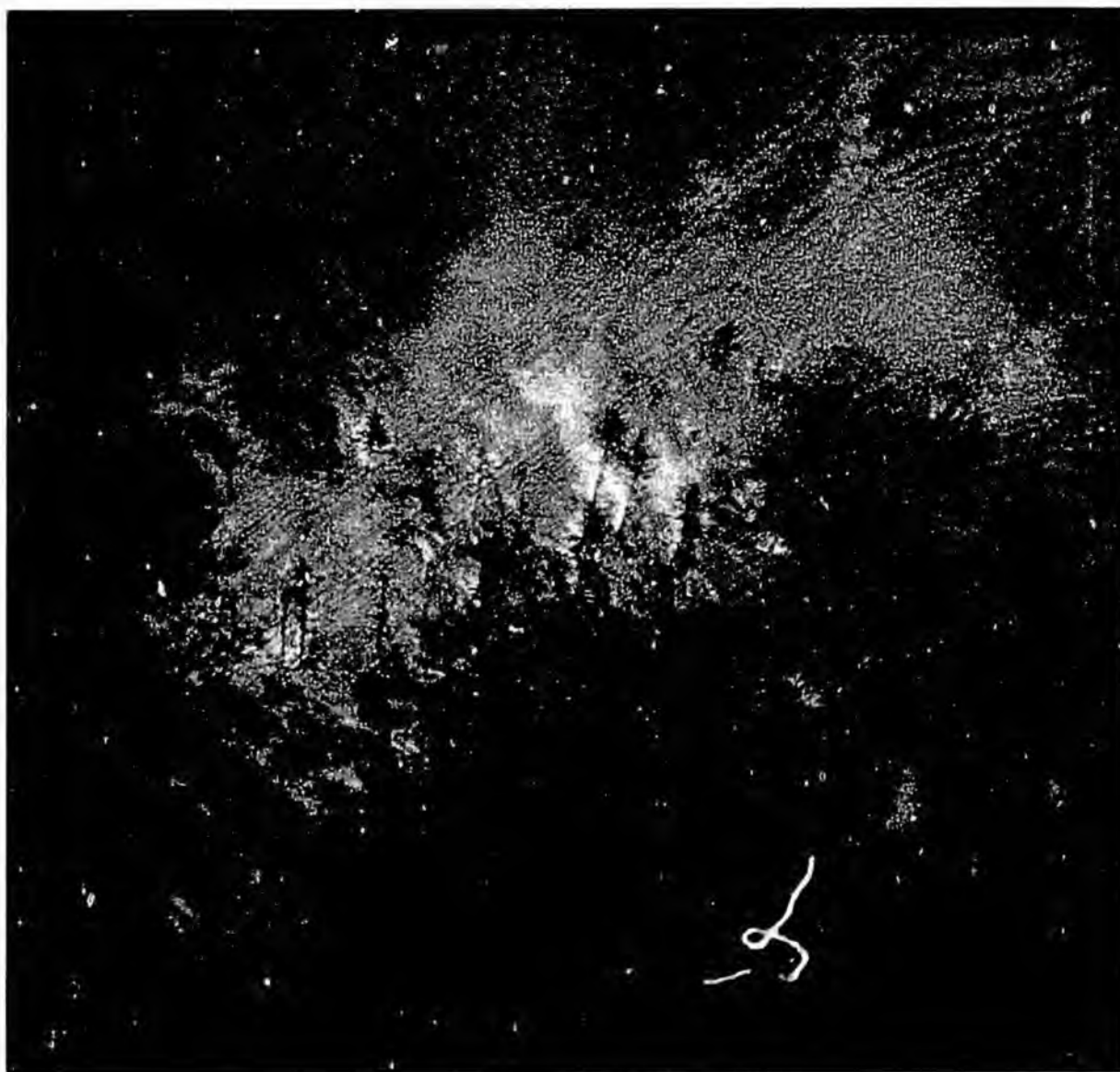
Priority	Type of Service	Recipients	Expenditures
	Services		
1	Clinical Social Workers Services	-	\$ -
2	Psychologists Services	26	\$ 12,659.20
3	Chiropractic Services	193	\$ 14,222.61
4	Advanced Nurse Practitioner Services	2,461	\$ 612,611.82
5	Adult Dental Services	4,988	\$ 2,065,629.02
6	Emergency Hospital Services	-	\$ -
7	Midwife Services	254	\$ 277,281.25
8	Treatment of Speech, Hearing, and Language Disorders	1,128	\$ 825,162.99
9	Optometrists Services and Eyeglasses	12,042	\$ 1,247,127.15
10	Occupational Therapy	95	\$ 84,541.86
11	Mammography Screening	2,121	\$ 105,725.80
12	Prosthetic Devices	372	\$ 338,198.06
13	Medical Supplies and Equipment	3,568	\$ 3,740,140.74
14	Targeted Case Management Services	-	\$ -
	Rehabilitative Services for Substance Abusers and Emotionally		
15	Disturbed or Chronically Mentally Ill Adults	809	\$ 1,749,407.24
16	Clinic Services	4,241	\$ 14,042,584.82
17	Physical Therapy	1,289	\$ 1,138,526.68
18	Personal Care Services in a Recipient's Home	6,125	\$ 27,134,355.83
19	Prescribed Drugs	27,112	\$ 68,968,708.14
20	Hospice Care	3	\$ 28,163.78
21	Long-Term Care Noninstitutional Services	2,235	\$ 53,116,957.39
22	Inpatient Psychiatric Facility Services	14	\$ 279,281.93
23	Intermediate Care Facility Services for the Mentally Retarded	-	\$ -
24	Intermediate Care Facility Services	-	\$ -
	Eligibility Groups	Recipients	Expenditures
25	DK <= 18 (TEFRA)	302	\$ 942,595.68
26	19 to 20 year olds	919	\$ 1,969,855.11
27	<= 20 nursing homes	-	\$ -
28	AD and OA	7,642	\$ 57,816,844.64
29	IN (300%)	932	\$ 19,758,263.34
30	<= 18 custody kids	14,142	\$ 18,070,403.51
31	state only adopted kids	134	\$ 159,497.16
32	DW	185	\$ 370,038.25
	Eligibility Groups	Recipients	Expenditures
	Title XXI Rolled back to below 150% (cut CP)	6,075	\$ 8,944,624.00
	note: we would most likely realize only this due to XIX eligibility	10,435	\$ 15,312,616.00
	Total Title XXI	15,119	\$ 26,439,196.00
	Breast and Cervical Cancer	42	\$ 448,827.41
	Pregnant Women >= 133% FPL (2)	2,272	\$ 10,092,916.08
	TOTAL		\$ 336,106,963.49

(1) This data represents MMIS claims only. Each group is exclusive in nature so that the total at the bottom IS the total, unduplicated expenditures for the groups in FY02.

(2) This is an estimated number based on the 133% PG report from DPA.

2/25/03

State of Alaska
Department of Natural Resources
Division of Forestry



Wildland Fire & Aviation
Basics

THE BASICS

STATE RESPONSIBILITY FOR FIRE PROTECTION

Alaska Statutes Section 41.15.010 - 41.15.240 mandates the Department of Natural Resources the responsibility to manage the wildland fire program for the State of Alaska. Department of Natural Resources **Department Order 113** delegates this responsibility to the Division of Forestry.

Alaska Statutes Section 41.15.210 establishes a Fire Suppression Fund in the state treasury for use of the Department. Department Order 113 delegates the responsibility for expenditure of the suppression fund to the Division of Forestry. The Division of Forestry is the only entity in the State of Alaska authorized to spend/obligate funds from the Fire Suppression Fund to suppress wildland fires on private, state, or municipal lands.

The **goal** of the Division of Forestry Fire & Aviation Program is to **provide safe, cost-effective, and efficient fire protection services** and related fire and aviation management activities to protect natural surface resources, man-made improvements, and human life on State, private, and municipal lands commensurate with the values at risk.

The **objectives** of the Division of Forestry are to:

- Protect human life
- Emphasize aggressive and effective initial attack suppression operations on critical and full fires
- Protect developed public and private property and cultural resources
- Promote an interagency approach to managing wildland fire
- Minimize cost and resource damage consistent with values at risk
- Prevent unplanned human-caused ignitions
- Promote public understanding of fire management programs and objectives
- Organize and maintain a fire management capability to consistently apply the highest standards of professional and technical expertise
- Investigate all human-caused fires



IMPORTANT ASPECTS OF THE FIRE & AVIATION PROGRAM ARE:

WILDLAND FIRE SAFETY

Safety of firefighters and the public is the highest priority. All fire and aviation activities related to the suppression of wildland fires will reflect this commitment. The Division of Forestry has a very good safety record, and the safety attitude is reflected in all levels of the organization.

INTERAGENCY COORDINATION & COOPERATION

Fire management planning, preparedness, suppression operations, prescribed fire, and related activities will be coordinated on an interagency basis with the full involvement of DOF and its state, federal and local government cooperators. **Alaska has been divided into three fire protection areas** through formal agreements between the state and the federal government.

Fire Preparedness Fire Protection Boundaries

Alaska Wildland Fire Protection Areas



The **Division of Forestry, Bureau of Land Management, and the U.S. Forest Service**, fight fires within their protection areas on all land ownerships which reduces the duplication of facilities and services. None of the agencies in Alaska have all of the resources required to accomplish the fire protection job on their own. The Division of Forestry **has cooperative agreements** with the Departments of Agriculture and Interior, and numerous local government and volunteer fire departments to help get the job done. The state and federal agencies routinely utilize each other's personnel and resources to both manage and fight fires. This is efficient and cost effective.

The three suppression agencies are responsible for their own preparedness costs in order to be ready to fight fire on all lands in their protection area regardless of ownership. When fire activity occurs, the appropriate suppression agency responds to the fire guided by the level of protection selected by the land owner/manager in the Alaska Interagency Fire Management Plan. At the end of the fire season, the agencies cross bill each other for the suppression costs based on

ownership. **The State of Alaska is responsible for the suppression costs on all state, private and municipal lands.**

The closest forces concept is most effective in catching fires while they are small. In some areas of the state the closest forces are **local government and volunteer fire departments.** Local government and volunteer fire departments assist in responding to wildland fires when their higher priority of structure protection allows. Wildland firefighting and structure fire fighting are very different, requiring different training and equipment.



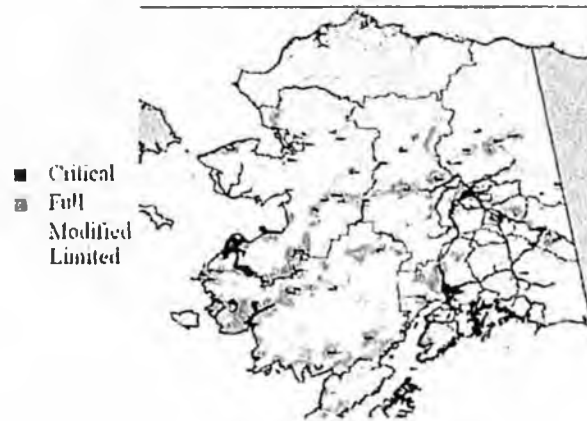
Forestry and A Volunteer Fire Department personnel responding to an incident

The response to wildland fires statewide is coordinated by the **Alaska Interagency Coordination Center** located in Fairbanks. This center is jointly staffed and managed by state and federal employees, and coordinates the mobilization of interagency personnel and resources to fires statewide. Duplication of separate facilities for state and federal suppression agencies is avoided, resulting in fast and efficient response to wildland fires.

The State of Alaska has adopted the **Alaska Interagency Fire Management Plan (Fire Plan)** as its basic guideline for managing wildland fire in Alaska. The fire plan was developed and signed in the 1980s to provide a coordinated and cost effective approach to fire management on all lands in Alaska.

Alaska is the only state having implemented one interagency fire plan that covers all land ownerships. Reliance on the fire plan greatly aids fire managers because decisions on which areas to protect and at what levels are already made. The fire plan categorizes all wildland fire-prone lands into **four different fire management options.**

Land Management Coordination Fire Plans



Critical Management Option – Created to give the highest priority for suppression action on wildland fires that threaten human life and inhabited property.

Full Management Option – Protects cultural and historical sites, uninhabited private property and high-value resource areas.

Modified Management Option – Lands in modified generally receive the same level of protection as those in the Full management option in the early fire season. Later in the fire season, fires in Modified are allowed to burn.

Limited Management Option – Limited management option lands are generally very remote, difficult to protect, have minimal resource value and as such receive no fire protection.

FIRE TRAINING & QUALIFICATIONS

In 1984 the State of Alaska adopted the **National Interagency Incident Management System Incident Command System** concept for managing its fire suppression program. The Incident Command System guiding principles are followed in all wildland fire management operations. **All state Departments adopted the Incident Command System in 1996 through the Governor's administrative order.** Personnel are trained in specific Incident Command System positions and meet national standards. This allows Forestry to call upon fire professionals from across the nation when needed, and makes Alaskan firefighters marketable to "lower 48" fires. A cost saving is directly realized by not having to train and staff to a "worst case" level for fire response.



Fire Shelter Training

The Division of Forestry has adopted the **National Wildfire Coordination Group Wildland Fire And Prescribed Fire Qualifications System Guide** (PMS 310-1) as the basis for its wildland fire qualifications system. Personnel must meet the appropriate training, experience, fitness, and qualifications (red card) requirements for all fire and aviation tasks assigned. Training is also provided to meet other mandated requirements such as Hazardous Materials, blood-borne pathogens, Commercial Drivers Licenses, etc.

Personnel management is the most difficult and rewarding aspect of fire management. Personnel must be trained to national standards for every Incident Command System job, must be prepared to react immediately to a variety of dangerous situations, ensure that procedures and policies are followed, and that the most cost-effective decisions are made. **Seasonal employees budgeted for 5 months a year fill many of the critical fire positions.** A top fire position may require up to 15 years of training and experience. Retention of such an individual is extremely important to a cost effective and safe fire program.

A single decision can save the state millions of dollars, and often it must be made immediately by a highly qualified seasonal firefighter during the initial attack phase of a wildland fire.

PREPAREDNESS

“In order to be ready when needed, you must also be ready when not needed.” **Preparedness is one of the most important aspects** of the Division’s Fire & Aviation Program. Division of Forestry’s fire managers are responsible for providing a safe, cost-effective fire management program through appropriate planning, staffing, training, and equipment levels. No one can predict exactly where or when fires will occur, but there will be wildland fires. Firefighters, equipment, facilities, and all the support elements it takes must be ready before a wildland fire starts. **Preparedness reduces the risk of escaped fires and saves the state money.**

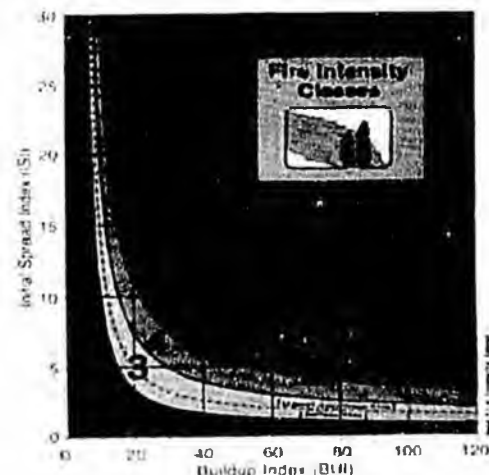
DETECTION

The faster a fire is located, the quicker firefighters are on the scene. Bush pilots and commercial airlines report many fires, but a sophisticated **lightning detection system** identifies areas of concentrated lightning strikes where detection aircraft flights are then concentrated.

WEATHER FORECASTING AND FIRE DANGER RATING SYSTEM



Remote Area Weather Station

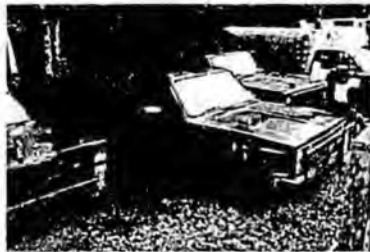


Intensity Class for Boreal Spruce

A network of weather stations and a dependable forecasting service are essential for daily decision-making and long-range predictions. Weather information is the basis for a sophisticated computer generated fire danger rating system. The Division of Forestry utilizes the **Canadian Forest Fire Danger Rating System** to predict the potential fire danger based on the current and predicted weather. This scientifically developed and proven system provides a variety of data used to predict fire behavior, preposition resources, formulate fire strategy, and develop tactics to fight a fire. This tool has the potential to save the state millions of dollars by improving allocation of forces. This information is compiled and accessed through **the Internet** and can be accessed by the public on the Division of Forestry website at: <http://www.dnr.state.ak.us/forestry>

FEDERAL EXCESS PERSONAL PROPERTY

Forestry takes advantage of the Federal Excess Personal Property program to acquire fire fighting aircraft, vehicles and equipment. Use is restricted to 90% firefighting activities, no title is passed to the state, all expenses in maintaining equipment rests with the state, but the state avoids the cost of purchase for similar equipment. This program saves the state millions of dollars.



A Federal Excess Personal Property 4x4 pick up truck was converted to a brush engine

FIRE SUPPRESSION OPERATIONS

A successful initial attack can save the state millions of dollars in suppression costs. A trained, experienced, and well-equipped workforce is essential to locate and initial attack wildland fires while they are small. The cost of a **successful initial attack averages \$4 thousand dollars per fire** compared to costly "project" fires that can cost from \$3 million to \$30 million dollars to suppress. One of the **Division of Forestry's top priorities is the aggressive and effective initial attack** of wildland fires in the full and critical protection areas of the state.

Suppression activities for wildland fires are governed by the implementation of the Fire Plan that in most cases has predetermined the level of response to a given fire. **Sound and proven fire management principles stressing safe, cost-effective, and efficient response** to all wildland fires are followed by the Division of Forestry.

Seasonal employees are the backbone of the fire suppression program. They are an experienced and qualified work force, many of who have worked for Forestry 10-15 years. Their expertise provides the basis for the Division of Forestry's ability to expand from a few dozen employees to over a thousand within a day or two and be effectively fighting fires immediately.



Forestry personnel and engines

The Division has 143 seasonal fire positions funded in its current budget. Depending on the position, funding would provide an average of 5.4 months. These employees fill a variety of fire protection positions, including:

Initial Attack Firefighters	Airbase Manager
Engine Foreman	Airplane Pilot
Crewman - Engine / Helicopter	Air Attack Supervisor
Helicopter Foreman	Mechanic / Maintenance
Dispatcher	Procurement Specialist
Support Foreman	Warehouse Worker
Logistics Coordinator	Payroll Clerk
Field Office Assistant	Prevention Specialist

In addition to its permanent seasonal workforce, **the Division relies heavily on Emergency Firefighters.** Emergency firefighters are hired on an as-needed, short-term basis, and are utilized to augment the Division's workforce in all areas of the firefighting job. Individual Emergency Firefighters are hired to function as initial attack firefighters, warehouse workers, aviation ramp workers, etc. **The 16 person village Emergency Firefighter crews are hired when large numbers of organized and trained firefighters are required.**

There are a total of 73, 16-person Type 2 Emergency Firefighter Crews in Alaska. Predominantly from rural villages, these largely Native crews are trained to national ICS standards, used for wildland firefighting in Alaska, and are available to be dispatched to the lower 48. **The Division of Forestry manages 29 of these crews,** providing Incident Command System and wildland fire training, fitness testing, and red card issuance. An average of \$6.9 million in wages is paid annually to Alaska's Emergency Firefighters, bolstering the rural economy. Their employment spreads the fire dollar into economies that often predominantly rely upon subsistence. **The performance of Alaskan Emergency Firefighting crews is respected and valued in Alaska and in other states where they have fought fire.** Encouraging, maintaining, and supporting the existing Emergency Firefighter crews is a priority for a solid fire program in Alaska.

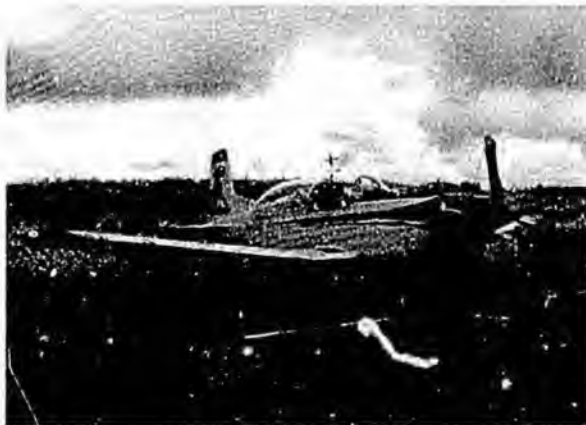


Emergency Firefighters

The ability to rapidly **expand a small core organization** to light fires is critical. Training of the core staff, combined with strong cooperative agreements, provides the phenomenal ability to expand rapidly with a safe, well functioning organization. Similarly, DOF also supplies personnel for federal fire emergencies. Without the ability to exchange resources, the Division of Forestry would be required to have a vastly larger and much more costly fire suppression organization.

AVIATION RESOURCES

The Division of Forestry provides fire protection services on 150 million acres of land, and much of it is remote and inaccessible, requiring the use of airplanes and helicopters. **The Division contracts the majority of its aircraft resources from the private sector**, and manages and operates a combination of air tankers, helicopters, and miscellaneous fixed wing aircraft to deliver firefighters, mobilize emergency firefighters, move equipment and supplies, and drop fire retardant on fires. Close coordination between the state and federal agencies maximizes the use of aviation resources. Cooperative state and federal aviation management saves money.



PC-7 Air Attack

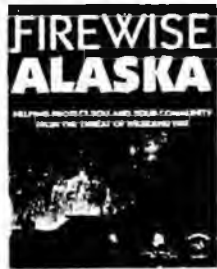


Forestry helitack crew

PREVENTION

Approximately **85% of all wildland fires in Alaska are started by human carelessness**, making prevention one of the most important aspects of the Division's program. Prevention activities are accomplished by Division personnel across the state through school visits by Smokey Bear and other public education programs. Enforcement of the Alaska Statutes is also very important, and the Division issues citations and collects fire damages based on the circumstances of the escaped, human-caused fire. **An aggressive wildland fire prevention program can reduce the numbers of unwanted human-caused fires.**

The Division of Forestry is actively **promoting the FireWise concept in Alaska**. FireWise (www.firewise.org) is an educational program aimed at homeowners, land developers, zoning officials, and other groups with the goal of developing homes, subdivisions, and communities with the threat of wildland fire taken into consideration. The goal is to have homes, subdivisions, and communities built that will survive wildland fires in the future.



SUPPORT SERVICES

Every fire requires not only having firefighters but a large inventory of equipment and supplies that are dispatched to fires all over the state, returned, repaired, refurbished, and restocked. This is accomplished through a **complex logistical support system** that includes procurement, property management, and fire warehousing. Adherence to national standards are required for interchangeable support with federal agencies. Fast, accurate response is provided by a dispatching system of highly qualified personnel, which must be in place and prepared.

The state bills federal cooperators for fighting fires which start on their land, and the federal government bills the state in a reciprocal manner. Historically, this has provided a net reimbursement to the State's general fund of over \$3 million annually. Recovering state costs depends entirely on accurate and complete management of contracts, payroll, procurement, bill paying, accounting, personnel regulations, statistics, property management, and audits by a **trained and experienced administrative staff**. The regular field employees must have a working knowledge fire business management principles and a staff of skilled experts must be in place to support billings of up to \$16 million per agency.

GOOD MANAGEMENT

Appropriate and effective management is critical to successful and cost effective results in wildland firefighting. Firefighters must get to a fire with the tools they need to fight it within a minimal period of time. **Food, tents, vehicles, equipment, and medical supplies will be needed** and must be mobilized to the fire, then demobilized and refurbished to be ready for the next fire call.

Alaska has **600-800 fires per year** and the Division of Forestry manages the majority of that workload. **Humans cause 83% of the wildland fires** in the Division of Forestry's protection area, most of which occur in more populated areas. Because of immediate threat to life, these are the most critical fires to stop with aggressive and successful initial attack. As urban areas continue to expand into the wildland, this workload continues to increase.

Lightning is the major cause of wildland fires across the Interior, producing as many as 3500 strikes per day. It is not uncommon to have 50 to 80 lightning fires burning in different locations at the same time.

<u>Protection Area</u>	<u>2002 Fires</u>	<u>Human-caused Fires</u>
Division of Forestry	74 %	80%
USDI Alaska Fire Service	20 %	23%
USDA Forest Service	6%	97%

Personnel and resources' (airplanes, helicopters, retardant, equipment, etc.) workload are directly impacted by the number of fires burning at the same time. As shortages of resources occur, **priorities must be set to allocate personnel and equipment to fight the most critical fire first.** Coordination occurs statewide by moving forces to the most critical areas as needed. Managing the workforce rapidly and efficiently results in more effective initial attack and suppressing wildland fires faster saving the state money by preventing larger fires.



View of wildland fires from helicopter



DC-6 Retardant aircraft

Alaska Statute 41.15.010 gives the responsibility for wildland fire suppression on state, private, and municipal lands to the Department of Natural Resources, Division of Forestry. In some of the organized boroughs and municipalities, **landowners are taxed for fire services that are geared mainly for structure fire protection.** The wildland fire responsibility in the organized service areas is a shared responsibility between local government and the Division of Forestry. The Division provides critical wildland fire and Incident Command System training to the structure firefighters and in some instances, **loans fire equipment and Federal Excess Personal Property fire engines to the local government and volunteer fire departments.**

INTENSITY OF FIRES

Weather, fuel conditions such as moisture content in vegetation, depth of vegetative mat, and a myriad of other factors, affect the fire intensity. **Fire can spread as much as eight miles in a single hour.** During the wind driven Miller's Reach Fire in 1996, firebrands were transported up to a mile in advance of the main fire, causing new ignitions. Intensity of a fire can create severe fire conditions that require special management to effectively utilize technology, personnel, and resources.

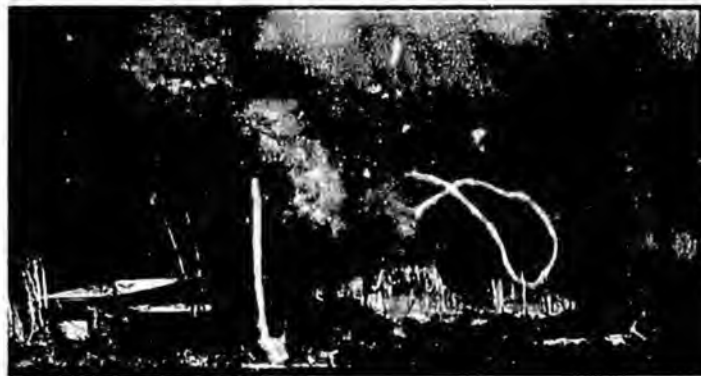


Miller Reach Fire 1996

COMPLEXITY OF FIRES

Situations that affect fire complexity are unusual fire behavior, type of resources threatened (i.e., urban areas or villages), the number of fires in a particular area requiring suppression, evacuation of people, multiple agencies responding, etc.

The Miller's Reach Fire is a good example of a complex fire. Fire suppression involved 37 separate fire departments, over 1800 state and federal fire fighters, 103 agencies and organizations, local and national media, local and national political visits, and evacuation of more than 1500 people requiring emergency services such as temporary housing, food, and medical services. The more complex a fire, the more important a pre-planned management response is to success.



Millers Reach Fire 1996

Highly trained and skilled Interagency Incident Management Teams are called in to handle the most complex wildland fires. These teams are made up of **state, federal, and local government experts trained and experience in the Incident Command System.** These teams have specific positions like Incident Commander, Plans Chief, Operations Chief, Logistics Chief, Finance Chief, etc. This is a "de facto" expansion of the workforce without a corresponding investment, as the base salaries are paid by the separate agencies.

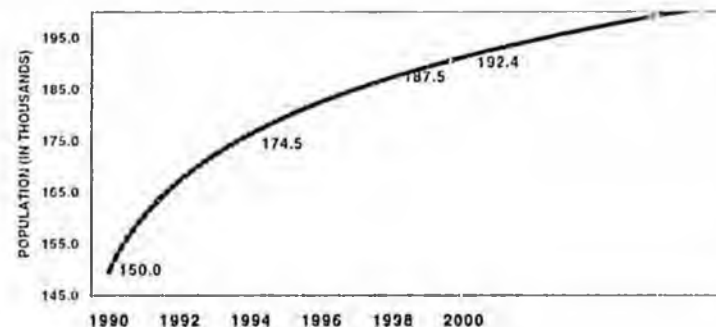
The Division of Forestry is organized so **positions may be shifted between fire and resource programs depending on priorities and workload.** During a difficult fire season, all staff are available to support fire suppression; similarly, during slow or rainy periods fire staff may be working in the woods on forest resources projects. **The flexibility in program management** and cross training of employees is essential to meet the unpredictable fluctuations of the fire program.

Total mobility of personnel and equipment provides the basis for responding to simultaneous fires in different areas of the state. Minimum staffing for initial attack is maintained while relying on personnel from other Areas or agencies in the event of large fires. This also provides for the **most efficient utilization of forces** as Areas with lower fire danger can provide personnel for fires elsewhere.

WHERE ARE WE GOING?

The State of Alaska continues to grow, and with that growth, more of the population is moving into the forested areas of the state where wildland fires occur. These areas are called the **wildland/urban interface** and as the numbers of homes increases in the interface, so does the risk of a wildland fire threatening human life and improved property. The **protection of life and property** in the wildland/urban interface is the most important job the Division of Forestry and its local government cooperators has. Because of the rise in both population and those participating in recreational activities, fire workloads are increasing while budgets have remained static, or in some cases, have declined.

URBAN INTERFACE GROWTH
1990 THROUGH 2000



The Miller's Reach Fire in 1996 and the Red Fox Fire near Tok in 2001 are reminders that **Alaska has a growing threat of wildland/urban interface fires.** The stakes are high, involving human life and major property values. The skills needed are different from strictly wildland fire needs, involving hazardous substances, structure protection, and evacuation needs. Forestry has a major role but clearly **the responsibility to fight these fires is shared with local government and volunteer fire departments.** Homeowners have a critical responsibility too. Homeowners need to take steps to make their properties FireWise (www.firewise.org) and to help the fire-fighters protect their homes. Planning, coordination, and training need to occur among all parties for a swift, coordinated response when fires start. **There will be more wildland/urban interface fires as Alaskans continue to settle outward from urban to less developed areas.**

It is clear that **the Division of Forestry has been successful** in adapting new technology, cost saving partnerships, effective management, and effecting tough decisions to meet these challenges. The fire plan, the Incident Command System, organizational flexibility, cooperative agreements and fiscal constraints provide savings to the state.

For More Information, Contact

Directors Office
Division of Forestry
550 West 7th, Suite 1450
Anchorage, AK 99501
(907)-269-8476



HB

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HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 111
(H) Publish Date: 2/19/03

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title Regulatory Commission of Alaska: BRU Regulatory Commission of Alaska (399)
Sunset Extension Component Regulatory Commission of Alaska
Sponsor Rules
Requester Governor Component No. 2417

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	3,982.9	3,982.9	3,982.9	3,982.9	3,982.9	
Travel	60.0	60.0	60.0	60.0	60.0	
Contractual	1,920.0	1,920.0	1,920.0	1,920.0	1,920.0	
Supplies	62.5	62.5	62.5	62.5	62.5	
Equipment	13.8	13.8	13.8	13.8	13.8	
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	6,039.2	6,039.2	6,039.2	6,039.2	6,039.2	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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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						
1141 - RCA Receipts	6,039.2	6,039.2	6,039.2	6,039.2	6,039.2	
TOTAL	6,039.2	6,039.2	6,039.2	6,039.2	6,039.2	0.0

Estimate of any current year (FY2003) cost: 6,003.1
Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time	62	62	62	62	62
Part-time					
Temporary					

ANALYSIS: (Attach a separate page if necessary)

This legislation extends the Regulatory Commission of Alaska to June 30, 2007. In accordance with AS 08.03.020, funding is extended one year following the termination date allowing the commission to conclude its affairs. The information above identifies direct expenditure and revenue information included in the FY 2004 Operating Budget Request. The RCA's budget is funded through the Regulatory Cost Charge (RCC) mechanism and direct charge mechanisms. No general funds are allocated for support of the agency. The RCC is recalculated each year and allows the agency to recover its operating costs through an assessment on the revenues of the utilities and pipeline carriers it regulates.

Prepared by: G. Nanelle Thompson, Chair Phone 907-276-6222
Division Regulatory Commission of Alaska Date/Time 1/29/03 9:33 AM
Approved by: Edgar Blatchford, Commissioner Date 1/29/2003
Agency Department of Community & Economic Development

Proposed Amendments to AS 42.05

* Sec. _____. AS 42.05.810 is amended by adding a new subsection to read:

(d) No long distance carrier shall be regulated by the commission as a dominant carrier in the long distance market if its statewide market share, as measured in intrastate minutes of use, is less than 60 percent, except that the incumbent long distance carrier shall remain the carrier of last resort until the commission orders otherwise.

**ALASKA RURAL ELECTRIC COOPERATIVE ASSOCIATION, INC.
RCA REAUTHORIZATION**

April 2, 2003

ARECA's positions regarding reauthorization of the RCA are as follows:

1. Executive Director and Public Advocacy Section.

ARECA supports the creation of an Executive Director or Chief of Staff for the RCA; and ARECA does not oppose transferring the duties of the Public Advocacy Section (PAS) to the Department of Law. ARECA believes these actions can be accomplished administratively without statutory amendment.

2. Alternative rate making procedures for municipal and cooperative electric utilities.

AS 42.05 should be amended to allow alternative rate making procedures for regulated municipal and cooperative electric utilities. This can be accomplished through the addition of one new section to AS 42.05. A draft of that proposed new section (AS 42.05.425) is attached.

Summary of alternative procedures:

- Upon approval of the municipal or cooperative governing body, automatic implementation of retail electric rate decreases and minor retail rate increases (less than or equal to the change in the consumer price index).
- For other proposed electric rate changes when there are other adverse parties in the case, allows the case to be decided by neutral administrative law judges (ALJs) who are experts in electric rate case regulation. The cost of the ALJs are paid directly by the parties, not from the RCA's budget.
- In all other respects (quality of service, billing disputes, disconnection, etc.), these utilities would remain subject to full RCA regulation.

Benefits of alternative procedures:

- Will allow prompt and efficient self-regulation of rate reductions and minor rate increases by responsive governing authorities of municipal and cooperative electric utilities.
- ALJ process will allow more efficient and expert rate case decision-making when multiple adverse parties exist.
- Both procedures will significantly reduce the RCA's caseload by delegating minor and adversarial cases other forums.
- Will allow the RCA to focus its time and resources on other, important cases and duties.

3. Three-year extension of RCA.

If ARECA's recommendations are accepted, ARECA supports a three-year extension of the RCA.

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_____ **BILL NO.** _____
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - FIRST SESSION -

BY THE _____
_____ : ____ / ____ /03

A BILL
FOR AN ACT ENTITLED

"An Act establishing alternative rate making procedures for cooperative and municipal electric utilities regulated by the Regulatory Commission of Alaska; extending the termination date of the commission to June 30, 2006; and providing for an effective date."

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

* **Sec. 1.** AS 42.05 is amended by adding a new section to Article 4 to read:

Sec. 42.05.425. Alternative rate making procedures for municipal electric utilities and electric cooperatives. (a) An electric utility subject to economic regulation under this chapter that (1) is owned and operated by a municipality or city within the state, or (2) is an electric cooperative organized under AS 10.25, may elect to change its electric base rates under the provisions of this section.

(b) The commission shall, within ten days after the filing of a utility's rate change request, approve on a permanent basis a tariff revision that reduces an electric base rate for retail service without increasing any other electric base rate if the proposed tariff revision is authorized by resolution of the utility's governing body (municipal assembly, city council, or a cooperative's board of directors).

(c) The commission shall, within ten days after the filing of a utility's rate change request, approve on a permanent basis a tariff revision that increases any electric base rate for retail service if

1 (1) the proposed tariff revision is authorized by resolution of the utility's governing body
2 (municipal assembly, city council, or a cooperative's board of directors); and

3 (2) the percentage increase to each electric base rate is less than or equal to the annual
4 percentage change in the Consumer Price Index for Urban Consumers in Anchorage (CPI-U, Anchorage)
5 for the most recent calendar year, as reported by the U.S. Department of Labor, Bureau of Labor Statistics
6 (or other comparable consumer price index adopted by the commission by regulation, if the CPI-U,
7 Anchorage, is not available).

8 (d) For a tariff revision that increases any electric base rate for retail service by a percentage
9 greater than the annual percentage change in the CPI-U, Anchorage, for the most recent calendar year, and
10 for a tariff revision that changes any electric base rate for wholesale service, the filing utility may, at its
11 option, have the tariff revision adjudicated under the alternative procedures set forth in (f) if there is an
12 intervenor with material adverse interests in the case.

13 (e) Prior to initiation of the alternative procedures set forth in (f),

14 (1) the filing utility shall submit its rate change request to the commission in accordance
15 with this chapter and the commission's regulations, including all required supporting information;

16 (2) the filing utility shall file with the commission written notification of its election to
17 have its rate change request adjudicated under the procedures in (f) of this section;

18 (3) any person desiring to intervene as a party regarding the rate change request shall,
19 within ten days after the filing utility files the notification required in (2) of this subsection, petition to
20 intervene; and

21 (4) not later than twenty days after a petition to intervene is filed, the commission shall
22 accept answers to the petition, and issue an order granting or denying the petition to intervene and
23 determining whether the filing utility's rate change request is eligible for adjudication under the procedures
24 set forth in (f).

1 (f) Upon a commission finding that the filing utility's rate change request is eligible for
2 adjudication under this subsection, the rate change request shall be processed and adjudicated by a neutral
3 and qualified administrative law judge or, if agreed upon by all parties, by a panel of an odd number of
4 administrative law judges, under the following rules:

5 (1) To qualify to serve as an administrative law judge under this subsection, an
6 administrative law judge shall be a member in good standing of a state bar association within the United
7 States, have at least five years of experience litigating or adjudicating rate cases of regulated electric
8 utilities, and comply with the restrictions applicable to members of the commission under AS 42.04.060.

9 (2) Within ten days after issuance of the commission order referenced in (e)(4), all parties
10 shall meet to attempt to unanimously agree on a qualified administrative law judge. If unanimous
11 agreement cannot be reached within that period of time, the parties shall select an administrative law judge
12 from a list of ten qualified administrative law judges supplied to the parties by the American Arbitration
13 Association through a striking of names process. The administrative law judge shall be selected within five
14 working days after receipt of the American Arbitration Association list. The parties shall alternate in
15 striking names from the list until one administrative law judge remains, who shall be the administrative law
16 judge under this subsection. The filing utility shall be the first to strike a name from the list. The order of
17 striking for the other parties shall be determined by unanimous agreement among those parties or, if
18 unanimous agreement cannot be reached, through drawing by lot. If a panel of administrative law judges is
19 used, the selection process in this paragraph shall be used for the selection of each panel member.

20 (3) All reasonable and necessary costs and expenses of the administrative law judge or
21 panel and all administrative expenses of the adjudication process shall be borne equally by all parties who
22 are either a certificated utility or an agency of the state.

23 (4) Not later than three days after selection of an administrative law judge or panel, the
24 parties shall submit a joint filing notifying the commission of the selection. Not later than three days after
25 the joint filing, the commission shall serve a copy of all prior orders and pleadings in the case on the

1 administrative law judge or panel and on all parties of record. The commission shall be placed on the
2 service list for all subsequent pleadings and orders filed and issued in the proceeding.

3 (5) Not later than 30 days after service by the commission of all prior orders and
4 pleadings, the administrative law judge or panel shall issue an order establishing a complete procedural
5 schedule for adjudication of the base rate change request. The administrative law judge or panel is subject
6 to the applicable timelines set forth in AS 42.05.175 and AS 42.05.421, however, when establishing a
7 procedural schedule and adjudicating the rate request, the administrative law judge or panel shall take
8 reasonable steps to ensure issuance of a final order in substantially less time than the maximum allowed
9 under those timelines.

10 (6) In adjudicating the base rate change request, the administrative law judge or panel
11 shall have all of the procedural and substantive powers and duties that apply to the commission and
12 commission members under law, including this chapter, the commission's regulations, and commission
13 precedent, provided, however, that the scope of the administrative law judge's or panel's jurisdiction,
14 powers, and duties is expressly limited to that which is necessary to adjudicate the electric base rate request
15 presented pursuant to this subsection.

16 (7) A party may petition the administrative law judge or panel for reconsideration of an
17 order issued by the administrative law judge or panel.

18 (8) Notwithstanding AS 42.04.080 and AS 42.05.171, the decisions and orders of the
19 administrative law judge or panel under this section are not subject to review by the commission. All final
20 orders of the administrative law judge or panel under this section are subject to judicial review as final
21 administrative orders in accordance with AS 44.62.560—44.62.570. If an appeal is not taken from a final
22 order of the administrative law judge or panel, the administrative law judge or panel may apply to the
23 superior court for enforcement of its orders. The court shall enforce the order by injunction or other
24 process.

1 (9) If an appeal is not taken from a final order of the administrative law judge or panel,
2 the commission shall approve the tariff sheets implementing the rate changes approved and ordered by the
3 administrative law judge or panel.

4 (g) The commission shall adopt regulations as necessary to implement the requirements,
5 procedures, and legislative intent of this section.

6 * Sec. 2. AS 44.66.010(a)(4) is amended to read:

7 (4) Regulatory Commission of Alaska (AS 42.04.010) – June 30, 2006 [2003].

8 * Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section read:

9 APPLICATION OF ALTERNATIVE RATE MAKING PROCEDURES. The rate making
10 provisions set forth in AS 42.05.425, added by sec. 1 of this Act, apply to all applicable electric base rate
11 change requests filed with the Regulatory Commission of Alaska on or after July 1, 2003.

12 * Sec. 4. Except as provided in sec. 3, this Act takes effect immediately under AS 01.10.070(c).

ALASKA RURAL ELECTRIC COOPERATIVE ASSOCIATION, INC.

Resolution 03-32

A Resolution Regarding the Sunset Review of the Regulatory Commission of Alaska and Recommended Changes

This Resolution cancels and supercedes Resolution 03-17. ARECA resolves as follows:

- I. If the other provisions of this resolution are enacted, ARECA supports extension of the Regulatory Commission of Alaska (RCA) for a period of three (3) years.
- II. ARECA supports the creation of an Executive Director or Chief of Staff for the RCA; and ARECA supports transferring the duties of the Public Advocacy Section (PAS) to the Department of Law.
- III. ARECA supports the establishment of an Administrative Law Judge (ALJ) option, as described below, for the processing of rate change requests by a cooperative, municipal-owned, or city-owned public utility that is subject to economic regulation by the RCA.

A. Retail service rate changes less than or equal to the annual change in CPI. For a utility's proposed base rate change for retail services that, in total, is less than or equal to the annual change in the applicable consumer price index (CPI) (or other reasonable and known inflation benchmark), the utility's governing body (for a cooperative, its board of directors, and for a municipal- or city-owned utility, its municipal assembly or city council) shall be authorized to approve the proposed, or lower, rate change and forward notice of that approval to the RCA, and the RCA shall approve the tariff sheets implementing that change in rates.

B. Retail service rate changes that are greater than the annual change in CPI. For a utility's proposed base rate change for retail services that is, in total, greater than the annual change in the applicable CPI (or other reasonable and known inflation benchmark), the filing utility may select one of the following two options for the processing and approval of its proposed rate change:

1. Traditional RCA option. Under this option, the rate change request shall be heard and processed under the traditional procedures set forth in AS 42.05 *et seq.*
2. ALJ Option. Under this option, the rate change request shall be heard and processed by an ALJ under the following procedures:
 - a. All ALJ and hearing administrative costs shall be borne equally by all parties;
 - b. All procedures shall be conducted by an ALJ selected by the original parties through a "striking of names" process;
 - c. All orders shall be issued by the ALJ;
 - d. Judicial review shall be by the Superior Court (under the procedures and standards applicable to judicial review of RCA orders); and
 - e. Upon issuance of a final, non-appealable order, the RCA shall approve the tariff sheets implementing the ordered change in rates.

C. Any wholesale service rate changes. For a utility's proposed base rate change for any wholesale services, the filing utility may select one of the two options listed above in B.1. and B.2. for the processing and approval of its proposed rate change.

IV. Implementation and effective date. ARECA intends to propose all proposed statutory amendments deemed necessary to implement the changes set forth above. All of the changes set forth in I. through II. shall be effective July 1, 2003. The changes set forth in III. shall be effective for rate change requests filed on or after the effective date of the enabling legislation.

PASSED AND APPROVED this ____ day of March, 2003.

Dwight Nissen, President

Attest: _____

GCI'S COMMENTS ON AMENDMENTS TO HB111

At the urging of Alaska Communications Systems (ACS) and without significant discussion, the House Labor and Commerce Committee adopted lengthy amendments to HB 111, a simple sunset extension bill for the Regulatory Commission of Alaska (RCA) as advocated by the Governor. The stated purposes of the amendments are to accelerate the development of competition and promote investment and the improvement of existing facilities used to provide telecommunications services. In reality, the effect of the amendments is to eliminate competition and allow ACS and other telephone companies to implement rate increases to consumers, while eliminating regulatory requirements to upgrade existing facilities.

1. The amendments would allow all local telephone companies to implement rate increases to Alaska's consumers.

Depreciation expense is one large component of the costs that regulated utilities are allowed to collect from ratepayers. Regulated depreciation rates are based on the actual, useful service life of the equipment used to provide service. However, ACS is dissatisfied with the service lives set by the RCA after a recent proceeding in which it was seeking to raise rates. Section 4 of CSHB 111 would reverse the RCA's decision and authorize all telephone utilities to base depreciation on the service lives permitted by the IRS for income tax purposes. The IRS lives were never intended to establish the useful service life of equipment; instead, the IRS lives are intended to allow rapid depreciation for income tax purposes. Use of the IRS lives will allow ACS, and all other telephone companies, to implement rate increases to all ratepayers.

Section 2 of CSHB 111 would allow local telephone companies to implement rate increases—without any oversight from the RCA—as soon as a competitor is even authorized to provide service. The limitation included in Section 2—that the local telephone company should have less than 60 percent of the statewide market share—is totally meaningless, as none of the 20 local companies in Alaska, each serving separate areas, has 60 percent of the statewide market share. While it might seem counterintuitive that a company facing competition might raise rates, this is exactly what ACS did in Anchorage after GCI introduced competition. Furthermore, other provisions of CSHB 111 will allow local phone companies to eliminate any prospect of successful competition.

2. The amendments would allow local and long distance carriers to discriminate between customers and areas within the state.

Section 5 of CSHB 111 declares the entire state "competitive" for long distance service and completely exempts all long distance carriers from rate regulation by the RCA. Section 5 of CSHB 111 even exempts carriers from statutory provisions that require just and reasonable rates (AS 42.05.381), prohibit rate discrimination (AS 42.05.391), and protect consumers against inadequate and unsafe facilities (AS 42.05.291). Because of Section 5, the RCA would be unable to require "geographic rate averaging," which keeps down long distance rates in rural Alaska. Furthermore, the "access charges" that long distance carriers pay to rural local phone companies would increase substantially under CSHB 111, creating pressure on long distance companies to increase rates to consumers in rural Alaska. Local phone companies would receive the same exemptions as soon as another carrier is able to offer service to 50 percent of the subscribers, but before development of actual competition. The full list of exemptions includes the statutes that prohibit discrimination in service (AS 42.05.301), authorize "Lifeline" rates (AS 42.05.306), require just and reasonable rates and tariffs (AS 42.05.361-381), and prohibit discrimination in rates and unreasonable preferences among customers and, indeed, the entire power of the RCA to review and set rates (AS 42.05.411, .421, .431, .451, .471). The exemptions would be available to long distance companies immediately and to any local phone company as soon as any competitor was able to provide service, but before actual development of competition.

3. The amendments would allow ACS to eliminate competition; the amendments are contrary to federal law and would create tremendous market uncertainty.

Section 8 of CSHB 111 allows ACS, without any negotiation much less any review and approval by a regulatory body, to unilaterally increase the rates it charges to GCI pursuant to the existing Interconnection Agreement that was arbitrated under federal law and approved by the RCA. As expressly allowed by federal law and as necessary for local phone competition, GCI leases certain portions of ACS' equipment to provide local service and GCI pays ACS a rate, including a reasonable profit, arbitrated and negotiated and approved by the RCA. Section 8 allows ACS to change these rates, unilaterally, to recover whatever costs

it expects it might incur in the future, with whatever profit it unilaterally deems appropriate, and based on the inappropriate IRS depreciation lives allowed by the section. There is no doubt ACS would immediately raise GCI's rates to at least the unreasonable levels it has requested from (and been rejected by) the RCA, eliminating local competition.

The pricing standard set in Sections 4 and 8 of CSHB 111 are totally contrary to the pricing requirements set by federal law and upheld by the United States Supreme Court. Furthermore, the authorization for ACS to unilaterally change the rates is directly contrary to the arbitration and negotiation procedures required by federal law. For these reasons, passage of these provisions would lead directly to costly litigation and directly undercut the "stable regulatory environment" deemed "vital to the state's future" in Finding (a)(6) of CSHB 111.

4. In direct contradiction of the stated purpose, the amendments eliminate requirements to upgrade existing networks.

Section 1 of CSHB 111 states the amendments are intended to improve the existing facilities used to provide local phone service. However, Section 3 of CSHB absolutely prohibits the RCA from requiring phone companies to improve existing facilities. This amendment is targeted at a regulation adopted by the RCA in 1997 requiring all phone companies to support a data transmission rate of 28.8 kilobits per second by 2003. Thus, local phone companies were given 6 years to bring their facilities up to a very modest standard for data transmission. Section 3 would reverse the requirement in the regulation.

Furthermore, Section 5 even exempts local phone companies from the statutory requirement (AS 42.05.291) to maintain "safe services and facilities" and that allows the RCA to require correction of unsafe facilities. This exemption is applicable immediately for long distance companies and as soon a local company faces any competition.

5. In direct contradiction to the stated purpose, the amendments discourage investment in telecommunication facilities in Alaska.

Section 1 of CSHB 111 states that existing policies favoring local competition actually discourage investment in Alaska's telecommunication facilities. This argument is false and has been explicitly rejected by the United States Supreme Court.

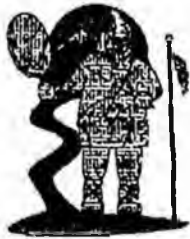
When other local phone companies brought a lawsuit against the pro-competitive provisions of the federal Telecommunications Act, those companies argued that the pricing standards adopted by the FCC discouraged investment. However, that argument was rejected by the United States Supreme Court.

In fact, in Alaska as elsewhere, large investments in new, advanced telecommunications facilities by competitive carriers like GCI, is encouraged by the Act. GCI will be investing approximately \$100 million in Alaska this year, more than any other carrier. GCI would be unable to maintain this level of investment in the face of the anti-competitive provisions of CSHB 111.

6. The amendments would require GCI to protect ACS from the effects of competition.

As discussed above, GCI leases portions of ACS' facilities to provide local phone service, and GCI pays RCA-approved rates for those facilities. This important aspect of the federal Telecommunications Act enables incumbents like ACS to continue to receive revenue even for customers served by a new competitor. Nonetheless, ACS has complained bitterly about the requirement that it allows GCI to use its facilities, and because of poor service and high rates of ACS, GCI is developing its own local exchange facilities. Now, through Section 4 of CSHB 111, ACS seeks to require GCI to pay ACS for the full cost of any ACS facilities for customers that leave ACS and take service on GCI facilities. Even for equipment installed by ACS long before competition began, if GCI leased the equipment for a time and the customer then took service over GCI's own equipment, GCI would be required to pay ACS for the entire value of the equipment. Such a provision is illegal and the absolute opposite of competition. No new entrant could enter any market if it is required to guarantee the investments of the incumbent provider against the possibility that customers would choose the new entrant's service. Under ACS' amendments, GCI will face the unacceptable alternatives of continuing to use ACS' equipment forever, at rates unilaterally set by ACS, or of building its own facilities and still having to pay ACS for its facilities.

(Edited 4:30 p.m. on 4/30)



Maniilaq Association

P.O. Box 256 - 733 2nd Avenue - Kotzebue, AK 99752
Phone: (907) 442-3311 or 800-431-3321
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Reggie Joule
State Capitol, Room #405
Juneau, AK 99801
Telephone: 907-465-4833 Toll
Fax: 907-465-4586

Dear Representative Joule,

Telecommunications is one of the most important infrastructure components we have in rural Alaska. It helps provide high quality health care to our people, distance education to our youth, and global commerce opportunities to all of us.

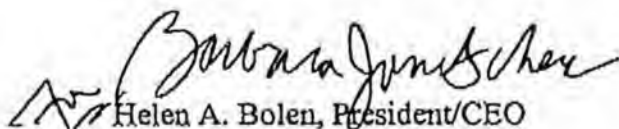
In the past few years, telecommunication advancement has exploded in rural Alaska. Prices have gone down, new technologies have been implemented and people are better off. The Regulatory Commission of Alaska (RCA) helped make that happen.

The RCA has always protected consumers and deftly implemented complex regulatory principles that directly benefit our communities.

As the primary health and social services provider in Northwest Alaska and a state-wide leader in telemedicine delivery, Maniilaq Association, Inc. (Maniilaq), strongly encourages the extension of the RCA for four years without any special amendments. Maniilaq believes that important consumer protections and benefits will be lost if the RCA is held hostage to special interest amendments, and this will hinder Maniilaq's efforts to build strong, vibrant communities in Northwest Alaska.

Maniilaq wants health, education and commerce opportunities to grow in our region and across the state. A healthy RCA helps foster that.

Sincerely,


Helen A. Bolen, President/CEO
Maniilaq Association, Inc.

LEGAL SERVICES

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

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Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

April 23, 2003

SUBJECT: Sectional summary of CSHB 111() "I" version
(Work Order No. 23-GH1049U)

TO: Representative Tom Anderson
Attn: Josh Applebee

FROM: Barbara R. Craver 
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. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. This section contains uncodified law expressing the legislature's findings and intent for this Act.

Section 2. This section amends AS 42.05.145 "Telecommunications regulation policy." When a new carrier enters a local market, the commission is directed not to designate an incumbent local exchange carrier as the dominant carrier in a local exchange market, unless that carrier has a 60 percent market share.

Section 3. This section provides that any new laws or rules that change standards for service or facilities operate prospectively only.

Section 4. These new subsections are added to AS 42.05.381. Subsection (k) allows electric or telephone utilities to use the same depreciation schedules as allowed under the federal tax code. Subsection (l) requires the commission to look to a telephone utility's current costs in determining the costs that a utility can charge another telephone utility for use of the first utility's facilities, systems or services and allows costs to be adjusted for inflation and increased risk from competition. This subsection also requires that a utility providing facilities, systems or services to another utility shall be reimbursed within 90 days of a cancellation of the use by the second utility for the unamortized capital costs incurred by the first utility to provide the services to the canceling utility.

Representative Tom Anderson

April 23, 2003

Page 2

Section 5. New section AS 42.05.433 allows a telephone utility to file a certificate with the commission that the telephone utility is operating in a competitive service area. Such a utility is exempt from tariff filing requirements for rate changes and other rate related matters. Subsections of this section provide for shared "carrier of last resort" obligations, and provide that the local exchange market in Anchorage and the state wide interexchange long distance market are considered to be a competitive service area. Definitions are provided for several terms used in this section. New section AS 42.05.435 sets out the policy to be used in setting prices for unbundled network elements.

Section 6. This section provides that a long distance carrier will not be regulated by the commission as the dominant carrier in the long distance market, if the carrier's statewide market share is less than 60 percent. The long distance carrier that is designated as the dominant carrier on the effective date of this subsection will remain the carrier of last resort until the commission orders otherwise.

Section 7. The term of the Regulatory Commission is extended until June 30, 2007. Without this amendment, the commission will end June 30, 2003.

Section 8. This section of uncodified law allows local exchange carriers who are providing unbundled network elements to other utilities to adjust their rates in accordance with this Act.

Section 9. The commission is required to develop regulations to implement the shared carrier of last resort provisions of this Act.

Section 10. This section provides an immediate effective date for this Act.

BRC:med
03-431.med

23-GH1049U
Craver
4/23/03

CS FOR HOUSE BILL NO. 111()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL
FOR AN ACT ENTITLED

1 "An Act providing for the prospective effect of standards changed by the Regulatory
2 Commission of Alaska; relating to competition in regulated telecommunications and
3 exemptions from tariffs in competitive telecommunications markets; relating to the
4 designation of a dominant carrier in local exchange and long distance markets; relating
5 to depreciation expense rates; relating to cost recovery for telecommunications utilities;
6 setting a policy regarding unbundled network elements in the telecommunications
7 market; extending the termination date of the Regulatory Commission of Alaska; and
8 providing for an effective date."

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

10 * Section 1. The uncodified law of the State of Alaska is amended by adding a new section
11 to read:

12 FINDINGS AND PURPOSE. (a) The legislature finds that

1 (1) the Telecommunications Act of 1996 was enacted to foster the rapid
2 deployment of advanced telecommunications, information technologies, and services to all
3 Americans by promoting competition and reducing regulation in telecommunications markets
4 nationwide;

5 (2) the Telecommunications Act of 1996 specifically recognizes the unique
6 abilities and circumstances of the types of local exchange carriers in Alaska--those that are in
7 remote areas that have never been served by a regional bell operating company or an affiliate
8 of a regional bell operating company;

9 (3) state law is tailored to the era of monopoly regulation that existed before
10 passage of the Telecommunications Act of 1996 and fails to reflect national policy of
11 achieving modern and efficient telecommunications systems by way of market incentives
12 rather than regulatory controls;

13 (4) state law fails to recognize that policies designed to encourage new
14 entrants to compete against the nation's largest carriers, the regional bell operating companies,
15 are disproportionately burdensome and financially threatening to Alaska's smaller local
16 exchange carriers;

17 (5) Alaska's outdated policies impede local exchange carriers' deployment of
18 advanced telecommunications services and competitive initiatives to consumers, discourage
19 investment for the future, and deny consumers some of the benefits of modern, efficient, and
20 market-driven telecommunications services;

21 (6) telecommunications in the state are of strategic importance to the
22 economic and social growth and development of the state, and it is vital to the state's future
23 that telecommunications providers operate in a stable and profitable regulatory environment
24 that promotes the improvement of local exchange facilities as well as the development of new
25 facilities; therefore, care and caution must be exercised in introducing competition into rural
26 areas of Alaska to ensure the preservation of universal service;

27 (7) state regulation during the monopoly era has been a surrogate for market
28 forces; upon the achievement of substantial competition, market forces should be allowed to
29 drive investment and service quality;

30 (8) in markets served by Alaska carriers where substantial competition has
31 been achieved, eliminating certain regulatory requirements will

- 1 (A) promote investment in existing local exchange facilities and the
2 development of new facilities;
3 (B) promote market-driven service quality levels; and
4 (C) relieve consumers of the burden of paying for the costs of
5 regulation;

6 (9) reducing regulatory burdens on Alaska local exchange carriers will enable
7 the carriers to devote additional resources to the deployment of advanced services and to
8 competitive initiatives to benefit consumers in Alaska; and

9 (10) in conformance with the Telecommunications Act of 1996, it is
10 appropriate to eliminate, where possible, the incidence of implicit subsidies in telephone rates;
11 state regulators should be prohibited from using revenue earned or expense incurred from
12 unregulated activities in determining appropriate levels for regulated prices.

13 (b) The purposes of this Act are to

14 (1) accelerate the development of competition in the telecommunications
15 industry for the benefit of consumers in the state by reducing regulatory burdens on these
16 carriers:

17 (2) ensure that competition will not threaten the integrity of Alaska's
18 telecommunications networks;

19 (3) promote the improvement of existing facilities used to provide local
20 exchange services and the development of new facilities;

21 (4) maintain competition in local exchange markets once unbundling
22 requirements have achieved substantial competition; and

23 (5) clarify the jurisdiction of the Regulatory Commission of Alaska as it
24 relates to unregulated activities and prescribe changes to certain regulated accounting
25 practices.

26 * **Sec. 2.** AS 42.05.145 is amended by adding a new subsection to read:

27 (b) Upon the commission's approval of a carrier's application to provide
28 competitive local exchange telecommunications service in an incumbent local
29 exchange carrier's service area, the incumbent local exchange carrier may not be
30 regulated by the commission as a dominant carrier in the local exchange market if its
31 statewide market share, as measured in number of carrier common lines, is less than

1 60 percent. However, the incumbent local exchange carrier shall remain the carrier of
2 last resort in the relevant area until the commission orders otherwise or unless
3 AS 42.05.433(e) applies.

4 * Sec. 3. AS 42.05.291 is amended by adding a new subsection to read:

5 (e) Regulations, rules, and orders of the commission that change the standards
6 of service and facilities shall operate prospectively only. A rule, regulation, or order
7 may not require or have the effect of requiring a public utility to retrofit a
8 telecommunications network without the utility's consent.

9 * Sec. 4. AS 42.05.381 is amended by adding new subsections to read:

10 (k) An electric or telephone utility's proposed depreciation rates shall be
11 allowed under this subsection if the underlying service lives are not shorter than the
12 service lives permitted by the United States Internal Revenue Service to determine the
13 appropriate level of depreciation expense for federal income tax computations. The
14 commission may not require a utility to file a depreciation study unless the utility
15 proposes to use depreciation rates based on service lives that are shorter than the
16 service lives permitted by the Internal Revenue Service.

17 (l) A telephone utility providing facilities, systems, or services to other
18 telephone utilities under state or federal law shall be allowed to recover costs it
19 expects to incur to provide the facilities, systems, or services, and shall be allowed a
20 reasonable profit. The best evidence of the costs a telephone utility expects to incur
21 shall be its most current costs, adjusted for inflation. Capital and depreciation costs
22 may rise to reflect increased business risk in competitive service areas and shall be
23 consistent with (k) of this section. If a telephone utility cancels the use of another
24 carrier's facilities, systems, or services at any time before the time when the applicable
25 costs for providing those facilities, systems, or services are fully amortized, the utility
26 canceling the usage shall, within 90 days, reimburse the other carrier for the balance of
27 the capital expenditures incurred by the other carrier as a result of cancellation of the
28 use of the facilities, systems, or services.

29 * Sec. 5. AS 42.05 is amended by adding new sections to read:

30 **Sec. 42.05.433. Exemption from tariffs for telecommunications services in**
31 **a competitive market; carrier of last resort obligations. (a) A local exchange**

1 carrier or an interexchange long distance carrier in a competitive service area may file
2 a certification with the commission certifying that the relevant market satisfies the
3 competitive service area standard of this section. A certification exempts the
4 telecommunications utility from tariff filing requirements.

5 (b) A certification filed under (a) of this section is effective upon filing. To
6 deny a certification and the exemption from tariffs, the commission shall make a
7 written finding and order. An exemption granted under this section applies upon its
8 effective date to any pending tariff filings, rate-setting proceedings, and any other rate-
9 related matters under consideration by the commission.

10 (c) A local exchange carrier or an interexchange long distance carrier granted
11 a tariff exemption under this section

12 (1) shall make product and service descriptions and rate lists available
13 to the public at the carrier's normal places of business;

14 (2) shall post the current version of the product and service
15 descriptions and rate lists on the carrier's Internet web sites; and

16 (3) may negotiate competitive rates, terms, and conditions for service.

17 (d) A local exchange carrier or an interexchange long distance carrier granted
18 a tariff exemption under (a) of this section is exempt from the following provisions of
19 this chapter: AS 42.05.291, 42.05.301, 42.05.306, 42.05.361, 42.05.371, 42.05.381,
20 42.05.391, 42.05.411, 42.05.421, 42.05.431, 42.05.451, and 42.05.471.

21 (e) Upon the commission's certifying that the relevant market is a competitive
22 service area, local exchange providers are subject to shared carrier of last resort
23 obligations when more than one carrier in the relevant market or rural telephone
24 company service area has been designated as an eligible telecommunications carrier.
25 When more than two eligible telecommunications carriers exist in a market or rural
26 telephone company service area, carrier of last resort obligations shall be based on
27 relative market share calculations as more specifically described in regulations
28 adopted by the commission.

29 (f) The local exchange market in Anchorage and the statewide interexchange
30 long distance market shall be considered competitive service areas. Facilities-based
31 providers in those two markets shall share carrier of last resort obligations based on

1 relative market share calculations as more specifically described in regulations
2 adopted by the commission.

3 (g) In this section,

4 (1) "competitive service area" means

5 (A) the service area served by a local exchange carrier under a
6 certificate of public convenience and necessity in which at least 50 percent of
7 all retail customers have a choice of facilities-based providers; or

8 (B) the entire state for the long distance market;

9 (2) "eligible telecommunications carrier" means a telephone utility
10 eligible to receive universal service support under 47 U.S.C. 254.

11 (3) "facilities-based service provider" means a telephone utility that
12 offers a portion of its products and services by means of facilities it owns and operates
13 or by means of facilities and unbundled network elements it leases from another
14 provider, or any combination of facilities owned and leased;

15 (4) "network element" means a facility or equipment used in the
16 provision of a telecommunications service, including features, functions, and
17 capabilities that are provided by means of the facility or equipment, including
18 subscriber numbers, data bases, signaling systems, and information sufficient for
19 billing and collection or used in the transmission, routing, or other provision of a
20 telecommunications service;

21 (5) "unbundled network elements" means network elements that are
22 available on a nondiscriminatory basis for sale or lease at a technically feasible point
23 to other telecommunications service providers.

24 **Sec. 42.05.435. State telecommunications policy: pricing of unbundled**
25 **network elements.** (a) It is the policy of the state to encourage the negotiation of
26 market prices in the telecommunications market for the use of unbundled network
27 elements in Alaska.

28 (b) To the extent that rates must be arbitrated under the provision of the
29 Telecommunications Act of 1996, it is the policy of the state to have arbitrated rates
30 for unbundled network elements set as closely as possible to market prices.

31 (c) A carrier that provides facilities, systems, or services to other carriers shall

1 be fully compensated for all capital expenditures related to providing the facilities,
2 systems, or services to another carrier.

3 (d) In this section,

4 (1) "market price" means the price arrived at between willing buyers
5 and willing sellers;

6 (2) "network element" and "unbundled network elements" have the
7 meanings given in AS 42.05.433.

8 * Sec. 6. AS 42.05.810 is amended by adding a new subsection to read:

9 (d) The commission may not regulate a long distance carrier as a dominant
10 carrier in the long distance market if the carrier's statewide market share, as measured
11 in intrastate minutes of use, is less than 60 percent. However, the carrier that is, on the
12 effective date of this subsection, the dominant long distance carrier shall remain the
13 carrier of last resort certificated to provide intrastate interexchange telephone services
14 until the commission orders otherwise.

15 * Sec. 7. AS 44.66.010(a)(4) is amended to read:

16 (4) Regulatory Commission of Alaska (AS 42.04.010) -- June 30, 2007
17 [2003];

18 * Sec. 8. The uncodified law of the State of Alaska is amended by adding a new section to
19 read:

20 APPLICABILITY. To implement the policy of AS 42.05.381(l), added by sec. 4 of
21 this Act, an incumbent local exchange carrier that is providing facilities, systems, or services
22 to other telephone utilities may immediately adjust and implement new rates for existing
23 interconnection agreements after providing a written statement to the Regulatory Commission
24 of Alaska certifying compliance with this Act.

25 * Sec. 9. The uncodified law of the State of Alaska is amended by adding a new section to
26 read:

27 CARRIER OF LAST RESORT. The Regulatory Commission of Alaska shall, by
28 regulations, effective not later than December 31, 2003, adjust and allocate the financial
29 obligation of being a carrier of last resort to all carriers serving a competitive service area.
30 The adjustment and allocation made under this section must be proportionate to each carrier's
31 share of the market.

1

* Sec. 10. This Act takes effect immediately under AS 01.10.070(c).

REGULATORY COMMISSION OF ALASKA (RCA) AT A GLANCE

***Mission Statement:** To protect consumer interests by ensuring affordable, reliable utility and pipeline services and ensuring that the utility and pipeline infrastructure is adequate to support community needs.

***Funding:** There are no general funds appropriated to the RCA. The agency is funded by a Regulatory Cost Charge, a capped surcharge assessed to all regulated utility and pipeline customers.

***Budget:** FY03 - \$6.04 million.

***Staffing:** 62 positions, including five Commissioners, appointed by the Governor for six-year terms; hearing examiners; paralegals; common carrier specialists; financial, engineering, and tariff analysts; consumer protection and information officers; and various administrative personnel.

***Workload:** The RCA workload includes formal cases (dockets), informal cases (consumer complaints), and tariff filings (changes to the rates, terms, and conditions of utility and pipeline services).

-Current Docket Caseload: 214 (versus approximately 550 in 1999)

-Dockets Opened each year: 160 (5-year average)

-FY02 Consumer Complaints Handled: 664 (663 closed by 10/15/02)

-FY02 Tariff Filings: 536 (455 processed routinely; 50 suspended into dockets; 9 withdrawn; 22 pending at year end)

-Substantive Orders (Decisions) Issued: 608 each year (3-year average)

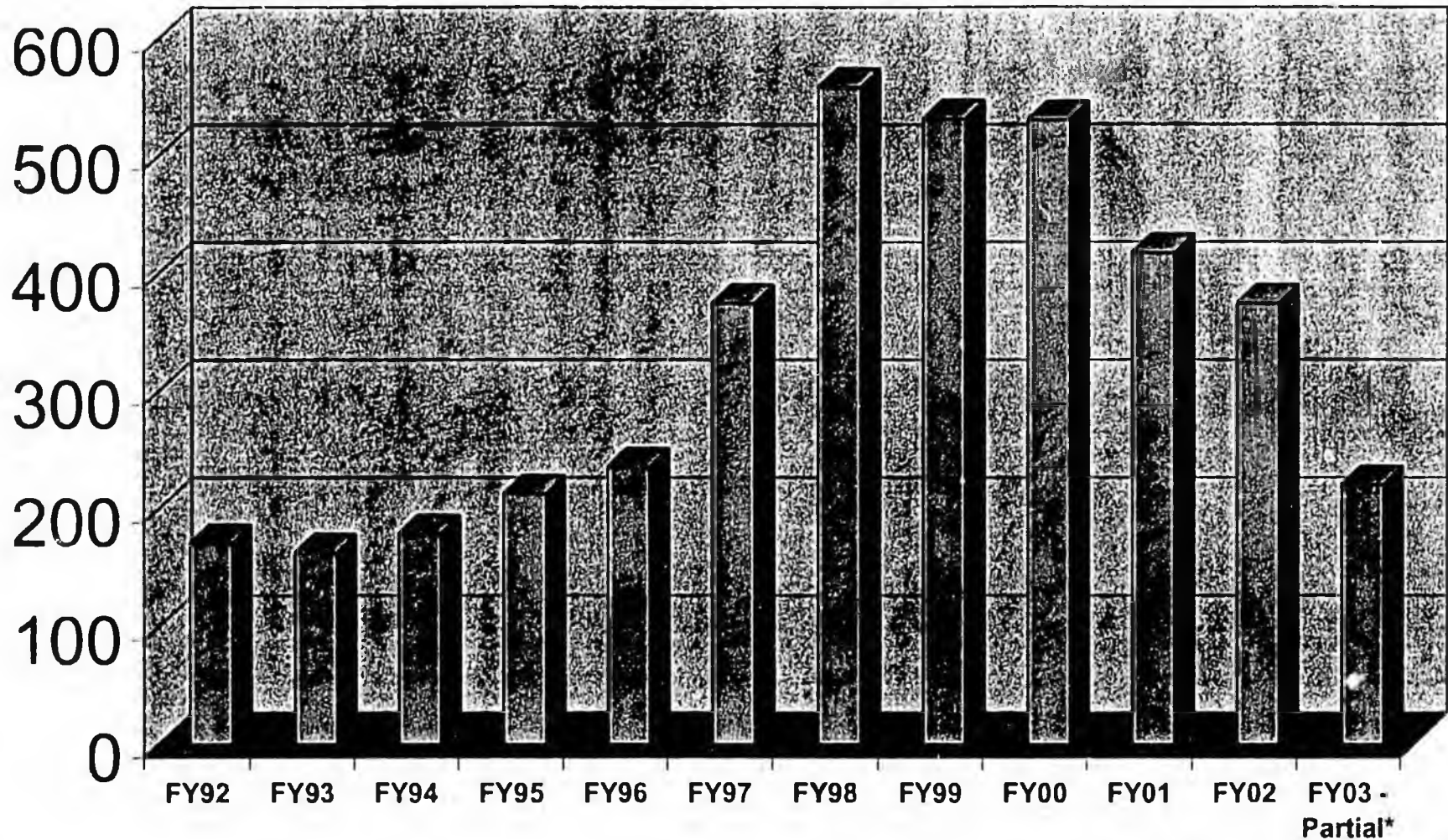
-Appeals: 16 (out of nearly 2,000 substantive decisions)

***To reach us:** By phone – (907) 276-6222. By fax – (907) 276-0160. By email – rca_main@rca.state.ak.us. In person: 701 West Eighth Avenue, Suite 300, Anchorage, Alaska 99501. Visit our website:

www.state.ak.us/rca.

THE RCA CASE BACKLOG IS GONE

Docket Cases FY92- FY02; FY03 through 12/31/02



■ Pending Cases End of Year

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



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November 29, 2002

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Titles 24 and 44 of the Alaska Statutes, the attached report is submitted for your review.

DEPARTMENT OF COMMUNITY AND
ECONOMIC DEVELOPMENT
REGULATORY COMMISSION OF ALASKA
SUNSET REVIEW

November 26, 2002

Audit Control Number

08-20021-03

This audit was conducted as required by AS 44.66.050 and under the authority of AS 24.20.271(1). Alaska Statute 44.66.050(c) lists criteria to be used to assess the demonstrated public need for a given board, commission, agency, or program subject to the sunset review process. Currently, under AS 44.66.010(a)(4), the Regulatory Commission of Alaska is scheduled to terminate on June 30, 2003.

In our opinion, the termination date for this commission should be extended. The regulation of public utilities and pipelines contributes to the protection of the public's welfare. We recommend the legislature extend the termination date to June 30, 2005.

The audit was conducted in accordance with generally accepted government auditing standards. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology section.



Pat Davidson, CPA
Legislative Auditor

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OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Regulatory Commission of Alaska (RCA). The purpose of this audit was to determine if there is a demonstrated public need for the continued existence of this commission and if it has been operating in an efficient and effective manner.

Legislative intent requires consideration of this report during the legislative oversight hearings to determine whether the Regulatory Commission of Alaska should be reestablished. The law currently specifies that the board will terminate on June 30, 2003.

Objectives

RCA was created to protect and promote the public interest by certifying and economically regulating qualified public utilities and pipeline carriers. It oversees the availability, affordability, and quality of utility services throughout Alaska. The objective of this audit was to determine whether the public need for this commission continues to exist.

Our analysis of public need, findings and recommendations, and our conclusions have been summarized in the applicable sections of this report.

Scope and Methodology

Alaska Statute 44.66.050 requires the factors outlined in the Analysis of Public Need section of this report be evaluated as part of this audit in order to determine need for the commission's continued existence.

In a special session in June 2002, legislative committees conducted extensive oversight hearings that focused on RCA's workload and the utilities' complaints of slow processing of their requests. The legislature responded to these complaints by enacting statutory deadlines for RCA decisions in several categories of cases. The governor signed that legislation in August.

As the new timelines are just now beginning to take effect, it is premature to conduct a workload study of RCA processes or survey utility companies on whether they believe RCA has improved. These issues will be included in the next sunset audit of RCA.

Approximately a year has elapsed since our prior sunset audit. Our present audit thus reviewed RCA activities for the limited period from July 2001 through November 2002. Our report conclusions and analysis of public need are limited to those activities excluding an opinion on RCA's effectiveness or efficiency in dealing with its workload.

ORGANIZATION AND FUNCTION

The Regulatory Commission of Alaska (RCA) was created July 1, 1999 upon reorganization of the Alaska Public Utilities Commission by Ch. 25, SLA 1999. Under AS 42.04, 42.05 and 42.06, RCA is charged with the responsibility to ensure the furnishing of safe and adequate service to all public utility patrons, without discrimination and at reasonable rates, consistent with the interests of both the public and the utility. RCA certifies qualified providers of public utility and pipeline services. After issuance of this certificate, the commission also regulates the rates, classifications, rules, regulations, practices, services, and facilities of a public utility or pipeline, unless it is specifically exempted or has been deregulated by a vote of its customers. The commission has the authority to adopt regulations and to hold formal, quasi-judicial hearings to accomplish these purposes.

RCA regulates pipeline, telephone, electric, natural gas, water, sewer, refuse, cable TV, and steam services. All pipelines, and all other public utilities with ten or more customers, are regulated by the certification process. Most are also economically regulated.

The commission consists of five commissioners appointed by the governor and confirmed by the legislature. The commissioners must either be a member in good standing of the Alaska Bar Association or have a degree in engineering, finance, economics, accounting, business administration, or public administration from an accredited college or university. The commissioners serve six-year terms.

The staff of RCA is divided into the seven major functions of administration, finance, tariff, engineering, communication carriers, consumer protection, and public advocacy. RCA has 62 funded positions¹ in its \$6 million FY 03 operating budget. A brief description of the services provided by each function is as follows.

- **Administration:** The commission chair is responsible for fiscal and personnel administration, budget preparation, and records and document management. The chair is aided by a special assistant, an administrative manager, documents processing and accounting personnel, and other clerical support staff.

Regulatory Commission of Alaska Members
Nan Thompson, Chair Term Expires July 2004
Bernie Smith Term Expires July 2003
Patricia DeMarco Term Expires March 2008
Will Abbott Term Expires March 2007
Jim Strandberg Term Expires July 2006

¹ This total does not include the assistant attorneys general that the Department of Law furnishes to RCA through a reimbursable services agreement.

REPORT CONCLUSIONS

In a special session in June 2002, legislative committees conducted extensive oversight hearings that focused on the Regulatory Commission of Alaska's (RCA) workload and the utilities' complaints of slow processing of their requests. The legislature responded to these complaints by enacting statutory deadlines for RCA decisions in several categories of cases. The governor signed that legislation in August.

As the new timelines are just now beginning to take effect, it is premature to conduct a workload study of RCA processes or survey utility companies on whether they believe RCA has improved. These issues will be included in the next sunset review of RCA.

Therefore, the report conclusions and analysis of public need are limited to RCA's operations excluding the Commission's effectiveness or efficiency in dealing with its workload.

Except for the limitation discussed above, RCA is operating in an efficient and effective manner and the public interest is being served by requiring public utilities and pipelines to be certificated and economically regulated by RCA. The regulatory process stabilizes the availability of utility services. Economic regulation by the Commission ensures that, despite the absence of competition, utilities provide service at reasonable rates.

In two years, the impact of the new deadlines on both the utilities and the public can be meaningfully evaluated. We thus recommend that Alaska Statute 44.66.010(a)(4) be amended to extend the termination date of the Regulatory Commission of Alaska to June 30, 2005.

FINDINGS AND RECOMMENDATIONS

In our previous sunset audit,² we made three recommendations. We noted the Regulatory Commission of Alaska's (RCA) lack of published procedures and criteria as to when its public advocacy section would be assigned to a case and how its intervention would be accomplished.³ RCA has now considered public comments and drafted proposed regulations that adequately address our concerns. We recommend that RCA diligently pursue its current plan to forward the proposed regulations to the Department of Law regulations attorney by December 2002.

We also reported last year that 65 piped water systems and 65 piped sewer systems did not have the required certificate to operate a utility. RCA indicates its intention to ultimately address this matter through regulations that distinguish among the requirements imposed upon water-related utilities of various sizes and settings. See Recommendation No. 3.

We further recommended that RCA improve its procedures for assuring that the newspaper notices of its formal proceedings are printed in an accurate and timely manner. Our fieldwork shows that this problem remains uncorrected. See Recommendation No. 2.

Finally, an outstanding recommendation from our 1998 sunset review⁴ concerned the implementation of a management information system with a number of components. This recommendation was subsequently incorporated as a requirement within RCA's enabling legislation.⁵ The management information system has now been substantially implemented, though on a piecemeal basis spread among a variety of systems rather than on a single, fully-integrated mainframe. This overall system also included an employee time tracking component mandated by statute.⁶

² Department of Community and Economic Development, Regulatory Commission of Alaska Sunset Review, Audit Control No. 08-20013-02 (November 30, 2001).

³ Neither this audit nor our prior audit evaluated the organizational placement of RCA's public advocacy function under the existing statute or as clarified by the regulation project that is currently pending. We will look at this issue during the next sunset review.

⁴ Department of Commerce and Economic Development, Alaska Public Utilities Commission, Audit Control No. 08-1459-99 (December 23, 1998).

⁵ Section 26 of Ch. 25, SLA 1999 directs RCA to "develop its management information system and make the system accessible to the general public through the Internet for the purpose of tracking, scheduling, and managing all dockets within the commission."

⁶ AS 42.04.070(a)(2) directs RCA's chair to "establish and implement a time management system for the commission."

During legislative oversight hearings held at the end of FY 02, RCA's chair indicated that this deficiency had been corrected with a "new internal proceeding to monitor notices" (see Exhibit 1). By the time of our next sunset review, this new procedure will have had ample opportunity to be fully implemented and the Division of Legislative Audit will be able to test its effectiveness in curing this persistent problem.

Recommendation No. 3

RCA should either require smaller water and sewer utilities to be certificated or establish a meaningful exemption system by regulation.

Alaska Statute 42.05.141(a)(1) empowers RCA to "regulate every public utility engaged . . . in a utility business inside the state, except to the extent exempted by AS 42.05.711." RCA's responsibility "to regulate" includes the certification of water and sewer utilities.

Certain larger water and sewer utilities are subject to full ongoing economic regulation, such as the setting of prices. However, even the smaller utilities that are not economically regulated must obtain an RCA operating certificate, unless the agency exempts them under AS 42.05.711(d). This latter subsection permits RCA to "exempt a utility, a class of utilities, or a utility service from all or a portion of this chapter if the commission finds that the exemption is in the public interest."

Our prior review reported 65 piped water systems and 65 piped sewer systems that did not have the required certificate to operate a utility. These systems were spread among 73 different operators, 52 (71%) of which were incorporated under Alaska law as second-class cities. RCA was thus overlooking almost half of the State's 114 second-class cities and not fulfilling its statutory role under AS 42.05.141.

Since our prior review, RCA has chosen to neither solicit applications from, nor pursue enforcement against, such uncertificated utilities. RCA instead indicates its intention to ultimately address this matter through regulations that distinguish among the requirements imposed upon water-related utilities of various sizes and settings.

While public comment was solicited last summer, RCA has so far not drafted any proposed regulations. RCA indicates its intention to send proposed regulations to the Department of

EXHIBIT 1

EXCERPT FROM TRANSCRIPT OF SENATE JUDICIARY COMMITTEE

(June 25, 2002)

SENATOR THERRIAULT: *And then [audit recommendation] number three should insure that the publication of notices and formal proceedings be monitored.*

CHAIRWOMAN THOMPSON: *We did that. We implemented a new internal proceeding to monitor notices after we got the auditor's recommendation.*

ANALYSIS OF PUBLIC NEED

The following analysis of commission activities relates to the public need factors defined in the "sunset" law, Alaska Statute 44.66.050. This analysis was not intended to be comprehensive, but addresses those areas we were able to cover within the scope of our review.

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

With the exception of smaller water and sewer utilities,¹⁰ the commission has made a conscientious effort to allow only qualified applicants to provide utility services and to regulate them in such a manner as to ensure service at a reasonable cost. Upon finding that no public interest would be served by regulation, the commission administratively exempts certain utilities through its discretionary power granted by AS 42.05.711(d).

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

In a special session in June 2002, legislative committees conducted extensive oversight hearings that focused on the Regulatory Commission of Alaska's (RCA) workload and utilities' complaints of slow processing of their requests. The legislature responded to these complaints by enacting statutory deadlines for RCA decisions in several categories of cases. The governor signed that legislation in August.

As the new timelines are just now beginning to take effect, it is premature to conduct a workload study of RCA processes and to survey utility companies on whether they believe RCA has improved.

While it is premature to evaluate RCA's workload, we did review the agency's system¹¹ to monitor its decision-making progress and impending deadlines. This system appears adequate to plan for the issuance of timely decisions (or available extensions) and should prevent the triggering of default adoptions provided for tardiness.

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

¹⁰ These are discussed later in this section of the report.

¹¹ There are two components of RCA's system. First, each matter filed with RCA is assigned to a responsible "docket manager" who monitors subordinates' progress in preparing the matter for decision. Second, the RCA "process coordinator" maintains a database that she uses to monitor workflow and continually advise the commissioners and staff as to the needed allocation of resources.

Anchorage consumers can choose between ACS and GCI for local service. GCI leases lines from ACS and depends on the latter to physically install the phone service to GCI's new customers, customers that would otherwise be ACS subscribers. GCI customers claim that ACS gives their new installations a lower priority (longer wait) than those of ACS' own new customers.

RCA has appropriately recognized the significance of this dispute, noting the agency to be "troubled by this recent, dramatic increase in consumer complaints" over telecommunications services.¹⁴ RCA has conducted a public investigative hearing on the matter and reviewed the two utilities explanations. We understand that commissioners are now reviewing a draft of an order intended to address the pattern of customer complaints.

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

RCA uses a variety of methods to notify the public of formal proceedings. All notices appear on the Internet. Some are also placed in newspapers in the affected areas, posted at a local post office, or included with customer billings.

Newspaper notices are still published in cases where that traditional method will be an effective means to reach the affected public. In Recommendation No. 2, we discuss the continuing need for RCA to verify that the intended newspaper notices actually get published.

RCA's web site is another tool for communicating with the public, with the counter currently showing approximately 4,200 visits per month. Notices of upcoming meetings and formal actions are posted along with detailed annual reports, discussions of major utility issues, and invitations for the public to comment. The process for filing a consumer complaint is explained. Also, members of the public can place themselves on the "courtesy list" and receive direct e-mail notices concerning topics they select.

RCA's office has a computer terminal that the public uses to research agency records such as docket pages, orders and transcripts. We encourage RCA to make this information available on the Internet.

Public participation is encouraged in several other ways. Since the prior audit, RCA has hired a publication specialist for its consumer protection section. Also, Alaska's attorneys have been invited to four part-day classes on RCA processes. Finally, RCA's public advocacy section continues to directly represent aggregated consumer interests in matters pending before the commission.

¹⁴ RCA's Order Opening Investigation of Telecommunications Service Disparity Claims, U-02-97(1) (Oct. 2, 2002), p. 2.

Since our prior review, RCA has chosen to neither solicit applications from, nor pursue enforcement against, such uncertificated utilities. RCA instead indicates its intention to ultimately address this matter through regulations that distinguish among the requirements imposed upon water-related utilities of various sizes and settings.

There is certainly merit to RCA's approach. Last April, the commission issued an order that invited public comment and contained a thoughtful, detailed discussion that candidly recognized both the gravity of the problem and the complexities that cloud its resolution (see Exhibit 3). The logistics (capacity development) and financial realities (sustainability) of operating a village utility are obviously quite different from those faced by a large urban one in the Railbelt. A system sponsored by a homeowners association justifies a different level of consumer protection than a business serving the general public. Regulation of systems that are heavily subsidized requires careful coordination with both environmental requirements and the policy aims of grantors. Recommendation No. 3 further discusses RCA's progress in addressing this issue.

EXHIBIT 3

EXCERPT FROM RCA ORDER R-02-4(1)

(Notice of Inquiry dated April 30, 2002)

We see the need for small Alaskan water and sewer utilities to apply for certification expressed in the large number of non-complying utilities that ADEC has reported, and the potential for harm to all residents that could occur if this is allowed to continue. It is important for existing utilities to be brought, over a period of time, to a standard where public health is assured. In Alaska, this will require adequate funding and clear coordination with the ADEC's safe drinking water regulations. We realize our statutory certification standard, along with the EPA/ADEC Safe Drinking Water Act capacity development requirements, stand as major regulatory hurdles for small water and sewer utilities. It is clear that in many cases, immediate compliance with our fit, willing, and able standard may not be practical.

Our goal in this inquiry is to find ways to certificate rural water and sewer utilities under a phased program that is coordinated with the ADEC capacity development requirements, and that embraces the realities of utility operation in Alaska.

Emphasis added. Footnotes omitted. ADEC = Alaska Dept. of Environmental Conservation.
EPA = U.S. Environmental Protection Agency.

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

We found no evidence of RCA hiring practices or appointments that were contrary to state personnel practices. Since our sunset review a year ago, no complaints have been filed with any of the following: (1) DCED human resource manager; (2) Alaska Human Rights Commission; (3) U.S. Equal Employment Opportunity Commission; (4) Alaska Public Employees Association; (5) Alaska State Employees Association; (6) Office of Equal Employment Opportunity in the governor's office.

APPENDIX A

Regulatory Commission of Alaska
 Summary of Expenditures
 FY 02 – FY 03
 (unaudited)

Expenditures ¹⁶	FY 02 Authorized (Original)	FY 02 Authorized (Revised) ¹⁷	FY 02 Actual	FY 03 Authorized
Personal Services	\$ 3,736,500	\$ 3,586,182	\$ 3,584,182	\$ 3,982,900
Travel	55,000	55,000	38,007	60,000
Contractual	2,005,500	2,021,686	1,821,478	1,920,000
Supplies	62,500	83,031	82,997	62,500
Equipment	<u>13,800</u>	<u>127,401</u>	<u>127,401</u>	<u>13,800</u>
Total	<u>\$ 5,873,300</u>	<u>\$ 5,873,300</u>	<u>\$ 5,654,065</u>	<u>\$ 6,039,200</u>

Source: The information included in this summary was obtained from the State's accounting records.

¹⁶ Under AS 42.05.254, RCA assesses utilities and pipelines a regulatory cost charge designed to recoup its costs.

¹⁷ At year-end approximately \$150,000 was reclassified from personal services to contractual services, supplies, and equipment. The reclass to supplies and equipment was for management information system enhancements; the reclass to contractual services was for management information system enhancements and purchases of additional adjudication services.

STATE OF ALASKA

DEPARTMENT OF COMMUNITY AND
ECONOMIC DEVELOPMENT
REGULATORY COMMISSION OF ALASKA

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January 8, 2003

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JAN 10 2003

LEGISLATIVE AUDIT

Pat Davidson, Legislative Auditor
State of Alaska
Legislative Budget and Audit Committee
Division of Legislative Audit
P. O. Box 113300
Juneau, Alaska 99811-3300

Re: Response to Preliminary Audit Report/Sunset Review of the
Regulatory Commission of Alaska – November 26, 2002

Dear Ms. Davidson:

The RCA appreciates the audit's conclusion that our agency operates in a reasonably effective and efficient manner and should be extended for an additional two years, until June 30, 2005. We will work to implement the recommendations set out in the preliminary audit report. We take this opportunity to expand and clarify several issues you identified.

RCA Extension: Your recommendation was for a two-year rather than a four-year extension of the RCA. Although the reasons are not explicit, the report also notes that a review of how the agency is implementing the deadlines imposed by the legislature last session is premature. I agree that because of the effective date of that legislation, it is premature to evaluate our effectiveness in meeting the deadlines. We must report quarterly on our compliance with the deadline standards to the legislative budget and audit committee. AS 42.05.175(g). Therefore, the legislature will have access to compliance data even without another audit.

An extension for only two years instead of the allowed four is problematic because of the amount of the agency's time it takes to respond to the audit process, and more significantly at least last year, the legislature. If the legislature's goal is improving our productivity, time spent responding to performance reviews detracts from our ability to handle the issues presented by industry and the public. When the legislature required quarterly reports to



of publication were sent to Juneau with the invoices. We have requested that any originals still available be returned to us, but they cannot be easily retrieved.

To address the problem long-term, our Information Systems department is writing a program to integrate the verification process into our MIS so that in the future, we will be able to generate reports that verify publication of notices. We anticipate completion of this project during the first quarter of 2003.

3. RCA should either require smaller water and sewer utilities to be certificated or establish a meaningful exemption system by regulation. After the recommendation in the last audit, the RCA began the process of adopting a meaningful exemption system by regulation. We held a public hearing and asked for comments. We have coordinated our efforts with the other state agencies involved in the design and construction of these systems. In order to adopt regulations, we must use a public meeting process and its associated timelines. We have prioritized this project, balancing the impact on consumers and the necessity of coordinating amongst other affected agencies. Because local governments own most of the uncertificated utilities they will be exempt from economic regulation. The rates paid by consumers will not be affected by certification. We have worked with DCED/RUBA to modify an accounting software program for use by these new water systems so that they will maintain good financial information when they begin operations. We have worked with the other public and private entities that are funding construction of these systems to encourage the new utilities to get started financially on the right path. We expect the process of finalizing an exemption system by regulation to be completed by the end of 2003.

The recently opened docket to address the increased consumer telecommunications complaints in Anchorage was referenced in your report. This proceeding is consistent with the experience of other commissions across the nation as markets transition from monopoly to competitive. Our role in protecting consumers from the consequences of a competitive market increases, and our role in reviewing rates decreases. We issued an order in November 2002 designed to ensure that consumers continue to receive requested services. The incumbent carrier has appealed our decision.

The agency has regulations that change our rate review responsibilities that are effective in the markets open to competition: Anchorage, Juneau and Fairbanks.¹ On October 23, 2002 we voted at a public meeting to open a docket to review

¹ Carriers operating in competitive markets can decrease their rates by providing the RCA with notice. We review rate decreases for discrimination only, and do not require cost justification. In competitive markets, only rate increases must be supported by proof of costs.

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



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January 9, 2003

Members of the Legislative Budget
and Audit Committee

We have reviewed the response to our preliminary audit on the Department of Community and Economic Development, Regulatory Commission of Alaska (RCA). Nothing contained in this response gives us cause to reconsider our findings.

However, we would like to comment on one statement made by RCA in its response. The Commission believes that our recommended two-year extension is too short and states that the newly required quarterly reports will allow the legislature to fully monitor the status of RCA's deadlines.

We appreciate RCA's desire to avoid the disruption of too frequent sunset reviews. However, RCA's internally-generated quarterly reports are not an adequate substitution for a meaningful evaluation of the impacts of the recent and significant legislative changes on RCA's operations.

In summary, we reaffirm the findings and conclusions presented in the report.

A handwritten signature in cursive script that reads "Pat Davidson".

Pat Davidson, CPA
Legislative Auditor

Regulatory Commission of Alaska



2002 Annual Report



Regulatory Commission of Alaska

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*Fiscal year 2002 statistical data will be available at the RCA's
web site shortly after the release of this printed volume.*



STATE OF ALASKA

DEPARTMENT OF COMMUNITY
AND ECONOMIC DEVELOPMENT

REGULATORY COMMISSION OF ALASKA

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January 2, 2003

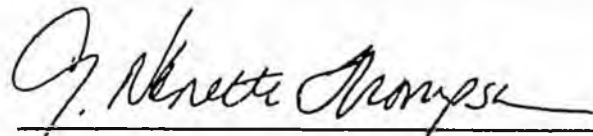
Honorable Pete Kott, Speaker of the House
and
Honorable Gene Therriault, President of the Senate

Dear Speaker Kott and President Therriault:

On behalf of the Regulatory Commission of Alaska we are pleased to submit to the Alaska State Legislature the Thirty-third Annual Report of the Regulatory Commission of Alaska, covering the fiscal year ending June 30, 2002. This is filed pursuant to AS 42.05.211 and AS 42.06.220.

Respectfully yours,

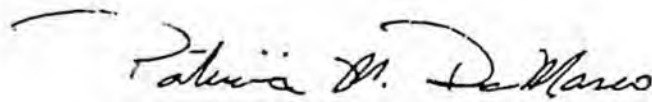
REGULATORY COMMISSION OF ALASKA



Chair



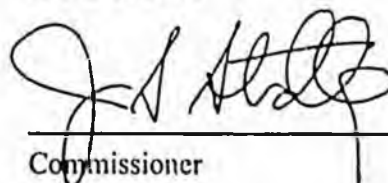
Commissioner



Commissioner



Commissioner



Commissioner



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Fiscal year 2002 was the third year of operation for the Regulatory Commission of Alaska (RCA). It was another year of significant progress for the agency.

The Regulatory Commission of Alaska significantly reduced the backlog inherited from the Alaska Public Utilities Commission. Since the RCA's inception in 1999, we have closed over 700 dockets, while opening an average of 175 new dockets each year. The number of pending dockets has been substantially reduced, and our active caseload is stabilizing at less than 350 dockets. Overall, the Commission decreased the number of pending cases by 11-percent from fiscal year 2001.

To improve the Commission's operations, we implemented a computerized management information system designed to improve our efficiency. The Commission electronically records all filings submitted to the Commission and links these filings to a daily Mailsheet that is available electronically to the public. This system has increased the agency's productivity and allows the public to access data quickly. We continue to increase the amount and type of information available on our website. In fiscal year 2003, the Commission will begin to incorporate the statutory deadlines and reporting requirements established by the Legislature at the end of the last session.

We held several significant hearings, including proceedings on rate change requests from Golden Heart Utilities, Inc., College Utilities Corporation, Alaska Communications Systems, Inc., ENSTAR Natural Gas Company, a Division of SEMCO, and Chugach Electric Association, Inc. As with all rate cases, we review economically regulated utility's rates to allow providers to recover reasonable costs while protecting consumers' interests.

The telecommunications industry has seen dynamic changes occur at a national level, and in our own Alaskan market. The Commission continues to be actively involved in the federal regulatory process advocating for the interests

of Alaskan telecommunications carriers that deliver services to high cost areas with federal support. By our efforts to balance the Telecommunications Act's dual goals of competition and universal service, we assure that Alaskans have affordable and reliable telecommunications options. During the fiscal year, the agency submitted a successful application to the U.S. Department of Agriculture for a grant program to spread broadband Internet access to Alaskan communities not yet connected to the Internet.

In fiscal year 2002, the Commission adopted several significant sets of regulations. These regulation projects included restructuring long distance telecommunications to protect telephone consumers from slamming (the unauthorized switching of a consumer's long distance or local phone service provider); adopting rules to clarify how utilities compensate each other for pole attachments; and defining the role of the Public Advocacy Section. The Commission started several new regulatory projects during the year, including drafting a new regulatory framework for small rural water and wastewater utilities and considering revisions to the telecommunications access charge process.

The 2001 Legislative Audit analysis stated the Commission operates effectively and efficiently and therefore, recommended that we continue to regulate public utilities and pipeline carriers for the next four fiscal years. After a special session, the Legislature extended the agency and operations for one year and adopted deadlines for the Commission to resolve filings. Legislators also changed the process for nomination of the Commission chair to allow Commissioners to elect a chairperson every year.

The Commission is proud of its accomplishments in fiscal year 2002 and will continue to strive to improve the way the agency conducts business.

Sincerely,

G. Nanette Thompson
Chair



COMMISSIONER PATRICIA M. DEMARCO



Commissioner Patricia M. DeMarco, Ph.D. was appointed to the Regulatory Commission of Alaska on July 1, 1999, with a term ending June 30, 2002. Dr. DeMarco was reappointed by Governor Tony Knowles to serve for six more years. She serves on the National Association of Regulatory Utility Commissioners Committee on Consumer Affairs. Dr. DeMarco previously occupied the position of President of the Anchorage Economic Development Corporation for four years. She brings to the Commission a strong interest in utility infrastructure as a mechanism to expand the economic potential of Alaska. She has a multi-disciplined approach to solving problems and views the role of regulation as a catalyst for change.

Dr. DeMarco came to Alaska in 1995 from Connecticut where her experience included a twenty-year career in various aspects of electric utility regulation, planning, and operation. She also started a nonprofit corporation to diversify the defense dependent economy, especially the area served by the five utilities in the Connecticut Municipal Electric Energy Cooperative.

Dr. DeMarco received formal education at the University of Pittsburgh. She holds a Bachelor of Science and a Doctorate degree in biology and spent seven-years in biochemical genetics research. Dr. DeMarco is married with two adult children. She serves as Treasurer of the Anchorage Symphony Orchestra and as Secretary of the Anchorage Downtown Rotary Club.

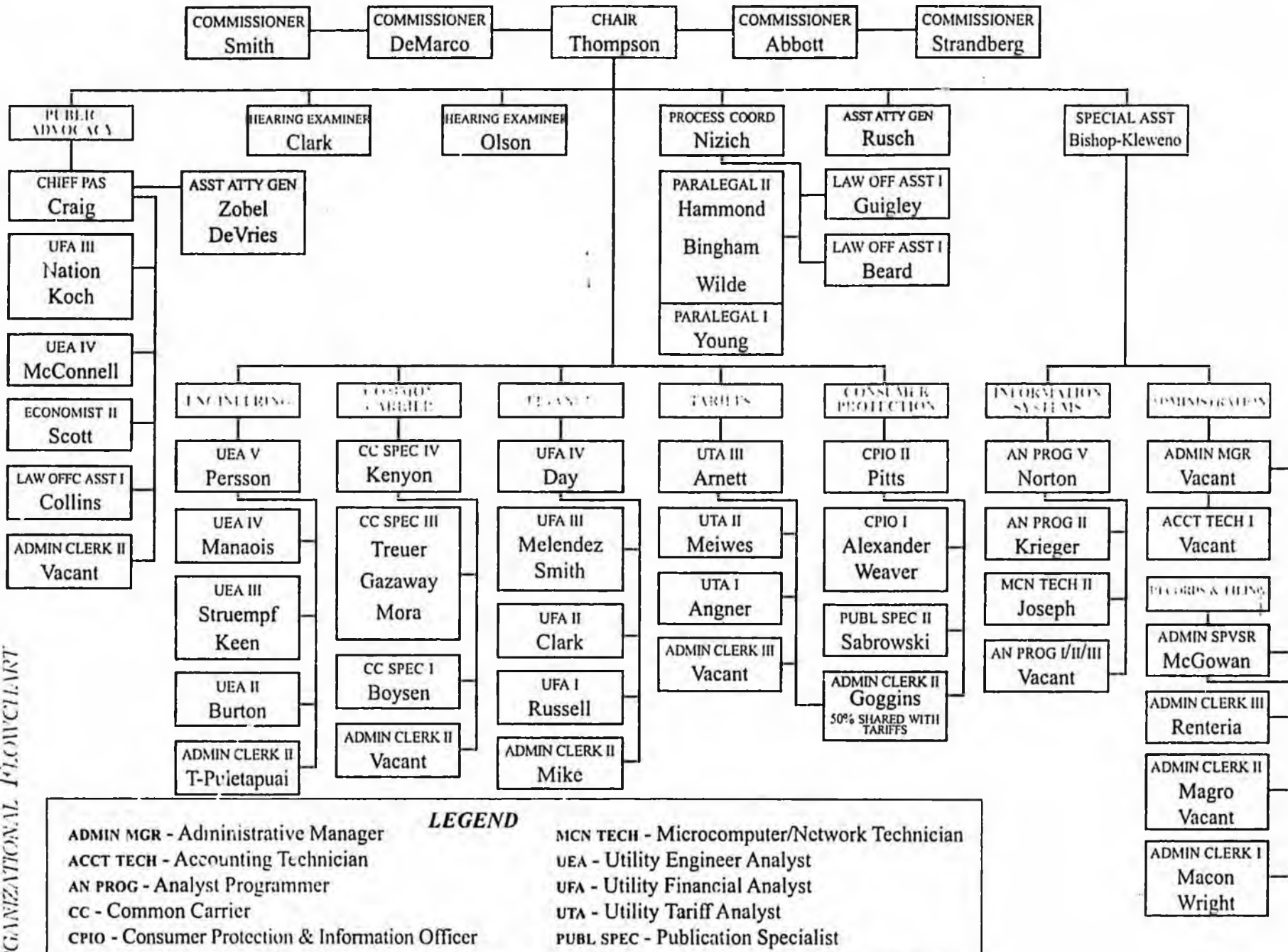
COMMISSIONER WILL ABBOTT



Commissioner Will Abbott was appointed to the Regulatory Commission of Alaska on July 1, 1999. He was reappointed in 2001 for a term expiring March 1, 2007.

Mr. Abbott previously worked for the Alaska Housing Finance Corporation, Municipality of Anchorage, a local environmental firm, and is retired from the United States Air Force.

Mr. Abbott is married and has two sons.



LEGEND

ADMIN MGR - Administrative Manager	MCN TECH - Microcomputer/Network Technician
ACCT TECH - Accounting Technician	UEA - Utility Engineer Analyst
AN PROG - Analyst Programmer	UFA - Utility Financial Analyst
CC - Common Carrier	UTA - Utility Tariff Analyst
CPIO - Consumer Protection & Information Officer	PUBL SPEC - Publication Specialist

☐ Positions funded under contract. All positions are located in Anchorage. Last revised November 15, 2002.

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