

ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES, 2005-2006 2890

HB

231

HFIN

FILE

AMENDMENT #1

House Finance Committee

CS House Bill 231 (CRA)

Page 1 line 8 delete 35,000 and insert 50,000

Weyhrauch

*adopted
4-21-05*

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 231(CRA)
 (H) Publish Date: 4/8/05
 Dept. Affected: Health & Social Services
 RDU Human Svcs Comm Matching Grant
 Component Human Svcs Comm Matching Grant

Revision Date/Time (Note if correction):

Title HUMAN SERVICES GRANT ELIGIBILITY

Sponsor WILSON

Requester H CRA

Component No. 1821

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services | | | | | | |
| Travel | | | | | | |
| Contractual | | | | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|-------------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
| CHANGE IN REVENUES (0) | | | | | | |

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|---------------------------------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other(Specify Type-do not abbreviate) | | | | | | |
| Other(Specify Type-do not abbreviate) | | | | | | |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY2005) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-time | | | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

The current proposed legislation does not require an increased cost, as such the fiscal note is zero. However, the legislation will profoundly impact municipalities who are eligible for this program based on the amount available. There are two attachments that outline the fiscal impact to communities based on two different assumptions.

The first scenario assumes that 1) this legislation would pass and that 2) two additional regions would qualify for participation and 3) that no additional funds are appropriated for the Human Services community matching program. If that were the case then Anchorage, Fairbanks and Mat-Su would see a reduction due to the pro-rated nature of the program.

Prepared by: Janet Clarke, Assistant Commissioner Phone 465-1630
 Division Finance & Management Services Date/Time 04/06/2005
 Approved by: Joel S. Gilbertson, Commissioner Date 04/06/2005
 Agency Department of Health and Social Services

Applies if Am 1 is adopted

FISCAL NOTE
FN #

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO HB231-DHSS-FMS-04-06-05

ANALYSIS CONTINUATION

Under scenario #1, Anchorage would lose \$166,875; Mat-Su would lose \$34,608 and Fairbanks would lose \$57,974; but The Gulf Coast region would be eligible for a new program grant of \$159,114 and Southeast would see a new grant program of \$151,024.

The second scenario assumes that 1) the legislation would pass and 2) the same two regions would participate in the program and 3) the Legislature would appropriate additional funds to hold all communities harmless. That second scenario would require an increased appropriation of \$394,204 to the Human Services Community Matching Grant so that all communities would be held harmless. This would bring the Human Services Community Matching Grant appropriation up to \$1,629,504.

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. HB231

ANALYSIS CONTINUATION

Table 2.1 Population of Alaska by Labor Market Area, Borough and Census Area

Assumption: Gulf Coast Region enters as a block. Southeast enters as a block. Anch, Mat-Su & Frbks stay solo.
Total funding: \$1,235,300

Shaded cells indicate participation in HSCMG

| AREA NAME | | % | 2005 current grants | 2006 Governor 1,235,300 | effect on current grants |
|-------------------------------------|---------|---------|------------------------|----------------------------|-----------------------------|
| 1 Anchorage Mat-Su Region | 347,646 | | | | |
| Municipality of Anchorage | 277,498 | 48.04% | 760,300 | 593,425 | (166,875) |
| Matanuska-Susitna Borough | 70,148 | 12.14% | 184,618 | 150,010 | (34,608) |
| 2 Gulf Coast Region | 74,405 | 12.88% | - | 159,114 | |
| Kenai Peninsula Borough | 50,980 | | | | |
| Kodiak Island Borough | 13,466 | | | | |
| Valdez-Cordova Census Area | 9,959 | | | | |
| 3 Interior Region | 99,290 | | | | |
| Denali Borough | 1,842 | | | | |
| Fairbanks North Star Borough | 84,979 | 14.71% | 239,700 | 181,726 | (57,974) |
| Southeast Fairbanks Census Area | 6,192 | | | | |
| Yukon Koyukuk Census Area | 6,277 | | | | |
| 4 Northern Region | 23,813 | | | | |
| Nome Census Area | 9,403 | | | | |
| North Slope Borough | 7,104 | | | | |
| Northwest Arctic Borough | 7,306 | | | | |
| 5 Southeast Region | 70,622 | 12.23% | - | 151,024 | |
| Haines Borough | 2,245 | | | | |
| Juneau City and Borough | 30,966 | | | | |
| Ketchikan Gateway Borough | 13,030 | | | | |
| Prince of Wales-Outer Ketchikan Cen | 5,548 | | | | |
| Sitka City and Borough | 8,805 | | | | |
| Skagway-Hoonah-Angoon Census Ar | 3,101 | | | | |
| Wrangell-Petersburg Census Area | 6,247 | | | | |
| Yakutat City and Borough | 680 | | | | |
| 6 Southwest Region | 39,659 | | | | |
| Aleutians East Borough | 2,629 | | | | |
| Aleutians West Census Area | 5,239 | | | | |
| Bethel Census Area | 16,853 | | | | |
| Bristol Bay Borough | 1,096 | | | | |
| Dillingham Census Area | 4,845 | | | | |
| Lake and Peninsula Borough | 1,603 | | | | |
| Wade Hampton Census Area | 7,394 | | | | |
| | 577,652 | 100.00% | 1,184,618 | 1,235,300 | (259,456) |

Source: Alaska Department of Labor and Workforce Development, Research and Analysis.
July 1 provisional estimate 2004
Alaska 655,435

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. HB231

ANALYSIS CONTINUATION

Assumption: Gulf Coast Region enters as a block. Southeast enters as a block. Anch, Mat-Su & Frbks stay solo.

Total Funding: \$1,629,504

Shaded cells indicate participation in HSCMG

| AREA NAME | | % | 2005 current grants | 2006 Governor \$1,629,504 | effect on current grantees |
|---|---------|---------|------------------------|------------------------------|-------------------------------|
| 1 Anchorage Mat-Su Region | 347,646 | | | | |
| Municipality of Anchorage | 277,498 | 48.04% | 760,300 | 782,814 | 22,514 |
| Matanuska-Susitna Borough | 70,148 | 12.14% | 184,618 | 197,822 | 13,204 |
| 2 Gulf Coast Region | 74,405 | 12.88% | - | 209,880 | |
| Kenai Peninsula Borough | 50,980 | | | | |
| Kodiak Island Borough | 13,466 | | | | |
| Valdez-Cordova Census Area | 9,959 | | | | |
| 3 Interior Region | 99,290 | | | | |
| Denali Borough | 1,842 | | | | |
| Fairbanks North Star Borough | 84,979 | 14.71% | 239,700 | 239,700 | - |
| Southeast Fairbanks Census Area | 6,192 | | | | |
| Yukon Koyukuk Census Area | 6,277 | | | | |
| 4 Northern Region | 23,813 | | | | |
| Nome Census Area | 9,403 | | | | |
| North Slope Borough | 7,104 | | | | |
| Northwest Arctic Borough | 7,306 | | | | |
| 5 Southeast Region | 70,622 | 12.23% | - | 199,288 | |
| Haines Borough | 2,245 | | | | |
| Juneau City and Borough | 30,966 | | | | |
| Ketchikan Gateway Borough | 13,030 | | | | |
| Prince of Wales-Outer Ketchikan Census Area | 5,548 | | | | |
| Sitka City and Borough | 8,805 | | | | |
| Skagway-Hoonah-Angoon Census Area | 3,101 | | | | |
| Wrangell-Petersburg Census Area | 6,247 | | | | |
| Yakutat City and Borough | 680 | | | | |
| 6 Southwest Region | 39,659 | | | | |
| Aleutians East Borough | 2,629 | | | | |
| Aleutians West Census Area | 5,239 | | | | |
| Bethel Census Area | 13,853 | | | | |
| Bristol Bay Borough | 1,096 | | | | |
| Dillingham Census Area | 4,845 | | | | |
| Lake and Peninsula Borough | 1,603 | | | | |
| Wade Hampton Census Area | 7,394 | | | | |
| | 577,652 | 100.00% | 1,184,618 | 1,629,504 | 35,718 |

Table 2.1 Population of Alaska by Labor Market Area, Borough and Census Area
Source: Alaska Department of Labor and Workforce Development, Research and Analysis.
July 1 provisional estimate 2004
Alaska 655,435

HB 231 TALKING POINTS

This Human Services Community Matching Grants program is for qualified municipalities. A qualified municipality is required to 1) provide a 30 percent funding match; 2) comply with grant application procedures; and 3) establish a citizen's advisory group to help establish priorities and allocations amongst the services funded.

Currently the qualified communities include Fairbanks, Anchorage and Mat-Su. I have provided a list to the committee of the sub recipients of those grants. As you can see by looking over this list many valuable community services are receiving these funds. This enables Beans Café to serve more meals to needy people. It provides funding for Abused Women's Aide in Crisis; it enables the Salvation Army to better serve needy Alaskans. It helps pay for After School Programs, as well as Basic Services for Older Adults. This is all well and good and I support these efforts.

HB 231 is a fairness issue. Due to distance it is difficult, if not impossible, for residents many, many miles from our three largest communities to access these important services. Under HB 231 municipalities and boroughs located in the same geographic region with a population that exceeds 50,000 could form a consortium to qualify for the Human Services Community Matching Grants program. Any consortium formed under HB 231 would be required to provide the 30 percent matching funds and would have to establish a citizens' advisory group.

The HB 231 fiscal note assumes that two additional geographic regions would be eligible for these funds. One of those is the Southeast Region. I have given the members a print out from the Southeast Conference web site. If HB 231 were enacted it is planned that Southeast Conference would assist with formation of the required consortium. The map on their home page print out shows the 25 communities that are currently members of the Southeast Conference.

ALASKA STATE LEGISLATURE

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Session:
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Juneau, AK 99801-1182
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Fax: (907) 465-3175

REPRESENTATIVE PEGGY WILSON
HOUSE DISTRICT 2

SPONSOR STATEMENT

CSHB 231 "HUMAN SERVICES GRANTS" (C&RA)

HB 231 "Human Services Grants" would expand the definition of a qualified municipality to include a consortium of municipalities located in the same geographic region with a population that exceeds 50,000. This would allow an organization such as Southeast Conference to form a consortium to receive program funding for social services in their region.

AS 29.60.600 establishes the Human Services Community Matching Grants program for qualified municipalities. To qualify for a grant under this section, a municipality is required to 1) provide a 30 percent funding match; 2) comply with grant application procedures; and 3) establish a citizen's advisory group to help establish priorities and allocations amongst the services funded.

The following organizations are currently providing services in Southeast Alaska. Under HB 231 they would be qualified to receive funding through the Human Services Community Matching Grants Program if a consortium of communities was formed in Southeast Alaska.

Center for Community

United Way

Alaska Health Fair, Inc.

Southeast Alaska Food Bank

Catholic Community Services

AWARE

Alaska Legal Services

Southeast Senior Services

Any consortium formed under HB 231 would be required to provide for the necessary 30 percent matching funds and would have to establish a citizens' advisory group.

This is a fairness issue. Due to distance it is difficult, if not impossible, for Southeast residents to access programs that are currently funded by the Human Services Matching Grants. This important source of funding should be available to a geographic area that has a combined population of 35,000 or more. I ask for your support of CSHB 231.

CSHB 231

The CS lowers the population number required to form a qualifying consortium from 50,000 to 35,000

As shown in the CS HB 231 fiscal note lowering the number to 35,000 has the potential to open the grant funding to two additional entities -

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB231CS(CRA)-DHSS-FMS-04-11-05
() Publish Date: _____

Revision Date/Time (Note if correction): _____

Dept. Affected: Health & Social Services

Title HUMAN SERVICES GR. NT ELIGIBILITY

RDU Human Svcs Comm Matching Grant

Component Human Svcs Comm Matching Grant

Sponsor WILSON

Requester HOUSE (HES)

Component No. 1821

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services | | | | | | |
| Travel | | | | | | |
| Contractual | | | | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES (0) | | | | | | |
|-------------------------------|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|---------------------------------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other(Specify Type-do not abbreviate) | | | | | | |
| Other(Specify Type-do not abbreviate) | | | | | | |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY2005) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-time | | | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate report if necessary)

The current proposed legislation does not require an increased appropriation, as such the fiscal note is zero. The amendment was approved by the Community and Regional Affairs committee allowing consortiums of 35,000 population could allow virtually all local boroughs or municipalities to participate in this program. A fiscal impact to the program will not occur until FY07 because AS 29.60.610 requires qualified municipalities to apply before October 1 of the preceding fiscal year. However, the legislation will profoundly impact municipalities who are eligible for this program based on the amount available. There are two amendments that outline fiscal impact to communities based on assumptions on which regional consortiums will be formed.

The first scenario assumes that 1) this legislation would pass allowing regional consortiums of populations of 35,000 to form, 2) that regional consortiums would form for virtually all municipalities in the state and 3) that no

Prepared by: Janet Clarke, Assistant Commissioner
Division: Finance and Management Services
Approved by: Joel S. Gilbertson, Commissioner
Agency: Department of Health and Social Services

Phone 465-1630
Date/Time 04/11/2005
Date 04/11/2005

FISCAL NOTE

FN #

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO HB231CS(CRA)-DHSS-FVS-04-11-05

ANALYSIS CONTINUATION

additional funds would be appropriated for the Human Services Community Matching Program.

If that were the case then Anchorage, Fairbanks, and Mat-Su would see a reduction in their grants because no new funds would be appropriated. Under Scenario #1, Anchorage would lose \$237,299, Mat-Su would lose \$52,410 and Fairbanks would lose \$79,540.

The second scenario assumes that the 1) the legislation would pass at the 35,000 population level, 2) that regional consortiums would be established throughout the state, and 3) the Legislature would appropriate additional funds to hold all communities harmless. The second scenario would require an increased appropriation of \$613,483 to the Human Services Community Matching Grant so that all communities would be held harmless. This would bring the Human Services Community Matching Grant appropriation to \$1,848,783.

FISCAL NOTE
FN#

BILL NO. HB231CS(CRA)-DHSS-FMS-04-11-05
BILL NO. CS HB231 (CF.A)

STATE OF ALASKA
2005 LEGISLATIVE SESSION

HB 231 Fiscal Note: No Fiscal Impact Scenario

Assumption: Gulf Coast Region enters as a block. Southeast enters as a block. Southwest Region enters as a block.
North & Interior Anch, Mat-Su & Frbks stay solo. Current grantees are not held harmless.

Total funding: \$1,235,300

Shaded cells indicate participation in HSCMG

| AREA NAME | | % | 2005 current grants | 2006 Governor 1,235,300 | effect on current grantees |
|---|---------|---------|------------------------|----------------------------|-------------------------------|
| 1 Anchorage Mat-Su Region | 347,646 | | | | |
| Municipality of Anchorage | 277,498 | 42.34% | 760,300 | 523,001 | (237,299) |
| Matanuska-Susitna Borough | 70,148 | 10.70% | 184,618 | 132,208 | (52,410) |
| 2 Gulf Coast Region | 74,405 | 11.35% | - | 140,231 | |
| Kenai Peninsula Borough | 50,980 | | | | |
| Kodiak Island Borough | 13,466 | | | | |
| Valdez-Cordova Census Area | 9,959 | | | | |
| 3 Fairbanks North Star Borough | 84,979 | 12.97% | 239,700 | 160,160 | (79,540) |
| 4 Northern Region & Interior Region | 38,124 | 5.82% | - | 71,852 | |
| Nome Census Area | 9,403 | | | | |
| North Slope Borough | 7,104 | | | | |
| Northwest Arctic Borough | 7,306 | | | | |
| Denali Borough | 1,842 | | | | |
| Southeast Fairbanks Census Area | 6,192 | | | | |
| Yukon Koyukuk Census Area | 6,277 | | | | |
| 5 Southeast Region | 70,622 | 10.77% | - | 133,101 | |
| Haines Borough | 2,245 | | | | |
| Juneau City and Borough | 30,966 | | | | |
| Ketchikan Gateway Borough | 13,030 | | | | |
| Prince of Wales-Outer Ketchikan Census Area | 5,548 | | | | |
| Sitka City and Borough | 8,805 | | | | |
| Skagway-Hoonah-Angoon Census Area | 3,101 | | | | |
| Wrangell-Petersburg Census Area | 6,247 | | | | |
| Yakutat City and Borough | 680 | | | | |
| 6 Southwest Region | 39,659 | 6.05% | - | 74,745 | |
| Aleutians East Borough | 2,629 | | | | |
| Aleutians West Census Area | 5,239 | | | | |
| Bethel Census Area | 16,853 | | | | |
| Bristol Bay Borough | 1,096 | | | | |
| Dillingham Census Area | 4,845 | | | | |
| Lake and Peninsula Borough | 1,603 | | | | |
| Wade Hampton Census Area | 7,394 | | | | |
| | 655,435 | 100.00% | 1,184,618 | 1,235,300 | (369,249) |

Table 2.1 Population of Alaska by Labor Market Area, Borough and Census Area
Source: Alaska Department of Labor and Workforce Development, Research and Analysis.
July 1 provisional estimate 2004
Alaska 655,435

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. CS HB231 (CRA)

HB 231 Fiscal Note: \$394,204 Cost Increment Scenario

Assumption: Gulf Coast Region enters as a block. Southeast enters as a block. Southwest Region enters as a block.
Northern & Interior Regions enter as a block. Anch, Mat-Su & Frbks stay solo. Current grantees are held harmless.

Total Funding: \$1,740,741

Shaded cells indicate participation in HSCMG

| AREA NAME: | | % | 2005 current grants | 2006 Governor \$1,848,783 | effect on current grantees |
|---|---------|---------|------------------------|------------------------------|-------------------------------|
| 1 Anchorage Mat-Su Region | 347,646 | | | | |
| Municipality of Anchorage | 277,498 | 42.34% | 760,300 | 782,738 | 22,438 |
| Matanuska-Susitna Borough | 70,148 | 10.70% | 184,618 | 197,866 | 13,248 |
| 2 Gulf Coast Region | 74,405 | 11.35% | - | 209,874 | |
| Kenai Peninsula Borough | 50,980 | | | | |
| Kodiak Island Borough | 13,466 | | | | |
| Valdez-Cordova Census Area | 9,959 | | | | |
| 3 Fairbanks North Star Borough | 84,979 | 12.97% | 239,700 | 239,700 | - |
| 4 Northern Region & Interior Region | 38,124 | 5.82% | - | 107,536 | |
| Nome Census Area | 9,403 | | | | |
| North Slope Borough | 7,104 | | | | |
| Northwest Arctic Borough | 7,306 | | | | |
| Denali Borough | 1,842 | | | | |
| Southeast Fairbanks Census Area | 6,192 | | | | |
| Yukon Koyukuk Census Area | 6,277 | | | | |
| 5 Southeast Region | 70,622 | 10.77% | - | 199,203 | |
| Haines Borough | 2,245 | | | | |
| Juneau City and Borough | 30,966 | | | | |
| Ketchikan Gateway Borough | 13,030 | | | | |
| Prince of Wales-Outer Ketchikan Census Area | 5,548 | | | | |
| Sitka City and Borough | 8,805 | | | | |
| Skagway-Hoonah-Angoon Census Area | 3,101 | | | | |
| Wrangell-Petersburg Census Area | 6,247 | | | | |
| Yakutat City and Borough | 680 | | | | |
| 6 Southwest Region | 39,659 | 6.05% | - | 111,866 | |
| Aleutians East Borough | 2,629 | | | | |
| Aleutians West Census Area | 5,239 | | | | |
| Bethel Census Area | 16,853 | | | | |
| Bristol Bay Borough | 1,096 | | | | |
| Dillingham Census Area | 4,845 | | | | |
| Lake and Peninsula Borough | 1,603 | | | | |
| Wade Hampton Census Area | 7,394 | | | | |
| | 655,435 | 100.00% | 1,184,618 | 1,848,783 | 35,686 |
| 2006 Governor Budget Request | | | | 1,235,300 | |
| Cost Increment | | | | 613,483 | |

Table 2.1 Population of Alaska by Labor Market Area, Borough and Census Area
Source: Alaska Department of Labor and Workforce Development, Research and Analysis.
July 1 provisional estimate
2004
Alaska 655,435

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 231(CRA)
(H) Publish Date: 4/8/05

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
Title: HUMAN SERVICES GRANT ELIGIBILITY RDU: Comm Assist & Ec Dev (405)
Component: Community Advocacy
Sponsor: Wilson
Requester: House Community & Regional Affairs Component No.: 2703

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services | | | | | | |
| Travel | | | | | | |
| Contractual | | | | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|----------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|----------------------|--|--|--|--|--|--|

| | | | | | | |
|------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES () | | | | | | |
|------------------------|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|---|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other (Specify Type--Do not abbreviate) | | | | | | |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-time | | | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

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

HB 231 amends the definition of municipality under AS 29.60.650(2) for purposes of qualifying for and sharing a human services community matching grant. It would not have a fiscal impact on the operations of the department.

Prepared by: Michael Black, Director Phone: 269-4535
Division: Community Advocacy Date/Time: 4/6/05 3:48 PM
Approved by: Edgar Blatchford, Commissioner Date: 4/6/2005
Agency: Commerce, Community, and Economic Development

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Municipality of Anchorage

P.O. Box 196650 • Anchorage, Alaska 99519-0650 • Telephone: (907) 343-4331 • Fax: (907) 343-4400 <http://www.muni.org>

Mayor Mark Begich

Office of the Mayor

April 21, 2005

The Honorable Mike Chenault
The Honorable Kevin Meyer
Co-Chairs, House Finance Committee
Room 519
Capitol Building
Anchorage, Alaska

VIA Fax: 465-3476

Re: HB 231: An act relating to the definition of 'municipality' for the purpose of human services community matching grants.

Dear Representatives Chenault and Meyer:

The Human Services Matching Grant is a legislative priority for the Municipality of Anchorage. This grant, funded and administered by the State of Alaska, Department of Health and Social Services, makes it possible for non-profits to provide essential funds for "safety net" services to the poor and vulnerable. This funding provides shelter for homeless women and children and families, food for the hungry, health care, substance abuse treatment, mentoring for youth, and child care, among other essential services.

Since 1981, these grants have been awarded to Anchorage and Fairbanks and are matched by funds from the two municipalities. In Fiscal Year 05, the Matanuska-Susitna Borough was added, although the amount of the grant was not increased. The need for more services increases, yet the funding has been cut and another community has been added.

CS for House Bill 231 would change the definition of municipality for the purposes of the HSMG. We support more communities having access to apply for this grant. We are, however, concerned that there will now be a number of other municipalities, consortium of cities, and boroughs applying for the same small amount of funds. We would support this bill if the funding was restored to the levels of four years ago to \$2.2 million. Thank you for your consideration.

Sincerely,

Mark Begich
Mayor

House Finance Members

Community, Security, Prosperity



Municipality of Anchorage

P.O. Box 196650 • Anchorage, Alaska 99519-6650 • Telephone: (907) 343-4431 • Fax: (907) 343-4499 <http://www.muni.org>

Mayor Mark Begich

Office of the Mayor

APR 11 2005

April 7, 2005

The Honorable Kurt Olson
The Honorable Bill Thomas, Jr.
Co-Chairs, House Community and Regional Affairs Committee
Capitol Building
Juneau, AK 99811

VIA Fax: 465-3835

Dear Representatives Olson and Thomas:

The Human Services Matching Grant is a legislative priority for the Municipality of Anchorage. This grant, funded and administered by the State of Alaska, Department of Health and Social Services, makes it possible for non-profits to provide essential funds for "safety net" services to the poor and vulnerable. This funding provides shelter for homeless women and children and families, food for the hungry, health care, substance abuse treatment, mentoring for youth, and child care, among other essential services.

Since 1981, these grants have been awarded to Anchorage and Fairbanks and are matched by funds from the two municipalities. In Fiscal Year 05, the Matanuska-Susitna Borough was added, although the amount of the grant was not increased. The need for more services increases, yet the funding has been cut and another community has been added.

HB 231 would change the definition of municipality for the purposes of the HSMG. We support more communities having access to apply for this grant. We are, however, concerned that there will now be a number of other municipalities applying for the same small amount of funds. We would support this bill if the funding was restored to the levels of four years ago to \$2.2 million. Thank you for your consideration.

Sincerely,

Mark Begich
Mayor

C: House CRA members

Community, Security, Prosperity

2005 Human Services Community Matching Grant – Sub Recipient List

Fairbanks

Alaska Legal Services Corporation
Bib Brothers Big Sisters
Fairbanks Community Good Bank Service
Interior Community Health Center
Interior Aids Association
North Star Council on Aging
North Star Youth court

Anchorage

Alaska Legal Services
Abused Women's Aide in Crisis
American Red Cross
Anchorage Neighborhood Health Center
Beans Café
Catholic social Services – Francis House
Catholic Social Services = Claire House
Catholic Social Services – Beyond Shelter
Food Bank of Alaska
Mabel T Caverly
Salvation army – McKinnel Shelter
Salvation Army Older Alaskans 18-59 Homebound Disabled
Salvation Army – Older Alaskans Frail Elderly 70+
Salvation Army Cares for Kids

Mat-Su

Palmer Senior Citizens Center for Mat-Su Senior Care Continuum Project
Mat-Su Services for Children and Adults for Community Living Services for Local
Residents with Developmental Disabilities
Kids Are People, Inc for the Saxton Youth Shelter
Alaska Family Resource Center and Mat-Su recovery Center for the Women's
Reunification and Action Program
Alaska Legal Services for the Mat-Su Children at Risk Project
Alzheimer's Disease Resource Agency for the Alzheimer's Disease and Related
Disorders Education and Support Project
Salvation Army, Mat-Su Valley Corps for the Salvation Army After School Program
Access Alaska for Health and Accessibility Assistance for Disabled Mat-Su Valley
Residents
Wasilla Senior Center for Basic Services for Older Adults

**United Way of Southeast Alaska
Member Agencies' Regional Outreach
2004**

| | Angoon | Craig | Gustavus | Haines | Hoonah | Hydaberg | Hyder | Juneau | Kake | Ketchikan | Klawock | Klukwan | Metlakatla | Petersburg | Port Alexander | Sitka | Skagway | Tenakee Springs | Thorne Bay | Ward Cove | Wrangell | Yakutat |
|---|--------|-------|----------|--------|--------|----------|-------|--------|------|-----------|---------|---------|------------|------------|----------------|-------|---------|-----------------|------------|-----------|----------|---------|
| Aiding Women in Abuse & Rape (AWARE) | | | X | X | X | | | X | | | | X | | | | | X | X | | | | X |
| Alaska Health Fair, Inc. | | | | | | | | X | | | | | | | | | | | | | | |
| Alaska Legal Services | | | | | | | | X | | X | | | | | | | | | | | | |
| American Red Cross, SE AK Chapter | | X | X | X | X | | X | X | X | X | | X | X | X | | X | X | | X | | X | X |
| Association for the Education of Young Children | X | X | | X | X | | X | X | X | X | | X | X | X | | X | X | | X | | X | X |
| Big Brothers Big Sisters of SE AK | | | | X | X | | X | X | | X | | X | X | | | X | X | | | | | |
| Boys and Girls Club of Juneau | X | | | | | X | X | X | X | X | | | X | X | | | | | | | X | |
| Catholic Community Service | X | X | | X | X | X | X | X | X | X | X | X | X | | | X | X | | | | X | X |
| Center for Community | X | X | X | | X | X | X | X | X | | X | X | X | X | | X | | | X | | X | X |
| Gastineau Human Services, Corp. | | | | | | | | X | | | | | | | | | | | | | | |
| Girl Scouts, Tongass AK Council | X | X | | X | X | | | X | X | X | | | X | X | | X | | X | X | | X | X |
| Glory Hole | | | | | | | | X | | | | | | | | | | | | | | |
| Helping Hands | | | | | | | | X | | | | | | | | | | | | | | |
| Hospice & Home Care of Juneau | | | | | | | | X | | | | | | | | | | | | | | |
| Hospice of Haines | | | | X | | | | | | | | | | | | | | | | | | |
| Ketchikan Committee for the Homeless (PATH) | | | | | | | | | | X | | | | | | | | | | | | |
| National Council on Alcoholism & Drug Dependence | X | X | | X | | | | X | X | | X | | | | | | | | X | | | |
| National Senior Service Corps. | | | | | X | | | X | | X | | | | | | | | | | | | |
| Planned Parenthood of Alaska | | | | | | | | | | | | | | | | X | | | | | | |
| REACH, Inc. | | | | X | X | | | X | | | | | | X | | | X | | | | X | X |
| St Vincent de Paul | X | X | | X | X | | | X | | X | | | | X | | | | | | | | |
| Shanti of SE Alaska | | | | | | | | X | | | | | | | | | | | | | | |
| Sitkans Against Family Violence | X | | | | | | | | X | | | | | | X | X | | | | | | |
| Sitka Counseling & Prevention | | | | | | | | | | | | | | | | X | | | | | | |
| Southeast Alaska Area Council Boy Scouts of America | | X | X | X | X | | | X | X | X | X | | X | X | | X | X | | X | X | X | X |
| Southeast Alaska Food Bank | | | | | | | | X | | | | | | | | | | | | | | |
| Southeast Alaska Guidance Assoc. (SAGA) | | | | | | | | X | | | | | | | | | | | | | | |
| Southeast Alaska Independent Living/ORCA | X | X | | X | X | | | X | X | X | X | | X | X | | X | | X | | X | X | X |
| Southeast Regional Resource Center (SERRC) | X | X | X | X | X | X | | X | X | X | X | | X | X | | X | X | | | | X | X |
| Transitional Living Center | | | | | | | | | | X | | | | | | | | | | | | |
| United Way of Southeast Alaska | | | | X | | | | X | | X | | | | | | X | | | | | | |
| Youth Advocates of Sitka, Inc. | | | | | | | | | | | | | | | | X | | | | | | |
| Zach Gordon Teenage Club | | | | | | | | X | | | | | | | | | | | | | | |

MAR 25 2005



SOUTHEAST CONFERENCE



HOT TOPICS

- » [Mid-Winter Summit Info](#)
- » [Legislative Priorities 2005](#)
- » [New Newsletter \(memb. only\)](#)
- » [Energy Annual Report](#)
- » [Tongass Brochure](#)
- » [NEWS: SEC in the News](#)
- » [Members FY04-05](#)
- » [Post Meeting Info](#)
- » [SE Conference 101: A Guide](#)

[SITE MAP](#) | [ABOUT US](#) | [HOME](#)

- [Regional Issues](#)
- [Programs](#)
- [Calendar & Events](#)
- [Membership](#)
- [Members Only](#)
- [Committees](#)
- [Links](#)

Welcome to Southeast Conference

The mission of Southeast Conference is to undertake and support activities that promote strong economies, healthy communities, and a quality environment in Southeast Alaska.

Southeast Conference was formed in 1958 as an association of communities joined to advocate for establishment of the Alaska Marine Highway System. While our commitment to its development and efficient operation continues, Southeast Conference has greatly expanded both its membership base and its overall mission.

Today, Southeast Conference is a regional, nonprofit corporation that advances the collective interests of the people, communities and businesses in southeast Alaska. Members include municipalities, Native corporations and village councils, regional and local businesses, civic organizations and individuals from throughout the region.

Southeast Conference is the State-designated Alaska Regional Development Organization (ARDOR), the federally-designated Economic Development District (EDD), and the federally-designated Resource Conservation and Development Council (RC&D) for Southeast Alaska. Each of these designations requires Southeast Conference to take an active role in regional resource management and economic development planning.

MAR 25 2005

Center for Community - Sitka, Alaska

CFC is a state-wide provider of home and community-based services for people with disabilities, the elderly and others who experience barriers to community living in Alaska. It helps people so they can have the opportunity to exercise choice in where and how they live and how they participate in community life.

Care Coordination

Helping individuals and their families coordinate supportive and rehabilitative services.

Supported Living Services

Providing supports and instruction for people with developmental and other disabilities to acquire the skills they need to live in their own homes and participate in community life.

Personal Care Services

Professional in-home care for temporary or long-term personal care needs resulting from a disability or illness.

Respite Care Services

Providing a needed break for caregivers and families of people with disabilities, Alzheimer's and other dementia, and frail seniors.

Vocational Rehabilitation

Job assessment, training and placement for people with disabilities and other personal barriers to employment.

Early Learning Program

Early intervention education and prenatal developmental enhancement programs for children age birth to six. Offering: prenatal classes, home visits, parenting classes and play groups.

Welfare to Work Program

Case management, job training, support services and job placement for people receiving public assistance or other welfare benefits.

Catholic Community Service - Juneau, Alaska

Catholic Community Service advocates and offers social service opportunities for all Southeast Alaskans, emphasizing social justice and compassion. accomplish this mission by fostering the self-sufficiency and dignity of individuals and families affirming diversity in culture, faith and way of life.

Southeast Senior Services

Programs include nutrition, transportation and support.

Childcare and Family Resources

Programs include Healthy Families Juneau, Healthy Change, Young Parent's Center, Childcare Assistance, Family Resources Center, Parents Anonymous, Children of Incarcerated Parents, Champion of Incarcerated Parents Mentoring, SAFE Child Advocacy Center and Comprehensive Family Support.

Hospice and Homecare of Juneau

Programs include skilled nursing care, physical therapy, occupational therapy, speech therapy, home health aides, social work, infusion therapy, hospice and palliative care, bereavement support and volunteer services.

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSHB 231(CRA)
 (H) Publish Date: 4/13/05
 Dept. Affected: Health & Social Services
 RDU: Human Svcs Comm Matching Grant
 Component: Human Svcs Comm Matching Grant

Revision Date/Time (Note if correction):
 Title: HUMAN SERVICES GRANT ELIGIBILITY

Sponsor: WILSON
 Requester: H CRA

Component No. 1821

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below

| OPERATING EXPENDITURES | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services | | | | | | |
| Travel | | | | | | |
| Contractual | | | | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|-------------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
| CHANGE IN REVENUES (0) | | | | | | |

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|---------------------------------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other(Specify Type-do not abbreviate) | | | | | | |
| Other(Specify Type-do not abbreviate) | | | | | | |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY2005) cost: _____
 Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-time | | | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

The current proposed legislation does not require an increased cost, as such the fiscal note is zero. However, the legislation will profoundly impact municipalities who are eligible for this program based on the amount available. There are two attachments that outline the fiscal impact to communities based on two different assumptions.

The first scenario assumes that 1) this legislation would pass and that 2) two additional regions would qualify for participation and 3) that no additional funds are appropriated for the Human Services community matching program. If that were the case then Anchorage, Fairbanks and Mat-Su would see a reduction due to the pro-rated nature of the program.

Prepared by: Janet Clarke, Assistant Commissioner Phone: 465-1630
 Division: Finance & Management Services Date/Time: 03/06/2005
 Approved by: Joel S. Gilbertson, Commissioner Date: 04/06/2005
 Agency: Department of Health and Social Services

FISCAL NOTE
FN # 3

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO CSHB 231(CRA)

ANALYSIS CONTINUATION

Under scenario #1, Anchorage would lose \$156,875; Mat-Su would lose \$34,608 and Fairbanks would lose \$57,974; but The Gulf Coast region would be eligible for a new program grant of \$159,114 and Southeast would see a new grant program of \$151,024.

The second scenario assumes that 1) the legislation would pass and 2) the same two regions would participate in the program and 3) the Legislature would appropriate additional funds to hold all communities harmless. That second scenario would require an increased appropriation of \$394,204 to the Human Services Community Matching Grant so that all communities would be held harmless. This would bring the Human Services Community Matching Grant appropriation up to \$1,629,504.

STATE OF ALASKA
2005 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

Table 2.1 Population of Alaska by Labor Market Area, Borough and Census Area

Assumption: Gulf Coast Region enters as a block Southeast enters as a block. Anch, Mat-Su & Frbks stay solo.
Total funding: \$1,235,300

Shaded cells indicate participation in HSCMG

| AREA NAME | | % | 2005 current grants | 2006 Governor 1,235,300 | effect on current grantee |
|--------------------------------------|---------|---------|------------------------|----------------------------|------------------------------|
| 1 Anchorage Mat-Su Region | 347,646 | | | | |
| Municipality of Anchorage | 277,498 | 48.04% | 760,300 | 593,425 | (166,875) |
| Matanuska-Susitna Borough | 70,148 | 12.14% | 184,618 | 150,010 | (34,608) |
| 2 Gulf Coast Region | 74,405 | 12.88% | - | 159,114 | |
| Kenai Peninsula Borough | 50,980 | | | | |
| Kodiak Island Borough | 13,466 | | | | |
| Valdez-Cordova Census Area | 9,959 | | | | |
| 3 Interior Region | 99,290 | | | | |
| Denali Borough | 1,842 | | | | |
| Fairbanks North Star Borough | 84,979 | 14.71% | 239,700 | 181,726 | (57,974) |
| Southeast Fairbanks Census Area | 6,192 | | | | |
| Yukon Koyukuk Census Area | 6,277 | | | | |
| 4 Northern Region | 23,813 | | | | |
| Nome Census Area | 9,403 | | | | |
| North Slope Borough | 7,104 | | | | |
| Northwest Arctic Borough | 7,306 | | | | |
| 5 Southeast Region | 70,027 | 12.23% | - | 151,024 | |
| Haines Borough | 2,245 | | | | |
| Juneau City and Borough | 30,966 | | | | |
| Ketchikan Gateway Borough | 13,030 | | | | |
| Prince of Wales-Outer Ketchikan Cens | 5,548 | | | | |
| Sitka City and Borough | 8,805 | | | | |
| Skagway-Hoonah-Angoon Census Are | 3,101 | | | | |
| Wrangell-Petersburg Census Area | 6,247 | | | | |
| Yakutat City and Borough | 680 | | | | |
| 6 Southwest Region | 39,659 | | | | |
| Aleutians East Borough | 2,629 | | | | |
| Aleutians West Census Area | 5,239 | | | | |
| Bethel Census Area | 16,853 | | | | |
| Bristol Bay Borough | 1,096 | | | | |
| Dillingham Census Area | 4,045 | | | | |
| Lake and Peninsula Borough | 1,603 | | | | |
| Wade Hampton Census Area | 7,394 | | | | |
| | 577,652 | 100.00% | 1,184,618 | 1,235,300 | (259,456) |

Source: Alaska Department of Labor and Workforce Development, Research and Analysis.
July 1 provisional estimate 2004
Alaska 655,435

FISCAL NOTE

FN# 3

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. CSHB 231(CRA)

ANALYSIS CONTINUATION

Assumption: Gulf Coast Region enters as a block. Southeast enters as a block. Anch, Mat-Su & Frbks stay solo.

Total Funding: \$1,629,504

Shaded cells indicate participation in HSCMG

| AREA NAME | | % | 2005 current grants | 2006 Governor \$1,629,504 | effect on current grantee |
|---|---------|---------|------------------------|------------------------------|------------------------------|
| 1 Anchorage Mat-Su Region | 347,646 | | | | |
| Municipality of Anchorage | 277,498 | 48.04% | 760,300 | 782,814 | 22,514 |
| Matanuska-Susitna Borough | 70,148 | 12.14% | 184,618 | 197,822 | 13,204 |
| 2 Gulf Coast Region | 74,405 | 12.88% | - | 209,880 | |
| Kenai Peninsula Borough | 50,980 | | | | |
| Kodiak Island Borough | 13,466 | | | | |
| Valdez-Cordova Census Area | 9,959 | | | | |
| 3 Interior Region | 99,290 | | | | |
| Denali Borough | 1,842 | | | | |
| Fairbanks North Star Borough | 84,979 | 14.71% | 239,700 | 239,700 | - |
| Southeast Fairbanks Census Area | 6,192 | | | | |
| Yukon Koyukuk Census Area | 6,277 | | | | |
| 4 Northern Region | 23,813 | | | | |
| Nome Census Area | 9,403 | | | | |
| North Slope Borough | 7,104 | | | | |
| Northwest Arctic Borough | 7,306 | | | | |
| 5 Southeast Region | 70,622 | 12.23% | - | 199,288 | |
| Haines Borough | 2,245 | | | | |
| Juneau City and Borough | 30,966 | | | | |
| Ketchikan Gateway Borough | 13,030 | | | | |
| Prince of Wales-Outer Ketchikan Census Area | 5,548 | | | | |
| Sitka City and Borough | 8,805 | | | | |
| Skagway-Hoonah-Angoon Census Area | 3,111 | | | | |
| Wrangell-Petersburg Census Area | 6,247 | | | | |
| Yakutat City and Borough | 680 | | | | |
| 6 Southwest Region | 39,659 | | | | |
| Aleutians East Borough | 2,629 | | | | |
| Aleutians West Census Area | 5,239 | | | | |
| Bethel Census Area | 16,853 | | | | |
| Bristol Bay Borough | 1,096 | | | | |
| Dillingham Census Area | 4,845 | | | | |
| Lake and Peninsula Borough | 1,603 | | | | |
| Wade Hampton Census Area | 7,394 | | | | |
| | 577,652 | 100.00% | 1,184,618 | 1,629,504 | 35,718 |

Table 2.1 Population of Alaska by Labor Market Area, Borough and Census Area

Source: Alaska Department of Labor and Workforce Development, Research and Analysis

July 1 provisional estimate

2004

Alaska

655,435

HB

237

HFIN

FILE

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

3132 CHANNEL DRIVE
JUNEAU, ALASKA 99801-7898

TEXT: (907) 465-3652
FAX: (907) 586-8365
PHONE: (907) 465-3900

April 4, 2005

The Honorable Jim Elkins
Co-Chair, House Transportation
State Capitol, Room 416
Juneau, Alaska 99801

The Honorable Carl Gatto
Co-Chair, House Transportation
State Capitol, Room 411
Juneau, Alaska 99801

Dear Representatives Elkins and Gatto:

I respectfully request that you schedule House Bill 237 for a hearing before the Senate Transportation Committee. This bill would authorize the sale of up to \$288 million in new international airport revenue bonds that will fund terminal remodels at the Anchorage and Fairbanks International Airports. In addition, it would provide state matching dollars for federal airport improvement projects and fund other smaller capital improvement projects.

Annual debt service on the revenue bonds will be paid for primarily through airline rates and fees. All the projects requiring bond funding were approved by the Alaska International Airport Systems' 26 signatory airlines in January of this year.

At the Ted Stevens Anchorage International Airport, the bond package includes \$91 million for a seismic retrofit of the A and B concourses of the South Terminal. The fix ensures that the rest of the terminal meets current health and safety standards and will assist with business development.

In addition to the Concourse A and B retrofit, bonds will provide funding in Anchorage for the federally required match for airfield projects and equipment.

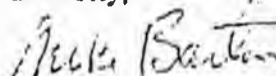
In Fairbanks, \$86.8 million in bond proceeds will upgrade and replace terminal facilities to accommodate future growth in passenger numbers and address seismic and code issues. Bond proceeds will also provide for the state share of primary runway reconstruction and replacement of airport equipment.

Cash flow analysis indicates the need for a bond sale in January of 2006.

The Governor has submitted in his FY06 capital budget some spending authority requests for portions of the bond-funded program to be initiated in FY06. Additional spending authority for bond-funded projects will also be required in fiscal years 2007 through 2009.

I urge your prompt and favorable action on this measure.

Sincerely,

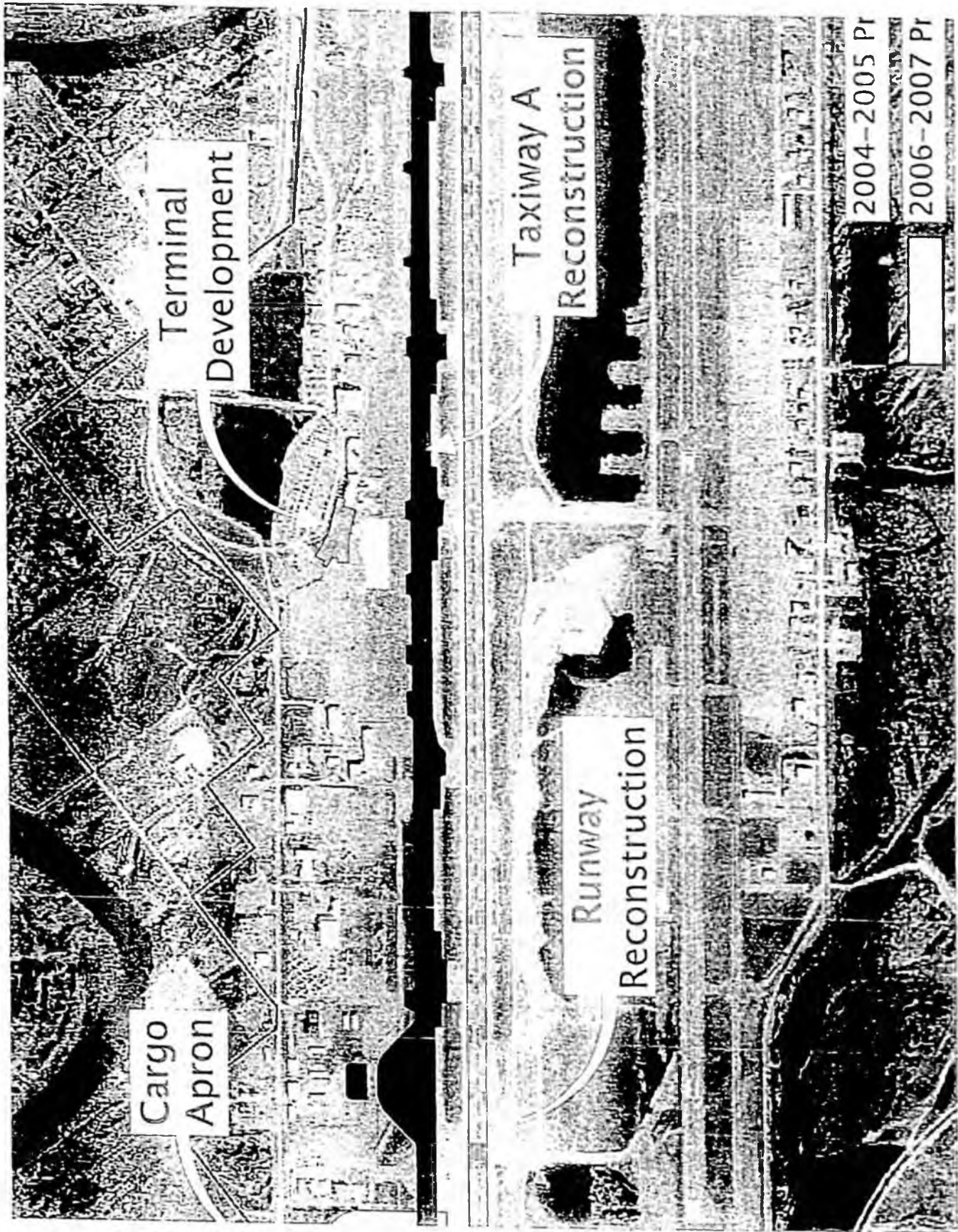

Mike Barton
Commissioner

AIAS Bond Funding Requirement

| AIRPORT | ITEM | OTHER FUNDING | BONDS | TOTAL |
|--------------|-----------------|---------------|-----------------------------|--------------|
| ANC | A&B Retrofit | 51.5 | 91.5 | 143.0 |
| FAI | TERMINAL | 12.4 | 86.8 | 99.2 |
| | | | | |
| ANC | CIP (FY06 - 09) | 118.8 | 29.2 | 148.0 |
| FAI | CIP (FY06 - 09) | 50.4 | 5.5 | 55.9 |
| Deferred | CIP (FY04 - 06) | 0.0 | 19.9 | 19.9 |
| TOTAL | | 233.1 | 232.9 | 466.0 |
| | | | Capitalized Interest | 30.2 |
| | | | Issuance Costs | 24.9 |
| | | | Total Bond Sale | 288.0 |

Alaska International Airport System
 FY06 – FY09
 Bond Funded Projects

| <u>FAI</u> | <u>Bond Amount</u> | <u>Total Project</u> |
|--|----------------------|----------------------|
| Federal Match - Runway Reconstruction | \$ 2,587,500 | \$ 51,750,000 |
| Airfield Maintenance Equipment | \$ 2,934,000 | \$ 2,934,000 |
| Terminal Redevelopment | <u>\$ 86,843,500</u> | <u>\$ 99,843,500</u> |
| | \$ 92,365,000 | \$154,527,500 |
| | | |
| <u>ANC</u> | | |
| Federal Match – Airfield, Aprons, GA Parking, Taxiways | \$ 5,439,362 | \$ 51,307,848 |
| AOA Snow Melting System | \$ 3,000,000 | \$ 3,000,000 |
| South Terminal Seismic and Security Retrofit | \$ 91,500,000 | \$143,000,000 |
| Consolidated Facilities Center | \$ 5,000,000 | \$ 5,000,000 |
| Homeland Security/Terminal Area Upgrades | \$ 13,639,000 | \$ 14,639,000 |
| Noise Abatement and Land Acquisition | \$ 2,661,000 | \$ 23,361,000 |
| Safety/Security/Information Systems Improvements | \$ 6,474,000 | \$ 11,974,000 |
| Utilities/Roads/Grounds Upgrades | \$ 5,084,000 | \$ 6,584,000 |
| Airfield Maintenance Equipment | \$ 4,363,000 | \$ 18,033,000 |
| Advance Project Planning/Design | <u>\$ 6,900,000</u> | <u>\$ 10,900,000</u> |
| | \$144,060,362 | \$287,798,848 |



HB

240

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT
MAY 06 2006
SENATE FINANCE COMMITTEE

DATE: 5/1/06

FURTHER:

DATE TURNED
IN TO OFFICE: 6 May 2006

Finance Committee considered CS FOR HOUSE BILL NO. 240(RLS) am

HB 240-BREWERY & BREWPUB LICENSEE/SALES BY WINERY

CS FOR HOUSE BILL NO. 240(RLS) am

"An Act relating to brewery and brewpub licensing and relating to sales of wine by a winery licensee."

and recommends:

- be replaced with 0 CS CS HB 240 (FIN)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

CS Senate Bill:
 Same Title
 New Title

SCS House Bill:
 Same Title
 Technical Title Change
 New Title w/ SCR # _____

NEW FISCAL NOTE(S):

| Department | Date | Fiscal | Ind. | Zero | FN# |
|------------|------|--------|------|------|-----|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

PREVIOUS FISCAL NOTE(S):

| Department | Date | Fiscal | Ind. | Zero | FN# |
|------------|---------|--------|------|------|-----|
| DPS | 3/21/06 | | | ✓ | #1 |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

APPROPRIATION - no fiscal note

| SIGNATURES AND RECOMMENDATIONS: | DO PASS | DO NOT PASS | NO REC | AMEND |
|---------------------------------|---------|-------------|--------|-------|
| <i>[Signature]</i> | 2 | | | |
| <i>[Signature]</i> | | | ✓ | |
| <i>[Signature]</i> | | | | ✓ |
| <i>[Signature]</i> | | | ✓ | |
| COCHAIR: <i>[Signature]</i> | ✓ | | | |
| COCHAIR: <i>[Signature]</i> | ✓ | | | |

FISCAL NOTE

REPORTED OUT
MAY 06 2006
SENATE FINANCE COMMITTEE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 240(L&C)
(H) Publish Date: 4/18/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Public Safety
Title "An Act relating to brewery and brew pub licensing." RDU Alcoholic Beverage Control Board
Component ABC Board
Sponsor House Judiciary Committee
Requester House Labor and Commerce Committee Component No. 2690

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services | | | | | | |
| Travel | | | | | | |
| Contractual | | | | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES () | | | | | | |
|-------------------------------|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

| FUND SOURCE | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 |
|---|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other (Specify Type--Do not abbreviate) | | | | | | |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY2006) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-time | | | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: *(Attach a separate page if necessary)*
This legislation will not have a fiscal impact on expenditures for the Department of Public Safety. A very small increase in revenues could be realized if any of the existing brewpubs were to upgrade to a brewery and pay the corresponding increased license fees.

Prepared by: Director Douglas B. Griffin Phone 907-269-0351
Division: Alcoholic Beverage Control Board Date/Time 3/21/06 9:02 AM
Approved by: Commissioner William Tandesku Date 3/21/2006
Agency: Department of Public Safety



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: 6 May 2006 TIME: 9:30 am

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 1

FROM: MINDY ROWLAND
SENATE FINANCE COMMITTEE SECRETARY
PHONE: 465-4935
FAX: 465-2187

NOTES: Final Please

SCS CS HB 240 (FIN)

24-LS0734 \ W Luckhaupt 5/5/06

no changes

Thanks

Mindy

SENATE CS FOR CS FOR HOUSE BILL NO. 240(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE JUDICIARY COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to brewery and brewpub licensing and relating to sales of wine by a
2 winery licensee."

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

4 * Section 1. AS 04.11.130(b) is amended to read:

5 (b) The holder of a brewery license may sell beer in quantities of

6 (1) not more [LESS] than five gallons a day to an individual who is
7 present on the licensed premises for consumption off the premises;

8 (2) more than five gallons a day to a person who is licensed under this
9 title, or in another state or country.

10 * Sec. 2. AS 04.11.130 is amended by adding a new subsection to read:

11 (c) Unless prohibited by AS 04.16.030, a holder of a brewery license may sell
12 not more than 36 ounces a day of the brewery's product to a person for consumption
13 on the premises if

14 (1) the brewery does not allow live entertainment, televisions, pool

1 tables, dart games, dancing, electronic or other games, game tables, or other
2 recreational or gaming opportunities on the premises where the consumption occurs;

3 (2) the brewery does not provide seats at the counter or bar where the
4 product is served; and

5 (3) the room where the consumption occurs is not open before 9:00
6 a.m. and serving of the product ends not later than 8:00 p.m.

7 * Sec. 3. AS 04.11.135(a) is amended to read:

8 (a) A brewpub license authorizes the holder of a beverage dispensary license
9 to

10 (1) manufacture on premises licensed under the beverage dispensary
11 license not more than 465,000 [150,000] gallons of beer in a calendar year;

12 (2) sell beer manufactured on premises licensed under the beverage
13 dispensary license for consumption on the licensed premises or other licensed
14 premises of the beverage dispensary licensee that are also licensed as a beverage
15 dispensary;

16 (3) sell beer manufactured on the premises licensed under the beverage
17 dispensary license in quantities of not more than five gallons a [PER] day to an
18 individual who is present on the licensed premises for consumption off the premises;

19 (4) provide a small sample of the brewpub's beer manufactured on the
20 premises free of charge unless prohibited by AS 04.16.030; [AND]

21 (5) sell beer manufactured on the premises licensed under the beverage
22 dispensary license to a person licensed as a wholesaler under AS 04.11.160; sales
23 under this paragraph may not exceed 37,200 gallons in a calendar year, including
24 sales under (6) of this subsection; and

25 (6) sell not more than 6,200 gallons in a calendar year of beer
26 manufactured on the premises to a person who is licensed under this title, or in
27 another state or country, if the premises licensed under the beverage dispensary
28 license are located in a community with a population of 75,000 or more [15,000
29 GALLONS OR THE AMOUNT SOLD UNDER THIS PARAGRAPH IN
30 CALENDAR YEAR 2001, PLUS 10 PERCENT, WHICHEVER AMOUNT IS
31 GREATER].

1 * Sec. 4. AS 04.11.135(d) is amended to read:

2 (d) Notwithstanding (a) of this section, the holder of a brewpub license who,
3 under the provisions of AS 04.11.450(b), formerly held a brewery license and a
4 restaurant or eating place license and who, under the former brewery license,
5 manufactured beer at a location other than the premises licensed under the former
6 restaurant or eating place license may

7 (1) manufacture not more than 465,000 [150,000] gallons of beer in a
8 calendar year on premises other than the premises licensed under the beverage
9 dispensary license;

10 (2) provide a small sample of the manufactured beer free of charge at
11 the location the beer is manufactured unless prohibited by AS 04.16.030; and

12 (3) sell the beer authorized to be manufactured under this subsection

13 (A) on the premises licensed under the beverage dispensary
14 license or other licensed premises of the beverage dispensary licensee that are
15 also licensed as a beverage dispensary;

16 (B) to a wholesaler licensed under AS 04.11.160; sales under
17 this subparagraph may not exceed 37,200 gallons in a calendar year,
18 including sales under (D) of this paragraph; [15,000 GALLONS OR THE
19 AMOUNT SOLD UNDER THIS SUBPARAGRAPH IN CALENDAR YEAR
20 2001, PLUS 10 PERCENT, WHICHEVER AMOUNT IS GREATER; OR]

21 (C) to an individual who is present on the premises described
22 under (A) of this paragraph, or where the beer is manufactured, in quantities of
23 not more than five gallons a [PER] day for consumption off the premises;
24 and

25 (D) to a person licensed under this title, or in another state
26 or country, if the premises where the beer is manufactured are located in
27 a community with a population of 75,000 or more; sales under this
28 subparagraph may not exceed 6,200 gallons in a calendar year.

29 * Sec. 5. AS 04.11.135(e) is amended to read:

30 (e) Notwithstanding (a) of this section, a brewpub license authorizes the
31 holder of a restaurant or eating place license to (1) manufacture on premises licensed

1 under the restaurant or eating place license not more than 465,000 [150,000] gallons of
2 beer in a calendar year; (2) sell beer manufactured on premises licensed under the
3 restaurant or eating place license for consumption on the licensed premises; (3) sell
4 beer manufactured on the premises licensed under the restaurant or eating place
5 license in quantities of not more than five gallons a [PER] day for consumption off
6 the premises to an individual who is present on the licensed premises; and (4) provide
7 a small sample of the brewpub's beer manufactured on the premises free of charge
8 unless prohibited by AS 04.16.030. A person who holds a brewpub license under this
9 subsection may not hold more than one brewpub license.

10 * Sec. 6. AS 04.11.140(b) is amended to read:

11 (b) The holder of a winery license may sell wine in quantities of

12 (1) not more [LESS] than five gallons to an individual who is present
13 on the licensed premises;

14 (2) more than five gallons to a person who is licensed under this title,
15 or in another state or country.

1 * Sec. 4. AS 04.11.135(d) is amended to read:

2 (d) Notwithstanding (a) of this section, the holder of a brewpub license who,
3 under the provisions of AS 04.11.450(b), formerly held a brewery license and a
4 restaurant or eating place license and who, under the former brewery license,
5 manufactured beer at a location other than the premises licensed under the former
6 restaurant or eating place license may

7 (1) manufacture not more than 465,000 [150,000] gallons of beer in a
8 calendar year on premises other than the premises licensed under the beverage
9 dispensary license;

10 (2) provide a small sample of the manufactured beer free of charge at
11 the location the beer is manufactured unless prohibited by AS 04.16.030; and

12 (3) sell the beer authorized to be manufactured under this subsection

13 (A) on the premises licensed under the beverage dispensary
14 license or other licensed premises of the beverage dispensary licensee that are
15 also licensed as a beverage dispensary;

16 (B) to a wholesaler licensed under AS 04.11.160; sales under
17 this subparagraph may not exceed 37,200 gallons in a calendar year,
18 including sales under (D) of this paragraph; [15,000 GALLONS OR THE
19 AMOUNT SOLD UNDER THIS SUBPARAGRAPH IN CALENDAR YEAR
20 2001, PLUS 10 PERCENT, WHICHEVER AMOUNT IS GREATER; OR]

21 (C) to an individual who is present on the premises described
22 under (A) of this paragraph, or where the beer is manufactured, in quantities of
23 not more than five gallons a [PER] day for consumption off the premises;
24 and

25 (D) to a person licensed under this title, or in another state
26 or country, if the premises where the beer is manufactured are located in
27 a community with a population of 75,000 or more; sales under this
28 subparagraph may not exceed 6,200 gallons in a calendar year.

29 * Sec. 5. AS 04.11.135(e) is amended to read:

30 (e) Notwithstanding (a) of this section, a brewpub license authorizes the
31 holder of a restaurant or eating place license to (1) manufacture on premises licensed

1 under the restaurant or eating place license not more than 465,000 [150,000] gallons of
 2 beer in a calendar year; (2) sell beer manufactured on premises licensed under the
 3 restaurant or eating place license for consumption on the licensed premises; (3) sell
 4 beer manufactured on the premises licensed under the restaurant or eating place
 5 license in quantities of not more than five gallons a [PER] day for consumption off
 6 the premises to an individual who is present on the licensed premises; and (4) provide
 7 a small sample of the brewpub's beer manufactured on the premises free of charge
 8 unless prohibited by AS 04.16.030. A person who holds a brewpub license under this
 9 subsection may not hold more than one brewpub license.

10 * Sec. 6. AS 04.11.140(b) is amended to read:

11 (b) The holder of a winery license may sell wine in quantities of

12 (1) less than five gallons

13 (A) to an individual who is present on the licensed premises; or

14 (B) by shipping to an individual if the shipment is not to an

15 area that has prohibited the importation or possession of alcoholic

16 beverages under this chapter or to an area that has limited the

17 importation or possession of alcoholic beverages unless the sale complies

18 with the limitation;

19 (2) more than five gallons to a person who is licensed under this title,

20 or in another state or country.

Insert to CS"W"
 page 4 following line 13

SENATE FINANCE COMMITTEE
5/6 / 2006 COMMITTEE ACTION

| | | | |
|----------------------------|---------------|-------------|---|
| Bill Number | HB 240 | | |
| Amendment | CS "W" | | |
| Motion | adopt | | |
| <u>Motion by</u> | | | |
| <u>Objection by</u> | | | |
| <u>Removed</u> | | | |
| <u>Second Objection by</u> | | | |
| <u>Committee Member</u> | Y | <u>Vote</u> | N |
| Senator Dyson | ✓ | | |
| Senator Hoffman | | | |
| Senator Olson | ✓ | | |
| Senator Stedman | | | ✓ |
| Senator Bunde | | | ✓ |
| Co-Chair Wilken | ✓ | | |
| Co-Chair Green | | | ✓ |
| <u>Tally</u> | | | |
| Yea | 3 | | |
| Nay | 3 | | |
| Absent | 1 | | |
| MOTION | Failed | | |

Alaska State Legislature



House of Representatives House Judiciary Committee

State Capitol, Room 120
Juneau, Alaska 99801-1182
(907) 465-4990

Sponsor Statement HB 240

"An Act relating to brewery and brew pub licensing"

The Brewers Guild of Alaska represents six breweries and five brewpubs operating in the state of Alaska. We are a growing industry that employs hundreds of Alaskans. The Brewers Guild is united in this bill in an effort to foster more equitable competition with breweries and brewpubs from outside of Alaska, while not harming small breweries in Alaska. In the State of Alaska, brewpubs and brewery licenses are exclusive licenses with different competitive markets, although the regular citizen sees no difference in these entities. Both Brewpubs and Brewery Licensees benefit from this bill, but if any of the core content is changed, then there will be an inequitable competitive landscape for either the breweries or the brewpubs.

Brewpubs are legally restricted to sell to consumers for consumption on their licensed premises and, with limitations, to consumers for off-premise consumption and to all other licensees through a distributor. Breweries are legally restricted to sell their product for off-site consumption whether to consumers, wholesalers or other licensees; breweries are also allowed to provide free samples of their product. The proposed legislation is a compromise between these licensees in order to improve the competitive environments of brewpubs and breweries, while not creating a significant impact on the competitive environments of other interested licensees, such as dispensary license owners and distributors.

This legislation increases the amount of beer a brewpub can produce (often referred to as the "production cap") from 150,000 gallons to 465,000 gallons. This cap is based upon the typical industry definition of the top level of production of a "microbrewery." In addition, this legislation increases the amount of beer a brewpub can sell to a licensed wholesaler from 15,000 gallons to 37,000 gallons. Outside brewpubs do not have a cap on the amount of beer they can sell in Alaska.

Current law allows breweries to provide free samples of their products. This legislation allows breweries to also charge for samples as is now common in tasting rooms in other states. Although there have been concerns voiced that this allows breweries to act as "taverns", this legislation includes restrictions that will differentiate the tasting rooms from the "tavern" concept, such as limited on-premise sales of only their beer, restricted hours of operation and a well-defined environment. The sale of samples allows breweries to help defray the costs of on-premise sampling while still providing the promotional and educational aspects of product sampling.

Finally, this legislation allows brewpubs in Anchorage and Fairbanks to self-distribute up to 200 barrels of beer per year. Under current law, brewpubs are required to use a wholesaler to distribute any beer off-premise. However, sales at this level are not necessarily profitable for the wholesaler, so it is difficult for a brewpub to initially get its product to the market. This change could potentially eliminate a competitive advantage to breweries in smaller communities in our state, thus the limitation of a population of 75,000 has been put in place to not harm the smallest of breweries.

The Brewers Guild is in support of this bill in its entirety.

Finance Office
3401 Denali St., 202-A
Anchorage, Alaska
99503



Gary J. Klopfer
Member Manager/Owner
Phone: (907) 561-2274
Fax: (907) 563-9354

March 28, 2006

House Labor & Commerce Committee Members

Re: HB 240 – Brewery & Brewpub Licensing

Dear Committee Members:

I am writing this letter in support of HB 240 and asking for your support of this bill.

Our fledgling brewing industry in Alaska has gone through many changes in the last ten years and this new legislation will continue to support our industry. As an industry, we employ hundreds of Alaskans, we pay ten of thousands of dollars in taxes, we buy millions of dollars in suppliers from Alaskan vendors and we have spent millions of dollars in construction and renovation costs for our establishments in Alaska. We have accomplished this in just the last ten years and I might add without any state subsidies or hand outs! All we ask for our industry is to be treated fairly and equitably considering our financial impact on the communities where we live.

As an industry, we formed the Brewers Guild of Alaska (BGA), to work together (breweries and brewpubs) on issues that we feel are in our best interest and in the interest of the citizens and the economy of Alaska. The BGA wholeheartedly supports this bill and I hope that you will support it also.

Thank you for your time and if you have any questions, please call me or email me at gjklopf@msn.com.

Sincerely,

Gary J. Klopfer



Craig Johnson

From: Ben Millstein/KODIAK ISLAND BREWING CO [bmills@ak.net]
Sent: Tuesday, March 28, 2006 2:00 PM
To: Craig Johnson
Subject: HB 240

Greetings to all interested persons,

As a member of the Brewer's Guild of Alaska running the Kodiak Island Brewing Company, LLC. I would like to express my support for HB240. The Guild has worked long and hard to arrive at a bill that we can all support, and that we believe addresses the concerns of businesses outside our guild. What we propose is in no way unusual when other state laws are examined. Please support this bill, and feel free to call me if you have any questions about it.

Thank you,

Ben Millstein
Manager,
Kodiak Island Brewing Co. LLC

HB

243

HFIN

FILE

SOLOMON
GULCH
TERROR
LAKE

THE FOUR DAM POOL POWER AGENCY

• TYEE
• SWAN LAKE

703 W. Tudor Road, Ste. 102 • Anchorage, AK 99503-6650
907-258-2281 Tel • 907-258-2287 Fax • www.fdpaa.org

May 4, 2005

Hon. Ron Miller, Executive Director
Alaska Industrial Development and Export Authority
Anchorage, Alaska
VIA EMAIL

Dear Mr. Miller:

Yesterday The Four Dam Pool Power Agency held a telephonic Board of Directors Meeting to discuss, among other things, your letter of April 15 concerning the "Intertie Credit" and our submitted Plan of Finance. Your letter asked that we reply by today.

No vote was taken regarding whether or not to accept the offer outlined in your letter for two reasons:

- First, the proposal you have put forth is thoughtful and helpful. Properly crafted it is likely an arrangement TFDPPA Board of Directors would favorably consider. However, it is stated in your letter only in outline form, with several ambiguities. Therefore, the Board did not take action to accept the offer as outlined. Rather, as you know, the Board has asked our attorneys Ron Saxton and Jenny Trieu, to work out a mutually acceptable, but more specific, document with Brian Bjorkquist. I have directed Mr. Saxton and Ms. Trieu to work with Mr. Bjorkquist within the original parameters you have outlined, but to remove the ambiguities. The Board would then consider and possibly authorize execution of that more definitive document.
- Second, our Lobbyist Bob Evans informed the Board that the Governor's office, with AIDEA's/AEA's concurrence, had offered to support and sign simple legislation to alter the MOU to extend the April 11, 2005 deadline for Plan of Finance submittal for one year, until April 11, 2006. If this legislation is enacted, we will have a full year to work together on a definitive escrow agreement such as you have proposed, or to produce a Plan of Finance acceptable to you. If this occurs, it would make no sense for either of us to have signed an agreement now.

When the Legislative Session is complete, we will be delighted to discuss this further with you. In the meantime, I hope our attorneys can continue to work toward a definitive agreement.

Sincerely,



Robert E. LeResche
Acting General Manager

Cc: Darron Scott, Bob Evans, Ron Saxton, Jenny Trieu

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

AIDEA/AEA

Alaska Energy Authority

April 15, 2005

Mr. Darron Scott
Chairman
Four Dam Pool Power Agency
703 West Tudor Road, Suite 102
Anchorage, Alaska 99503

RE: Plan of finance for Swan Lake--Lake Tyee Intertie

Dear Mr. Scott:

This letter is in response to your request that AIDEA approve The Four Dam Pool Power Agency's (TFDPPA) plan of finance for completion of the Southeast Intertie ("Swan-Tyee") as described in your March 10, 2005 letter.

As described in your request, the financing plan is contingent on receiving \$41 million in new federal and state grant funding with TFDPPA investing the last \$5 million in project costs. Your proposal fails to satisfy the requirements of Section 2.2.2 of the Purchase and Sale Agreement between AEA and TFDPPA, or the April 11, 2000, Memorandum of Understanding ("MOU") between the Alaska Energy Authority and the Purchasing Utilities concerning the sale of the Four Dam Pool Project. However, we conclude this letter with an alternative proposal related to the \$5 million credit that otherwise would be payable by TFDPPA for deposit into the PCE Endowment Fund.

In the April 11, 2000 MOU, the Purchasing Utilities were granted a \$5 million credit against the purchase price of \$73 million (MOU, Section 7). That \$5 million credit is to be repaid to the State if the Purchasing Utilities abandon efforts to complete the Swan-Tyee Intertie, or, by April 11, 2005, fails to provide AIDEA with "an approved finance plan demonstrating committed funds sufficient to complete the Southeast Intertie" (MOU, Section 7—emphasis added), or if field construction on Swan-Tyee has not commenced prior to April 11, 2010. Section 2.2.2 of the Purchase and Sale Agreement similarly requires TFDPPA to provide "an approved finance plan demonstrating sufficient funds to complete the Southeast Intertie." What is described in your letter of March 10, 2005 fails as a "finance plan" demonstrating "committed funds" or "sufficient funds," particularly as the bulk of the funding in your plan is merely a hope for future federal and state grant monies for which there is no evidence that either has been formally requested, much less authorized or appropriated.

While the proposed plan of finance fails to satisfy requirements of either the Purchase and Sale Agreement or the MOU, AEA remains willing to assist TFDPPA's attempts to complete the Swan-Tyee Intertie project. Any solution, however, must also protect the interests of the PCE Endowment Fund into which the \$5 million credit payable by TFDPPA would be deposited. We therefore propose the following:

1. TFDPPA immediately transfer to AEA \$5 million to be deposited in an interest-bearing escrow account. AEA will hold the \$5 million plus interest earnings until released under either paragraph 2 or 3 below.

Mr. Darron Scott
April 15, 2005
Page 2

2. TFDPPA shall be obligated to pay out-of-pocket towards the costs of construction of the Swan-Tyee Intertie project a minimum of \$5 million plus the amount of interest earned on amounts held by AEA. AEA will reimburse TFDPPA an amount equal to the \$5 million plus interest earned for construction costs TFDPPA has actually paid out-of-pocket for the final construction of the completed and commercially operational Swan-Tyee project. AEA shall deposit into the PCE Endowment Fund any amounts not reimbursed to TFDPPA under this paragraph.

3. If the Swan-Tyee project is abandoned rather than completed and made commercially operational, the \$5 million plus interest earned will be deposited into the PCE Endowment Fund.

4. The parties shall jointly amend the MOU, including obtaining legislative approval of the amendment. If the amendment to the MOU is not legislatively approved during the 2005 legislative session, TFDPPA will have the option within 15 days of the end of the legislative session to either (a) request refund of the \$5 million deposited with interest earned, in which case we will give notice requiring TFDPPA to refund the \$5 million credit pursuant to terms of the Purchase and Sale Agreement and the MOU, or (b) elect to have the parties jointly seek legislative approval for amendment of the MOU during the 2006 legislative session, in which case we will not call the credit due under the Purchase and Sale Agreement and the MOU, and, if the legislature fails to approve the MOU amendment during the 2006 legislative session, AEA shall deposit the \$5 million credit plus interest earned into the PCE Endowment Fund on July 1, 2006.

If you are in agreement with the terms set out immediately above, please send me written confirmation. We will then need to coordinate efforts to obtain the necessary legislative approvals for this plan. While you consider this proposal, AEA will take no action until on or after May 4, 2005, to issue any notices to the TFDPPA under Section 2.2.2 of the January 1, 2002 Agreement for the Purchase and Sale of the Four Dam Pool Project. AEA also remains willing to further discuss these matters.

As a final matter, your letter referred to AIDEA providing long-term financing of the repayment of the \$5 million credit. The MOU does provide for such financing, but only on the "same terms and conditions as the purchase financing." (MOU, Section 8). Those terms and conditions include a 6.5% interest rate, a first lien on the TFDPPA's four hydroelectric projects and related assets, and a subordination to the AIDEA lien of any and all rights of the TFDPPA, including those rights under the 1985 Long-term Power Sales Agreement (MOU, Section 8). TFDPPA has informed us that they have no interest in any such financing, and that it would be prohibited by the terms and conditions of your 2004 refinancing. Please inform us if we have misinterpreted TFDPPA's position and/or prior assertions on this topic.

Sincerely,


Ron Miller
Executive Director

cc: Governor Frank Murkowski

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CS HB 243 (FIN)
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: COMMERCE
Title Financing plan for Southeast Intertie RDU Alaska Energy Authority (453)
Component PCF
Sponsor Rules by Request of the Governor
Requester House Finance Component No. 2602

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services | | | | | | |
| Travel | | | | | | |
| Contractual | | | | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------------|----|----|----|----|----|----|
| CHANGE IN REVENUES () | ** | ** | ** | ** | ** | ** |
|-------------------------------|----|----|----|----|----|----|

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|---|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other (Specify Type--Do not abbreviate) | | | | | | |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY2005) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-time | | | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

Indeterminate revenue impact to the Power Cost Equalization Endowment Fund. See attached analysis.

Prepared by: Sara Fisher-Goac, Financial Analyst
Division: AIDEA and AEA
Approved by: _____
Agency: _____

Phone 907-269-4623
Date/Time 5/5/05 10:52 AM
Date 5/5/2005

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. CS HB 243 (FIN)

ANALYSIS CONTINUATION

This bill allows for the Memorandum of Understanding between The Four Dam Pool Power Agency (TFDPPA) and the Alaska Energy Authority that authorizes the sale of the Four Dam Pool Hydroelectric Project to be amended to extend from April 11, 2005 to April 11, 2006 the time within which TFDPPA must provide the Alaska Industrial Development and Export Authority with an approved finance plan demonstrating committed funds sufficient to complete the Southeast Intertie.

The purchase price of the Four Dam Pool Project was \$73 million. A \$5 million credit was provided contingent upon the construction of the Southeast Intertie. On March 10, 2005 TFDPPA requested AIDEA approve its financing plan contingent upon TFDPPA receiving \$41 million in new federal and state grants. Since the plan did not demonstrate committed funds, AIDEA and AEA proposed that the \$5 million be transferred to AEA for deposit into an interest-bearing escrow account. If TFDPPA is able to secure committed funds to complete the project, the \$5 million plus interest will be available for reimbursement of construction costs. If the Southeast intertie project is abandoned rather than completed and made commercially operational, the \$5 million plus interest will be deposited into the PCE Endowment.

The fiscal impact is indeterminate since the PCE endowment will potentially lose interest earnings of the proposed interest-bearing escrow account. The current rate for a one-year treasury note is 3.3%. (\$165,000 of interest on \$5 million)

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CS HB 243 (FIN)
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: COMMERCE
Title Financing plan for Southeast Interlie RDU Alaska Energy Authority (453)
Component PCE
Sponsor Rules by Request of the Governor
Requester House Finance Component No. 2602

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services | | | | | | |
| Travel | | | | | | |
| Contractual | | | | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|----------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|----------------------|--|--|--|--|--|--|

| | | | | | | |
|------------------------|----|--|--|--|--|--|
| CHANGE IN REVENUES () | ** | | | | | |
|------------------------|----|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|---|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other (Specify Type--Do not abbreviate) | | | | | | |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY2005) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-time | | | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

Indeterminate revenue impact to the Power Cost Equalization Endowment Fund. See attached analysis.

Prepared by: Sara Fisher-Goad, Financial Analyst
Division: AIDEA and AEA
Approved by: _____
Agency: _____

Phone 907-269-4623
Date/Time 5/5/05 11:33 AM
Date 5/5/2005

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. CS HB 243 (FIN)

ANALYSIS CONTINUATION

This bill allows for the Memorandum of Understanding between The Four Dam Pool Power Agency (TFDPPA) and the Alaska Energy Authority that authorizes the sale of the Four Dam Pool Hydroelectric Project to be amended to extend from April 11, 2005 to April 11, 2006 the time within which TFDPPA must provide the Alaska Industrial Development and Export Authority with an approved finance plan demonstrating committed funds sufficient to complete the Southeast Intertie.

The purchase price of the Four Dam Pool Project was \$73 million. A \$5 million credit was provided contingent upon the construction of the Southeast Intertie. On March 10, 2005 TFDPPA requested AIDEA approve its financing plan contingent upon TFDPPA receiving \$41 million in new federal and state grants. Since the plan did not demonstrate committed funds, AIDEA and AEA proposed that the \$5 million be transferred to AEA for deposit into an interest-bearing escrow account. If TFDPPA is able to secure committed funds to complete the project, the \$5 million plus interest will be available for reimbursement of construction costs. If the Southeast intertie project is abandoned rather than completed and made commercially operational, the \$5 million plus interest will be deposited into the PCE Endowment.

The fiscal impact is indeterminate since the PCE endowment will potentially lose interest earnings of the proposed interest-bearing escrow account. The current rate for a one-year treasury note is 3.3%. (\$165,000 of interest on \$5 million)

FISCAL NOTE

new zero
AIDEA
not RCA

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 243
() Publish Date: _____

Revision Date/Time: Correction 4/7/05 9:40 a.m.

Dept. Affected: Commerce

Title Temporary Regulatory Cost
Charge Increase

RDU Regulatory Commission of Alaska (399)
Component Regulatory Commission of Alaska

Sponsor Rules
Requester By Request of the Governor

Component No. 2417

Expenditures/Revenues

(Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|------------------------|----------------|----------------|----------------|------------|------------|------------|
| Personal Services | | | | | | |
| Travel | | | | | | |
| Contractual | 1,300.0 | 1,300.0 | 1,300.0 | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 1,300.0 | 1,300.0 | 1,300.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|----------------------------------|----------------|----------------|----------------|--|--|--|
| CHANGE IN REVENUES (1141) | 1,300.0 | 1,300.0 | 1,300.0 | | | |
|----------------------------------|----------------|----------------|----------------|--|--|--|

FUND SOURCE

(Thousands of Dollars)

| FUND SOURCE | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|--------------------------|----------------|----------------|----------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| 1141 RCA Receipts | 1,300.0 | 1,300.0 | 1,300.0 | | | |
| TOTAL | 1,300.0 | 1,300.0 | 1,300.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY2005) cost: 00

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-time | | | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

This statutory revision allows for a three year increase in the Regulatory Cost Charge (RCC) rate from .007 to .009 to fund several initiatives that will improve the agency's ability to mitigate regulatory lag, reduce utilities' filing costs and increase transparency in agency activities. It is anticipated that this legislation will increase utility costs by approximately 6 cents per month or 72 cents per year, per regulated utility service. If a consumer uses three regulated services, (generally telephone, gas and electric) the approximate cumulative impact would be \$2.16 per year or \$6.48 for the three year period.

Prepared by: Kate Giard, Chair
Division: Regulatory Commission of Alaska
Approved by: Edgar Blatchford, Commissioner
Agency: Commerce, Community, and Economic Development

Phone: 907 276 6222
Date/Time: 4/7/05 10:55 AM
Date: 4/7/2005

*adopted
5-5-05*

24-GH1138V
Craver
5/4/05

CS FOR HOUSE BILL NO. 243()

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH 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 relating to the financial plan for the intertie between the Swan Lake and Tyece
2 Lake hydroelectric projects; and providing for an effective date."

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

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

6 **LEGISLATIVE AUTHORIZATION TO AMEND THE MEMORANDUM OF**
7 **UNDERSTANDING AUTHORIZING THE SALE OF THE FOUR DAM POOL**
8 **HYDROELECTRIC PROJECT.** Notwithstanding the restrictions imposed by sec. 15(a), ch.
9 60, SLA 2000, the memorandum of understanding that authorizes the sale of the four dam
10 pool hydroelectric project may be amended to extend from April 11, 2005, to April 11, 2006,
11 the time within which the purchaser must provide Alaska Industrial Development and Export
12 Authority with an approved finance plan demonstrating committed funds sufficient to
13 complete the Southeast intertie.

14 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

24-GH1138V
Craver
5/3/05

CS FOR HOUSE BILL NO. 243()

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH 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 relating to the financial plan for the intertie between the Swan Lake and Tyece
2 Lake hydroelectric projects."

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

4 * Section 1. The uncodified law of the State of Alaska enacted in sec. 15(b), ch. 60, SLA
5 2000, is amended to read:

6 (b) The Alaska Industrial Development and Export Authority may issue bonds
7 or otherwise extend financing to the joint action agency to be formed by the
8 purchasing utilities, for the purposes and upon the terms set out in the memorandum of
9 understanding. Notwithstanding any provision in the memorandum of
10 understanding, the Alaska Industrial Development and Export Authority may
11 not require from the purchaser a plan of finance demonstrating sufficient funds
12 to complete the transmission intertie between the Tyece Lake hydroelectric
13 project and the Swan Lake hydroelectric project before April 11, 2006. Any
14 payment obligation provided in the memorandum of understanding related to the

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7

submission of the plan of finance for the transmission intertie may not be imposed or made effective before April 11, 2006. The purchaser may request an extension, and the Alaska Industrial Development and Export Authority shall allow an extension of up to one additional year to submit the plan of finance. The total principal amount of the bonds and other financing provided by the Alaska Industrial Development and Export Authority under this subsection may not exceed \$110,000,000.

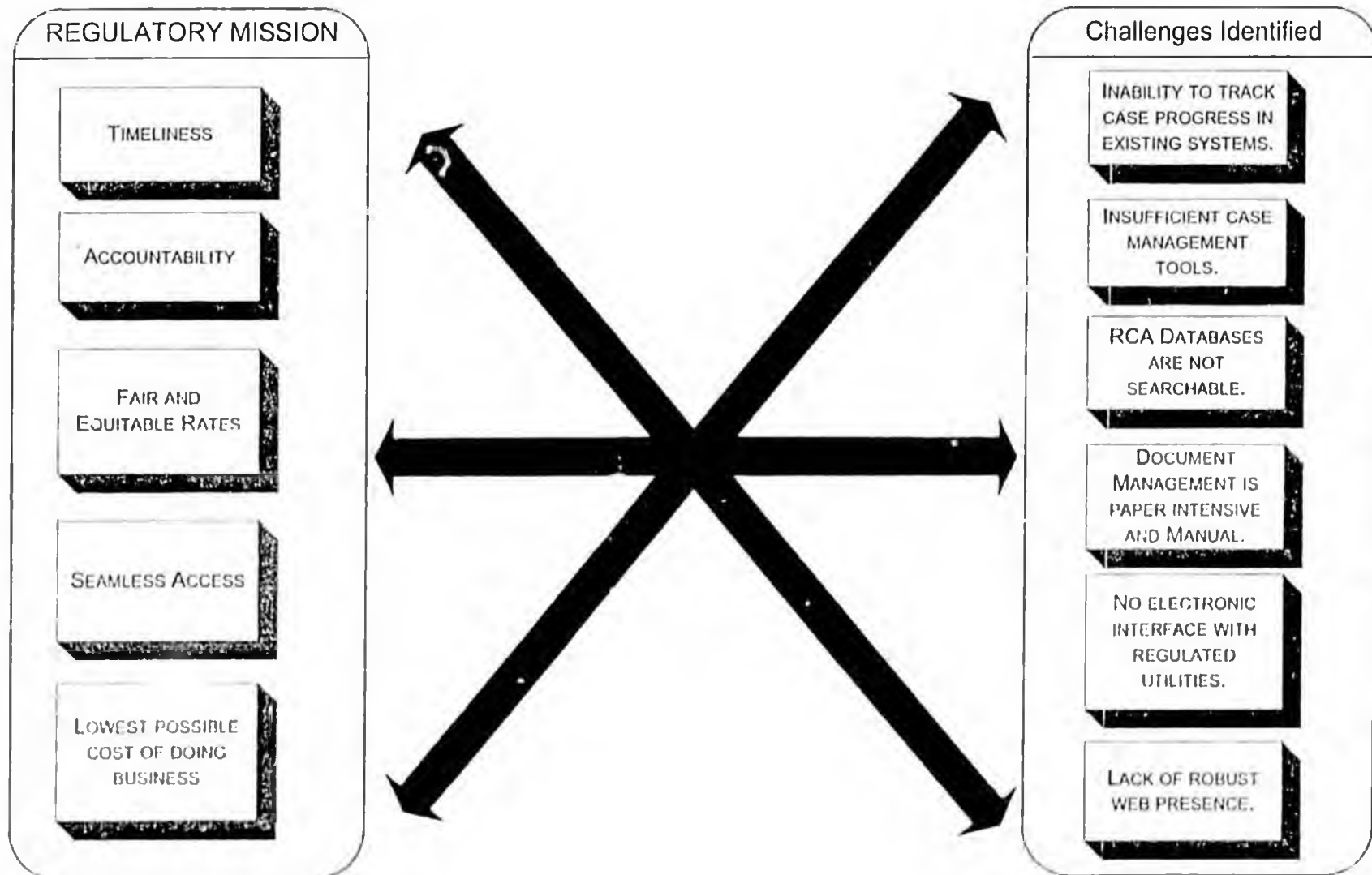
**REGULATORY COMMISSION OF ALASKA
2005 IMPROVEMENT INITIATIVES**

**STATUTE REVISION: SB 157/HB 243
TEMPORARY RCC FUNDING INCREASE FOR
INFORMATION SYSTEMS**

LEGISLATIVE INFORMATION PACKET


4/26/2005

THE RCA HAS HAD CHALLENGES EFFECTIVELY ACHIEVING ITS REGULATORY MISSION.



→ RCA 2005 Improvement Initiative Summary Steps to Improvement

IDENTIFY AREAS OF REGULATIONS WHICH NEED TO BE IMPROVED,
REVISED OR INITIATED PROJECTS TO BE ADDRESSED IN 2005



WORK WITH PIPELINE COMPANIES AND AFFECTED
PARTIES TO IMPROVE PIPELINE REGULATION

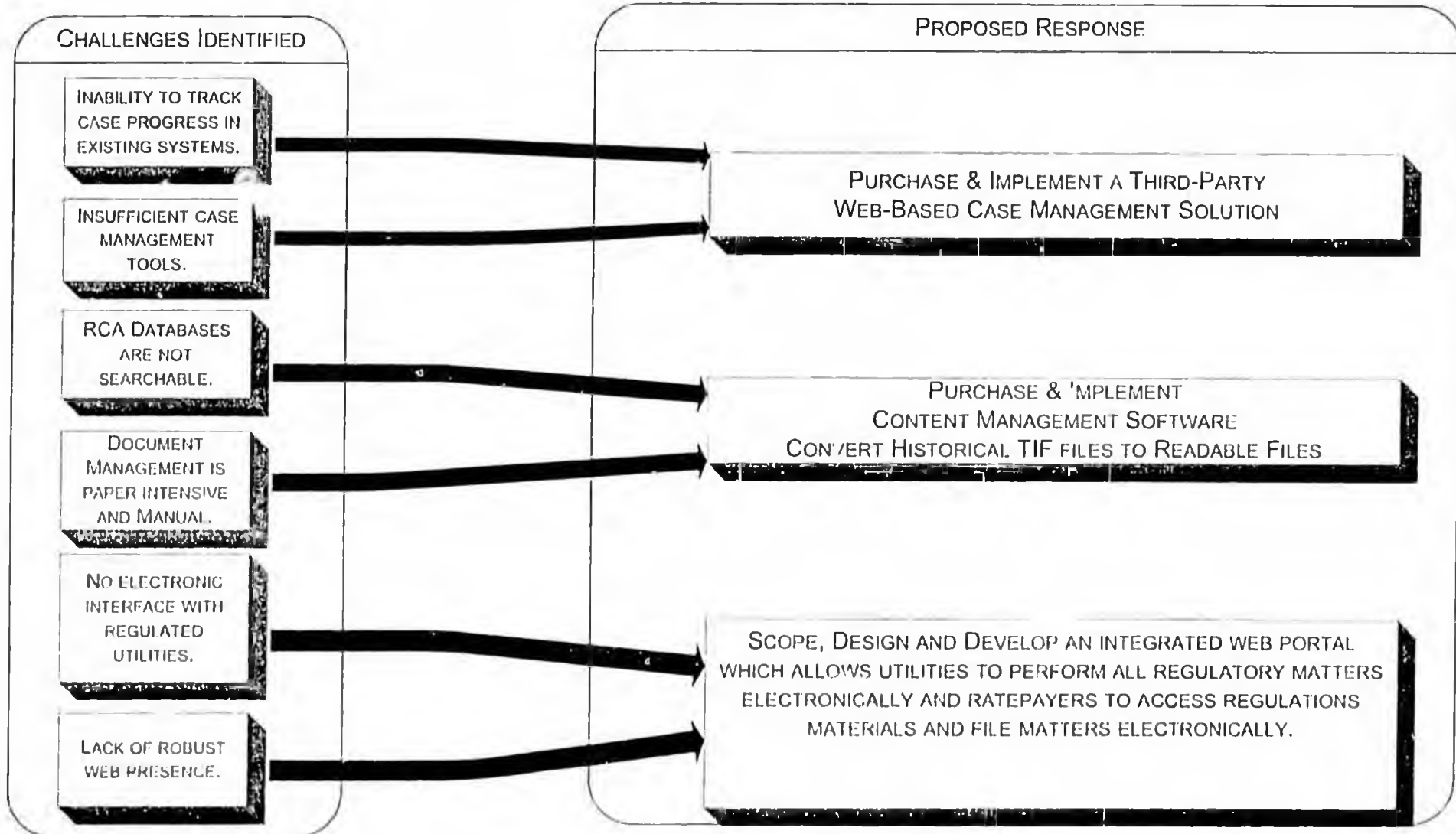


PROPOSE IT IMPROVEMENT INITIATIVES AND RCC
FUNDING MECHANISM




INVOLVE REGULATED PIPELINES AND UTILITIES IN
IMPROVEMENT EFFORT


▶ IN THE FALL, 2004 , THE RCA HELD UTILITY & PIPELINE MEETINGS WITH REGULATED INDUSTRIES AND THEN CREATED THE 2005 IMPROVEMENT INITIATIVE. SHOWN BELOW IS THE IT PORTION OF THE INITIATIVE.




RCA 2005 Improvement Initiative Highlights of the Temporary RCC Increase




ALLOW THE RCA TO PUT SYSTEMS IN PLACE TO TRACK DOCKETS, ALLOW REGULATED UTILITIES GREATER TRANSPARENCY AND LOWER THE COST OF REGULATION THROUGH THE USE OF ELECTRONIC DATA.



THE RCC INCREASE IS TEMPORARY. THE FUNDING STAYS IN OPERATING AND IF IT IS NOT SPENT, THEN IT WILL REDUCE THE RCC FOR CONSUMERS IN THE FOLLOWING YEAR.



THIS PROJECT HAS BEEN HEAVILY SUPPORTED BY THE REGULATED UTILITIES AND PIPELINES IN ALASKA, INCLUDING ATA, AT&T, APA, ACS AND BP PIPELINES.



THE OVERALL COST PER CONSUMER IS 72 CENTS PER YEAR, PER REGULATED UTILITY SERVICE OR \$2.16 PER YEAR FOR THREE SERVICES (PHONE, ELECTRIC & GAS)

RCA 2005 Improvement Initiative

Comments of Chairman Kate Giard

| | |
|-------------------------|---|
| Chairman's Goals | <p>I am committed to addressing concerns that the RCA is non-responsive to the business needs of regulated industries and their associated ratepayers. I sincerely believe it is possible, over a relatively short period of time, to substantially eliminate the RCA's historical issues.</p> |
| Plan for Accomplishment | <p>The RCA will:</p> <ol style="list-style-type: none"> 1) Embrace the regulated entities in the change process. Jointly identify areas needing improvement and create a plan to address them. 2) Identify internal process and systems that need to be in place for the RCA to successfully administer its regulatory responsibility. 3) Execute and deliver results over the next two years. |
| Methods | <p>The RCA will:</p> <ol style="list-style-type: none"> 1) Sponsor temporary RCC Increase to fund system improvements. 2) Create utility and pipeline advisory group to assist the RCA in system selection and deployment. 3) Identify and open regulations projects that will improve the regulatory environment. 4) Create internal and external benchmarks for timeliness, measure and report quarterly. 5) Restructure RCA to improve internal management of work product. |
| Benchmarks of Success | <p>The success indicators are:</p> <ol style="list-style-type: none"> 1) The cost of doing business within Alaska as a regulated utility or pipeline will decrease because of RCA's improved effectiveness and efficiency. 2) RCA will be able to track, monitor, measure and report the performance and production of its staff and commissioners. 3) RCA will be able to appropriately project and allocate resources, minimize administrative staff and emphasis professional staff to address regulatory issues. |

STATE OF ALASKA

DEPARTMENT OF COMMERCE
COMMUNITY AND ECONOMIC DEVELOPMENT
REGULATORY COMMISSION OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

701 WEST EIGHTH AVENUE, SUITE 300
ANCHORAGE, ALASKA 99501-3469
PHONE: (907) 276-6222
FAX: (907) 276-0160
TTY: (907) 276-4533
WEBSITE: www.state.ak.us/rca/

April 7, 2005

The Honorable Tom Anderson, Chairman
House Labor & Commerce Committee
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

HB 243

RE: HB 243 - An Act relating to the maximum annual regulatory cost charge collected from certain regulated public utilities and pipeline carriers; and providing for an effective date

Dear Chairman Anderson:

On March 31, 2005, HB 243 (Companion Bill SB 157) was introduced by the House Rules committee on behalf of the Governor and referred to your committee. The purpose of this legislation is to increase the regulatory cost charge (RCC) rate from 0.7 percent to 0.9 percent for three years to fund efforts to improve the RCA's timeliness, accountability and regulatory transparency.

In July 2004, the Commission initiated a comprehensive effort to understand and respond to concerns about aspects of its regulatory operations. Over the past several years, the Commission has received comment that its decisions took too long, that the cost of regulation was burdensome and that utilities could not track the progress of their cases through the RCA's adjudicatory process. While some of these issues naturally exist within the regulatory paradigm, I strongly believe the process itself is within our control and we can improve it.

In the last few months, the Commission significantly reorganized its structure. We visited with CEOs of utilities and pipelines. We opened our 2005 regulations schedule for public and industry comment, a first, I believe. We also proposed to purchase and implement data systems designed to achieve the results sought by regulated entities including (1) a system to track cases, staff resources and timelines; (2) a system to receive, store and retrieve data filed with the RCA electronically; and (3) a web site allowing citizens and regulated entities to electronically track regulatory matters.

Last winter, the Commission held public meetings, taking testimony from interested parties as to whether an increase in the RCC should be used to fund



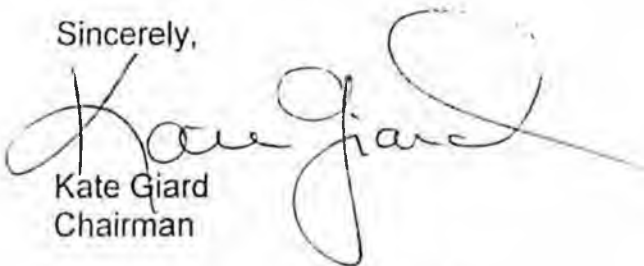
these data systems. An advisory group volunteered to work with us, reviewing the overall scope of the project and budget. Written and oral testimony from regulated utilities and pipelines supported both implementing the data systems and the RCC funding mechanism.

Regulated entities generally pass the RCC cost to consumers. Having concern for consumer impact, we calculated that this legislation would increase utility costs for consumers by an average of six (6) cents per month, per regulated service. If a consumer uses three regulated services, (generally telephone, gas and electric) the cumulative impact would be \$2.16 per year or \$6.48 for the three years this legislation is in effect.

We respectfully request that you schedule HB 243 for hearing in your committee, and we urge favorable action on this bill. Attached is the related fiscal note describing impact of the increased RCC. I would be pleased to meet with you and committee Members, if you wish, to provide any other information you may require.

Thank you for considering this request, which we believe is both in the best interest of and supported by industry.

Sincerely,



Kate Giard
Chairman

Attachment: HB 243 Fiscal Note

STATE OF ALASKA

DEPARTMENT OF COMMERCE
COMMUNITY AND ECONOMIC DEVELOPMENT
REGULATORY COMMISSION OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

701 WEST EIGHTH AVENUE, SUITE 300
ANCHORAGE, ALASKA 99501-3469
PHONE: (907) 276-6222
FAX: (907) 276-0160
TTY: (907) 276-4533
WEBSITE: www.state.ak.us/rcw/

April 25, 2005

The Honorable Norman Rokeberg
House Labor and Commerce Committee
Alaska House of Representatives
Alaska State Capitol Room 214
Juneau, AK 99801-1182

Re: HB 243

Dear Representative Rokeberg:

This is in response to your request for a history of the Regulatory Commission of Alaska's Regulatory Cost Charges (RCC). During the House Labor and Commerce Committee meeting last week, you also asked whether any portion of temporary increases in the RCC rate would be subject to Commerce overhead charges. We answer both questions in this letter.

RCC History: Prior to 1992, the RCA's predecessor agencies were funded through the general fund. In 1992, the Seventeenth Legislature adopted the Regulatory Cost Charge (RCC) which required certificated public utilities and pipeline carriers to pay the cost of funding the RCA's budget. These costs are commonly passed through the regulated entity to ratepayers as an RCC surcharge on their monthly bills.

In creating the RCC funding mechanism, the Legislature capped the total amount the RCA can collect in a manner similar to a tax cap. Changing the RCC rate requires legislative action. Between 1992 and 1994, the RCC was capped at 0.61 percent of regulated gross revenues. In 1995 through June 30, 2004, the cap was 0.8 percent. The cap was increased beginning July 1, 2005 to 0.87 percent to fund the Attorney General's public advocacy function. The RCC is now shared between the Department of Law, which receives 0.17 percent, and the RCA, which receives 0.7 percent.¹

¹ The public advocacy function was moved to the Department of Law in 2003.



The following table illustrates the revenues generated from the RCC since 1995 to fund the Regulatory Commission of Alaska's activities.

| RCC Revenue History | | |
|---------------------|------|-------------|
| FY | Rate | Revenues |
| 1995 | 0.80 | \$3,400,000 |
| 1996 | 0.80 | \$3,300,000 |
| 1997 | 0.80 | \$3,800,000 |
| 1998 | 0.80 | \$3,700,000 |
| 1999 | 0.80 | \$4,200,000 |
| 2000 | 0.80 | \$4,200,000 |
| 2001 | 0.80 | \$5,200,000 |
| 2002 | 0.80 | \$5,600,000 |
| 2003 | 0.80 | \$5,800,000 |
| 2004 | 0.80 | \$6,000,000 |
| 2005 - RCA | 0.70 | \$5,200,000 |
| 2005 - Law | 0.17 | \$1,300,000 |

The RCA has adjusted its operations to reflect the lower projected 2005 revenues by reducing staff by 12%, effective May 2, 2005.

The revenues to be derived from the temporary 0.2 percent RCC increase will be used to implement systems and efficiencies that will allow the RCA to achieve its regulatory mission once it returns to the 0.7 percent funding level on July 1, 2008.

Overhead: Commerce Administrative staff informs me that our overhead will likely increase over the next few years, but this increase is unrelated to the temporary increase in revenues that would occur with the passage of HB 243/SB 157. Rather, Commerce explains overhead will go up because state core costs such as Human Resources, Telecommunications, Enterprise Productivity Rate, etc., are increasing.

We agreed to provide for your review a summary of the overhead (intergovernmental) charges the RCA pays. The following costs are our estimated fiscal 2005 expenditures for overhead.

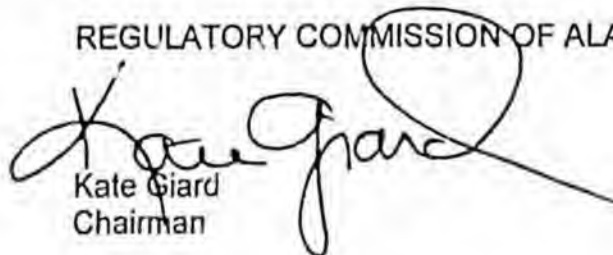
| Intergovernmental Charges for Services | | |
|--|--|---------|
| 73160 | DCED Commissioner's Office | 38,000 |
| 73160 | DCED Administrative Services | 104,000 |
| 73805 | Dept. of Administration | 28,000 |
| 73270 | Division of Personnel (EEO Investigation) | 800 |
| 73807 | Div. of Gen. Services (mailroom & storage) | 6,400 |
| 73814 | Div. of Risk Management (Insurance) | 2,000 |
| 73816 | Dept. of Labor (ADA) | 500 |
| 73270 | Dept. of Law Regulation Review | 500 |
| Subtotal - Intergovernmental Charges | | 180,200 |

We also pay rent through the State and for Attorney General assistance on our cases, but these are more direct costs rather than the indirect pure overhead costs I believe you were addressing. All told, these indirect overhead charges represent approximately 3 percent of our total revenues.

If you have further questions, please feel free to call me at (907) 263-2110.

Warm regards,

REGULATORY COMMISSION OF ALASKA



Kate Giard
Chairman

cc: Representative Tom Anderson, Chairman, House Labor and Commerce
Representative Pete Kott