

131 HC Hd 308 - HB 356 131

"An Act relating to tobacco taxation; and providing for an effective date."

3/18/75

COMMITTEE REPORT

FINANCE

HOUSE

Mr. Speaker:

Date _____

The Committee on COMMERCE has had HB 304

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR 5306 AND THAT

CS FOR 1137 DO PASS

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

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends: no APC
_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:

_____ Chairman

MEMORANDUM

State of Alaska

TO: Sterling Gallagher
Commissioner of Revenue

DATE: March 11, 1975

FILE NO:

30 E

TELEPHONE NO:

FROM: Frederick P. Boetsch
Deputy Commissioner
Department of Revenue

FPB

SUBJECT: Proposed Increase in the
Cigarette Tax

A bill has been proposed which would increase the cigarette tax from four mils to six mils on each cigarette. It also levies a tobacco product tax of 35% of the wholesale price of tobacco products. The incidence of this tax will fall upon the consumer of tobacco products. The tax will increase by about four cents per pack of cigarettes. While we are not certain how much this will translate in terms of the retail price of cigarettes we can assume that it will be at least five cents per pack. In the past we note that cigarette companies have increased the price of cigarettes merely upon the introduction of a tax increase bill. This tax has not been raised for several years and at the present time the state is well below the National Average 12¢ per package.

This tax will bring us in line with that National Average.

In addition, this bill provides a mechanism whereby the dedicated portion of the tax can be distributed to school districts as a part of the total school construction costs. At the present time the taxes collected under that provision of our statute are used in computing the 50% sharing. Under this proposal, that money will be shared in addition to the 50%.

The increased revenues anticipated as a result of this bill for FY 76 - 80 are as follows:

Projected Increases in Revenues
(\$000 Omitted)

<u>FY 76</u>	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>
<u>2340.3</u>	<u>2621.7</u>	<u>2936.4</u>	<u>3288.6</u>	<u>3683.5</u>

We anticipate no increase in administrative costs as a result of this bill.

FPB:lw

STATE CIGARETTE TAX RATES - JULY 1, 1974

<u>STATE</u>	<u>¢ PER PACK</u>
Alabama	12.0 ¢
Alaska	8.0 ¢
Arizona	13.0 ¢
Arkansas	17.75¢
California	10.0 ¢
Colorado	10.0 ¢
Connecticut	21.0 ¢
Delaware	14.0 ¢
District of Columbia	6.0 ¢
Florida	17.0 ¢
Georgia	12.0 ¢
Hawaii	9.0 ¢
Idaho	9.1 ¢
Illinois	12.0 ¢
Indiana	6.0 ¢
Iowa	13.0 ¢
Kansas	11.0 ¢
Kentucky	3.0 ¢
Louisiana	11.0 ¢
Maine	16.0 ¢
Maryland	6.0 ¢
Massachusetts	16.0 ¢
Michigan	11.0 ¢
Minnesota	18.0 ¢
Mississippi	9.0 ¢
Missouri	9.0 ¢
Montana	12.0 ¢
Nebraska	13.0 ¢
Nevada	10.0 ¢
New Hampshire	11.0 ¢
New Jersey	19.0 ¢
New Mexico	12.0 ¢
New York	15.0 ¢
North Carolina	2.0 ¢
North Dakota	11.0 ¢
Ohio	15.0 ¢
Oklahoma	13.0 ¢
Oregon	9.0 ¢
Pennsylvania	18.0 ¢
Rhode Island	13.0 ¢
South Carolina	6.0 ¢
South Dakota	12.0 ¢
Tennessee	13.0 ¢
Texas	18.5 ¢
Utah	8.0 ¢
Vermont	12.0 ¢
Virginia	2.5 ¢
Washington	16.0 ¢
West Virginia	12.0 ¢
Wisconsin	16.0 ¢
Wyoming	8.0 ¢

SUMMARY OF PRECEDING TABLE OF CIGARETTE TAX RATES, ETC.

CIGARETTE TAXES BY RATES -- JULY 1, 1974

<u>TAX RATES</u>	<u>No. OF STATES</u>
2.0 ¢	1
2.5 ¢	1
3.0 ¢	1
6.0 ¢	4
8.0 ¢	3 (including Alaska)
9.0 ¢	2
9.1 ¢	1
10.0 ¢	3
11.0 ¢	5
12.0 ¢	9
13.0 ¢	6
14.0 ¢	1
15.0 ¢	2
16.0 ¢	4
17.0 ¢	1
17.75¢	1
18.0 ¢	2
18.5 ¢	1
19.0 ¢	1
21.0 ¢	<u>2</u>
	51

GENERAL INFORMATION

- 7 States have lower cigarette tax rates than does Alaska
- 3 States have the same cigarette tax rate as does Alaska
- 41 States have higher cigarette tax rates than does Alaska
- 22 States have a tax on tobacco products (cigars, etc.)
- 29 States including Alaska do not have a tax on tobacco products (cigars, etc.)

SOURCE OF STATISTICS

Commerce Clearing House Tax Service

STATE CIGARETTE TAX RATES & TAXATION OF TOBACCO PRODUCTS
AND DISCOUNTS ALLOWED WHOLESALERS FOR COLLECTION OR AFFIXING
INDICIA AS OF JULY 1, 1974

STATE	CIGARETTE TAX PER PACK OF 20	DISCOUNT RATE FOR WHOLESALERS	MONETARY DISCOUNT ON CASE 600 PACKS	TOBACCO PRODUCTS TAX ON CIGARS, etc.
Alabama	12 ¢	7.5 %	\$ 5.40	Yes
Alaska	8 ¢	1.0 %	0.48	No
Arizona	13 ¢	2.0 %	3.12 - 1.56	Yes
Arkansas	17.75 ¢	3.8 %	2.907- 4.047	Yes
California	10 ¢	0.85%	0.51	No
Colorado	10 ¢	4.0 %	2.40	No
Connecticut	21 ¢	1.0 %	1.26	No
Delaware	14 ¢	3.5-3/10 of 1¢ pk	1.80 - 2.31	Yes
Dist. of Columbia	6 ¢	6.0 %	2.16	No
Florida	17 ¢	2.0- 2.9 %	1.80 - 2.61	No
Georgia	12 ¢	3.0 %	1.44 - 2.16	Yes
Hawaii	40%*	-0-	-0-	Yes
Idaho	9.1 ¢	5.0 %	2.73	Yes
Illinois	12 ¢	0.67-1.67%	0.48 - 1.20	No
Indiana	6 ¢	4.0 %	1.44	No
Iowa	13 ¢	3.0 -3.50%	2.10 - 2.34	Yes
Kansas	11 ¢	3.25-3.75%	2.145- 2.475	Yes
Ketucky	3 ¢	6.0 %	1.08	No
Louisiana	11 ¢	6.0 %	3.96	Yes
Maine	16 ¢	2.5 %	2.40	No
Maryland	6 ¢	5.0 %	1.80	No
Massachusetts	16 ¢	1.67%	1.60	No
Michigan	11 ¢	1.0 %	0.66	No
Minnesota	18 ¢	1.5- 2.5 %	1.62 - 2.70	Yes
Mississippi	11 ¢	8.0	5.28	Yes
Missouri	9 ¢	2.0	1.08	No
Montana	12 ¢	8.0 %**	4.32	Yes
Nebraska	13 ¢	5.0	3.90	No
Nevada	10 ¢	4.0	2.40	No
New Hampshire	11 ¢	3.5 %	2.31	Yes
New Jersey	19 ¢	1.46%	1.66	No
New Mexico	12 ¢	2.0- 4.0 %	1.44 - 2.88	No
New York	15 ¢	0.98-1.16%	0.882- 1.044	No
North Carolina	2 ¢	7/24¢ a stamp	1.75	No
North Dakota	11 ¢	3.0 %	1.98	Yes
Ohio	15 ¢	3.0- 3.11%	1.80 - 2.80	No
Oklahoma	13 ¢	4.0 %	3.12	Yes
Oregon	9 ¢	1.67 mills (pack)	1.90	No
Pennsylvania	18 ¢	3.0 %	3.24	No
Rhode Island	13 ¢	2.0 %	1.56	No
South Carolina	6 ¢	5.0 %	1.50	Yes
South Dakota	12 ¢	3.5 %	2.52	No
Tennessee	13 ¢	1.75- 2.75%	1.365- 2.145	Yes
Texas	18.5 ¢	2.75%	5.0525	Yes
Utah	8 ¢	4.0 %	1.92	Yes
Vermont	12 ¢	3.2	2.304	Yes
Virginia	2.5 ¢	5.0 %	.75	No
Washington	16 ¢	1.682 on 11¢	1.11	Yes
West Virginia	12 ¢	4.0 %	2.88	No
Wisconsin	16 ¢	2.1 %	2.016	No
Wyoming	8 ¢	6.0 %	2.88	No

* The Hawaii rate is a percentage of wholesale price (equates to 12¢ per pack).

**Montana applicable to first 9¢ only.

HB

314

NB 314

Tape #

32

Date

3/21

"An Act relating to outdoor advertising control; and providing for an effective date."

COMMITTEE REPORT

3/19/75

HOUSE

JUDICIARY
FINANCE

Mr. Speaker:

Date _____

The Committee on Commerce has had HB 314

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

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

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

A M E N D M E N T

OFFERED IN THE HOUSE:

By: Commerce Committee

To: _____ HOUSE BILL No. 314

SENATE BILL No. _____

PAGE: 1, 2

LINE: 19, 4

Page 1, line 19

Delete the words "consecondary" and insert the word "or" between the words "inter-state" and "primary".

Page 2, line 4

Alter the word "and" to insert the word "primary" and delete the word "consecondary".

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K - STATE CAPITOL
JUNEAU 99801

File With 314
JAY S. HAMMOND, Governor

March 28, 1975

M E M O R A N D U M

TO: The Honorable Bob Bradley
Chairman, Commerce Committee
House of Representatives
Alaska State Legislature

FROM: Arthur H. Peterson *AHP*
Assistant Attorney General

RE: HB 314 (outdoor advertising)

When this bill is taken up by your committee for consideration, we would appreciate your correcting the following two errors which appear in it:

1. On page 1, line 19, there should be a comma after the word "interstate". Three types of highway are involved, and the word "interstate" is not merely a modifier of "primary" and "secondary". This is consistent with the other provisions in AS 19.25.080 -- 19.25.180.

2. On page 2, line 4, after the word "interstate", "primary" should be inserted. Again, the relevant state and federal laws cover all three types of highway -- interstate, primary and secondary.

If your committee should wish to hear testimony from this office on this bill, we would be happy to have someone appear.

AHP:md

3 1975
APR 2 1975

File #B. 314

I. REQUEST
 Bill No. HB 314
 Title: An act relating to Outdoor Advertising Control
 Requested by: Rules Committee, request of Governor Date: 3/19/75
 Return Date Requested:
 Agency: Highways Program:

II. FISCAL DETAIL

Budget Request Unit(s) Affected:

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES	7	30	35	35	6	6
200 TRAVEL	2	5	10	10	2	2
300 CONTRACTUAL			5	5		
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES	1	5	20	20		
700 GRANTS, CLAIMS, ETC.						
TOTAL	10	40	70	70	8	8

B. FUNDING: (Thousands of dollars)

GENERAL FUND	2.5	10	17.5	17.5	8	8
FEDERAL FUNDS	7.5	30	52.5	52.5	0	0
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	0 / 0	3 / 0	2 / 0	0 / 0	0 / 0
MAN MONTHS (P./T.)	4 / 0	15 / 0	20 / 0	20 / 0	4 / 0	4 / 0

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

IV. ATTACHMENTS

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF HIGHWAYS

OFFICE OF THE COMMISSIONER

P. O. BOX 1467 - JUNEAU 99801
(907) 364-2121

April 17, 1975

Re: 00-3077

Honorable Bob Bradley
Chairman, House Commerce Committee
Alaska State House of Representatives
State Capitol Building
Juneau, Alaska 99811

Dear Mr. Bradley:

Per the request of Mr. Kim Hutchinson I am enclosing a federal-aid highway systems map for the Anchorage area. The roads identified in red are on the primary road system; the roads identified in green are on the secondary system.

I also discussed with Mr. Hutchinson modifications to the language of H.B. 314, an act relating to outdoor advertising control. The suggested amendments were:

- Allen #1* L
1. Page 1, line 19 - insert the word or between the words inter-state and primary; delete [or secondary].
 2. Page 2, line 4 - insert the word primary after the word or and delete the work secondary.

The importance of this bill upon transportation development within this State must be emphasized. If this proposed legislation does not pass, the State will have 10% of its federal funds withdrawn. This will be approximately \$10-\$12 million reduction in funding for all road and highway programs.

Sincerely,

Walter B. Parker
Commissioner of Highways

Dennis M. Dooley
Dennis M. Dooley
Special Assistant to the
Commissioner of Highways

Enclosure

DMD/mth

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

APR 3 1975
APR 2 1975

I. REQUEST
Bill No. HB 314
Title: An act relating to Outdoor Advertising Control
Requested by: Rules Committee, request of Governor Date: 4/19/75
Return Date Requested:
Agency: Highways Program:

II. FISCAL DETAIL

Budget Request Unit(s) Affected:
A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	1980
100 PERSONAL SERVICES	7	30	35	35	6	6
200 TRAVEL	2	5	10	10	2	2
300 CONTRACTUAL			5	5		
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES	1	5	20	20		
700 GRANTS, CLAIMS, ETC.						
TOTAL	10	40	70	70	8	8

B. FUNDING: (Thousands of dollars)

GENERAL FUND	2.5	10	17.5	17.5	8	8
FEDERAL FUNDS	7.5	30	52.5	52.5	0	0
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	0 / 0	3 / 0	3 / 0	0 / 0	0 / 0
MAN MONTHS (P./T.)	4 / 0	15 / 0	20 / 0	20 / 0	4 / 0	4 / 0

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

IV. ATTACHMENTS

V. DATE: 4/2/75 PREPARED BY: Right-of-Way Division

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

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

APR 3 1975
APR 2 1975

I. REQUEST
 Bill No. HB 314
 Title: An act relating to Outdoor Advertising Control
 Requested by: Rules Committee, request of Governor Date: 4/19/75
 Return Date Requested:
 Agency: Highways Program:

II. FISCAL DETAIL
 Budget Request Unit(s) Affected:

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES	7	30	35	35	6	6
200 TRAVEL	2	5	10	10	2	2
300 CONTRACTUAL			5	5		
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES	1	5	20	20		
700 GRANTS, CLAIMS, ETC.						
TOTAL	10	40	70	70	8	8

B. FUNDING: (Thousands of dollars)

GENERAL FUND	2.5	10	17.5	17.5	8	8
FEDERAL FUNDS	7.5	30	52.5	52.5	0	0
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	0 / 0	3 / 0	3 / 0	0 / 0	0 / 0
MAN MONTHS (P./T.)	4 / 0	15 / 0	20 / 0	20 / 0	4 / 0	4 / 0

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

IV. ATTACHMENTS

V. DATE: 4/2/75 PREPARED BY: Right-of-Way Division

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

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF HIGHWAYS

OFFICE OF THE COMMISSIONER

P. O. BOX 1457 - JUNEAU 99801
(907) 364-2121

April 17, 1975

Re: 00-3077
House Bill 314

Honorable Bob Bradley
Alaska State Representative
State Capitol Building
Juneau, Alaska 99811

Dear Mr. Bradley:

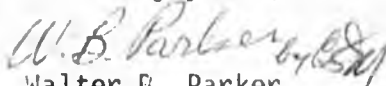
In support of our request for your favorable consideration of the captioned legislation, we are attaching a copy of the Federal Highway Amendments of 1974 and a copy of a letter from the Assistant Chief Counsel for Right-of-Way and Environmental Law, Federal Highway Administration, Department of Transportation.

The purpose of the proposed amendment is to bring Alaska into compliance with federal law. Failure to do so will subject the state to loss of ten percent of the entire federal participation in Alaska's highway program (approximately \$10-\$12 million). It should be noted that the off-system roads program, by which the State has the most opportunity to meet local requirements, would be affected by over \$1 million in lost funds. The State can ill afford any further cut back of transportation facilities.

Since the federal law provides that each state must be in compliance by July 1, 1975 or the end of the present legislative session, it is crucial that action be taken at this time.

Therefore, we again respectfully request your assistance in passing this much needed legislation.

Sincerely yours,


Walter B. Parker
Commissioner

Attachment

WBP/HNW:jo

HB

315

NB 315

Tape #	Date
21	4/2
23	4/3

COMMITTEE REPORT

3/20/75

HOUSE

FINANCE

Mr. Speaker:

Date 4/2/75

The Committee on Commerce has had HB 315

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR 315 AND THAT

CS FOR 315 DO PASS

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

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

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

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

STATE OF ALASKA
Inter-Department Route Slip

TO:
MAIL STATION NUMBER 3100
DEPARTMENT Legislature
ATTENTION Rep. Bob Bradley

- | | |
|--|--|
| <input type="checkbox"/> Approval | <input type="checkbox"/> Note & Return |
| <input type="checkbox"/> Signature | <input type="checkbox"/> Initial & Return |
| <input type="checkbox"/> Comment | <input type="checkbox"/> Return As Requested |
| <input type="checkbox"/> Contact Me | <input type="checkbox"/> Return For Approval |
| <input type="checkbox"/> Prepare Reply | <input type="checkbox"/> Necessary Action |
| <input type="checkbox"/> For Your File | <input checked="" type="checkbox"/> Your Information |

Remarks:

File

FROM:
MAIL STATION NUMBER 0800
DEPARTMENT Committee
BY B. Maslov DATE 4-14

The Legislature of the State of Alaska
 FISCAL NOTE
 First Session - ~~Eighth~~ Legislature
 Ninth

I. REQUEST

Bill Identification: House Bill No. 315
 Title: Relating to membership and jurisdiction of the Alaska Public Utilities Commission
 Requested by: House Finance Committee Date: April 9, 1975
 Return Date Requested: Not specified.
 Agency: Department of Commerce Program: Public Protection

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Alaska Public Utilities Commission

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 73	FY 74	FY 75	FY 76	FY 77	FY 78
100 PERSONAL SERVICES				106,636		
200 TRAVEL				10,000		
300 CONTRACTUAL				67,235		
400 COMMODITIES				1,600		
500 EQUIPMENT				11,259		
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL				196,730		

B. FUNDING: (Thousands of dollars)

GENERAL FUND				196,730		
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	4 /	/	/
MAN MONTHS (P./T.)	/	/	/	48 /	/	/

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

FISCAL BREAKDOWN BY ACCOUNT
RE HOUSE BILL NO. 315 - PREPARED 4-11-75

ACCOUNT 100 - PERSONAL SERVICES = \$106,636

Commissioner

Salary	\$33,500	
18% Benefits	<u>6,030</u>	
	39,530 x 2 positions =	\$79,060

Secretary

Salary	11,688	
18% Benefits	<u>2,100</u>	
	13,788 x 2 positions =	<u>27,576</u>

\$106,636

ACCOUNT 200 - TRAVEL = \$10,000

Field travel (hearings), administrative, and conferences and conventions - \$5,000 x 2 positions	10,000
---	--------

ACCOUNT 300 - CONTRACTUAL = \$67,235

310 Communications

Telephone for 4 new positions	\$960	
Toll calls	600	
Postage	<u>600</u>	
		2,160

330 Office Space

Present Office Space	5,200 sq. ft.	
Commissioner 315 sq. ft. x 2 =	630 " "	
Secretary 60 sq. ft. x 2 =	<u>120 " "</u>	
Total Requirement	5,950 " "	@ \$1.10 x 12 mos. = \$78,540
Present Cost - \$2,062.50 per mo. x 12 mos.		<u>24,750</u>
		53,790
Parking space, reserved, @ \$20.00 per mo. x 8 positions x 12 mos.		1,920

340 Repairs, Services and Alterations

Telephone Costs, non-recurring (installation)	\$915	915
---	-------	-----

350 Transportation of Things

Move to New Offices (Drayage)	\$4,000	
Move for 2 new hires @ \$2,000	<u>4,000</u>	8,000

380 Professional Fees and Services

Contract to remove and reinstall hearing room recording system	\$450	450
--	-------	-----

ACCOUNT 400 - COMMODITIES = \$1,600

480 Office Supplies and Stationery for 4 new positions @ \$400	1,600
--	-------

HEARING ROOM COSTS

CONCEPT: Leave existing hearing room intact at present location except for recording equipment.

JUSTIFICATION:

1. Existing hearing room tables and bench, which were custom-made, cannot be removed without substantial disassembly and reassembly costs.
2. Commissioners' bench will not accommodate two additional Commissioners and is not particularly adaptable to expansion.
3. Total hearing room facilities in the MacKay Building are not adequate to meet satisfactorily the combined requirements of the other State building occupants.

Introduced: 3/20/75
Referred: Commerce and
Finance

BY BRADLEY, ANDERSON, BOWMAN,
BRADNER, FREEMAN, GARDINER,
MCKINNON, MILLER, PARKER, RHODE,
SMITH AND SWANSON

1 IN THE HOUSE

2 HOUSE BILL NO. 315

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to membership and jurisdiction of the
7 Alaska Public Utilities Commission."

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

9 * Section 1. AS 42.05.020(a) is amended to read:

10 (a) The Alaska Public Utilities Commission consists of five
11 [THREE] members, appointed by the governor and confirmed by the legisla-
12 ture in joint session assembled.

13 * Sec. 2. AS 42.05.030(b) is amended to read:

14 (b) A vacancy arising in the office of commissioner shall be
15 filled by appointment by the governor, from a list of four candidates,
16 two submitted by the speaker of the house and two by the president of
17 the senate, and confirmed by the legislature in joint session and an
18 appointee selected to fill a vacancy shall hold office for the balance
19 of the full term for which his predecessor on the commission was
20 appointed.

21 * Sec. 3. AS 42.05.040 is amended to read:

22 Sec. 42.05.040. QUALIFICATIONS OF MEMBERS. Members shall be quali-
23 fied as follows: one member shall be a graduate of an accredited
24 school of law; one member shall be a graduate of an accredited university
25 with a major in engineering; one member shall be a graduate of an
26 accredited university with a major in finance, accounting, or business
27 administration; and two members shall be consumers.

28 * Sec. 4. AS 42.05.071 is amended to read:

29 Sec. 42.05.071. QUORUM Three [TWO] members of the commission

1 constitute a quorum for the transaction of business, for the performance
2 of a duty, or for the exercise of a power of the commission.

3 * Sec. 5. The two consumer seats on the commission created by this Act
4 shall be treated as vacancies and filled for a full term in the manner pre-
5 scribed in AS 42.05.030(b).

6 * Sec. 6. AS 42.05.141 is amended to read:

7 Sec. 42.05.141. GENERAL POWERS AND DUTIES OF THE COMMISSION. The
8 Alaska Public Utilities Commission may

9 (1) regulate every public utility engaged or proposing to
10 engage in such a business inside the state, [EXCEPT TO THE EXTENT EX-
11 EMPTED BY SEC. 711 OF THIS CHAPTER] and the powers of the commission
12 shall be liberally construed to accomplish its stated purposes;

13 (2) investigate, upon complaint or upon its own motion, the
14 rates, classifications, rules, regulations, practices, services and
15 facilities of a public utility and hold hearings on them;

16 (3) make or require just, fair and reasonable rates, classi-
17 fications, regulations, practices, services and facilities for a public
18 utility;

19 (4) prescribe the system of accounts and regulate the service
20 and safety of operations of a public utility;

21 (5) require a public utility to file reports and other infor-
22 mation and data.

23 * Sec. 7. AS 42.05.771 is repealed.
24
25
26
27
28
29

leave in

HIB

316

COMMITTEE REPORT

3/20/75

HOUSE

Mr. Speaker:

Date

2/25/76

The Committee on COMMERCE has had HB 316

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR HB 316 AND THAT
CS FOR _____ DO PASS

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

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

Ferguson recommends: DO NOT PASS

Rudd recommends: no rec

_____ recommends:

[Signature] Chairman

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

ALASKA PUBLIC UTILITIES COMMISSION

JAY S. HAMMOND, GOVERNOR

1100 MACKAY BUILDING
338 DENALI STREET - ANCHORAGE 99501

March 11, 1976

The Honorable Bob Bradley
Representative
Pouch V
Juneau, Alaska 99811

Dear Representative Bradley:

Re Your Letter Dated February 18, 1976

This letter is in response to your request for an explanation of how deposits paid by utility customers are taken into account in the rate-making process.

In computing the rate base of a utility, i.e., the investment upon which a utility is allowed to earn a return, customers' deposits are deducted so as to preclude the utility from earning a return on interest-free funds provided by the customers. If the utility pays its customers interest on their deposits, then the deposits are not deducted in computing the rate base.

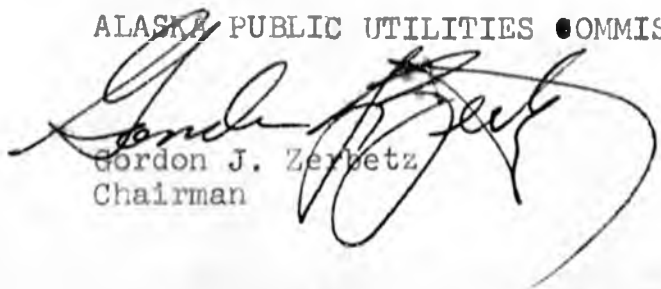
Any interest earned by the utility through investment of customers' deposits is considered as income for rate-making purpose; i.e., it reduces the amount necessary to be earned by the utility through operating revenues, thereby indirectly reducing the monthly rates to be paid by the utility customers.

I regret the delay in replying but the Commission has been "on the road" conducting hearings out of town during this month.

If you would like additional details or have any further questions, please let me know.

Very truly yours,

ALASKA PUBLIC UTILITIES COMMISSION


Gordon J. Zerpetz
Chairman

KENAI UTILITY SERVICE CORPORATION

A BLUE FLAME COMPANY
BENCO BUILDING P.O. BOX 614
KENAI, ALASKA 99611
(907) 283-7932

April 4, 1975

Dear Legislator:

As a taxpayer, public utility consumer and public utility operator, I wish to protest in the strongest terms against the provision of H.B. 316 relating to interest payments on customer deposits held by utilities. Seldom, if ever, have I reviewed a bill so poorly thought out.

The obvious effect of H.B. 316 would be to impose unreasonable administrative costs upon the utilities in order for them to comply with the quarterly interest payment provision. By way of example, our normal residential customer deposit is \$50.00. If the interest to be paid on this amount is computed at 8% per annum, on a quarterly basis, each interest payment is then only \$1.00. Working at a rather rapid rate of six payment computations (including ledger posting) per hour a bookkeeper earning a conservative \$6.00 per hour will expend at least \$1.15 (including personnel benefits) in labor costs to make the payment. If the payment is to be made by check (the bill says paid) additional costs of approximately \$.12 for a voucher check, \$.02 for stationery and \$.08 for postage will be incurred. The total cost to make this magnificent \$1.00 payment then becomes about \$1.37. Of course if the interest rate is lower than 8%, or the deposit is less than \$50.00, the same \$1.37 must be spent to make a payment measured in pennies.

The primary justification for utility deposits is to protect the utility against bad debts. The consumers are thereby protected against rate schedules designed to accommodate significant amounts of uncollectible accounts. Under H.B. 316 the utility has two choices:

1. Refund all deposits (including those on questionable accounts) after one year, thus exposing all of its customers to the situation described.
2. Pay the interest as required and formulate future rate structures to support the added and unnecessary administrative costs of doing so.

H.B. 316

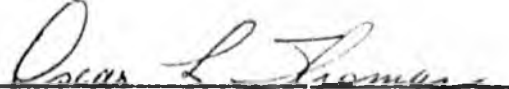
Call APUC

April 4, 1975
Page 2

In 1974 the Alaska Public Utilities Commission ordered that utility companies refund all deposits of two years standing to those consumers with good credit history. Such refunds will automatically continue to new utility customers as they qualify. This is a reasonable and workable arrangement. It was formulated after a considerable amount of input from the public and the utilities, and at considerable expense to all concerned including the State of Alaska. The rule was enacted by a panel of experienced commissioners possessing a great deal of insight into all facets of the subject. It should be left as is.

Very truly yours,

KENAI UTILITY SERVICE CORPORATION


Oscar L. Thomas, Vice-President

OLT:ilw

LAW OFFICES OF
FAULKNER, BANFIELD, DOOGAN & HOLMES

HERBERT L. FAULKNER (1882-1972)
NORMAN C. BANFIELD
FRANK M. DOOGAN
MICHAEL M. HOLMES
RANDALL J. WEDDLE
WILLIAM B. ROZELL

SUITE 201, 311 FRANKLIN STREET
JUNEAU, ALASKA 99801

TEL. 586-2210
AREA CODE 907

JAN VAN DORT
LAWRENCE T. FEENEY
CHARLES N. DRENNAN

March 27, 1975

The Honorable Bob Bradley
Chairman, Commerce Committee
Alaska House of Representatives
Pouch V, Capitol Building
Juneau, Alaska 99811

Re: H.B. No. 316, Relating to Deposits
Required by Utilities

Dear Chairman Bradley:

I represent eight electric and telephone public utilities in the State of Alaska, some of which have very small operations such as at Craig, Tok, Yakutat and Pelican.

Heretofore, the legislature has seen fit to allow the Alaska Public Utilities Commission to regulate the tariffs to be filed by the utilities. The Commission has a regulation on Uniform Deposit Practices which is 3 AAC 48.420, copy of which is attached. It provides that if a deposit is required by the utility it must set forth the maximum amount of the deposit which cannot exceed two months billings. It also requires that the utility will specify how long it will retain a customer's deposit and that retention is limited to two years providing that in the interim period the utility has not been forced to discontinue service because of delinquent payments and the customer has not been delinquent more than once in twelve months.

The tariffs are not uniform as to the amount of the deposit but they generally require about \$20.00 or an estimated two months billings. It is hard to estimate what the average two months billing deposit is for the respective telephone, electric, water, gas and sewer utilities and the various classes of customers by each. The electric would run well over \$20.00 for two months. The telephone and gas billings may run about \$20.00 for two months but the water and sewer charges are generally considerably less. If we consider the average deposit to be \$20.00 and the rate for advances by the 12th Federal Reserve District to be 6 per cent, the amount of interest which would be payable annually would be \$1.20. This would be 30 cents per quarter year which would have to be deducted from the bills.

The Honorable Bob Bradley
Alaska House of Representatives
Juneau, Alaska

March 27, 1975
Page Two

(1) The small amount of the interest involved, (2) the clerical work and bookkeeping necessary to charge the interest periodically on the individual deposits, which are not all the same, and (3) the fact that this expense must be absorbed by the rate payer, are reasons why the Commission has never seen fit to require the payment of interest on a deposit although some of the utilities voluntarily do so and make payments annually.

Another reason advanced for not charging interest is that many customers are delinquent in their payments and this tends to equalize the use of money of each party by the other.

I do not think the legislature should try to regulate such details. Rather it should recognize that the Commission was established to create a body with expert knowledge and experience which is better able to make regulations and to completely regulate the utilities rather than have such determinations made by the legislature and the courts.

However, if the legislature considers it advisable to regulate such details, then the utilities would much prefer a set rate of interest such as 6 per cent and have the computation made once a year or at the most, twice. No interest should be required to be paid if the customer has been delinquent during the period.

Many persons think that all customers have a deposit. That is not true. Some utilities have no deposits because of the nuisance of collecting them and refunding them. Those utilities which do require deposits under their tariffs cannot retain them more than two years unless the customer has been delinquent. Therefore, the most a customer can get on a \$2.00 deposit for two years at 6 per cent is \$2.40.

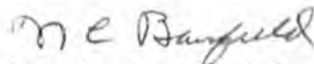
In regulating the rates of utilities for their various services the Commission allows a percentage of return on the rate base. The rate base is computed at book value of the plant plus working capital and inventory. If the company requires deposits the average amount of the deposits in the test year is deducted from the rate base in determining the return which is generally about 11 per cent. If the company has to pay interest on these deposits, then the Commission will not be entitled to deduct the amount of the deposits from the rate base. This will result in the customer

The Honorable Bob Bradley
Alaska Souse of Representatives
Juneau, Alaska

March 27, 1975

getting about 6 per cent on his deposit but having his rates increased by 11 per cent on an amount of rate base equal to his deposit.

Yours very truly,


N. C. Banfield

NCB: db

cc: Alaska Public Utilities Commission

/ / , Reg.)

Authority: AS 42.05.141(1)
AS 42.05.151(a)
AS 42.05.361
AS 42.05.411

3 AAC 48.410. TARIFF OF ACQUIRED UTILITY. Every utility acquiring ownership or control of another utility or portion of one and filing a notice adopting the rates, rules and regulations, etc., of that utility shall, within 90 days after the filing of such adoption notice, file such rates, rules and regulations, etc. as a part of its own tariff or as a separate tariff in its own name if it plans to continue to operate in accordance with them. (Eff. / / , Reg.)

Authority: AS 42.05.141(1)
AS 42.05.151(a)
AS 42.05.361
AS 42.05.411

3 AAC 48.420. UNIFORM DEPOSIT PRACTICES. (a) When a deposit is required as a condition of receiving utility service the rule which established the deposit requirement shall also set forth the maximum amount of the deposit to be paid, which in no case shall exceed the following amount for a customer of the indicated type of utility as determined by the utility after consultation with the customer:

- (1) two-months telephone billings, including toll charges as estimated by the utility;
- (2) two-months electric billing based on the utility's estimate of usage;
- (3) two months water charges at the flat rate, or two months of metered charges as estimated by the utility;
- (4) two-months gas billings as estimated by the utility;
- (5) two-months sewer service fees.

(b) The deposit rule shall clearly state the length of time the utility will retain a customer's deposit, but under no circumstances shall a utility retain a customer's deposit longer than two years, providing that in the interim period, the utility has not been forced to disconnect that customer's service for reasons of delinquency in payment of charges, and that the customer has not been delinquent in payment more than once in any 12 consecutive months. The deposit is to be returned to the customer within 25 days of discontinuance of service, except within 60 days for deposits for telephone service, after deducting monies due to the utility. (Eff. / / , Reg.)

Authority: AS 42.05.141
AS 42.05.151
AS 42.05.361

LAW OFFICES OF
ALASKA LEGAL SERVICES CORPORATION
315 FIFTH STREET, SUITE B
JUNEAU, ALASKA 99801
TELEPHONE 586-~~XXXX~~ 6425

*File under
HB 316*

MEMORANDUM

TO: Representative Bob Bradley
FROM: Donald E. Clocksin *DM*
RE: HB 316 - Utility Deposits
DATE: April 30, 1975

I have received a lot of information regarding the present utility deposit practices of the Alaska Public Utilities Commission. To start with, the rules of the APUC do not require as a general practice that utilities pay interest on deposits. However the rules do require that a deposit not be retained longer than two years unless the customer is a bad risk. A copy of these regulations, appearing at 3 AAC 48.420, are attached to this memorandum.

The Alaska Gas and Service Company (also known as Anchorage Natural Gas) has a tariff with the APUC which requires that it refund commercial deposits which are held for three years or more and which requires refunding and interest on residential deposits. See the attached tariff. Despite the title of the subsection which refers to "refunds", the section on residential deposits does not appear to mandate the return of a deposit.

I am also enclosing a two-page paper entitled "Staff Opinion on Payment of Interest on Customer Deposits". I am also enclosing a memorandum from J. Lowell Jensen, Executive Director of the Alaska Public Utilities Commission relating to the interpretation of the regulation which I have referred to above.

In summary, the APUC requires that a deposit be returned within two years but does not require the payment of interest. Anchorage Natural Gas provides for the return of commercial deposits after three years and a good payment record, and also provides for payment of interest on both residential and commercial deposits. I suggest that you bill be amended to impose a mandatory requirement upon the APUC both to require that interest be paid on deposits and that those deposits be returned if there is a good credit record.

I have a whole pile of legal memoranda presented to the APUC when this issue was in front of them. If you wish any of this material or a synopsis of it, do not hesitate to ask.

DEC:mjb
Attachment

(c) Until such time as an adopted tariff is refiled in the name of the utility which adopted it, all revisions of it subsequent to adoption will bear, at the top part of each tariff sheet, the name of the utility whose tariff was adopted and, at the bottom part of the sheet after "Issued by," the name of the utility that adopted the tariff and is issuing the revisions of the tariff. A tariff adopted by one utility may not be adopted by another utility, but instead must be filed as the tariff of the filing utility without any substantive change in the rates, charges, rules and regulations of the predecessor utility. (Eff. 11/16/73, Reg. 48)

Authority: AS 42.05.141(1)
AS 42.05.151(a)
AS 42.05.361
AS 42.05.411

3 AAC 48.410. **TARIFF OF ADOPTED UTILITY.** Every utility exercising the control of another utility or portion of one and filing a notice adopting the rates, rules and regulations, etc., of that utility shall, within 90 days after the filing of such adoption notice, file such rates, rules and regulations, etc., as a part of its own tariff or as a separate tariff in its own name if it plans to continue to operate in accordance with them. (Eff. 11/16/73, Reg. 48)

Authority: AS 42.05.141(1)
AS 42.05.151(a)
AS 42.05.361
AS 42.05.411

3 AAC 48.420. **UNIFORM DEPOSIT PRACTICES.** (a) When a deposit is required as a condition of receiving utility service the rule which established the deposit requirement shall

also set forth the maximum amount of the deposit to be paid, which in no case shall exceed the following amount for a customer of the indicated type of utility as determined by the utility after consultation with the customer:

(1) two-months telephone billings, including toll charges as estimated by the utility;

(2) two-months electric billing based on the utility's estimate of usage;

(3) two-months water charges at the flat rate, or two months of metered charges as estimated by the utility;

(4) two-months gas billings as estimated by the utility;

(5) two-months sewer charges.

(b) The deposit rule shall specify the length of time the utility will retain a customer's deposit, but under no circumstances shall a utility retain a customer's deposit longer than two years, providing that in the interim period, the utility has not been forced to disconnect that customer's service for reasons of delinquency in payment of charges, and that the customer has not been delinquent in payment more than once in any 12 consecutive months. The deposit is to be returned to the customer within 25 days of discontinuance of service, except within 60 days for deposits for telephone service, after deducting monies due to the utility. (Eff. 11/16/73, Reg. 48)

Authority: AS 42.05.141
AS 42.05.151
AS 42.05.361

6-25-74

Staff
Submitted by
PUC Staff
@ 6-25-74
W. W. W.

Staff Position on Payment of
Interest on Customer Deposits

When the Commission held its hearing concerning the adoption of its Rules of Practice and Procedure, Article 2, Section 3 AAC 48.420, Uniform Deposit Practices, received considerable input from those utility representatives present. Generally the utilities were opposed to a Commission Rule which would require the payment of interest on customer security deposits.

The chief reasons advanced by the utilities for not paying interest were:

1. The administrative cost would offset any gain from interest paid.
2. The deposits being subject to refund would restrict the use of which the money can be put.

The staff cannot accept either of these reasons for not paying interest on deposits. The Commission Rule would not require the utility to make periodic calculations of the interest earned and then pay the interest. Instead, the calculation would be made only once, at the time of refund, and would merely be a single additional step to the issuance of the final bill or deposit refund. The

staff is of the opinion that any additional administrative cost would be minute. The staff is aware of the Commission having received at least two requests for permission to delay making deposit refunds to eligible customers having deposit accounts more than two years old. The reason given for delaying these refunds was that the cash flow would be adversely affected. Thus, the plea that the character of the deposit money held by a utility restricts its usage is not valid, at least not in all instances. Further the staff believes that payment of interest on deposits gives the public a greater direct benefit than by giving effect to the deposits through a rate base determination.

It is the opinion of the staff that customer security deposits held by Alaska utilities constitutes a source of capital, and that it is in the public interest to require each utility to pay interest on such deposits at a rate and in a manner to be determined by the Commission.

STATE OF ALASKA

DEPARTMENT OF CONSUMER SERVICES
ALASKA PUBLIC UTILITIES COMMISSION

WILLIAM A. EGAN, GOVERNOR

APR 30 REC'D

1100 MACKAY BUILDING
338 DENALI STREET — ANCHORAGE 99501

November 23, 1973

RECEIVED

To All Public Utilities and Interested Parties:

Gentlemen:

Alaska Legislature

Re Tariff Rules which became
effective on November 16, 1973

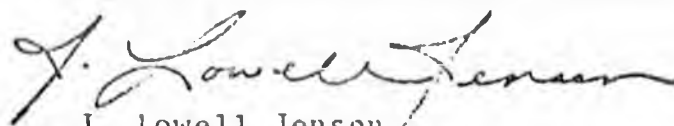
It has been brought to the Commission's attention that its tariff Rule 3 AAC 48.420(b), concerning the length of time a utility may retain a customer's deposit, requires clarification.

As now written, the rule possibly could be misinterpreted as requiring a utility to enforce a harsh disconnect policy solely to protect its right to retain a customer's security deposit (even though the customer's payment record may have been so poor that it of itself normally would constitute sufficient grounds for not refunding the deposit). This is not the interpretation desired by the Commission.

The Commission intended, rather, that the rule would enable a utility to reduce its risk of loss (from a customer who had not established a good payment record) by retaining the customer's deposit beyond the two-year maximum holding period prescribed in the rule, regardless of whether or not it had been necessary for the utility to actually disconnect the customer's service for nonpayment at some time during the two-year period. Hence, if the utility determines that either one of the criteria stated in Rule 48.420(b) applies to a particular customer (i.e., that during the two-year period either he has been disconnected for non-payment or he has been late in payment more than once in any twelve consecutive months) the utility will have the option of retaining that customer's deposit longer than the two-year holding period specified in the rule. The customer will not be entitled to the refund of his deposit until such time as he has established a two-year record of good payment.

By Direction of the Commission:

ALASKA PUBLIC UTILITIES COMMISSION



J. Lowell Jensen
Executive Director

JLJ:dj

Current
AGAS
tariffs

RECEIVED

MAR 30 1972

State of Alaska
Public Utilities Commission

ALASKA GAS AND SERVICE COMPANY

Section 400 - Customer-Company Relations Regarding Service Page 5

401 Application for Service - Application for service may be made at any business office of the Company, by mail or in person.

The Company may require each prospective customer to sign an application for the service desired, and to establish his credit.

The application should show the following information:

- a. Location of the premises to be served.
- b. Date applicant desires service.
- c. Whether or not the premises have previously been supplied.
- d. Use to be made of service and description of appliances.
- e. Address for billing.
- f. Whether the applicant is owner, agent or tenant of the premises.
- g. Rate schedule desired.
- h. Such other information as the Company may reasonably require.

The application is only a request for service and does not bind the Company to serve except under reasonable conditions, nor does it bind the customer to take service for a longer period than the minimum requirements of the rate.

402 Contract for Service - A contract for service may be required by the Company, to be signed by the customer when he signs the application for a meter. Any contract differing from filed tariff rates will be subject to the prior approval of the Alaska Public Utilities Commission.

No other contract is required except:

- a. Where such contract is required as set forth in the rate schedule approved by the Alaska Public Utilities Commission.
- b. In case of gas main extensions or temporary service where the contract period may not exceed one (1) year.

Each contract for gas service will contain the following provisions:

"This contract shall at all times be subject to such changes or modifications by the Alaska Public Utilities Commission as said Commission may, from time to time, direct in the exercise of its jurisdiction."

403 Credit Establishment and Re-establishment - Each applicant for service will be required to establish or re-establish his credit to the satisfaction of the Company before service will be rendered.

a. Establishment of Credit

The applicant's credit will be deemed established:

Effective: APR 18 1972

Issued by: Alaska Gas and Service Company, Division of Alaska Interstate Company

Dale Teel
Dale Teel

President

RECEIVED

Cancelling
First Revision of 4-18-72 Sheet No. 6

JAN 24 1974

ALASKA GAS AND SERVICE COMPANY

State of Alaska
Public Utilities Commission

403 Credit Establishment and Re-establishment (Continued)

- (1) If he is the record owner of the property to be served by the Company or of other real estate within the limits of the Company service, which property ownership is of sufficient value, and he will satisfactorily warrant against future encumbrances or conveyances, or
- (2) If he makes a cash deposit to secure the payment of any bills for service to be furnished by the Company as provided in Rule 6 Regulation No. 403 (c), or
- (3) If he furnishes a bond or an undertaking satisfactory to the Company, or
- (4) If the applicant has a record of prompt payment for service satisfactory to the Company for twenty-four (24) months or more for previous use, provided such service occurred within four (4) years from date of new application for service.

(c)

b. Re-establishment of Credit

- (1) A customer who fails to pay his bills for gas after a second notice, or after service has been discontinued for non-payment may be required to pay his bills and re-establish his credit by making a cash deposit equal to twice the estimated monthly bill for service.
- (2) A customer who pays his bill with a check that is subsequently returned to us unpaid by the bank will be deemed to have never paid that bill and subject to the provisions of paragraph 403 (b)(1). The company shall charge a customer a handling fee of five dollars (\$5.00) for each such returned check.

(B)

c. Amount of Deposit

- (1) The amount of the deposit required to establish the credit of an applicant for gas service for residence or domestic use shall not exceed the estimated bill for two (2) months' consumption, but shall not be less than ten dollars (\$10.00).

(2) Other Classes of Service:

The amount of the deposit to establish the credit for all classes of gas service, other than residential or domestic, shall not exceed a sum equal to twice the estimated average periodic bill for that service.

(3) Re-establishment of credit:

The amount of the deposit to establish the credit for any class of gas service, to a customer whose service has been discontinued for failure to pay bills for such service, shall not exceed twice the estimated average periodic bill for that service.

Tariff Advice No. 73-1 FEB 22 1974

Record by: Alaska Gas and Service Company, Division of Alaska Interstate Company
Alaska Gas and Service Company President

P.C.

4

1st Revision

Sheet No. 7

Cancelling

Original of 8/15/63

Sheet No. 7

RECEIVED

MAR 30 1972

ALASKA GAS AND SERVICE COMPANY

State of Alaska
Public Utilities Commission

403 Credit Establishment and Re-establishment (Continued)

Page 7

d. Deposit Receipts

Each deposit receipt for gas service will contain the following provisions:

"Deposit to be refunded only upon surrender of receipt properly endorsed and the full payment by the depositor of all charges for gas consumed or piping and appliances used, and after twenty-four (24) hours' notice shall have been given the Company in which to read the meter and remove the appliances."

e. Return of Deposit

The Company will refund the deposit as set forth under Rules and Regulation No. 403 (f) upon surrender to the Company of the deposit receipt properly endorsed, or upon signing a cancellation receipt for the same.

- (1) When the service is ordered discontinued by the Customer, except when there are charges due the Company for gas service to the customer, in which case the deposit will be applied to the charges and the excess portion of the deposit will be returned.
- (2) When the customer has established his credit to the satisfaction of the Company, as set forth in Rule & Regulation No. 403 (a) (3).

f. Interest on Commercial Deposits

The Company is not obliged to pay interest upon commercial deposits which it may from time to time require under the provisions of Rule & Regulation No. 403.

Where interest is payable upon commercial deposits, the rate shall not exceed five (5) per cent per annum, and interest is payable only after continuous service has been received for the period of one (1) year and all bills for such service have been paid in accordance with the Rules & Regulations pertaining thereto, as approved by the Alaska Public Utilities Commission. When interest is payable, it will only be paid when deposit is returned or when service is discontinued. No interest will be paid on such interest-bearing deposit receipts if service is discontinued for any cause within less than twelve (12) months from the date of making deposit, and in no case will interest be paid on refunded or unclaimed deposits after discontinuance of service, or after the Company has served written notice or mailed a check to the depositor, at his address of record in the Company's files, as set forth in Rule & Regulation Section 900 hereof, that it no longer requires the deposit.

Refunds of deposits held three (3) years or more on customers who have established their credit, will be made upon request, and from time to time without request, where there is no record of payments being delinquent.

g. Refunds and Interest on Residential Deposits

Deposits will bear 5% interest from the date of January 1, 1970, subject to the following conditions:

- 1. That the customer's record shows consistently prompt payment during the twelve (12) months preceding the date the deposit is returned.
- 2. That the deposit has been on file, interest free, for a period of twelve (12) months (or more) prior to the start of interest accrual.
- 3. That the deposit refund is made on routine scheduling at the Company's convenience (i.e., that it does not require special handling).
- 4. That the customer's account is still active at the time the deposit is refunded.

474 Rates and Optional Rates - The rates to be charged by and paid to the Company for gas service will be the rates on file with the Alaska Public Utilities Commission. Complete schedules of all rates in effect will be kept at all times in the Company's offices where they will be available for public inspection.

APR 18 1972

Effective

Issued by: Alaska Gas and Service Company, Division of Alaska Interstate Company

Alvin S. ... President

Date

Title



Anchorage Daily Times

Anchorage Firm To Pay Gas Deposit Interest

Anchorage Natural Gas changed its position on paying interest on security deposits during the opening minutes of a public hearing here yesterday.

The firm, also known as Alaska Gas and Service Co., in February filed a tariff revision with the Alaska Public Utilities Commission which would allow it to stop paying interest on security deposits.

At the commission hearing yesterday, Paul Robison, the firm's attorney, said paying interest had not been as burdensome administrative task as it was originally thought to

be, that it was reasonable to pay interest on deposits and that it would not be unfairly discriminatory to require the company to pay interest not required of other utilities.

The gas company requires deposits of either \$25 or \$50. It refunded more than \$300,000 in security deposits to more than 6,000 customers at Christmas time.

Mrs. Judy Adrian had filed a protest through her attorney, James Grandjean of Alaska Legal Services, over the proposal to stop paying interest on security deposits.

Grandjean maintained that common law requires a utility to pay interest on security deposits.

Robert Lindblom, chief of the commission's tariff section, testified that it is the staff's opinion that customer security deposits constitutes a source of capital.

In a bench order issued less than an hour after the hearing opened, the company was directed to withdraw the tariff revision deleting interest on security deposits, and to begin

paying interest on the deposits.

Commissioner James Henderson, in announcing the verbal decision, said no evidence in favor of dropping the interest payments had been given. He said he personally was not convinced that it is in the public interest to require interest payments on deposits held for only two years because of the high administrative costs but that, in view of the testimony, "my hands are tied in the proceeding."

The decision applies only to the gas company, and will be optional for the remainder of the utilities, he said.

Rules of practice and procedure, adopted last year by the commission, do not require a utility to pay interest on security deposits. It does require the utility refund the deposit after two years if the customer has a good credit rating.

Mrs. Adrian will not gain from the decision, since her attorney said the gas company already had returned her deposit.



Homer Electric Association, Inc.

P. O. BOX 255

HOMER, ALASKA 99603

PHONE (907) 235-8551

April 3, 1975

*File
with
HB 316*

The Honorable Leo Rhode
House of Representatives
Alaska State Legislature
Pouch V
Juneau, Alaska 99801

Dear Leo:

Enclosed is the information we discussed on the telephone today, with the pertinent Sections circled in red.

Interest on the deposits held for such a short term would simply be a nuisance to the utility and not much real advantage to the consumer.

The copy of the Commissions ruling, which was effective November 16, 1973, contains only the front and back sheets. There are several other pages that have no bearing on your current problem, but could be obtained locally if you need them.

We wish you luck in your current endeavors, and hope that you can make the joint meeting with the Chugach Board in Soldotna on April 11.

Sincerely yours,

HOMER ELECTRIC ASSOCIATION, INC.

W. C. Rhodes
General Manager

WCR: em
Enclosures

ARTICLE 2. UTILITY TARIFFS

Section

EFFECTIVE, November 16, 1973

- 200. Scope of regulations
- 210. Waivers
- 220. Filing of tariff
- 230. Billing and contract forms
- 240. Delivery of tariff
- 250. Tariff on file for public inspection
- 260. Public notice of tariff inspection privilege
- 270. Advice letters
- 280. Notice and effective date
- 290. Response to notice
- 300. Waiver of statutory notice
- 310. Suspension and rejection of tariffs
- 320. Effective tariff controlling
- 330. Format of tariff sheets
- 340. Tariff sheet designation
- 350. Separate tariff for each utility
- 360. General arrangement and content of tariff
- 370. Content of rules and regulations
- 380. Content of rate schedules
- 390. Provisions of special contract
- 400. Adoption notice
- 410. Tariff of acquired utility
- 420. Uniform practices

3 AAC 48.200. SCOPE OF REGULATIONS. The regulations contained in secs. 200 - 420 of this chapter cover the construction, filing, posting and publication of utility tariffs, including special contracts. (Eff. / / , Reg.)

Authority: AS 42.05.151
AS 42.05.361

3 AAC 48.210. WAIVERS. (a) Any requirement in secs. 200 - 420 of this chapter may be waived, in whole or in part, by order of the commission upon application and a showing of good cause.

(b) Applications submitted under this section shall be in writing and shall set forth the pertinent facts in sufficient detail to support a finding by the commission that no legitimate public interest will be served by enforcing the requirement designated in the application. An application as required by this section may be made to the commission by an advice letter.

(c) Application for the waiver of a requirement shall also include application for exemption from a related provision of AS 42.05 if waiver of the requirement cannot be granted without also exempting the applicant from the governing law. (Eff. / / , Reg.)

Authority: AS 42.05.141(1)
AS 42.05.151
AS 42.05.361
AS 42.05.711(d)

Register , , 1974 COMMERCE 3 AAC 48.400
3 AAC 48.420

/ / , Reg.)

Authority: AS 42.05.141(1)
AS 42.05.151(a)
AS 42.05.361
AS 42.05.411

3 AAC 48.410. TARIFF OF ACQUIRED UTILITY. Every utility acquiring ownership or control of another utility or portion of one and filing a notice adopting the rates, rules and regulations, etc., of that utility shall, within 90 days after the filing of such adoption notice, file such rates, rules and regulations, etc. as a part of its own tariff or as a separate tariff in its own name if it plans to continue to operate in accordance with them. (Eff. / / , Reg.)

Authority: AS 42.05.141(1)
AS 42.05.151(a)
AS 42.05.361
AS 42.05.411

3 AAC 48.420. UNIFORM DEPOSIT PRACTICES. (a) When a deposit is required as a condition of receiving utility service the rule which established the deposit requirement shall also set forth the maximum amount of the deposit to be paid, which in no case shall exceed the following amount for a customer of the indicated type of utility as determined by the utility after consultation with the customer:

- (1) two-months telephone billings, including toll charges as estimated by the utility;
- (2) two-months electric billing based on the utility's estimate of usage;
- (3) two months water charges at the flat rate, or two months of metered charges as estimated by the utility;
- (4) two-months gas billings as estimated by the utility;
- (5) two-months sewer service fees.

(b) The deposit rule shall clearly state the length of time the utility will retain a customer's deposit, but under no circumstances shall a utility retain a customer's deposit longer than two years, providing that in the interim period, the utility has not been forced to disconnect that customer's service for reasons of delinquency in payment of charges, and that the customer has not been delinquent in payment more than once in any 12 consecutive months. The deposit is to be returned to the customer within 25 days of discontinuance of service, except within 60 days for deposits for telephone service, after deducting monies due to the utility. (Eff. / / , Reg.)

Authority: AS 42.05.141
AS 42.05.151
AS 42.05.361

Cancelling

OriginalSheet No. 3-16

DEC 27 1974

HOMER ELECTRIC ASSOCIATION, INC.

State of Alaska
Public Utilities Commission

The fees, deposits, and service charges indicated above are for each meter, and/or each occurrence. Other charges and fees are applicable to damage to Association's facilities, temporary service or construction service on contract as stated elsewhere in these policies. C

The minimum meter deposits, (b. and c. above), are for new consumer-members that receive electrical service from existing distribution lines. Larger deposits are required for service and line extensions over 151 feet. (See No. 32 of these policies.) The minimum meter deposits shall be refunded after two (2) years of continuous service providing that in the interim period, the Association has not been forced to disconnect for reasons of delinquency in payment of charges, and that the member has not been delinquent in payment more than once in any twelve (12) consecutive months. C

8. RATE SCHEDULES: The monthly cost of electric energy used by the consumer-members shall be computed from published Rate Schedules. Such Rate Schedules shall be developed, revised, and amended by the Association's Board of Directors from time to time as required. Each Rate Schedule shall state to which consumer-member classification the rate applies, the type service available under the rate, the cost of the electric energy used under the rate, and the conditions which service will be rendered under the rate.

A specific Rate Schedule shall apply to each consumer-member classification. Each consumer-member within a given classification shall pay according to the Rate Schedule applicable to that classification.

Reclassification of service may be requested by a consumer-member for legitimate reasons. Reclassification of service will not be approved by the Association for the sole purpose of permitting periodical rate advantages for the individual consumer-member making such a request.

The Board of Directors may develop a specific Rate Schedule for a consumer-member that does not qualify for an existing Rate Schedule. Such a rate schedule will generally be incorporated in a contract between the consumer-member and the Association and by so being is effective only for the term of such contract.

Issued December 16, 1974 Effective MAR 1 9 1975

Issued by HOMER ELECTRIC ASSOCIATION, INC.

By

W. C. RhodesTitle General Manager

HB 316

M E M O R A N D U M

TO: Susan Andrews
EDP Coordinator
Division of Legislative Finance
Room 409
Capitol Building

FROM: Chief Clerk
House of Representatives

SUBJ: Legislation
Identification _____

Secretary of the Senate

The following information is transmitted for the bill or resolution named above:

- 1. KEYWORDS - Keywords are important words from the title or from the body of the legislation under which the measure will be listed in the alphabetic index.

*Public utilities
Deposits*

- 2. STATUTE REFERENCES - List sections of the statutes added, amended, repealed, or repealed and reenacted.

A, 42.05.551

- 3. DEPARTMENTS - List departments or agencies referred to or principally affected by the legislation.

Public Utility Commission

February 18, 1976

MEMORANDUM

TO: Representative Bob Bradley,
Chairman, House Commerce Committee

FROM: Terry Berman, Administrative Assistant

SUBJECT: SSHB 468, HB 316

SSHB 468 is a response to requests from firefighters in the state for adequate safeguards against human injury during fires. It provides for the installation of sprinkler systems in buildings seven or more stories high. It was pointed out to Representative Sullivan by fire officials that sprinkler systems have always proved effective when installed throughout buildings. Building owners are given seven years to comply and until automatic systems are installed, they must have emergency escape devices.

HB 316 permits utilities to require deposits under regulations issued by the APUC. Additionally it provides that interest will be paid on deposits held for more than one year. Present APUC regulations provide that deposits cannot be held longer than two years if the customer has not been delinquent in payment more than once in twelve consecutive months nor had his service discontinued for reasons of delinquency. However, such deposits do not bear interest for the consumer. Utility companies are free to invest the funds as they see fit. There is a hidden cost to the consumer in that he receives no interest on the money and after two years, the sum he had on deposit is worth less than when it was initially paid to the utility company.

Producers of DISSOLVING PULP

KETCHIKAN PULP COMPANY

#310 Prospector Hotel, 340 Whittier St., Juneau, Ak. 99801 U.S.A.

EDWARD W. BORGEN, Sr.
Legislative Representative

May 6, 1975

The Honorable Bob Bradley
Chairman, House Commerce Committee
Alaska House of Representatives
Juneau, Alaska 99811

Dear Representative Bradley:

Re: HB 468
Fire Escapes

As this bill is scheduled for a hearing on Thursday afternoon, we would like to make some comments for your consideration.

It quite possible that the building codes in the cities and the boroughs in Alaska already have regulations that adequately cover the subject of fire escapes for business and residential buildings. We know, from our experience as a member of the OSHA Review Board (Occupational Safety and Health) that the state has very strict standards for fire exits and escapes for any building where employees are exposed.

It is not unusual, these days, to find several different regulations covering one specific subject. This often leaves people confused, and finds them in violation of some ordinance, regulation, or law that they felt, in good faith, they had properly met.

Perhaps the areas in the unorganized boroughs pose some particular problem in the residential sector. Industrial, even in the unorganized boroughs, is amply covered under the State OSHA statute.

May we suggest that the areas discussed above be checked before a measure which may cause a conflict is passed out of committee?

Thank you for this opportunity to present our views.

Very truly yours,
KETCHIKAN PULP COMPANY

Edward W. Borgen, Sr.
Edward W. Borgen, Sr.

HB

317

File with HB277

375 MAR 26 PM 7 34

02043 TDA DILLINGHAM ALASKA 35 03-26 1050A ADT

PMS HOUSE COMMERCE COMMITTEE

JUN

2920

TELEGRAM

FOR ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

UNEAU, ALASKA 99801

WOULD LIKE TO EXPRESS STRONG SUPPORT FOR BILL 277 CREATING

TELECOMMUNICATIONS AUTHORITY. NEED IS GREAT FOR BETTER

LD SERVICE AND INTER CONNECTS FOR PUBLIC RADIO

LEO LUTCHANSKY JR SECRETARY BOARD OF DIRECTORS NUSHAGAK

TELEPHONE COPPERATIVE AND MGR DILLINGHAM SCHOOL PUBLIC RADIO

MEMO TO
LEGISLATORS

Page two

would raise the rates for local utilities' customers. This will not be the case, as RCA will continue to be the long-distance carrier--not the State. Unless RCA chooses to raise its tolls to the local utilities for interconnecting for long-distance service, it is expected that rates will continue at the same level or less than presently charged for interconnection. There is no reason why, if the State owns earth stations, that rates on the local levels should go up.

Hopefully this will clarify some of the issues surrounding the bills to create a Telecommunications Authority. If you have any further questions or would like any additional information regarding this legislation, please call: 465-3550.

File

For the record, I am Marvin Weatherly, Director of the Governor's Office of Telecommunications. I am very pleased to be invited to testify on the proposed legislation to create a Telecommunications Authority. On behalf of the Administration, the Governor's Office of Telecommunications supports this concept, and feels this approach to tackling the great problems of communications is equal to the task.

The one reservation the Administration has with regard to the way the bill reads is the section concerning methods of choosing the Board of Directors. Under the bill language, the Board members would be appointed by the Governor, but would not serve at his pleasure. The Administration is keenly aware of the serious responsibility of communications planning, planning presently done by his Office of Telecommunications. The Federal Communications Commission recognizes the Governor's Office of Telecommunications as the official spokesman for the State of Alaska in major communications applications and policy matters. The Governor feels that without closer ties with the Board of Directors, that is, having the Board serve at his discretion, he could not maintain the close contact and communication necessary to fully carry out his responsibility in this important area. It is felt by this office that such a change in the bill would not hinder in any way the operation and purpose of the Authority, and would actually enhance its effectiveness by allowing continual input from and liaison with the Governor's office. With this small change, the Administration is prepared to fully support the Telecommunications Authority.

We envision the reasons for the immediate creation of the Telecommunications Authority as two: First, creating a funding method by which the State can totally finance the purchase of up to 150 small earth stations to bring emergency-medical and basic telephone communications to every community of 25 or more people in Alaska;

Second, providing a structure under which all the various aspects of communications planning and implementation of the State could be coordinated and carried out. The first reason, the funding mechanism, addresses an immediate, pressing situation. The second, the organizational structure, serves an on-going, long-range function.

I will expand on each of these points separately, but since they're two sides of the same coin, much of the rationale applies to both reasons for the Authority.

First, the funding mechanism. Why get into the communications hardware procurement business anyway?

If the State does not proceed with its stated course of action--to purchase by competitive bid, 100 to 150 earth stations--the process would be left for the common carrier. To allow that at this time would be, in effect, completely turning over the reins of control, policy and planning to the carrier. The carrier would be the complete decision-maker with regard to cost, location and future expansion of Alaska's communications system.

In reviewing the record of the carrier in the State so far, the Administration feels confident it speaks for the people of Alaska in saying we must keep our communications options open--we must not allow our communications future to be left to the discretion of the carrier. The credibility of the carrier is seriously questionable in view of their past and present performance within the State, particularly with respect to the terms of the ACS purchase agreement. Also, the future planning efforts of RCA with respect to the State's needs as outlined by the Governor's Office of Telecommunications, still reflect the best interests of RCA Globcom and its stockholders--not the

people of Alaska.

The fact that these differences still persist, despite nearly three months of almost daily discussions and negotiations with the carrier, casts severe doubt on the carrier's willingness or desire to meet the requirements of the public interest of Alaskans.

Significatn areas in which the carrier falls short include:

- not optimizing the planned satellite for Alaska, but for the Lower 48.
- not disclosing vital financial data to allow separations agreements with local utilities, or monitoring of activities by the Governor's Office of Telecommunications or the APUC;
- not adjusting its filing before the FCC to reflect recent agreements to meet State concerns;
- not fulfilling the basic terms of its original purchase agreement when it bought the Alaska Communications System from the Air Force, thus becoming a common carrier for Alaska;
- not obtaining the lowest unit price on quantities of earth stations for a total system, due to planning for system not tailored to expressed State desires;
- not planning for a total, integrated communications system for all of

Alaska due to the philosophy stated by RCA Alascom President, Steve Heller that the Bush is a loser to serve.

This a brief overview of the major areas of concern to satisfactorily assume all operation and planning of the State's communications system. Based on the poor past performance of the carrier in some areas, and the resultant credibility problem

present RCA proposals, the State has taken a course of action which will ensure all Alaskans a freedom of choice in their communications system future.

By going out to competitive bid for 100 - 150 small earth stations, with specifications written for Alaska's particular needs, the State will be assured of the best stations for the best cost. Hardware companies have told us that the cost will be about 25% less for buying lots of 100 earth stations, than the price is for buying lots of 20 earth stations, for which the carrier has received bids. The Telecommunications Authority would allow the State to take advantage of the 25% lower cost because the Authority could borrow the total amount of the 100 or more earth station purchase price. We estimate this price to be somewhere in the ballpark of \$5 million. Without full funding, it is doubtful the State could get the cost reduction.

This issue of giving Alaskans a choice brings to the second major purpose for creating an Authority, that of establishing an organizational structure for communications planning.

Presently, a hodge-podge system exists for what little planning actually goes on within State and federal government agencies, private business organizations and individuals. Much of what planning there is, goes on independently of all other planning, and often is devoid of up-to-date technical knowledge of either equipment or systems. Almost any way you put it, the importance of communications cannot be overstated.

Therefore, we are supporting the Authority as an umbrella structure under which communications planning for all areas and needs of the State can be coordinated. We

envision incorporation of the Division of Communications, now under Public Works, into the Authority; this step is a natural one since we're already working closely with Division engineers and technicians on providing better and more integrated communications for State agencies. The move is agreeable to the Administration, Public Works commissioner Harris and to the Division personnel.

The Authority would assume the leadership and guidance in communications planning, with specific sections dealing with plans and policy, research and engineering, communications economics and monitoring and evaluation of ongoing communications services. Skills and expertise of the Authority would both supplement and complement the talents and responsibilities of the Alaska Public Utilities Commission. The Alaska Educational Broadcasting Commission would also be a strong supporter and ally of the communications planning function of the Authority, looking toward the long-range goal of multiple communications services--specifically broadcasting--to all areas of the State. The Authority could provide technical, systems or economic information and assistance to any and all entities, government or private, involved with incorporating a sophisticated telecommunications tool into their particular activities.

Never before in this country has there been the opportunity to approach communications in the way we can now in Alaska. In fact, the very fact that we've lagged so far behind the rest of the country is what allows us to jump into the 21st century in communications.

Because we're not locked in by an existing system which has grown up over decades, we have the opportunity of starting almost from scratch to build a comprehensive communications system to meet all the varied needs of Alaskans;

Because we're not locked into a traditional type of equipment, we have the opportunity to incorporate the most modern developments in communications technology and equipment--using the satellite as a focal point;

And finally, because we're not locked in by traditional thinking and operating methods, we have the unique opportunity to develop a whole

new philosophy of communications. In the past, communications systems have grown up on an incremental basis--string more wire, build onto what's already there, plan as you go. Increment by increment was the traditional approach. But now, in Alaska we can start with the ^{overall} picture: Where the people are, where the needs for what services exist, and what the foreseeable requirements for the future will be. For the first time in American communications history, we can plan the total system from the top down. We can start with today's technology, systems and programming to determine the goals and direct the development of our communications system.

Creation of the Telecommunications Authority will, we feel, help ensure that Alaska uses this unique opportunity to build and plan its fully modern communications system to serve all its people.

*
REACTR MGM JNU

1975 MAR 25 PM 1 44

RCAALASCOM AHG

TO: THE HONORABLE SENATOR KERTULLA 2509
CHAIRMAN, COMMERCE COMMITTEE
ALASKA STATE LEGISLATURE
JUNEAU, ALASKA

MARCH 25, 1975

RE: SENATE BILL #277 AND HOUSE BILL #317

THE SUBJECT LEGISLATIVE BILLS PROPOSE AN ACT CREATING THE ALASKA TELECOMMUNICATIONS AUTHORITY. RCA ALASCOM IS ADVISED THAT THESE BILLS WERE INTRODUCED ON OR ABOUT MARCH 14, AND THAT CONTINUED PUBLIC HEARINGS ARE BEING HELD BEFORE THE COMMERCE COMMITTEE ON TUESDAY, MARCH 25 AT 2:00 P.M.

RCA ALASCOM HAS ATTEMPTED TO REVIEW THE CONSIDERABLE DETAIL CONTAINED IN SENATE BILL 277, WHICH WE UNDERSTAND HAS ALSO BEEN INTRODUCED IN THE HOUSE OF REPRESENTATIVES AS HOUSE BILL 317 IN EXACTLY THE SAME LANGUAGE, AND IT IS APPARENT FROM EVEN THIS LIMITED REVIEW THAT RCA ALASCOM MUST VOICE ITS STRONGEST AND UNEQUIVOCAL OBJECTION TO THE PASSAGE OF ANY SUCH LEGISLATION AS PROPOSED IN S.B. 277.

RCA ALASCOM HAS THE DUTY TO MAKE ITS VIEWS AND EVALUATION OF THE PUBLIC INTEREST KNOWN TO THE APPROPRIATE STATE AUTHORITIES. THIS EVALUATION IS BASED ON RCA'S EXTENSIVE EXPERIENCE IN TELECOMMUNICATIONS AND SPACE TECHNOLOGY AND IN THE OPERATION AND MANAGEMENT OF COMPLEX SATELLITE AND TERRESTRIAL SYSTEMS. I REQUEST THAT YOU ACCEPT THIS TELEGRAM AS RCA ALASCOM'S STATEMENT OF POSITION, AND THAT YOU MAKE IT A PART OF THE RECORD OF THE HEARINGS ON THIS LEGISLATION. THIS PARTICULARLY IMPORTANT IN VIEW OF THE EARLIER HEARING OF YOUR COMMITTEE ON FRIDAY, MARCH 21, AT WHICH I APPEARED AND PRESENTED STATEMENTS RELATIVE TO THE PROPOSED LEGISLATION. AFTER REVIEWING THE REMARKS I MADE AT THAT HEARING, IT APPEARS THAT A CLARIFICATION OF THE RCA ALASCOM POSITION IS NECESSARY IN ORDER TO AVOID ANY POSSIBLE MISUNDERSTANDING OF MISINTERPRETATION OF MY REMARKS.

THE POSITION OF RCA ALASCOM IS AS STATED IN THE DOCUMENT PRESENTED TO THE COMMITTEE DURING MY APPEARANCE ON 3/21/75 TITLED ALASKA COMMUNICATIONS FOR THE LOCAL COMMUNITY DATED 3/20/75 CONSISTED OF THESE POINTS. THAT DOCUMENT ESTABLISHES FOR THE RECORD THAT RCA ALASCOM IS NOT IN FAVOR OF STATE OWNERSHIP OF A TELECOMMUNICATIONS SYSTEM OR OF THE PUSH TELEPHONE BIRTH STATIONS. THIS IS THE POSITION THAT RCA ALASCOM TOOK IN A MEETING WITH GOVERNOR HARRISON ON TUESDAY, MARCH 20, AND THIS IS THE POSITION THAT RCA ALASCOM TAKES WITH RESPECT TO THIS PROPOSED LEGISLATION IN S.B. 277.

~~I WANT TO STRESS THAT RCA ALASCOM, AS THE LONG LINES CARRIER
IN THE STATE OF ALASKA~~

IN VIEW OF THE EARLIER HEARING OF YOUR COMMITTEE ON FRIDAY, MARCH 21, AT WHICH I APPEARED AND PRESENTED STATEMENTS RELATIVE TO THE PROPOSED LEGISLATION. AFTER REVIEWING THE REMARKS I MADE AT THAT HEARING, IT APPEARS THAT A CLARIFICATION OF THE RCA ALASCOM POSITION IS NECESSARY IN ORDER TO AVOID ANY POSSIBLE MISUNDERSTANDING OF MISINTERPRETATION OF MY REMARKS.

THE POSITION OF RCA ALASCOM IS AS STATED IN THE DOCUMENT PRESENTED TO THE COMMITTEE DURING MY APPEARANCE ON 3/21/75 TITLED ALASKA COMMUNICATIONS FOR THE RURAL COMMUNITY DATED 3/20/75 CONSISTING OF NINE PAGES. THAT DOCUMENT ESTABLISHES FOR THE RECORD THAT RCA ALASCOM IS NOT IN FAVOR OF STATE OWNERSHIP OF A TELECOMMUNICATIONS SYSTEM OR OF THE BUSH TELEPHONE EARTH STATIONS. THIS IS THE POSITION THAT RCA ALASCOM TOOK IN A MEETING WITH GOVERNOR HAMMOND ON THURSDAY, MARCH 20, AND THIS IS THE POSITION THAT RCA ALASCOM TAKES WITH RESPECT TO THIS PROPOSED LEGISLATION IN S.B. 277.

I WANT TO STRESS THAT RCA ALASCOM, AS THE LONG-LINES CARRIER IN THE STATE OF ALASKA, AND AS SUCCESSOR TO THE ALASKA COMMUNICATIONS SYSTEM NOW HAS THE LONG-LINES RESPONSIBILITY FOR PROVIDING MODERN, EFFICIENT AND ECONOMICAL SERVICE TO ALL THE PEOPLE OF ALASKA AND HAS ASSUMED PARTICULAR RESPONSIBILITY FOR SERVING THE REMOTE VILLAGES, AS QUICKLY AS THE MEANS OF SERVICING THEM ARE DECIDED. RCA ALASCOM BELIEVES THAT WORKING TOGETHER WITH THE LOCAL EXCHANGE UTILITIES WILL PROVIDE ALL ALASKANS THE MOST EFFICIENT TELECOMMUNICATIONS SERVICES TO MEET STATE-WIDE AND INTERSTATE SERVICE REQUIREMENTS AT REASONABLE RATES UNDER THE EXISTING SCHEME OF STATE AND FEDERAL REGULATIONS. UNDER THESE CIRCUMSTANCES, I MUST STATE AS STRONGLY AS I CAN THAT RCA ALASCOM CANNOT FAVOR OR SUPPORT STATE OWNERSHIP OF A TELECOMMUNICATIONS SYSTEM WHICH WOULD DUPLICATE ITS FACILITIES, DIVIDE RESPONSIBILITY, PRESENT DIFFICULT AND COSTLY PROBLEMS OF INTERCONNECTION AND FRAGMENT THE REVENUES NEEDED TO SUPPORT SERVICE TO SUCH VILLAGES AND SPARSELY POPULATED AREAS.

ACCORDINGLY, RCA ALASCOM MUST EMPHASIZE THAT THE PROPOSAL THAT THE STATE OF ALASKA ACQUIRE, CONSTRUCT, AND MAINTAIN DOMESTIC COMMUNICATIONS SATELLITES, SATELLITE EARTH STATIONS, TRANSLATOR SYSTEMS AND A STATE-WIDE PUBLIC SERVICE COMMUNICATION NETWORK WOULD, IN FACT, BE COUNTER-PRODUCTIVE. RATHER THAN BRINGING HIGH QUALITY ECONOMICAL SERVICES TO THE REMOTE VILLAGES, IT WOULD GIVE RISE TO COMPLEX TECHNICAL AND FINANCIAL PROBLEMS, COULD DELAY RATHER THAN EXPEDITE MUCH NEEDED SERVICE TO REMOTE AREAS AND IMPOSE UNNECESSARY COST UPON ALL USERS IN ALASKA.

IN SUM, THE PROPOSED LEGISLATION IS CONTRARY TO THE PUBLIC INTEREST.

SINCERELY,

STEPHEN D HELLER
PRESIDENT
RCA ALASKA COMMUNICATIONS, INC.

*
RCACTN MCM JNU

HB

320

NB 320

Tapr No.

23

26

Date

4/4

4/11

"An Act relating to withholding tax; and providing for an effective date."

COMMITTEE REPORT

3/20/75

HOUSE

Mr. Speaker:

Date _____

The Committee on Commerce has had HB 320

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

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

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

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

Members NOT concurring in the Majority report:

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

[Signature] Chairman

STATE
of ALASKA

MEMORANDUM

File

TO: R. D. Stevenson
Special Assistant

DATE : April 3, 1975

FROM: Frederick P. Boetsch, C.P.A. *F.P.B.* SUBJECT: Regulation of Withholding Tax Rates
Deputy Commissioner, Taxation House Bill 320

This bill would amend AS 43.20.170 (a) which provides that the withholding rate for Alaska income tax purposes is 20.5 percent of the appropriate Federal withholding. Instead of specifying a percentage in the Statute, authority would be given to the Department of Revenue to publish an appropriate rate of withholding expressed as a percentage of the amount required to be withheld under the Federal tables. That percentage would be computed in such a manner to approximate the amount of tax due on the wages under the Alaska Net Income Tax Act. The purpose of this bill is to eliminate the necessity to alter the percentage by statutory amendment every time the Federal government changes its withholding.

Since the Alaska Net Income Tax rates are fixed, it makes sense that the Alaska withholding tax tables should also remain constant unless there are changes in the definition of taxable income. There should not, however, be a change in the Alaska withholding table every time the Federal tables change since those changes are often based on changes in the Federal rates. As a convenience to the employers, we have established a procedure whereby the employer need only take a certain percentage of the Federal withholding in order to compute the Alaska tax withheld. In order to make this work, it is necessary that the Alaska withholding rate be adjusted every time the Federal tables change. This happens so frequently that it creates an unnecessary burden to require that the law be changed every time the Federal withholding tables change.

For example, the President has signed into law a new tax measure which will cause Federal withholding tables to change in May and again in January of 1976. In order for us to maintain a constant rate of withholding it would be necessary to amend our current law, both now and again for January.

It is much simpler and more straightforward procedure to allow the Department to set the appropriate rate based on timely information received on changes in the Federal tables. This will allow us to more quickly respond to these changes and therefore protect the State Treasury from any sudden, and possibly costly, changes.

Although the withholding taxes are really a prepayment of income taxes and the income tax is due regardless of whether it is withheld, we believe that a drop in revenues could occur if House Bill 320 is not enacted. The withholding system is designed as a pay-as-you-go way of collecting income taxes. Since most people usually qualify for a refund at the end of the year, it has

also proven to be a very effective means of assuring compliance.

In our case, with a large transient population, the withholding system is essential to obtain good compliance with our income tax law. If a transient worker wound up owing a tax at year's end it is less likely that he would file a return than if he has a refund. Therefore, it is necessary that we be able to set the withholding tax at a rate that would result in either a small refund or small amount of tax owing at year end.

We have not estimated the effect on Treasury since we do not know how much compliance would be reduced by reduced withholding. Collections from the withholding system would drop by between \$5 million and \$6 million per year. This would be offset to some extent by payments with tax returns filed after year end.

There are no administrative costs connected with this bill.

FPB:ch

HB

356

N B 356

Tape #

Date

29

4/17

30

4/17

32

4/19

"An Act creating the Alaska Horse Racing Commission and authorizing pari-mutuel wagering at sanctioned events."

COMMITTEE REPORT

3/28/75

HOUSE

JUDICIARY

Mr. Speaker:

Date _____

The Committee on COMMERCE has had HB 356

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____	recommends: <i>not a part of the bill</i>
_____	recommends:
_____	recommends: <i>no</i>
_____	recommends:
_____	recommends:

_____ Chairman

AMENDMENT

OFFERED IN THE HOUSE:

By: Commerce Committee

To: _____ HOUSE BILL No. 356

SENATE BILL No. _____

PAGE: _____

LINE: _____

Page 1, line 15

Change the word "twenty-five" to "eighteen"

Page 6, line 8

Insert the words "and the" after the word "and"

and the word "and" after the word "and"

and the word "and" after the word "and"

and the word "and"

Altec

SRB 360 PALMER, ALASKA 99645
745-3072



* * C O N T E N T S * *

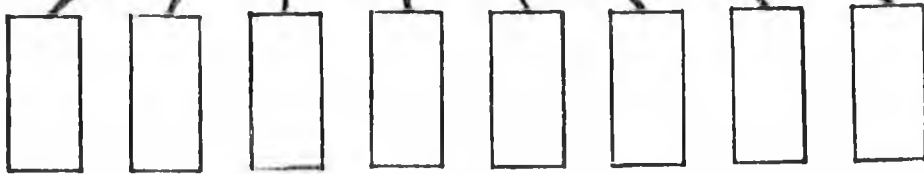
1. System Overview
2. Central Configuration
3. Track/Cashier Configuration
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5. Sample Display
6. Control and Security
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8. OFB Computer Applications

IBM
370
HOST
COMPUTER

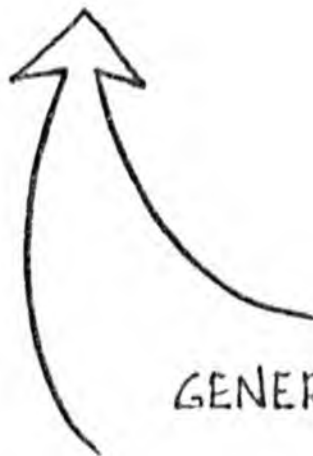
TOTE BOARD

3600

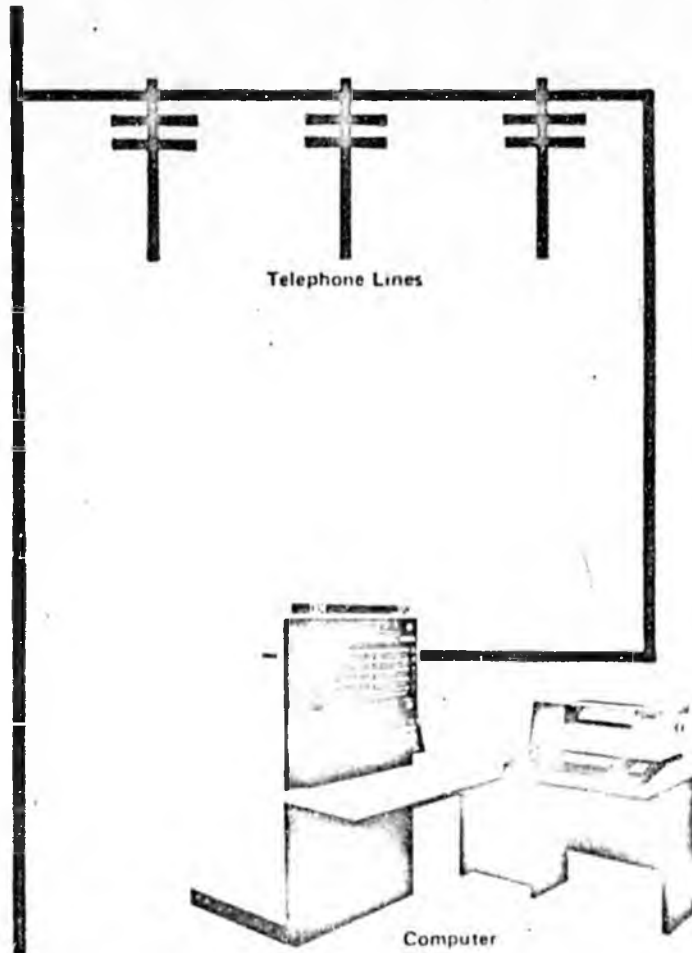
CRT



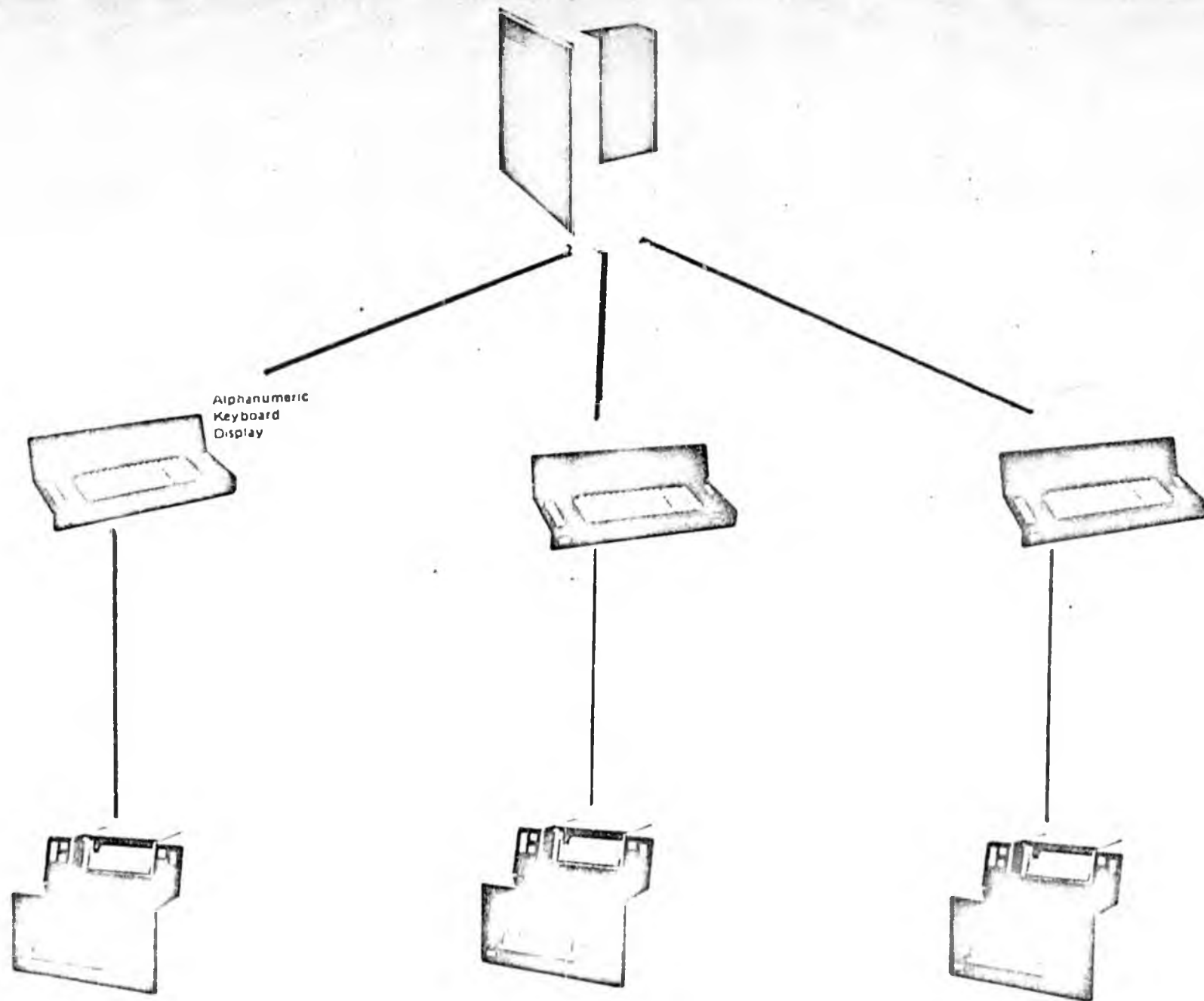
BETTING WINDOWS



GENERAL PUBLIC



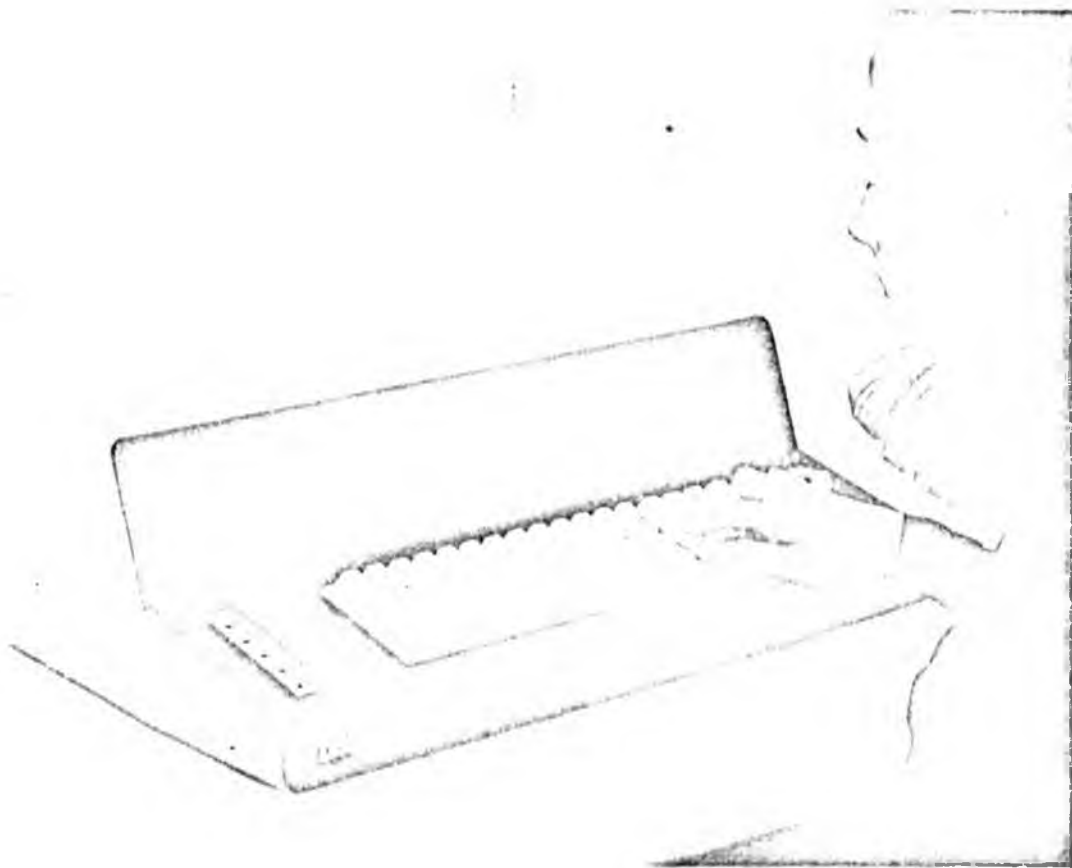
What Is The 3600 Finance Communication System? 11



**IBM 3604
Keyboard Display**

The Keyboard Display (Figures 3 and 4) is an interactive terminal for use by tellers, loan officers, auditors, and others. It contains a viewing area for up to 240 characters of information. The displayed information may be customer data or operator instructions, presented under control of the IBM 3601, or it may be the information entered from the keyboard.

Several keyboard options are offered with the IBM 3604. Keyboards with special "function keys" are available as well as the standard numeric or alphanumeric keyboards. The use and nomenclature of function keys are specified as desired by the individual financial institution.



IBM 3604 Keyboard Display with Alphanumeric Keyboard Feature

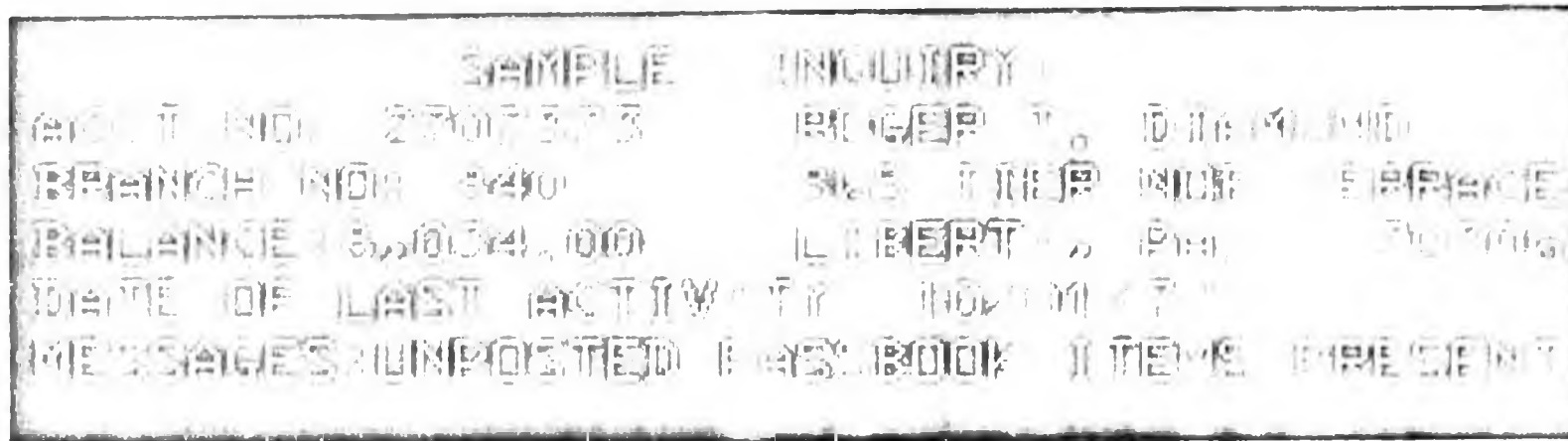
Display

The display shows 240 characters (6 lines of 40 characters) sharply and steadily. It may be used to do two important things for you:

1. Display the information that you enter at your keyboard. You can thus check your message for errors before you send it to the computer or before you have it printed. If there are any errors, you can change the message and see the change on the display.
2. Display information or guidance messages for you from the computer. Examples are: (1) an answer to your inquiry (the present

balance, let's say), (2) the result of a transaction (for example, the new balance after a deposit), (3) a message to help you through an unusual situation or a less frequently used transaction. Note that even though you may have only a numeric keyboard, alphanumeric messages from the controller to you can be displayed.

A sample display is shown in Figure 7.



Sample Display

Audit and Control

The use of an IBM 3600 in a branch office introduces a new way to process information. Terminals become key operational devices. Transactions are guided by terminal prompting, data is gathered by terminal keying, and system information is accessible by terminal action.

Controls and audit procedures are very important. The institution can incorporate a variety of security and control measures, audit trails, and error-detection schemes into its application programs. As an illustration, consider operator identification.

If desired, application programs can be written so that operators must identify themselves with a log-on code before they are permitted to use the system. The procedure might be simply to enter a confidential identification name or number. Each terminal user would be assigned a unique code, and code changes could be made periodically or as needed. The system could be programmed to permit only certain codes at certain terminals, and to allow no more than one log-on at a time per terminal. A log-off procedure (such as keying the term "Off") would prevent subsequent use of the terminal until another valid log-on was entered.

When two operators use the same terminal unit or units, special keyboard keys can be used to identify the operator who is processing a transaction. In this way, the system can keep track of individual activity and maintain separate records and accountings.

As an additional security measure, the system could be programmed to provide an authorization mechanism which allows operators to perform certain specific transactions but not others. This technique is valuable for restricting access to information that only certain users need: supervisors or managers, for example. It can give extra protection to particularly sensitive information.

Problem Determination and Fault Isolation

The IBM 3600 system minimizes the effect of fault conditions. Checking circuits and controls are built in to identify problems and to isolate their cause so that quick corrective action can be taken.

For example, suppose a Keyboard Display has a failure in the circuitry that exchanges data with the IBM 3601 control unit. On the terminal a CONTROL READY light (usually lit) begins to flash, or is extinguished altogether. Turning the unit off (or throwing the DSBL. UNIT switch) disables the terminal and permits the remainder of the system to function normally. Therefore, the problem can be corrected with minimum effect on the system.

If a failure occurs elsewhere in the system, it may be flagged by a CONTROL READY light indication, by a special message from the IBM 3601 control unit, or by other system means.

Furthermore, IBM-designed tests are incorporated into the IBM 3601 and may be activated at any time. They exercise and test the terminals, and provide assurance that each device is performing properly.

* * 3600 Hardware Costs * *

	<u>Monthly</u>	<u>Extended Monthly</u>	<u>Purchase</u>
Central Processor	\$523.00	\$445.00	\$20,140.00
Display Consoles (8)	496.00	424.00	2,120.00
Document Printers (4)	300.00	256.00	2,545.00
Central Site Prtr	125.00	108.00	2,350.00
	<u>\$1,444.00</u>	<u>\$1,233.00</u>	<u>\$27,155.00</u>

These hardware costs reflect only the mainframe and peripheral devices. Additional costs will be incurred in the event of a need to configure additional mainframe modules, e.g., multiplexor, also cable considerations, and site preparation are not included.

Large Scale Off-Track Betting Systems

Stephen L. Dumik
IBM Canada Limited

Introduction

While legal off-track betting in North America has only been active since April 1970 (in New York), it has been available to Australians since 1960, following the installation of telephone betting in the state of Victoria.

An off-track betting system is one that allows individuals not within the confines of a racetrack to place wagers either in person at a branch office facility, or via telephone if an account has been established. The law usually requires that all bets placed off-track be consolidated with the on-track pari-mutuel system of any race within a given state.

In 1971-72 the Australian public invested an average of \$147 (Australian) per person in racing bets. This represents

a total investment of some \$1.9 billion spread over off- and on-track. The average yearly growth rate over the past eight years has been 15 percent and the current rate of increase in off-track betting is about 20 percent. The largest, New South Wales Totalizer Agency Board (N.S.W. TAB), which installed its on-line system in 1971 with an expected life of 10 years, passed its 1980 forecast bet levels in 1973.

The TAB of N.S.W. is set up under a state government act to provide legalized off-track betting facilities on horse and dog races within the state. Similar legislation and operations exist within other states in Australia, Tasmania being the last to set up such an operation. The N.S.W. Board was set up in 1964 and went on-line in 1971. Turnover in N.S.W. off-track betting for the year ended

