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HC

HB 509

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HB 546

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DAVID BONNERUP  
1301 INLET PLACE  
ANCHORAGE, ALASKA 99501

FEBRUARY 13, 1976

REPRESENTATIVE BOB BRADLEY  
CHAIRMAN-HOUSE COMMERCE COMMITTEE  
POUCH V  
JUNEAUS, ALASKA 99811

DEAR REPRESENTATIVE BRADLEY,

I AM WRITING IN REGARDS TO HOUSE BILL 509. MY NAME IS DAVID BONNERUP, AND I AM A LICENSED EMBALMER IN THE STATE OF ALASKA. JULY FIRST I ALSO WILL BE LICENSED IN THE STATE OF MINNESOTA. I AM PRESENTLY SERVING AN APPRENTICESHIP UNDER A MORTICIAN, IN ANCHORAGE, WHO IS LICENSED IN BOTH STATES. I GRADUATED FROM THE UNIVERSITY OF MINNESOTA, WITH A B.S. DEGREE, MAJORING IN FORTUARY SCIENCE.

I WILL SPECIFICALLY ADDRESS MYSELF TO THREE AREAS OF THE BILL. 1) SINGLE LICENSE AS OPPOSED TO A DUAL LICENSE? 2) PRE-FINANCED TRUST LAW 3) PERMITS FOR THE OUTLYING RUSH COMMUNITIES.

I SUPPORT THE PROPOSAL FOR A SINGLE LICENSE REGULATING EMBALMING AND FUNERAL DIRECTING. I FEEL KNOWLEDGE IN ALL PHASES OF FUNERAL SERVICE IS TO THE BEST INTEREST OF THE PUBLIC. THERE OFTEN ARISE OCCASIONS WHERE THE FUNERAL DIRECTOR IS FACE WITH A QUESTION, FROM A FAMILY, CONCERNING THE EMBALMING OPERATION. THE QUESTION SHOULD BE ANSWERED HONESTLY, AND ALSO ETHICALLY, BY THE FUNERAL DIRECTOR. I FEEL TO DO THIS, THE FUNERAL DIRECTOR MUST HAVE A WORKING KNOWLEDGE OF THE TECHNICAL ASPECTS OF EMBALMING PROCEDURE.

THERE HAS BEEN SOME DISCUSSION CONCERNING THE POTENTIAL OF INCREASING THE SALARY OF FUTURE EMPLOYEES, BECAUSE OF THE EXISTING EDUCATIONAL REQUIREMENTS. I GRADUATED IN JUNE OF 1975, AND WAS ACTIVELY EMPLOYED IN SEVERAL EMPLOYERS, IN ALASKA, MINNESOTA, AND IOWA. I WAS OFFERED SEVERAL JOBS, AND THE SALARY RANGED FROM \$500 TO \$900 MONTH PLUS HOUSING. I ALSO APPLIED TO SEVERAL OTHERS BY MAIL, AND THE SALARIES WERE ALL IN THAT RANGE. THIS LEADS ME TO BELIEVE THE EMPLOYERS OFFERED A SET SALARY, NOT BECAUSE OF EDUCATION, BUT BASED ON HOW GOOD THEY WERE THEY COULD AFFORD.

I ALSO FEEL THAT ALASKA HAS A CHANCE TO ADOPT A GOOD LAW, AND I FEEL ALASKANS DESERVE THE BEST, AND THE SINGLE LICENSE IS THE BEST.

*Evergreen Memorial Chapel, Inc.*

737 E. STREET      TELEPHONE 579 5477  
P. O. BOX 537      ANCHORAGE, ALASKA

THE PRE-FINANCE TRUST LAW IS IN THE INTEREST OF THE CONSUMER. IF A PERSON WISHES TO PAY MONEY FOR A FUTURE FUNERAL, THAT PERSON SHOULD EXPECT THE MONEY TO BE AVAILABLE WHEN THE NEED ARRIVES! THE MONEY SHOULD BE THERE EVEN IF THE FUNERAL HOME INVOLVED HAS GONE OUT OF BUSINESS.

THE PERMIT FOR THE BUSH COMMUNITIES IS A PRACTICAL IDEA. WHEN AN INDIVIDUAL DECIDES TO TAKE CHARGE OF BODIES, FOR COMPENSATION, THAT PERSON SHOULD BE MADE OF POTENTIAL HEALTH HAZARDS ASSOCIATED WITH THAT BODY, AND PROPER PROCEDURES TO FOLLOW. THROUGH THIS PERMIT THESE INDIVIDUALS CAN BE MADE AWARE OF THESE SITUATIONS.

THANK YOU FOR YOUR TIME.

SINCERELY,



DAVID BONGERUS

*Evergreen Memorial Chapel, Inc.*

737 E STREET      TELEPHONE 279-5477  
P O BOX 537      ANCHORAGE ALASKA

THE PRECEDING PAGES WERE TREATED AS  
A UNIT IN THE ORIGINAL FILE.

THE FOLLOWING PAGES WERE TREATED AS  
A UNIT IN THE ORIGINAL FILE.



February 10, 1976

Mr. Billie G. Berrier, Staff Counsel  
Legislative Affairs Agency  
State of Alaska  
Juneau, Alaska 99801

Dear Mr. Berrier:

At the request of Mr. Thomas H. Clark, enclosed you will  
find the document regarding pre-need.

Very truly yours,

(Mrs) Margaret Schenz  
(Secretary to Mr. Thomas H. Clark)

## PRESENTATION IN RE PRE-NEED STATUTES

The question of pre-need funeral sales has been an item of importance in the funeral service field going back to 1950. Presently today, there are 35 states which have statutes which in some way affect the sale of pre-need contracts.

The promotion which we call pre-need started more than thirty years ago in the West, where some 90% of the pre-need funerals in this country are sold annually. It is the people of this same area which, according to a survey of Dr. Robert Fulton, Associate Professor of Sociology at Los Angeles State University, have the worse impressions and feelings as to funeral service and funeral directors. This survey showed that this is in no small part due to pre-arrangement sales. Most of the western states have now taken steps to correct this evil and to give to their citizens the protection to which they are entitled from the promoters and schemers. A few years ago California, which previously had had the highest amount of pre-need sales in this country, passed a pre-need law. During the last few years, the State of Idaho, which has had a statute, found reason to enforce this statute to protect its citizens and the case arising out of this enforcement will also be referred to later. More recently, the State of Colorado, through its insurance commissioner, has had to put tighter reins on the sales of pre-need because of flagrant abuses of the law and advantages taken of its citizens. Back in 1953, after many citizens had lost substantial sums of money by reason of uncontrolled pre-need sales, the first law was passed in the State of Minnesota. Since that time, the other 34 states have followed suit. These laws were drawn to handle sales of pre-need contracts by any person, partnership or corporation whosoever so that it is not a law to favor or disfavor any seller of pre-need contracts. It puts those actively engaged in funeral service under the same restraint as it does those outside the funeral service. According to the

Better Business Bureau which has issued a strong pamphlet on this matter to which we will refer later, most of the problems of pre-need sales have arisen where the sellers were not funeral directors.

The citizens and public officials of Wyoming need only look back a few years to see a prime example of how the public can suffer. More recently, however, the State of Kansas, and this is documented in the Supreme Court case of Kansas to which we will refer later, found that many hundreds of thousands of dollars of pre-need funds had been paid to ten corporations owned by a Denver operator.

The Court indicated that less than \$100.00 of this money was under the jurisdiction of the State of Kansas, and that should these corporations go out of business or be otherwise dissolved, that the money paid by the purchasers would be lost although it was paid in good faith. The Court reminded the participants that, although the loss had not yet occurred, the Court would follow the well advised decision of the State Legislature in not waiting for the loss to first occur. The Court in effect said that it was not willing to lock the barn door after the horse was gone, but that the Legislature had the right to legislate to prevent the horse from escaping.

The profiteering by sellers of pre-need contracts should never be underestimated. Let me relate to you two instances which indicate the extent to which those not actively engaged in the practice of funeral service will go to sell pre-need and/or circumvent present pre-need laws. There have been instances where caskets which have been sold to families, where the casket was the sole item sold under the pre-need contract, were immediately delivered and stored in a warehouse in the name of the purchaser who could at any time he so desired withdraw the casket from the warehouse. It is obvious that the caskets could be needed any time from one day to 25 years hence. If some time did elapse, what would be the condition of the caskets and would not the storage charges exceed the wholesale value of that casket which, on a national average, is \$122.00?

There have also been instances where vaults have been immediately delivered and buried in an individual's back yard because the law regulated "sales of funeral merchandise to be delivered in the future." Is it in the public's interest that the purchaser would be required to dig up the vault and take it with him if he moved or have it transported to the cemetery in event of death? As these cases easily illustrate, the welfare of the purchasing public from the high pressure of salesmen must be of prime consideration.

You are requested to consider adoption of a revision in your Pre-Need Law. The public interest and the public welfare are evident when we remember that purchase of a funeral is not like purchasing a car or a washing machine on the installment basis. This is because the average purchaser of a funeral is not fully conversant with what is included or not included in a funeral, and the relative cost thereof, nor is he likely able to compare comparative qualities, services and prices. 98% of the funeral services are provided by a chosen funeral director according to the survey of Dr. Robert Fulton for one of two reasons; the closeness of the funeral director's location or because the funeral director had buried another member of the decedent's family.

Because the present generation and the generations to come are becoming more mobile - that is we die not near the place where we wish to be buried or die away from the place where we lived most of our lives, none of us is sure of the whereabouts or conditions of our death. This is another of the reasons why proper pre-need laws are generally acknowledged to be desirable. These laws must contain certain basic elements, such as holding the funds received in trust, making sure the funds may not be used by the recipient prior to fulfillment of the contract and the ability and the right of the purchaser to withdraw these funds, which is usually done because of change in circumstances, change in choice of funeral director or change in domicile. The law which is recommended to you adequately covers these points, and later on it will be pointed out to you where laws of less restriction do not adequately provide for them.

For many years the opponents of pre-need statutes have advocated open pre-need sales without legislative restrictions. In the latest two instances where states passed pre-need legislation, this approach was changed and they now acknowledge that some pre-need legislation is necessary. However, the legislation which they advocate is of such a nature as to make pre-need sales immediately profitable to them; however, the profit should not be through profiteering nor should it be as a result of a contract made by an uninformed public where the possibility of non-performance on behalf of the Seller is extraordinarily great.

The proponents of pre-need sales tell us that pre-need contracts reduce the cost of the funeral merchandise or funeral service. A perfect example was the testimony of the plaintiff in the Illinois Supreme Court case where he stated "successful operation of their business (selling pre-need contracts) required the immediate deduction from payments of 32.1% for commissions and over 36% for other optional expenses." If the purchaser is to receive the same quality funeral for the same price that that funeral would have cost him had he died at that time, who is going to pay for the expenses incurred by the seller of the contract. The Court pointed out that the only answer can be that the result is a funeral of less quality - in other words, the purchaser is not getting that for which he contracted. The prime example of the questionable cost statements appears in the testimony of Mr. Richard N. Carpenter, Assistant Attorney General of the State of New Mexico, who appeared before the United States Senate Sub-Committee in Washington, D. C. in 1964, which Committee was investigating fraud and misrepresentations affecting the elderly. Mr. Carpenter stated that, "Sales are made door to door and are upon the installment basis", and that the sellers were selling only caskets and that the "total purchase price has usually been \$637.50." Mr. Carpenter then stated that the President of the selling company had indicated to the Attorney General's office in New Mexico that the wholesale cost of the casket was \$96.50. This is important when we realize that the average funeral

service provided in the Rocky Mountain Region, which includes the States of New Mexico and Wyoming, during the year 1965 was, according to a national survey of Eugene F. Foran, \$605.00 and that the wholesale cost of that casket was \$106.00. The survey covered over 100,000 funerals. The sales in New Mexico did not include a full funeral service, although the price was more than such an average service. Mr. Carpenter stated that upon investigation they found that the purchasing public thought that a full service was included. It should be pointed out here that pre-need funeral service contracts are available to every citizen. They merely have to call a funeral director of their choice and make such an arrangement. Under these arrangements, there is no cost to or by the funeral director and, therefore, all of the money paid by the purchaser can go to the providing of that quality funeral which is as chosen at the time it is needed. In this same regard, it should be noted that the word "professionalism" is used in some laws which license funeral directors. Because of this unique nature, they are willing to serve the public to the public's benefit and to accept profit only at the time they are entitled thereto.

The proponents of pre-need sales have indicated on occasion that there is a crying need by the public for pre-need sales. A Sub-Committee of the United States Senate had a hearing on May 19, 1964 in Washington. At this hearing before the Sub-Committee called "The Sub-Committee on Frauds and Misrepresentations affecting the elderly of the Special Committee on Aging of the United States Senate", Mr. W. Dan Bell, Manager of the Rocky Mountain Better Business Bureau of Denver, Colorado, stated that between "8 to 10 million dollars in pre-arrangement funeral contracts have been sold. Of this money, much of it is sold on an installment contract." This is extremely important when we find that there is a 46% lapse factor to insurance figures on the completion of such contracts. So that much of the money paid for an item that may not be due for a period of twenty or twenty-five years finds its way into the hands of the promoters. Another statement before the same Committee concerning

the need of such contracts was made by Mr. Bell and goes as follows:

"I recall back in Cleveland, Ohio when I was much younger, that the cemetery lot promoters moved into Cleveland during the depression, and they sold cemetery lots on the basis of trading the elderly people out of their pass-books, their savings pass-books, and at that time, they sold more than - well, they sold enough cemetery lots in the city of Cleveland to bury all of our dead for a period of 200 years."

When we look to the states which have properly regulated pre-need contracts, we find that the funerals provided pursuant to such contracts amount to only 1% of the total funerals provided. Thus, does this indicate there is a need?

The third objection of opponents to pre-need legislation, such as has been adopted in most of the other 34 states to which we have referred, is that such legislation in effect prohibits the carrying on of a lawful business activity and, therefore, such legislation is unconstitutional. As indicated above, there have been 6 states whose Supreme Courts have upheld the constitutionality of pre-need statutes. Each of these cases have dealt with the problem of whether such statute was unconstitutional by reason of this objection. In the case of J. M. Falkner, Banking Commissioner of Texas versus Memorial Gardens Association, Inc., the Texas Supreme Court said:

"The fact that the Act requires all funds collected under the contract to be deposited in a trust fund is a mode of regulation of the business and does not prohibit its conduct."

Also, the problem was mentioned in the Illinois case which was Memorial Gardens Association, Inc. versus Elbert S. Smith, Auditor of Public Accounts wherein the Illinois Supreme Court said that the defendants,

"Assume no risk in connection with the increase of the cost of merchandise or services and receive the income from the sums retained. Such procedure invites regulations of a stringent nature."

Continuing, the Court said:

"A large discretion is necessarily vested in the legislature to determine not only what the interests of the public welfare require but what measures are necessary to secure such interest. We do not believe the present

statute operates to prohibit plaintiff's legitimate business. It does regulate the manner in which the business may be conducted. Practically, plaintiffs will no longer be able to collect prospective profits in advance without furnishing adequate guaranty for performance."

Continuing the Court said:

"There is nothing unique in requiring one who contracts for performance in the future to give security for that performance."

Continuing the Court said:

"The public has a vital interest in securing that result and, insofar as the rights of plaintiffs are affected, those considerations must yield to the paramount public welfare."

The next case which mentioned this is the Arkansas case of Reserve Vault Corporation versus Clint Jones wherein the Court said:

"It would be most unusual to expect, or require, prospective purchasers to furnish or advance capital funds necessary for the operation of a business."

The next case to be decided was a case in the State of Idaho which was Messerli versus Monarch Memory Gardens, Inc. wherein the Court said:

"The trust fund provisions of the statute in question are designed to require reserves sufficient to assure the purchasers that the Companies with which they are dealing will be able to complete their contracts when the time for performance arrives."

After the Idaho case, the Supreme Court of Utah in the case of Utah Funeral Directors and Embalmers versus Memorial Gardens of the Valley, Inc., without discussion, simply stated that based on prior decisions the law was constitutional and was a regulatory statute and not a confiscatory statute.

A labor case to be decided in this regard was the case of State of Kansas versus Norman Anderson. The Court in that case stated simply that whether the purposes of a particular statute should be obtained by limited regulation or by absolute prohibition is a question to be answered by a legislature and continued by saying:

"It may again be pointed out that under their contracts, aside from the so-called merchandise trust which is under their control, defendants are not required to make any expenditure for merchandise until after request and after

full payment. The particular merchandise need not be held by defendants at the time of the making of the contracts, or even to be in existence. We would not deprecate promotion or sales costs in the operation of a business but these are not ordinarily permitted to become so burdensome as to put one out of business if advance profits be not drawn. That the statute may seem onerous to defendants in its operation does not render it unconstitutional."

All of these six decisions agreed with each other that the objection that the law was confiscatory and prohibited an otherwise legal enterprise had no foundation.

A seventh case was in West Virginia and was one of the earliest cases and the decision in that case was a 4 to 3 decision against the constitutionality wherein the Court held that the purpose clause did not set forth public regulation power. In each of the six cases which we have herein noted, the dissenting opinion in the West Virginia case is quoted at length and said to be the better view. Subsequently, the legislature of the State of West Virginia has passed a new pre-need statute very similar to the statute which is recommended to you and the legality of that statute has not been questioned.

In each of the six cases referred to earlier (this does not include the West Virginia case), the Court discussed at some length the need and the constitutionality of legislation in the pre-need field. Some quotations from these six cases are as follows:

In the Texas case, the Court said:

"Clearly the Act applies alike to all individuals and corporations desiring to sell pre-arranged or pre-need funeral services or funeral merchandise to be delivered at an undetermined future time dependent upon the death of the contracting party. It is actual classification by the legislature and it is made to apply to all persons and corporations in the class."

Continuing the Court stated:

"Senate Bill 52 was enacted in the public interest."

In the Illinois case, the Court said:

"The enactment of statutes having for their object the prevention of fraud, deceit, cheating and imposition is within the police power of the State."

"The public has a vital interest in the proper disposition of the bodies of its deceased members. Persons

engaged in this business have been subjected to rigorous regulation specifying the place and manner in which their activities may be conducted and prohibiting such activities without license or permit. This has been done, not only out of proper respect for the dead, but in the interest of public health. Such regulatory statutes have not been confined to the business of undertaking and embalming."

The next case to be decided was the Arkansas case, and the Court there said:

"In determining the constitutionality of a statute bearing on its face clear indication that it was designed to prevent fraud, the Court may not give weight to the fact that fraud was neither charged nor proved."

The Court then decided,

"We think unquestionably the Legislature, in passing the Act, had in mind the protection of the public."

From this decision you can see that the legislature did not wait for fraud to exist but kept the public interest in mind and enacted the so-called "ounce of prevention."

Again referring to the Arkansas case, the Arkansas Court agreed with the Illinois case in that "the trust fund provisions of the Act in question are designed to accomplish the same purpose" as insurance laws. "That is to assure the purchasers that the companies will be able to complete their contract when the time for performance arrives."

The next case in order of time was the case in the State of Idaho which stated:

"Mr. Lloyd, president and sole owner of Monarch, testified that the company's average contract runs approximately four and one-half to five years before it is paid out. When we consider that the contract payments are to be made within a short period of time as compared to the average lapse of time until performance of the pre-need contracts; that during the long interval between full receipt of the purchase price and contract performance, the possibilities for fraud are great and risk of insolvency, with consequent inability to perform are inherent, it is then that the wisdom of the legislation becomes apparent."

As to Utah case:

The Court simply stated that the defendants were in violation of:

"these statutes which are obviously made for the protection of the payor-purchaser in obtaining the funeral services contracted for."

The last of the six cases was the Kansas case wherein the Court said:

"Approximately ninety per cent of these sales are on an installment plan basis with payments extending for as much as seventy-two months and approximately ninety per cent also include the sale of a burial vault and memorial marker."

The Court also said:

"It must be remembered defendants operate as a business venture, for profit, and there are many possibilities whereby money received from the sale of lots might be diverted without adequate provision for maintenance and care of the cemeteries, which is exactly what the statute seeks to prevent."

Continuing along the same line of thought, the Court said:

"There is a public interest in the protection of funds intended for a particular purpose, from whatever hazard, whether the normal vicissitudes of business or plain fraud and deceit."

Continuing the Court quoted 68 A.L.R. 2nd 1251 which said:

"Pre-need burial insurance contracts have become quite common in this country, and since they present opportunities for fraud and frequently cater to people most easily duped by fraudulent schemes, many states have attempted regulation of such contracts."

In concluding the Court's decision of public interest, it concluded:

"The whole enterprise presents a fertile field for fraud and imposition and is clearly subject to the police power of the State."

From this it should be clear that there is public need for proper pre-need legislation, and that such legislation where it required a 100% deposit is both desirable and constitutional.

Many other things have been said about the desirability of pre-need legislation which requires 100% deposit. One of the last legislatures to pass such a law was the State of Kentucky. That bill is extremely similar to the bill which you are considering. General feelings as to this bill are echoed by the statement of the Commissioner of the State of Kentucky. He stated simply that never before had he seen legislation so much in the public interest, and that he would be remiss in his duties if he did not advocate passage of this legislation.

That same sentiment is in essence expounded by the Associations of Better Business Bureaus which is the national association for the local associations of Better Business Bureaus. In 1960 the Association issued a pamphlet entitled, "Facts you should know .... Questions you should ask about .... The pre-arrangement and prefinancing of funerals."

In 1963 and again in 1966, this pamphlet was brought up-to-date. There is no question that it advises regulations such as contained in most of the state statutes.

Earlier reference was made to a hearing of a sub-committee of the United States Senate on frauds and misrepresentations, and the conclusion of its report reads as follows:

"Preliminary inquiry by the sub-committee has revealed actual and potential losses resulting from the sale of pre-need burial services across the state lines or through the mail. Often, victims are elderly persons who have sought to make certain that they themselves, rather than their survivors, will bear such costs. The threat of such losses, and the cruel nature of the deception, calls for broadened investigation by this sub-committee."

You might ask why we do not ask for federal regulation as to the pre-need contracts. As a matter of principle, we believe it is better for the states to regulate where they can rather than look to the Government in Washington and, in following this reasoning, when this question was brought to the attention of the Federal Trade Commission in Washington, the Commissioner simply stated, "that the matter of funeral service is a matter for local legislation on a local level."

Besides the moral and legal questions as to the public interest and constitutionality, persons selling pre-need funerals fail to notify the family of the decedent of two rights. First, the right to a social security lump sum death benefit, and that benefit in the event there is no spouse, can only be used toward payment of a funeral bill. Presently social security benefit is \$255.00. If a funeral is prepaid and no spouse survives, the social security benefit is lost. It cannot be collected. Secondly, a veteran is also entitled to a death benefit of \$250.00 but his

family also cannot recover any part of it if the funeral has been paid for prior to death. This means that the next of kin, where there is no surviving spouse, would receive no social security death benefit even though the wage earner had paid his social security taxes, and that the family of a deceased veteran, whether it was his wife or children, would not receive the last token of appreciation from those the decedent served while a member of the Armed Forces.

Six times those who oppose proper regulations and laws for pre-need sales have presented their arguments to State Supreme Courts only to have those arguments refuted in the public interest. It is felt that an attempt along this line will be made so far as this Committee and Legislature are concerned.

It is sincerely hoped that the events in other parts of the country both as to abuses and court decisions will not allow your judgment, which should be based on what is best for the citizens of your state, to be blinded by those who are concerned only with profits and who have no consideration for the public welfare.

# Prewitt Enterprises

GENE & GAYE PREWITT, OWNERS ♦ PREWITT FUNERAL HOME ♦ ISLAND BUS CO.

BOX 1001 - SITKA, ALASKA - 98835

February 10, 1976

Representative Bob Bradley  
Chairman House of Commerce Comm.  
Pouch V  
Juneau, AK 99811



Dear Representative Bradley:

Let me take a few moments to say thank you for the consideration and effort you and your committee have put into House Bill 509, and also for the opportunity for some of us in the funeral profession to voice our opinions.

I would like to summarize my feelings with respect to HB 509:

- 1) I feel that one year of college should be sufficient in addition to apprenticeship, mortuary school and state board examinations. This would not make our requirements greater than the majority of the States and unnecessarily limit the potential areas from which we could seek prospective employees in the event need arises.
- 2) We very firmly support the pre-financed trust law. I operated the mortuary in Fairbanks a number of years ago after a cemetery promoter (now deceased) had pre-sold a large number of clients. Unfortunately the funds were not in trust and by spring we had the remains of six or seven deceased individuals in temporary storage awaiting funds to even open and closed the acquired graves. It should not be necessary to describe the mental anguish and hard feelings experienced by the purchasers of these contracts. A situation such as this should never again happen in our State of Alaska.
- 3) The permit system would not take authority from the office of the Coroner, but assure him that there would be someone in the villages making certain that a burial or cremation would not take place until a death certificate had been filed and a burial permit secured from the magistrate. A burial would not take place until all medical or legal investigations would be complete. This would appear to be an insurance policy for the office of the Coroner.
- 4) The single license provision would assure a more professionally trained person in the field of mortuary science, as well as lessen the burden of paperwork some of the departments are now sharing.

Sincerely yours,

  
Marvin J. Krause

# Walsh Mortuaries

Robert Britt, Funeral Director  
Member of National Funeral Directors Association  
P. O. Box 5  
KENAI, ALASKA 99611

SEWARD  
Ph: 224-3677

KENAI  
Ph: 283-7777

February 10, 1976

Rep. Bob Bradley, Chairman  
House Commerce Committee  
Pouch V  
Juneau, Alaska 99811

RE: House Bill #509

Dear Rep. Bradley;

I am writing to you in regards to House Bill # 509, and I hope your committee will consider these points I have listed before voting.

The first point I want to mention is a single license requirement is needed. If not a single license I would favor of 1) embalmer's license being issued and 2) a funeral directors license issued, as long as the embalmer's license is received first. I am licensed in this matter in another state. This type of a license system would help streamline and fly by night operators from existing. As a result, only licensed professionals will be working with families and funds that is sent for to the funeral home.

Second, in remote areas of the state the points issued by the state for practicing are necessary and should be issued in areas where needed.

Third, pre-need sales laws are needed. All with these contracts must be able to maintain control of the contract and the right to terminate the contract at any time, without forfeiture of any monies paid or benefits accrued. There should be a 100% refund made to the family.

Very truly yours,  
  
Robert S. Britt, Jr.  
Owner-Funeral Director

February 10, 1976

*File*  
1

Rep. Bob Bradley  
House Commerce Committee  
Chairman  
Pouch V  
Juneau, Alaska 99811

Dear Bob:

We know that you are getting close to final decisions on House Bill 500.

Please consider the people of the State and the quality of the funeral service practitioner who will be serving them in the future.

Set the standards high, and you'll get the kind of people serving Alaska that they deserve and are paying for. Set them low and you'll generally attract people of the same low caliber.

The State boards in those States where the requirements are highest are looking at more applicants for licensure than there are positions available. Just contact a few of them to verify this. College trained and educated people don't demand more money - they'll often work for less. One need only look at the example of nurses and teachers to know that this is so.

Please license with a single license. It is the public's best guarantee of a fully qualified person.

Please include the provisions of our statute so that the survivors of our loved ones will not be terribly disappointed.

Our position for a single license, a high merit system, and the trust law is supported not only by us but by the following locally licensed practitioners:

1. Robert Britt      Britt, Eimer & Home  
                                Yessie, Alaska
2. John Welch      Welch Mortuary  
                                Juneau, Alaska
3. Nellie Henderson      Popper, Della Mortuary  
                                Cordova, Alaska

***Evergreen Memorial Chapel, Inc.***

737 E. SIRELLI      TELEPHONE 279-5477  
P.O. BOX 517      ANCHORAGE, ALASKA

4. Marv Krause                      Prewitt Funeral Home
5. Gene Pruitt                      Sitka, Alaska
6. Charley Roselle                Stikine Funeral Homes, Inc.  
Petersburg and Wrangell, Alaska
7. Art Moll                          Ketchikan Mortuary  
Ketchikan, Alaska
8. Mary Lou Rottler                Practiced in Alaska from 1972 to 1974, will  
return to practice here this summer after two  
years as an instructor at the State University  
of New York.

Each of the above will also personally inform the committee of their position.

*P. J. Franke*

P. J. Franke  
President  
Evergreen Memorial Chapel, Inc.  
Alaska Licensee

*Greg Jerich*

Greg Jerich  
Evergreen Memorial Chapel, Inc.  
Alaska Licensee

*Richard D. Rom*

Richard D. Rom  
Member  
Evergreen Memorial Chapel, Inc.  
Alaska Licensee

*David Bonnerup*

David Bonnerup  
Evergreen Memorial Chapel, Inc.  
Alaska Licensee

*Vic MacCallister*

Vic MacCallister  
Evergreen Memorial Chapel, Inc.  
Alaska Licensee

*Dale Rosenborg*

Dale Rosenborg  
Evergreen Memorial Chapel, Inc.  
Alaska Licensee

*Evergreen Memorial Chapel, Inc.*

737 F STREET      TELEPHONE 278 5477  
P. O. BOX 587      ANCHORAGE ALASKA

AGREEMENT

THIS AGREEMENT made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by and between EVERGREEN MEMORIAL CHAPEL, sometimes hereinafter referred to as "Funeral Director", and \_\_\_\_\_, sometimes hereinafter referred to as "Beneficiary",

W I T N E S S E T H:

WHEREAS, Beneficiary desires and hereby requests to enter into a contract to provide for payment of funeral merchandise and/or services in advance of death, which merchandise and/or services are to be delivered and performed subsequent to the death of Beneficiary.

NOW, THEREFORE, in consideration of their mutual promises, it is hereby agreed by and between the parties as follows:

1. Funeral Director will supply to Beneficiary out of the funds deposited by Beneficiary the funeral merchandise and/or services specified in paragraph 2 of this Agreement for the sum of \$ \_\_\_\_\_, payable as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. The funeral merchandise and/or services to be supplied under this Agreement are as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. The sum referred to in paragraph 1 of this Agreement shall be deposited with \_\_\_\_\_,

\_\_\_\_\_ Anchorage, Alaska, within fifteen (15) days after receipt thereof as a separate trust account in the name of Beneficiary as Trustee for Funeral Director, which account shall be payable to Funeral Director upon the death of Beneficiary. If at the time of the death of Beneficiary, such sum is inadequate to provide for payment for the funeral merchandise and/or services specified in paragraph 2 of this Agreement, then such sum shall be used by Funeral Director to provide funeral merchandise and/or services of a type and quality as nearly similar to the funeral merchandise and/or services specified in paragraph 2 of this Agreement as may be purchased with such sum at such time.

4. Upon the death of Beneficiary, such sum shall be released by such bank forthwith to Funeral Director upon receipt of a certified copy of a certificate of death or other evidence of death of Beneficiary after the funeral merchandise and/or services specified in paragraph 2 of this Agreement have been provided.

5. Such sum shall remain on deposit with such bank and shall remain intact as a trust fund until the death of Beneficiary or until withdrawal by Beneficiary as hereinafter provided. Such sum may be withdrawn only in full, and not in part, and such withdrawal must comply with the rules and regulations of such bank; provided, however, that Beneficiary may, at any time upon complying with the rules and regulations of such bank, withdraw such sum from such bank in accordance with this Agreement. In the event of withdrawal Beneficiary shall notify Funeral Director within twenty-four hours prior to such withdrawal and in the event the withdrawal is completed, Funeral Director shall be relieved from any obligation under this Agreement.

6. Any interest which may accrue on such sum from time to time shall be added to and become part of such trust fund.

7. Upon the death of Beneficiary, in the event that such sum shall exceed the sum required to provide for payment for the funeral merchandise and/or services specified in paragraph 2 of this Agreement, any surplus shall be paid to, and become part of, the estate of Beneficiary.

8. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Alaska.

9. This Agreement constitutes the entire agreement between the parties, and no other oral or written agreements, statements or promises made by any party, or by any agent, servant, or employee of any party, which are not contained in this Agreement shall be binding or valid on the parties.

10. This Agreement shall be binding upon the heirs, personal representatives, and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

EVERGREEN MEMORIAL CHAPEL

By \_\_\_\_\_

By \_\_\_\_\_

# FOREST LAWN MEMORIAL CHAPEL INC.

P O BOX 6187 ANNEX - ANCHORAGE ALASKA 99501

SEWARD HWY AT KLAIT ROAD TELEPHONE 44-1497

February 5, 1976

Bob

To you, our friends:

The Federal Trade Commission (FTC) has issued what we feel is an unfair indictment against all funeral directors in the United States. The FTC, through power to regulate invested in them by Congress, actually proposes to pre-empt any and all conflicting state laws, which would negate many of Alaska - carefully considered and developed over the years by our own Legislature.

We do not think this was ever the intent of Congress. At this very point in time our own Alaska Legislature is considering and holding public hearings on 3 or 4 bills involving the funeral service profession. If FTC rules were adopted right now - today - these bills would be negated even before they become state law.

We do not think this was ever the intent of Congress. It would appear that there are a minimum of six forms that the grief sufferer would be required to read and sign before a funeral could even take place. Incredible!

Under the proposed rule, to remove the decedent from a hospital, care home, or any other place of death, would be impossible without expressed oral or written consent of the next of kin. This could work a severe hardship on any care-taking institution, state and city police, local coroner, particularly where sudden and unexpected death occurs and the immediate next of kin cannot be located. My 25 years on the firing line with grief tells me that once the next of kin could be located, this would intensify his grief.


A careful analysis of the FTC rule as proposed indicates it will undoubtedly cause the price of funerals to the Alaskan consumer to increase at a time when we are desperately at grips with trying to hold costs down. We think it should be of particular interest to everyone that, with one exception, no complaints have been filed against a funeral director for years. It is also interesting to note that laws governing the practice of our profession and the rights of Alaskan consumers are really working. The satisfied consumer proves this.

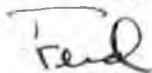
We have a heritage of concern for our families because we value them all. Such rules will interfere with this relationship by mandating a blizzard of paper forms be placed between those for whom we are concerned and the Forest Lawn staff.

If you feel as we do - that such rules are unfair, contain no compassion and are unworkable, then we urge you to write to the FTC before February 29, 1976, in our own defense. Your letter should include the statement that you "ask that it be part of the public record", and addressed to: Assistant Director of Rule Making, Funerals, Federal Trade Commission, Washington, D. C. 20580. Thank you!

P.S. Understand FTC rep. will be in Juneau in near future to testify on the above. The rules, if adopted will be just for openers, others will follow till they have us in a corner.

Sincerely,

  
Alfred O. Kehl



ALFRED "FRED" KEHL  
President

Member   
THE ORDER OF THE GOLDEN RULE

DOROTHY E. KEHL  
Secretary Treasurer

*George Mason. Carter Mort., Juneau*

(g) "funeral director", as used in this chapter, shall be construed to mean a person required to be licensed to practice the profession of funeral directing under the laws of this state, who meets the public, displays and sells or offers to sell funeral supplies for present use and delivery, who plans details of funeral services with members of the family and minister or any other person responsible for such planning, or who directs, is in charge, or apparent charge of, and supervises such services in a funeral establishment, church, cemetery or other place; who enters in the making, negotiation, or completion of financial arrangements for funerals for present need, including, but not limited to, the sale and selection of funeral supplies, or who uses in connection with the profession of funeral directing the words or terms, "funer director", "undertaker", "funeral counselor", "mortician" or any other word, term or picture or combination thereof when considering in the context in which used, from which can be implied the practicing of the profession of funeral directing or that the person using such words, terms or picture can be implied to be holding himself out to the public as being engaged in the profession of funeral directing:

NAME

~~John Robert C. Sletten~~  
~~John C. Sletten~~  
 Richard D. RHEE  
 Edward J. [unclear]  
 Harold S. Plummer  
 George M. Mason  
 Martin J. [unclear]  
 Margaret M. [unclear]  
 Alfred D. Kehl  
 [unclear]  
 Harvey J. [unclear]  
 Stanley D. [unclear]  
 Dick [unclear]  
 Clifford [unclear]  
 Sullivan

- REPRESENTING -

University of Minnesota  
 Licensed Practitioner  
 Evergreen Men Chapel  
 All Allied Funeral Services  
 Northern Light Mortuary Freshbush  
 Carter Mortuary - Junction  
 Park St. Home - S. H. S.  
 Dearest Home - [unclear]  
 Forest Lawn Mort. Crematory - Hutch.  
 Valley - [unclear]  
 Dept. of Health & [unclear]  
 Coroner's Office <sup>District Court</sup> <sub>Courts Magistrate</sub>  
 Hall Street Teacher's Union  
 House

\* [unclear]  
 [unclear]  
 [unclear]

February 16, 1976

Mr. Robert Bradley  
Chairman, House Commerce Committee  
Pouch V  
Juneau, Alaska 99811

File  
HS 509

Dear Mr. Bradley:

I would like to comment on some proposed laws that would enable the funeral service profession to police itself.

I endorse the single licensing law, sometimes called the mortician's license or a license to practice mortuary science. Years ago, as funeral service came into practice, a man or woman undertook specific duties -- hence the name undertaker, funeral director, and embalmer and the necessity for one license. Today funeral service has progressed to a point where one category will and should cover all areas. One should be schooled and knowledgeable in all areas of funeral service to prepare a human remains for disposal, and at the same time deal with a family. Viewing a loved one has a psychological effect on the family. Therefore one who is engaged in the practice of funeral service should be able to preserve, disinfect, and restore the deceased to a life-like appearance to assist the family in the grief process.

The 100% Pre-Finance Trust Law for pre-need funeral arrangements will protect the consumer. All monies in the possession of a funeral director, cemetery, or other person, firm, or corporation should be deposited within thirty days after receipt and in an account that is controlled by the one in trust or by the family concerned. The amount together with accrued interest, if demanded, should be refunded. A funeral director, cemetery, or firm who has possession of such monies has no right to spend that money nor use the accrued interest. There is so much talk about consumer protection. There should be laws that will help protect the consumer.

My last comment is for the support of the bush permit. By awarding bush permits, the State of Alaska has given someone with responsibility the right to make proper disposal of a deceased in areas that are remote and not easily accessible to the city. The responsibility lies with the person who holds such a permit and can be controlled by the State Department of Health. Ideally, a licensed person should carry that responsibility, but we must be realistic about the sparsely settled areas.

You might ask my concern. I practiced in Alaska for two and a half years and have taken an educational leave of absence for the past two years. I am presently an instructor of Mortuary Science at the State University of New York, and expect to return to Alaska next year and to active practice.

Mr Bradley, these laws will not only protect the consumer from unfair practices, but also protect the funeral service profession from unprofessional and unethical funeral directors.

Sincerely yours,

A handwritten signature in cursive script that reads "Mary Louise Rottler".

Mary Louise Rottler

MLR:d1m

737 E STREET  
P O BOX 537  
ANCHORAGE ALASKA  
TELEPHONE 279-5477

# Evergreen Memorial Chapel, Inc.

Respectfully,  
*Gregory A. Jorich*  
Mortician

I am writing to you in regard to House Bill 500, pertaining to the licensing of Morticians. It is my opinion that a single license and high educational standards should be required by the state for the practice of mortuary science. This would serve to protect the consumer at a time, in most instances, when they can not make an objective selection of services because of their grief. Also, a single license for mortuary science would tend to reduce the cost of funerals to the consumer, instead of inflating them, because fewer personnel are required to perform overlapping duties. In addition, it is also my opinion that 10% of all funds submitted by a consumer for a pre-financed funeral, be put into a trust account. This requirement that all of these monies would still be available at the time of need.

In closing, I would like to say that this session of the Alaska Legislature has an opportunity to pass legislation that will definitely benefit the public in great many ways in the future - as well as the present. Your consideration of these comments will be greatly appreciated. Thank You.

Representative Bradley,

Re: House Bill 500

Room 628  
Court Building  
Pouch V  
Juneau, Alaska 99801

February 16, 1976



UNIVERSITY OF MINNESOTA  
TWIN CITIES

Department of Mortuary Science  
114 Vincent Hall  
Minneapolis, Minnesota 55455

February 13, 1976

Representative Robert Bradley  
Senator Ed Willis  
Co-Chairmen, Joint Committee on Commerce  
State Capitol  
Juneau, Alaska 99801

Gentlemen:

Inasmuch as I have been on the road since appearing before your committee on February 6, this letter to you has been delayed, and even now is being dictated by long distance telephone call back to my office where my secretary will type, sign and mail it for me.

May I express to each of you my appreciation for the privilege of having appeared before your committee. I trust that the testimony was helpful as you proceed to draft the final copy of your licensure bill for the practice of mortuary science.

I have in the interim requested Mr. Thomas H. Clark, General Counsel for the National Funeral Directors Association, to forward to Mr. Berrier a twelve-page compendium of judicial review relative to the court tests on the 100% pre-made statute. I had occasion to visit with him by telephone, and he offered to be of whatever further assistance was possible.

I have also researched and found that thirty-six states now have the type of disclosure requirement that you have in the law, including a declination of services not desired, and it is working well for them. My major concern in a strict itemization mandate would be the increase in the total cost of funerals to the consumer.

I trust that in your markup session you will give serious consideration to a single license, which would appear to meet the needs of Alaska much more efficiently than dual licenses. Due to the demography of Alaska, the whole man concept is most appropriate.

In regard to reciprocity, I think you should consider carefully whether or not you insert the word "or" between the first two guidelines. I think it would be much more appropriate if both of these were used rather than one or the other.

Having been involved in education and licensure for the past quarter of a century, I am most concerned that the consuming public have the greatest amount of protection from the licensing laws which are designed for their ultimate good.

Thank you once again for the privilege of sharing my thoughts with you.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Robert C. Slater'.

Robert C. Slater  
Professor and Director

RCS:kn

cc: Mr. Billy G. Berrier HEALTH SCIENCES  
Representative Helen Beierne

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

*Fell*

POUCH # STATE CAPITOL  
JUNEAU, ALASKA 99801

MEMORANDUM

February 18, 1976

SUBJECT: Rome's Letter dated February 14, 1976 Concerning  
House Bill 509

TO: Representative Bob Bradley *BBB*

FROM: Billy G. Berrier  
Director, Legal Services

Attached is a copy of the letter from Richard D. Rome concerning the reciprocity provisions of House Bill 509. He is, of course, incorrect in assuming that the "or" to which he refers is an accidental drafting error. As you will recall this matter was discussed and a clear decision was made that there be two types of admission by reciprocity. This is implemented by the language in 08.42.070(a)(1) in that section:

(i) allows admission by reciprocity, simply on a showing that the applicant is licensed in a state with requirements substantially equal to the requirements of this act.

(ii) is an alternate to this requirement and sets out specific criteria that is required if the applicant is from a state in which the licensing requirements are not substantially equal to the requirements of this chapter. One of the requirements in the latter case is at least one year practice in another state prior to the date of application.

This is, of course, of a policy decision and the policy question was specifically raised and discussed at the committee workshops, and at one of the workshops it was specifically pointed out that many states, including California, do not have legal requirements adequate to qualify an applicant. Of course, the specific question of inclusion of the word "or" at the end of line 23 on page 4 was not brought up. However, an "or" would clearly be implied in context since if these were read conjunctively instead of disjunctively they would make absolutely no sense. The "or" is therefore simply good drafting technique.

If as a policy matter, it was decided that reciprocity would only be granted to applicants from states with educational requirements equal to the requirements in this chapter. The entire alternative section would have to be deleted.

BGB:smh

Attachment

cc: Senator Ed Willis

SPENARD HEIGHTS MORTUARY and CREMATORY

3804 SPENARD ROAD

• SPENARD, ALASKA •

279-3741

February 14, 1976

Mr. Billy Berrier  
Legislative Affairs Office  
Capital Building  
Juneau, Alaska 99801

Dear Mr. Berrier:

There has been much discussion on HB 509 relevant to the requirements that an applicant for licensure must first meet to obtain a license to practice in Alaska. We have discussed at great length the amount of college credits, type of courses, examinations and apprenticeship requirements. This is good, and I think has proven fruitful in making some important decisions.

There is one small word, the word "or" placed at the end of section (a)(1) of 08.42.070 RECIPROCITY, that renders the whole licensure requirement question moot!

What this "or" does is take away all of the educational standards from the license for those who wish to practice in our State by reciprocity. They do not now have to meet requirements substantially equal to the requirements of this bill. They need only be 18 years of age, not convicted of a felony, be licensed in another state (any state) and to have practiced in that state for one year AND pass the examination on our Vital Statistics law, the provisions of this chapter and the regulations promulgated by the department under this chapter.....

As you know, 100% of all license presently held in Alaska come either from reciprocity or grandfather rights. Not one person has taken the State examination in obtaining his license here. This is a trend that will not suddenly cease to exist. There will be no, or few, applicants for examination in the coming years. All those seeking licensure here will continue to do so through reciprocity. With a whole in our reciprocity law so large you could drive a truck through it we do a dis-service to the public by allowing it to exist.

We have three alternatives as I see it. 1. Take out the "or". 2. Add under (b) of section 08.42070 the requirement to pass the examination provided by the Conference of Funeral Service Examining Boards of the United States. 3. Require simply that a person desiring licensure hold a "legal license" from another state, and that that license was obtained by examination rather than by a grandfather clause or by reciprocity.

To do anything but one of the above three would be a great injustice to the public.  
other side....

Sincerely,

*Richard D. Rome*  
Richard D. Rome

cc: Ed Willis & Bob Beadley

I talked with Lee Moeplein about this - neither one of us ever remembers any discussion about putting in that "or" in any of the hearings we attended. Hopefully it is an oversight and that you really did not intend to keep it or put it in the final draft of HB 509. It's really a baddy!

Thanks for listening.

A handwritten signature in cursive script, appearing to read "Rick Stone". The signature is written in dark ink and is positioned to the right of the typed text "Thanks for listening.".

# STATE OF ALASKA THE LEGISLATURE

FOURTH FLOOR STATE CAPITOL  
JUNEAU, ALASKA 99801

## LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 1, 1976

SUBJECT: HB 509 - Mortuary Science

TO: Representative Bob Bradley, Chairman  
House Commerce Committee

FROM: Billy G. Berrier, Director *BGB*  
Legal Services Division

You have asked for a summary and analysis of the changes between the CS for HB 509 drafted for the Commerce Committee and the proposed CS for HB 509 drafted by the Mortuary Science Subcommittee of the Legislative Council. The changes made are:

1. On page 2, lines 4, 5 and 6 of the proposed CS, language reading "This person must have taken and passed an examination conducted by the Department in the subjects set out in sections 60(a)(9) and (10) of this chapter" was deleted. This change was made in conformance with testimony at the hearing to conform to existing practices and in recognition of the fact that other state law adequately provides for the measures which had been required. The primary other law is that when a person dies without medical examination a coroner be called in. It was pointed out at the hearing that if the sentence remained in, in many small villages there would be no person who could arrange for the care and disposition of dead human bodies. (This language would have appeared following the period in line 4, page 2 of the Committee CS)
2. On page 4, in section 08.42.070, the reciprocity licensing provision was changed substantially. Under the provision in the proposed bill, a person who met certain of the criteria, not including the educational criteria, and who had practiced in another state for one year, could be admitted by reciprocity. The effect of the change is that a person admitted from another state must meet all of the criteria, except for the examination and apprenticeship.
3. On page 5, line 29, and page 6, lines 1 and 2 of the proposed CS, using profane, indecent or obscene language in the immediate hearing of relatives of the deceased as the grounds for refusal to issue or renew licenses or for suspension or revocation was deleted. (This

language would have appeared following AS 08.42.090(6) on page 5, line 27 of the Committee CS.)

4. On line 28, page 6, the word "if" replaced the word "whether" and on line 1, page 6, the phrase "or sales made on a pre-need basis" was added. Questions were raised at the hearing that the proposed language could be interpreted to forbid pre-need sales. While this was not the intent of the proposed language, the new language is much clearer. On line 5, page 6 of the proposed CS, the word "general" was deleted. The effect of this would be to allow advertising, including price advertising. (This would have appeared between the words "prohibit" and "advertising" on line 29, page 5 of the Committee CS.)
5. On page 7, the definition of mortuary science in section 08.42.110(3) was narrowed. The primary effect of this narrowing is to exclude the operators and crematorians from the licensing requirements of this bill.
6. On page 8, lines 5-20, an itemization of services taken from the proposed FAA rules, was added making the disclosure of costs considerably more specific.
7. On page 9, lines 12 and 13, under the pre-need section, the sentence "cemetery lots and markers are not properly included in this paragraph" was added. Again, this addition was made to accommodate the question raised by cemetery operators who felt that otherwise there was an ambiguity in this section. This does not change the intent of the section.

BGB:bh

"An Act relating to funerals and the practice of mortuary science; and providing for an effective date."

## COMMITTEE REPORT

### HOUSE

Mr. Speaker:

Date \_\_\_\_\_

The Committee on \_\_\_\_\_ has had \_\_\_\_\_

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

February 27, 1976

Mr. Harvey Lapin  
100 N. LaSalle Street  
Suite 200  
Chicago, Illinois 60602

Dear Mr. Lapin:

Regarding the information you requested on House Bill No. 509, Mortuary Sciences.

I have enclosed a copy of the Committee Substitute for House Bill No. 509 for your perusal.

The Commerce Committee members are as follows:

Senate: Jalmar Kerttula, Chairman; Edward Willis, Vice  
Chairman; Robert Ziegler, Sr.; Mike Colletta; W. E. "Brad"  
Bradley

House: R. E. "Dob" Bradley, Chairman; Tim Wallis, Vice  
Chairman; Ramona Kelley; Helen Fischer, Rick Urton; Lisa  
Rudd; Joe McKinnon; Oral Freeman; Leo Rhode

If you need any further information, please do not hesitate to contact this office.

Sincerely,

Terry Berman, Administrative Assistant  
House Commerce Committee

Enclosure

JOINT HOUSE & SENATE COMMERCE COMMITTEE MEETING  
HB264, HB271, & HB509  
MORTUARY SCIENCES  
February 6, 1976

The Joint House and Senate Commerce Committee meeting on HB264, HB271 and HB 509 was called to order by the Chairman, Representative Bob Bradley.

The Chairman requested that the prime sponsor, Representative Helen Beirnes testify first. Rep. Beirnes testified that a committee of two, Senator Ed Willis and herself, along with Mr. Berrier of Legislative Affairs had held meetings during the summer to hear public opinion of the practice of mortuary science. She stated that she did not wish to testify on any particular points at this time. She did wish to publicly thank Senator Willis and Mr. Berrier for the time they spent on this bill during the summer.

The Chair then asked Senator Willis if he wished to say a few words in regard to the bill and the proposed Committee Substitute to House Bill 509.

Senator Willis stated that there were many policy decisions made as a result of the interim committee meetings held last summer. The areas which major policy decisions were made were concerned with the dual licensing and the pre-need sections. He asked that the committee hear testimony with an open mind and that the two areas he described would have to be considered.

Chairman Bradley they call the first witness, Mr. Lee Moeglen of Evergreen Memorial Chapel in Anchorage. Mr. Moeglen stated that before he introduced a guest witness, Dr. Slater, he wished to make a few comments. He stated that he and Richard Rome, both of Evergreen Memorial Chapel, had retained legal counsel to assist them in writing a bill which would regulate the practice of mortuary science. Their purpose in having such a bill drafted was due to the inadequacy of present statutes which establish the lowest standards in the nation. After considerable research they decided to write the bill themselves and wished to publicly thank Representative Helen Beirnes for sponsoring the bill. They were pleased with the results of the bill and the subcommittee meetings. Educational standards were good and penalties were stiff as they should be. They were however, disappointed on the decision to include dual licensing. The original bill called for one license and the purpose for this was simply less cost to the State and the practioners. They had asked for proof of need for dual licensing and had not received any answers. Senator Willis had explained that he felt the need for two due to they were two completely different skills. Mr. Moeglen stated that this was difficult to agree to. In many areas of the state it was hard to substantiate one let alone two. It was impractical to have only one of the skills. In larger metropolitan areas it was possible. Who were we writing the bill for; the licensee or the public? Should be the public. Less than two years ago the trust between the public and the practioner was broken. He felt that there was a need to prevent this from happening again. Mr. Moeglen gave an example of a friend who was just an embalmer in Viet Nam. The friend stated that he would never again be just an embalmer because he lost touch with the public. There is a need to have the clinical background to explain problems to the

family. Why not go first class on this and what was best for the public. The administration of dual licensing could require twice as much work and cost for enforcement. The National Joint Committee on Mortuary Science report stated that a person who practices embalming must include the skills of a funeral director. He asked Senator Willis and Representative Beirnes is this was wise. Mr. Moeglen then introduced Dr. Robert C. Slater, Education Director of Mortuary Sciences at the University of Minnesota. Dr. Slater was an educational consultant for the National Funeral Directors Association since 1962. He came not as an outsider but a person interested in helping get the best possible legislation for Alaska.

Dr. Robert Slater was welcomed by Chairman Bradley on behalf of the committee.

Dr. Slater thanked the Chairman and stated that he was pleased to be here making this the fiftieth state he had appeared in to speak to legislation such as this. He stated that he did not have any written statement because he had just received a copy of the proposed committee substitute. He stated that the committee represented a state which was starting from scratch, an advantage over other states. He looked at all licensing as being for the public interest first not for the licensee. The public was aware of the legislative process and the restrictions placed on their way of life. The public was aware of what they were entitled to. Also he wished them to consider why they were licensing. That it was not just for the licensee. There was more to funerals than the selling of plots, etc. but the service too. With that in mind, you must remember that you represent many people who come from different ethnic groups, religions, and traditions. You must consider the entire funeral when you consider the licensee. When you consider the educational requirements consider three things: what existed prior to the day this becomes law, what exists today and write the law for tomorrow. There is a great deal of concern over the educational requirements. People consider what is now and not what they should have for the future. You cannot think of this group as not needing education; the kind of education basic to every citizen. Education does not, however, make a person qualified but is a big part. Citizens select a person who is involved in total. Now there is more interest in the mental health of the people. You must speak to the constituents and what they assume when they talk of death services. He then stated he would speak to consumer protection section. It should be disclosed in the act. People are concerned and entitled to full disclosure. The pre-need section he had strong feelings about. He suggested that there are a great number of people who consider death and want to pre-arrange and pre-finance. The consumer should have total control over pre-financed arrangements.

Representative Wallis questioned Dr. Slater if he was under the impression that one person could not be licensed as a funeral director and an embalmer?

Dr. Slater stated that he was not.

Rep. Wallis felt that his testimony was slanted to give the impression of that belief.

Rep. Kelley questioned Dr. Slater as to his thoughts on the disclosure of costs. Did he feel it went far enough. Did he feel that it should be a lump sum or broken down?

Dr. Slater replied that he felt it should be inclusive to a point of serving the public. He was concerned, however, that itemization tends to increase costs.

Rep. Kelley expressed her concerns over the paragraph which deals with holding a conference with the family before service is performed. She asked if this shouldn't be clarified.

Dr. Slater stated that a conference is generally held before the funeral service is performed; not before any service is performed.

Chairman Bradley questioned Mr. Berrier as to clarifying this paragraph so that emergency services could be performed. Berrier concurred.

Rep. Sullivan asked if Dr. Slater knew how many states have more disclosure .

Dr. Slater replied that six states have itemization; New Jersey, New York, Minnesota, Colorado, California and one other which he could not name. New Jersey, New York and Minnesota law states that they must specify the cost per item. In California, Colorado and one other they are required to list cost per item if requested by the family.

Rep. Sullivan question what it is that makes itemization more costly?

Dr. Slater explained that it was a matter of economics. The cost is including profit. When a lump sum is given the profit margin is spread over all items.

Sen. Willis asked if as Dr. Slater reviewed the bill did he find any sections which could be construed as restraint of trade?

Dr. Slater suggested that the question was more a legal one. However, when a pre-need clause requires 100% in trust you automatically allow only those businesses who do not need to live on pre-need sales. If this had been considered restraint of trade it would have already been tested in court in other states. To his knowledge it had not been.

Rep. Kell questioned the line on page 2 line 26 which states, "as suitable and desirable". Shouldn't the problems be more defined and what did Dr. Slater feel should go in there.

Dr. Slater replied that he believed that regulations should be more specific and not statutes. That statutes were harder to amend than regulations and it would be easier as future changes are needed.

Rep. Rudd referred to page 3, the paragraph which list the subjects which the exam would be based on. You would assume that this would dictate what courses one should take.

Dr. Slater stated that this was sound procedure.

Rep. Sullivan directed a question to counsel as to if the bill contained a grandfather clause for those who currently hold licenses.

Mr. Berrier referred to page 2 sec. 020 which is the section pertaining to this.

Chairman Bradley questioned Mr. Berrier if the effective date in line 28 was also tied to the effective date of line 26 of page 2. Berrier replied that it couldn't be due to the fact that presently a funeral director was not required to be licensed.

Chairman Bradley continued questioning page 3 paragraph 5 and 6. He felt that with the small market for this type of service in the state the on-the-job training could limit the market further.

Dr. Slater replied saying that it could be limiting, however, this was not a common thing in states which require on-the-job training. The number of deaths are limited so the career is also limited. Under due process of law there could be a good case if someone was denied. He had not seen this happen.

Rep. Sullivan stated that in some trades where on-the-job training is required places do require that a person sign an agreement stating that they will not open a business of their own for at least one year. Does this happen in other states?

Dr. Slater could not recall any states which this has happened.

Mr. Ben Marsh was called to testify. Mr. Marsh stated that he was President of the Alaska Planning and Management, Inc. and that he was speaking as a layman not representing anyone. He stated that he had done studies on the subject on behalf of Allied Funeral Services. They as a group felt this was good legislation and should be passed. There should be stiff regulations to follow. They did support dual licensing, as they felt that one was not necessarily qualified to do both jobs. He stated that several members of the organization were here to testify on specific sections. He wanted to comment on a couple of sections. Section 020, line 18 the word funeral director was confusing. It states that they cannot engage in the activity of mortuary science without a license. Chairman asked that he explain further the question. Mr. Marsh stated that he felt it prohibits funeral directors from certain activities.

Mr. Berrier explained that it does give certain limitations.

Mr. Marsh stated that Section 070 paragraph 1 and 2 seem to say the same thing. If paragraph 2 was deleted and the word "and" added it would be clearer.

Mr. Berrier stated that there was a difference. Some states have requirements equal to this chapter, however, some states do not have the educational requirements. Paragraph 2 sets out the requirements and adds the educational and on-the-job training requirements.

Mr. Marsh asked if you must comply with both or just one. Mr. Berrier stated that it could be one or the other.

Mr. Marsh referred to Section 12 on page 6. It seemed to him that when grounds are made for violation and you include the regulations you don't know what the regulations will say. He felt that regulations do not stand up in court. Also the word "contract" was not understandable. Berrier replied that regulations do have the force of law and are very important especially in this section where it applies to health.

Mr. Berrier stated that the contract part was brought in because of the section on pre-need. It was the feeling that there would be ethical violations in pre-need contracts so this was included.

Mr. Marsh questioned whether or not this would preclude the solicitation of government contracts in advance. Berrier replied he did not know.

Mr. Marsh stated that under Section 100 there was nothing which would preclude a person from operating a funeral parlor in their home. Mr. Berrier answered that current regulations cover this aspect. The Department of Health and Social Services have the expertise in this and this was left to be put in regulations.

Mr. Marsh questioned the reason for not putting in the bill what the fee would be for a license. Mr. Berrier stated that this would be the responsibility of the Department of Commerce.

Rep. Sullivan question Mr. Marsh concerning page 5 the last line which pertains to obscene language. She stated that it left her uneasy and felt that it was not appropriate.

Mr. Marsh replied that the language was very broad and vague, however, the Board of Allied Funeral Services was not concerned with it.

Rep. Sullivan stated that she understood certain authorities rotated with businesses for emergency cases. How would a new business get in on this rotating and notify the authorities they were available. Would this be construed as a violation of Section 9 page 6.

Mr. Marsh replied that they did not think so because it goes through the coroner's office and you would not be dealing with relatives.

Rep. Rudd asked about cremation and she assumed that they were included. Was it intended that they be included.

Mr. Berrier stated that it came before the committee about crematories and whether they should be licensed. They had decided not to because they do not necessary involve funerals.

Rep. Rudd continued that the sections seem to include them but them again leave it in limbo. They are establishments which handle dead human bodies.

Mr. Marsh replied that he did not know of any crematoriums which are not associated with a funeral home.

Chairman Bradley asked if Dr. Slater could perhaps give an explanation on the crematory question. Dr. Slater stated that in most incidences they are not included under the licensing and are under the Health department.

Rep. Rudd asked if there are any particular skills involved in the act of cremation and that it might be advisable to regulate it. She believed it should be registered with the health department but to insure it is registered to protect the consumer if there is a specific skill involved.

Mr. Lapin stated that in the states of Washington and Oregon crematoriums were not licensed. Most of the laws deal with the identity of the person before cremation.

Rep. Rudd stated that if we are covering it already somewhere it should be spelled out.

Mr. Harold Plummer was then requested to give his testimony. Mr. Plummer stated that he was from the Northern Lights Mortuary in Fairbanks and wished to speak on the section concerning education. He stated that one point everyone agrees on is that we are to serve and protect the public. Education does not necessarily mean an ultimate prerequisite. Education is necessary but one year of college would be sufficient not two years.

Mr. Arthur S. Richmond was called to introduce Mr. Harvey I. Lapin. He introduced Mr. Lapin by relating Mr. Lapin's qualification and past experience in legislation pertaining to mortuary science.

Mr. Lapin stated his prime reason for testifying was the section of the act which has the effect of eliminating the pre-need market. Section 8 on page 6 line 2 was intended to cover body snatching activities. The way it is worded it stops solicitation in advance of need. In the state of Indiana, the Embalmers Board had tried to evoke a license for this. He recommended a change in the language by adding "immediately before or after death." Also after the word "advertising" add "or sales made on a pre-need basis". This would then not preempt pre-need. Section 9 has the same effect by precluding the hiring of personnel to solicit pre-need. He recommended that the language be limited to the impending death area. Section 10 has the same problem and "immediately before impending death" also be added. Section 11 needs a language change. What is being talked about here is to prohibit a kickback and prohibits them from offering their own property for a site. After the word "body" insert "immediately before an impending death or after death". After the word "cemetery" add "provided, however, nothing shall prevent the recommendation of solicitation of sales or merchandise in a specific crematory, cemetery, or mausoleum if said licensee has ownership interest in said crematorium, cemetery, or mausoleum and ownership is disclosed." The trusting provision at the end of the bill on page 8, is clear on the prohibition of the pre-need market. No one is going to sell on a pre-need basis if 100% must be put in trust when they have to pay commissions, salaries, etc. People have the right to a refund of 100%. Why does the public not have the same obligation to the cost of merchandise which is not 100%; some of that is profit. If the people want pre-need services at a fixed sum, why not put the same responsibility on the public for the cost of the merchandise. Trust accounts should be the actual cost only. If there is any doubt, could check with insurance companies. If they were to put your money in trust there would not be insurance. This could be considered restraint of trade. The state of Illinois is now in the process of changing their statutes. There are other alternatives to 100% trust performance bonds, etc. If they are actually to be 100% trust, then it is not complete. The section does not go as far as it should. Do they have to put each on in a separate account, what happens if they don't (no enforcement clause) and no real administration provisions are included. I have given Mr. Berrier copies of other states statutes. The purpose of pre-need is to give the customer an alternative to at-need.

Mr. Rick Siangco, State Coroner and Magistrate for District One then testified. His main concern was for the bush area where they do not have a mortuary. As far as the Vital Statistics Act goes, the State Coroner has the authority. He then referred to Title 12, Death Declaration and Title 18, Death Certificate which allows the Coroner to perform such duties. It is also included in the Administrative Code 7. Section C of the bill should be amended. This is already covered under other parts of the law.

Mr. Berrier replied that the committee recognized the problems and he felt that if the second sentence was deleted it would suffice.

Mr. Siangco felt that the whole section should be deleted, the present law covers the permit holder. The magistrate does issue permits.

Mr. Richard D. Rome, of the Evergreen Memorial Chapel in Anchorage, then testified. He stated that Section 3 was recommended by Consumer Protection, the Attorney General's Office, and the Council of Better Business Bureau. It was for protection of fraud. The pre-need plans must be closely protected. He then recited an example of the needed protection of a case in Fairbanks. The public needs incentive and advantages to pre-planned arrangements.

Mr. George Mason of the Carter Mortuary in Juneau then testified. He stated that the bill needed more definitions. He then offered a definition of a funeral director. He stated as follows:

"(g) 'funeral director', as used in this chapter, shall be construed to mean a person required to be licensed to practice the profession of funeral directing under the laws of this state, who meets the public, displays and sells or offers to sell funeral supplies for present use and delivery, who plans details of funeral services with members of the family and minister or any other person responsible for such planning, or who directs, is in charge, or apparent charge of and supervises such services in a funeral establishment, church, cemetery or other place; who enters in the making, negotiation, or completion of financial arrangements for funerals for present need, including, but not limited to, the sale and selection of funeral supplies, or who uses in connection with the profession of funeral directing the words or terms, 'funeral director', 'undertaker', 'funeral counselor', 'mortician' or any other word, term or picture or combination thereof when considering in the context in which used, from which can be implied the practicing of the profession of funeral directing or that the person using such words, terms or picture can be implied to be holding himself out to the public as being engaged in the profession of funeral directing:"

Mr. Marvin Krause, of the Prewitt Funeral Home in Sitka testified. He felt that the requirement of two years of college would hamper the smaller communities. He stated that the requirements were above those in the lower '48. He suggested that this be changed to one year of college.

Margaret Witzleben, of the Bruce Funeral Home in Anchorage, then testified. She stated that she was representing her husband and his associate in regards to this bill. She offered many resources as to a good definition of a "funeral director" and stated that she would copy them for the committee if the committee wanted. She stated that dual licensing would not hinder the profession but broaden it. They should be two separate licenses. She then referred to sections of the bill which she felt need explanations. In section .020, did "restore" mean that a beautician cannot apply cosmetics? On page 4, Section .070, it was confusing as to what is being required. She concurred with Mr. Lapin that on Page 6, referring to solicitation restriction, the word "imminent" would satisfy. She stated that she was personally concerned on the disclosure section. She felt it was not inclusive enough. She also stated that she was opposed to the 100% trust because banks had denied her establishment to do this.

The next person to testify was Alfred Kehl, President of Alaska Allied Funeral Service Association, and owner and operator of Forest Lawn Mortuary and Crematory in Anchorage and Kehl's in Palmer. He stated that he was in favor of dual licensing and according to a survey done by the National Funeral Directors Association, they too supported this. The educational requirements of two years makes it hard for the smaller communities. He stated that HB 509 needed more definitions. He recommended the definition used in the California state statutes.

Mr. Arthur Richmond, of the Valley Memory Gardens in Anchorage testified that if 100% was included in the bill it would put him out of business. He puts approximately 65% into trust for his pre-need arrangements. He is audited every year to determine if the trust account has enough in it to cover the outstanding contracts. He stated further that his company does solicit pre-need contracts by the use of post cards.

The question was raised as to the difference between what Mr. Richmond does and burial insurance.

Mr. Richmond explained that burial insurance provides a certain amount of money at the time of death. If a man at the age of forty has a heart attack and decides he wants to increase his insurance so that his family will be taken care of in case of death, they tell him that he can make payments at this time and at the time of death they would take care of it for him without extra cost. He further stated that this is being done in a lot of states and to his knowledge no one had had any problems with it.

A question was asked of Mr. Richmond that when a contract is sold he cannot offer the ultimate service, therefore how could he guarantee to the families that the service would be provided somewhere down the line.

Mr. Richmond reversed the questions and asked if any funeral home would deny any business he offered them.

The question was raised what happens if a family moved away.

Mr. Richmond answered that it is written in the contract that if the family moves away they are to advise his company so that arrangements can be transferred. They transfer the cemetery lots, the vaults and

and the markers through the National Cemetary Association. In regard to the funeral portion, we contact someone in the area to perform the type of services which they have purchased and pay them for that service. We find also there are times when families move away and don't let them know. That is why they ask them to be sure that they carry the card issued to them which states they have purchased the service from them.

The questioner asked what if pre-need is allowed to continue what he felt about adding restrictions.

Mr. Richmond answered that he would welcome that very much. It would help them and the public.

Mr. Sid Hiederdorf, Acting Chief for the Environmental Mental Health Division of the Department of Health and Social Services then testified. He gave each member of the committee a copy of the division's position paper on the bill. He then stated that they strongly supported the Section .010 which placed the licensing in the Department of Commerce. They have felt for a long time that it was improper that they be involved in occupational licensing. He then reviewed the position paper (see attached).

A question was raised from a health standpoint concerning the scattering of ashes after cremation.

He replied that there was no health problem with them. There were no regulations in Alaska concerning this.

Mr. Kehl replied that cremation does not bring the body to complete ashes. It leaves fragments of bone structure which are then cut up with a special tool. There have been cases sighted where the public has run across these scatterings and recognized them as human bones. The countries who generally promote cremation, Switzerland, England all have laws which cover the disposition because of this problem. California also has laws regarding scattering due to the recognizable bone fragments.

Mr. Hiederdorf then asked if he could read a part of the bill which was prepared by the Department of Law last year. The draft bill has great detail on the section such as trust funds and pre-need. Chairman Bradley requested that copies be made of the bill for closer inspection.

Sharon Andrews, Director of Occupational Licensing for the Department of Commerce then testified. She stated that the administration has taken the position at this time that there are certain problems with occupational licensing and that they are substantial and growing. They are generally opposed to additional licensing until the statutes can be reviewed. The department has made a proposal and introduced a bill to create a credentially review board who would be responsible for establishing guidelines. They would prefer that this not be enacted. Their position is that they don't need regulation of the funeral industry. They are not sure this is the right means of doing it; there is a need to not overregulate. She then referred to the bill itself citing Section .130 was related to Section .010. In .010 it makes the Department of Commerce responsible for adopting regulations and under Section .130 it makes the Attorney General's office responsible. These two sections to me means that we have split the enforcement. A technical point on Section 2 and 3 of the bill, article 4, Title 45.

In its present form it is considered to be completely unworkable, because there is no penalty. They are required to provide the cost but there is not a penalty if he does not. The recommendation to correct this was that there be a fourth section added to the bill which would amend Chapter 50 of Title 45, and make it an unfair trade practice, and a violation of this. Also there are no provisions in this bill for ministers who often counsel or make funeral arrangements for the family.

Chairman Bradley thanked all who had testified and declared the meeting adjourned at 4:25 p.m.

POSITION PAPER  
ON  
CS FOR HOUSE BILL NO. 509

An Act relating to funerals and the practice of mortuary science.

This bill establishes qualifications for, and the licensing of, embalmers and funeral directors, transfers licensing responsibility of embalmers from the Department of Health & Social Services to the Department of Commerce and Economic Development, covers reciprocity in licensing and sets grounds for suspension and revocation of licenses. The bill also requires permits to operate a funeral establishment, requires disclosure of funeral costs and covers the establishment of trust funds for prepaid funeral plans.

This bill will transfer licensing responsibility of embalmers from the Department of Health & Social Services to the Department of Commerce and Economic Development. Responsibility for environmental health sanitation inspections of funeral establishments will still remain with the Department of Health and Social Services. Based on past experience in licensing approximately 65 embalmers and other related administrative responsibilities, this bill will relieve the Department of Health & Social Services of roughly two-man months of clerical time and one-man month of professional staff time.

House Bill 509 will have no fiscal ramifications for the Department of Health & Social Services. Responsibility for sanitation inspections will continue and time presently spent in licensing can be more effectively used in handling administrative aspects of other environmental health and sanitation programs.

The following general comments are provided with respect to this bill:

1. No reference is made to license fees for embalmers, funeral directors or the funeral establishment permit. We recommend that license fees be established by statute. For example; embalmer \$25.00, funeral director \$35.00 and funeral establishment permit \$50.00.
2. Page 2, line 1. Delete the word "shall" and substitute the word "may". The department should have flexibility in deciding whether or not to hold an examination. Our experience has been that the need for an examination to be held in Alaska with its reciprocity provision is seldom, if ever.
3. Page 2, lines 11, 12 and 13. There is presently no requirement for how long the person submitting the affidavit must know the applicant. We have faced the problem in licensing embalmers where an individual may submit an affidavit after having known the applicant for only a few weeks. We suggest that this be increased to at least a minimum of one year.
4. Page 2, line 29, refers to an apprenticeship. The State presently has no regulations governing an apprenticeship program in the practice of mortuary science. We believe this is a desirable program, however, the Department of Commerce should be given authority to develop regulations to cover an apprenticeship program.

POSITION PAPER/Department of Health and Social Services

5. Page 6, Section 08.42.100. FUNERAL ESTABLISHMENT PERMIT. We recommend that the Department of Commerce be required to obtain the approval of the Department of Health & Social Services for sanitary aspects of an establishment before issuing a permit under this Section. Also, violation of the sanitation provisions of the Department of Health & Social Services should be considered sufficient cause for suspension or revocation of the funeral establishment permit.
6. Page 7, Section 45.45.120. DISCLOSURE OF COSTS. We fully support a requirement for disclosure of costs. As a minimum, we recommend a statement include the following:
  - a. The date
  - b. The signature of a licensed funeral director
  - c. The name of the deceased and the date of death
  - d. The relationship to the deceased of the person making arrangements
  - e. The price of the funeral along with a list of the following items with a price given for each item, if appropriate:
    - (1) professional services including those of the funeral director and staff and assistance for carrying out all details in connection with the services, arrangements and supervision
    - (2) care of the deceased including embalming and other preparation
    - (3) facilities including rooms and/or chapels
    - (4) equipment provided such as automobiles
    - (5) merchandise including caskets, outer receptacle and clothing
7. Page 8. The provision relating to pre-need funeral arrangements is endorsed by the Department of Health & Social Services. There are no laws presently in existence which protect the investment of an individual if he changes his mind or moves to an area which does not have a funeral establishment with a cooperative arrangement with the trustees. We recommend that an additional provision be added to require that the trustee keep records available of all agreements with names and addresses of each payer, the dates and amounts of each payment made, each withdrawal and the name of the bank or trust company. The authority must also be given to the enforcement agency to have full right of inspection of these records at any time deemed advisable.

8. We recommend that this bill include a provision which authorizes the Department of Commerce and Economic Development to promulgate regulations covering the operation of a cemetery, a mausoleum and a crematorium as well as disposal of ashes following cremation.

The Department of Health & Social Services supports CS for HB 509, with the changes recommended above. We strongly support the move to transfer licensing responsibility to the Department of Commerce where it rightfully belongs, the dual licensing concept of an embalmer and a funeral director as well as the provisions for disclosure of costs and protection of trust funds for pre-paid funerals.

Recommended By: \_\_\_\_\_ (Date) \_\_\_\_\_  
Acting Director  
Division of Public Health

Approved By: \_\_\_\_\_ (Date) \_\_\_\_\_  
Commissioner

THE PRECEDING PAGES WERE TREATED AS  
A UNIT IN THE ORIGINAL FILE.

HB

524

# COMMITTEE REPORT

HOUSE

Mr. Speaker:

Date \_\_\_\_\_

The Committee on \_\_\_\_\_ has had \_\_\_\_\_

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

February 4, 1976

Representative Bob Bradley, Chairman  
House Commerce Committee  
Pouch V  
Juneau, Alaska 99811

Dear Representative Bradley:

The Alaska State Medical Association doubts that it is necessary to have special licensing of podiatrists since there are only five to six such practitioners in Alaska.

We would rather not have them included under Chapter 64 of Title 08 which is physicians and osteopathic physicians since it suggests in a way that they are M.D.'s or D.O.'s. They have had far less training than either M.D.'s or D.O.'s. If they insist on licensing as independent professionals, let them have their own chapter and board.

We have no strong feelings about House Bill 524.

Sincerely,

Rodman Wilson, M.D.

Feb 4, 1976

Rep Bradley:

Re HB 524 Podiatrists

The Alaska State Medical Association doubts that it is necessary to have special licensing of podiatrists since there are only 8-6 such practitioners in Alaska.

We would rather not have them included under Chapter 64 of Title 08 which is physicians and osteopathic physicians since it suggests in a way that they are MD's or D.O.'s. They have had far less training than either MD's or DO. If they insist on licensing as independent professionals, let them have their own chapter & board.

We have no strong feelings about HB524

Rodman Wilson, MD

H. D. KINGLAND, D. P. M.  
PODIATRIC MEDICINE

MEDICAL ARTS BUILDING  
207 E. NORTHERN LIGHTS BLVD.  
ANCHORAGE, ALASKA 99503

January 2, 1976

Hon. Glenn Hackney  
Representative - Alaska State Legislature  
1136 Sunset Drive  
Fairbanks, Alaska 99701

Dear Sir:

It was near the end of the '75 session of the Legislature I learned of your interest in legislation regulating the practice of Podiatry. Mrs. Karen Krause, Licensing Examiner, Division of Occupational Licensing, Department of Commerce, sent me a copy of the work draft of your proposed bill and a copy of the Medical Practice Act. I think your bill, as written, is most excellent and gives the public and profession the protection so long needed.

To my knowledge, there are presently no unqualified persons attempting foot care and for Podiatry to be included, now, in the Medical Practice Act would preclude the "blanketing in" of any such persons under a grandfather clause.

Please let me know if I can supply you with any information or materials relating to Podiatry or, in any other way, be of help. I can come to Juneau at any time should you so advise. I have practiced Podiatry in Alaska for the past 29 years and currently hold license in Illinois and Oregon. I wish you all success. Podiatry will forever be in your debt.

Sincerely,



H.D. Kingland, D.P.M.

IIDK/jk



JUNEAU ALASKA

# Alaska State Legislature

## House

HESS COMMITTEE MEETING

JAN 26, 1976

Present: Osterback Ostrosky Ose  
Parr Davis  
Hackney Beirne

Testifying: Sharon Andrews, Director, Occupational Licensing  
Dept. of Commerce HB 524

HB 524 - Practice of Podiatry Hackney

Hackney - explanation of why there is a need for the bill in Alaska states that there are about six practicing podiatrists, feels they endorse this bill.

Sharon Andrews - opposes this bill because licensing needs to be looked at in total, which the gov. has been doing, reviewing and proposing new legislation.

Another problem she is is that you must be licensed to prescribe medicines, under federal law (DEA#) Right now the six practicing podiatrists are not licensed but would be so under the grandfather clause of most bills. There is a bill right now that should be in effect in July, if it passes the legislature which would be a credentially bill for podiatrists.

Committee decided to pass it out with a do pass and recommendation that it go to House Commerce, because they are having a meeting on Thur. to discuss other licensing bills. Committee members plan to attend.

HB 190 will be taken up at a later date. Mr. Duncan needs to locate his information on it.

HB

546

# COMMITTEE REPORT

1/13/75

HOUSE

SECRETARY

Mr. Speaker:

Date \_\_\_\_\_

The Committee on TRANSPORTATION has had NO ACTION

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

STATE  
of ALASKA

# MEMORANDUM

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

TO:  The Honorable Bob Bradley  
Chairman  
House Commerce Committee

DATE February 5, 1976

FROM: Langhorne A. Motley *LM*  
Commissioner

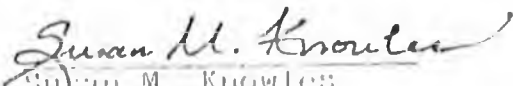
SUBJECT HB 546

Attached are copies of comments from the commissioners of the Alaska Public Utilities Commission relative to HB 546 (public utility rates). I understand this bill will come up before the House Commerce Committee on Thursday, February 12. If you desire that members of the commission attend the meeting to present further testimony, please let me know and I will contact them for you.

Comments on House Bill No. 546

The surcharge mechanism, most commonly applied through a fuel cost adjustment charge (FCAC) but also utilized occasionally for taxes and other costs, is the subject of considerable debate in the regulatory arena. Many commissions, like the APUC, have permitted utility companies to use the FCAC to offset the volatile changes in fuel prices which potentially impair the financial stability of the utility and, in turn, its ability to service its customers. Inasmuch as the FCAC is employed selectively, monitored with regard to calculation and billing of fuel charges, and subject to careful and continuous review, it does attempt to provide a reasonable alternative to the timely and costly full rate proceeding. Therefore, if the legislature should adopt the philosophy that it will not permit surcharges, it will be desirable to examine the full financial ramifications of this determination.

(b) The Alaska Public Utilities Commission has consistently excluded construction work in progress in determining the value of public utility property in rate-making proceedings. Most utilities, while aware of the Commission's policy, continue to incorporate construction work in progress as a component of rate base and to argue for its inclusion in written and oral testimony before the Commission. This section of the proposed legislation would provide a legislative mandate for the Commission's current posture and eliminate construction work in progress as a ratemaking issue.

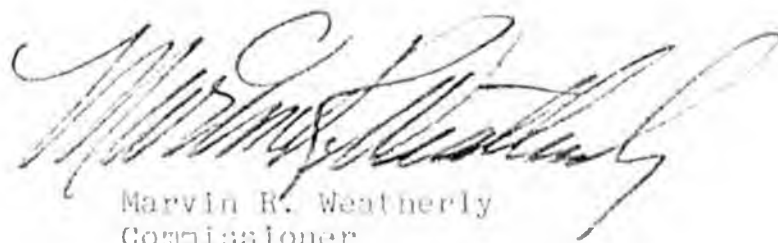


Susan M. Knowles  
Commissioner  
Alaska Public Utilities Commission

HB 546

I am not in favor of Section 1, sub-section (a) of HB 546 relating to surcharge. The economic impact on this Commission would be prohibitive. This is due primarily to the unsettled nature of energy source costs to the utility. Wide-ranging fluctuations in energy costs would place the utility in a position of constantly being before this Commission in a rate proceeding. This increased activity before the Commission would require additional personnel, travel and other budgetary increases.

Section 2, sub-section (b) with regard to construction work in progress (CWIP) is consistent with current and past practices of this Commission. CWIP is handled in a variety of ways by other regulatory Commissions throughout the United States. The APUC has consistently rejected the inclusion of CWIP; this section of the bill would merely reinforce that rejection.



Marvin R. Weatherly  
Commissioner  
Public Utilities Commission

I am not particularly fond of the use of surcharges in lieu of the usual ratemaking process. However, during the past months it appeared that the surcharge route was the only way to keep many Alaskan utilities financially viable. The rapid escalation in the cost of fuel oil placed those utilities in a position where they were having to absorb unprecedented expenses. A normal tariff revision involves a considerable period of several months at a minimum due to statutory requirements for noticing, etc. It is one of the responsibilities of the Alaska Public Utilities Commission to see that the utilities are kept financially healthy. It would have been possible for several of the electric utilities to have been seriously injured from an economic standpoint by the rapidly increasing cost of fuel. I personally have not favored the use of fuel surcharges for any type of fuel other than fuel oil. I was of the opinion that the prices of coal and natural gas could be more readily anticipated and handled in the normal tariff revision procedure. The surcharges presently being assessed for rising costs of fuels involved the flow through of the "bare bones" costs of the fuel. There are no add-ons for profit, etc.

This procedure may appear to be unreasonable in some service areas of Golden Valley Electric Association. The surcharge is much larger in the GVEA area not necessarily due to higher costs of fuel but to a change in the utilization of generation plant in the GVEA area. The surcharge actually works more to the advantage of the consumer than a normal tariff revision would. The reason for this is the computation for the highest surcharge is applied to the next month's consumption and a consumer does not pay as much as if there had been a flat increase in the rate. In the case of GVEA it has been estimated that they lose in excess of \$400,000 in this manner . . . or the consumers gain this amount. The tremendous population boom in GVEA's area has necessitated the utilization of more diesel plant and consequently more fuel oil. GVEA is presently before this Commission for a rate increase which would eliminate this present surcharge and establish a new fuel cost basis if any further surcharge is needed.

  
Gordon J. Zechetz  
Chairman  
Alaska Public Utilities Commission

Position of B. Richard Edwards, Commissioner, Alaska  
Public Utilities Commissioner regarding surcharges for energy  
use (referred to in paper as AFAC - Alaska Fuel Adjustment  
Charge) made to Alaska Rural Electrical Cooperative  
Association, August, 1974.

In arriving at the conclusions which I have previously stated it was necessary to weigh and evaluate these disadvantages to the AFAC with the pros and advantages of such clauses. In my view the major advantages of such clauses include:

- (1) keeping a utility from bankruptcy court in a time of severely rising costs on a certain product (in this case fuel) where that rising cost is somewhat caused by a lack of supply;
- (2) to permit the aforementioned rising fuel costs to be flowed through to the consumer of the smaller utility so that that utility will not be required to come into the Commission month after month with a complicated and very costly rate case;
- (3) to limit the costly effects of regulatory lag during a period of high inflation; and
- (4) to permit the electrical power utility in many of our smaller communities in the State to insure an adequate fuel supply.

In weighing the pros of an AFAC against the cons of the AFAC the primary consideration is the overall axiom of rate regulation that it is in the public interest for each consumer to receive reliable utility service at the lowest possible price and that to accomplish this the public utilities supplying the service must be in healthy financial and structural condition.

As I mentioned earlier in my opinion, the pros still outweigh the cons and the AFACs should be allowed to remain by the Commission. It is also my opinion, however, that one of the major reasons for the AFAC, that is galloping rising fuel costs, will soon stabilize, in which case the necessity for AFACs will vanish. I am not unmindful of the arguments that the AFACs are a double edged sword, that is, the sharp edge which permits a surcharge to be added to each customer's bill as fuel costs rise, and the dull edge which permits a reduction of that surcharge in the event of lowering fuel prices. There are those who argue that because of the possibility of lowering fuel costs in the future the AFAC should be maintained to give the public the benefit from such lowered fuel costs. In my mind this is not a strong argument for maintaining the AFACs because I cannot foresee this country's fuel crisis becoming such that fuel costs will begin to lower, however, as I have previously mentioned I can foresee this country's fuel crisis stabilizing either through the market structure or government control. This would result in a stabilized price for hydrocarbon products. Furthermore, if by some quick of fate fuel prices are reduced, the rates may be reduced through the normal regulatory processes.

Because of the disadvantages of the AFACs any electrical utility that has such clauses must also assume

certain responsibilities. These responsibilities require the electrical utility to attempt to find methods of increasing their productivity of kilowatt hours per BTU input. Also the public utility is required to seek out and institute every possible efficiency measure it is capable of in order to decrease the costs to the consuming public. Furthermore, the utility should use every opportunity to obtain fuels at a cheaper price. It is recognized, of course, which some people fail to recognize that many of the utilities with AFACs have one source or supplier of fuel and that bargaining for a cheaper price is like blowing in the wind. In any event, I would bet on the shrewdness of this State's electrical utility operators against a fuel oil supplier any day when it comes to bargaining for the prices to be paid for the fuel. The last requirement that AFACs place on electrical utilities but the first and most important requirement is that the electric utility keep its customers fully informed of why that surcharge is being placed upon their billing. This information in the smaller communities can range from word of mouth to media coverage. Possibly a town meeting would be necessary, held by the public utility to explain that it is being charged higher fuel costs and that these costs are being passed on to the consumer pursuant to a formula which is fair and just to the consumer.

When I am weighing the pros and cons of the AFACs to determine whether they are necessary or should continue in effect for a certain utility, I also review whether or not this utility has assumed these responsibilities which I have mentioned above.

In conclusion I want to throw out a challenge to the electrical utilities represented at this Convention to devise an innovative procedure for insuring that Alaskan power utilities have a supply of fuel at a reasonable price. Your methods to insure this supply might require legislation or contractual rights requiring a portion of the State's royalty oil and gas to be available in the appropriate refined state for Alaskan public utilities. It is clear that the high fuel costs, the AFACs, and the surcharges on customers bills are a direct result of a fuel supply crunch felt across the nation. It is my opinion that Alaskans have a golden opportunity to insure their own supply, to protect Alaska's growth and her utility customers.

Comments on House Bill No. 546

I am opposed to Section 1 AS 42.05.381(a) for the following reasons.

It is my understanding from staff that the energy surcharge that is now being used by 24 utilities throughout the state of Alaska is the fairest way to cope with an economic situation that all of us face.

Generally utilities have two areas of cost - fixed costs and energy costs. The former costs must be recovered from the consumer regardless of the energy used. The energy costs are directly related to what it costs to produce the energy used by the consumer. Energy costs are recoverable by projecting future demand based on past history or as is the procedure by the surcharge by charging the consumer for exactly how much it costs to produce the amount of energy he uses.

There are qualifying factors which staff uses to base their recommendations to the Commission on whether a surcharge should be allowed by a utility. These are the changes in energy costs must be Frequent - Unexpected - Significant and Entirely beyond the control of the utility (FUSE). We have experienced in the last two years the fluctuating price of fuel oil which these utilities must buy in order to produce electricity.

The surcharge is established at a base rate level of cost of fuel. The staff of the Commission monitors the charges for this fuel oil taking into consideration the efficiency factors of producing the energy as well as checking the mathematical computation.

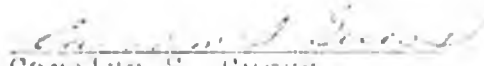
The Commission is currently looking at each utility with a surcharge to determine when the utility should be requested to come in with a rate increase, thereby updating the base price of fuel to current levels thereby reducing the surcharge to zero until such time as the cost of fuel increases the surcharge now in effect -- but not eliminating the higher bill for energy consumption as a rate increase would reflect the current cost of energy.

If it is the legislature's desire to eliminate the surcharge it would appear that each of the utilities affected (24) would be forced to come to the Commission for a rate increase at least once a year. This additional workload would necessitate additional staff and monies for consultants. I strongly suggest that a fiscal note be requested as there are financial implications in this legislation for the Alaska Public Utilities Commission.

Attached please find Exhibit A which lists the utilities presently using a surcharge and the percent of their consumer's bill that is surcharge. Please note that in some instances when a consumer is using a very large amount of energy his surcharge will be proportionately much higher because the rate he is paying for his energy is less i.e., a consumer using energy at 10¢ per kilowatt hour and paying an additional 1.5¢ per kilowatt hour surcharge will not be impacted by a surcharge as the consumer using energy at 3¢ per kilowatt hour and paying the same 1.5¢ surcharge.

Also, attached please find Exhibit B which is a xeroxed copy of a request for a surcharge and the procedure utilized by the Commission in granting such a request.

I believe Section 2 of AS 42.05.441(b) amending this section is of value. The policy of the Commission has consistently been to exclude construction work in progress in rate base. However, in my brief experience with the Commission, every utility that has filed for a rate increase has included construction work in progress and therefore much time and energy have been devoted to listening to the utility try and change the mind of the Commission and to digesting sets of financial statements with and without construction work in progress.

  
Carolyn S. Guess  
Commissioner  
Alaska Public Utilities Commission

## EXHIBIT A

Location	Utility Name	% of Customer Bill That is Surcharge
Aniak	Aniak Power Company	15.2
Auke Bay	Glacier Highway Electric Assoc.	Unknown at this time
Bethel	Bethel Utilities Corporation	Unknown at this time
Cold Bay	Northern Power & Engineering	22.4
Craig	Alaska Power & Telephone Co.	22.4
Dillingham	Nushagak Electric Association	15.7
Egegik	Nushagak Electric Association	19.1
Fairbanks	Golden Valley Electric Assoc.	18.0
Fort Yukon	Fort Yukon Utilities	6.9
Glennallen	Copper Valley Electric Association	16.9
Haines	Haines Light & Power	30.6
Juneau	Alaska Electric Light & Power	0.48
Hydaburg	Alaska Power & Telephone	34.7
Kodiak	Kodiak Electric Association	28.6
Kotzebue	Kotzebue Electric Association	6.3
McGrath	Northern Commercial Company	16.4
Naknek	Naknek Electric Association	19.1
Port Lions	Kodiak Electric Association	22.2
Northway	Northway Power & Light	18.9
Skagway	Alaska Power & Telephone	11.3
Tok	Alaska Power & Telephone	18.3
Unalakleet	Malamukta Electric Association	16.6
Yakutat	Yakutat Power, Inc.	18.8
43 Villages	Alaska Village Electric Coop.	13.4

File No.: TA 13 - 88

Date Filed 11 / 24 / 75

Name of Utility NORTHERN POWER & ENGINEERING CORPORATION, INC.

Tariff Recommendation:

- 1. Publication of notice should be waived..... X
- 2. Filing should become effective at end of 45-day statutory notice period on \_\_\_/\_\_\_/\_\_\_.....
- 3. Filing should be allowed to become effective on 12/1/75 which is less than the 45-day statutory notice period..... X
- 4. Filing should be rejected and returned to the utility.....
- 5. Operation of the filing should be suspended.....
- 6. Part of filing should be accepted effective \_\_\_/\_\_\_/\_\_\_ and part should be suspended.....

Reason(s) for the above-indicated recommendation:

The filing is in the proper format.

Signed: R.A. Kuntz Title: Tariff Specialist II

Recommendation to Tariff Sec.: Recommend Approval. Arithmetic checks and submittal conforms to previous submittals. This is the 10th surcharge applied at Cold Bay and the 1.84¢/KWH is a 0.11¢ increase and corresponds to a 1¢/gal increase in the cost of fuel. Efficiency is constant. This should generate an average \$4,015/mo above base revenue for the utility and add \$9.20 (18% of total bill) to the 500 KWH/mo consumers' \$41.00 bill.  
(of \$50.20)

Signed: D.L. W. Powell Title: Utilities Engineer III

Commission decision re this recommendation:

I Concur

I Do Not Concur

Zerbetz

[Signature]

Edwards

[Signature]

Weatherly

[Signature]

Knowles

[Signature]

Guess

[Signature]

Special instructions to staff: \_\_\_\_\_

December 11, 1975

Please Reply:  
Attn: Tariff  
Ref: TA13-88

Mr. Edward L. Tilbury, Vice-President  
Northern Power & Engineering Corporation  
P. O. Box 729  
Eagle River, Alaska 99577

Dear Mr. Tilbury:

Enclosed is the validated tariff sheet which was filed on November 24, 1975, by Northern Power & Engineering Corporation. This filing, designated as TA-3-88, has an effective date of December 1, 1975.

Very truly yours,

ALASKA PUBLIC UTILITIES COMMISSION



J. Lowell Jensen, P.E.  
Executive Director

RAL:tml  
Enclosure

P.

NORTHERN POWER & ENGINEERING CORPORATION

P. O. Box 729 • EAGLE RIVER, ALASKA 99577 • (907) 694-9631

November 20, 1975

Tariff Advice Letter No. 13  
Alaska Public Utilities Commission  
1100 MacKay Building  
338 Denali Street  
Anchorage, Alaska 99501

Gentlemen:

The tariff filing described below is hereby transmitted to you for filing in compliance with the Alaska Public Utilities Act and secs. 3AAC 48.200 - 3AAC 48.420 of the Alaska Administrative Code.

<u>Tariff Sheet Number</u>		<u>Cancel Sheet Number</u>	
<u>Original</u>	<u>Revised</u>	<u>Original</u>	<u>Revised</u>
	First Revised	41	
	41		

This tariff revision is being submitted to adjust the fuel cost rate adjustment surcharge to reflect the current status of our generation efficiency and fuel cost. The computed surcharge rate of 1.84¢/KWH will apply to electric consumption during the month of November 1975 and will appear on the customer statements dated December 8, 1975.

Attached are Exhibits I & II computing the surcharge rate and fuel inventories as well as copies of fuel delivery invoices and a revised tariff sheet for filing.

Sincerely,

NORTHERN POWER & ENGINEERING CORPORATION

Edward L. Tilbury  
Vice-President

RECEIVED  
A.P.U.C.  
Nov 24 11 46 AM '75

EXHIBIT I  
12 MONTH PERIOD  
PRECEDING SURCHARGE

November 1, 1974 through October 31, 1975

DATE	FUEL PURCHASED	KWH SOLD
NOV 74	22,548 GAL	222,200
DEC	20,164	231,374
JAN 75	24,064	275,099
FEB	19,736	219,633
MAR	20,391	238,540
APR	18,947	219,550
MAY	22,786	210,479
JUN	15,738	192,937
JUL	16,899	167,416
AUG	20,010	204,015
SEP	16,851	196,687
OCT	22,561	241,307
	<u>240,695</u>	<u>2,619,237</u>

SURCHARGE CALCULATION

$$\text{Surcharge} = \frac{\text{Current Fuel Cost} - \text{Base Period Fuel Cost}}{\text{Average KWH Sold/Gal Fuel Consumed}}$$

$$= \frac{45.0\text{c} - 25.0\text{c}}{2,619,237/240,695}$$

$$= 1.84\text{c/KWH}$$

EXHIBIT II

STATEMENT OF FUEL INVENTORIES  
AT COLD BAY, ALASKA

Nov. 20, 1975

DATE	GALS DELIVERED	PRICE	INVENTORY
OCT 03	4,192	44¢	3,808
10	4,602	44¢	3,398
17	4,519	45¢	3,481
24	4,638	45¢	3,362
31	4,610	45¢	3,390

NORTHERN POWER & ENGINEERING CORPORATION

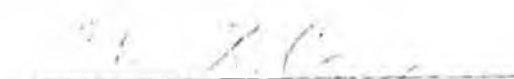
  
Edward L. Tilbury  
Vice-President

State of Alaska

Third Judicial District

THIS IS TO CERTIFY that on this 20<sup>th</sup> day of November, 1975, before me appeared EDWARD L. TILBURY, VICE-PRESIDENT of NORTHERN POWER & ENGINEERING CORPORATION, known to me to be the individual signing the statements set forth herein.

WITNESS my hand and seal the day and year hereinabove written.

  
Notary Public In and For Alaska

1.7 Commission Expires 11-3-79

Concerning

Original

Sheet No.

41

NORTHERN POWER & ENGINEERING CORPORATION

FUEL COST RATE ADJUSTMENT

The surcharge for increased fuel costs is  
as follows for billings rendered after the effective  
date set forth below:

$$\text{Surcharge} = \frac{45.0\text{c} - 28.0\text{c}}{10.0\text{c}} = 1.84\text{c}/\text{KWH}$$

This filing is submitted pursuant to  
Order No. 2 of Docket U-74-92.

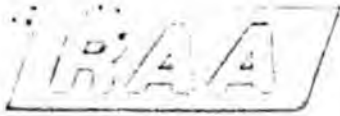
Tariff Advice No. 13

Effective: December 1, 1975

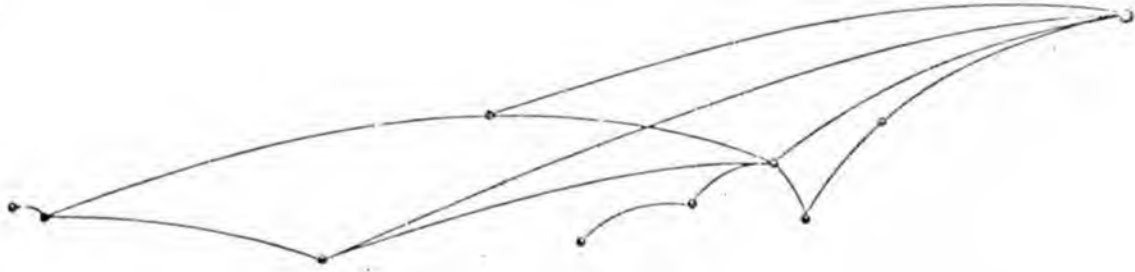
Issued by: NORTHERN POWER & ENGINEERING CORPORATION

By: Edward L. Tilbury

Title: Vice-President



# REEVE ALEUTIAN AIRWAYS, INC.



October 17, 1975

Northern Power & Engineering Corp.  
Box 729  
Eagle River, Alaska 99577

Gentlemen:

Effective October 17, 1975 the Chevron Heating Fuel #2 will be increased in price to \$.45 per gallon.

This increase represents a crude oil increase by the Standard Oil Co. of California to us on October 17, 1975. This increase you are receiving represents our fuel costs and in no way reflects our dealership costs.

Yours truly,

Reeve Aleutian Airways, Inc.

*Robert L. Hanson*  
Robert L. Hanson,  
Executive Vice-President

lja

RECEIVED

OCT 21 1975

MAIN OFFICES

P.O. BOX 559-543 W. 6th AVE  
ANCHORAGE, ALASKA 99510

ACCOUNTING, MAINTENANCE, OPERATIONS

P.O. BOX 6027 - INTERNATIONAL AIRPORT  
ANCHORAGE, ALASKA 99510

REEVE ALUTIAN AIRWAYS, INC.

COLD BAY ALASKA

REEVE ALUTIAN AIRWAYS, INC.

Cold Bay ALASKA

REEVE ALUTIAN AIRWAYS, INC.

COLD BAY ALASKA

No 5517 Date 10-3 1975

Name N P E C

Address \_\_\_\_\_

SOLD BY	CASH	C. O. D.	CHARGE	ON ACCT.	MOSE. RETD.	PAID OUT
OK			X			
QUAN.	DESCRIPTION	PRICE	AMOUNT			
477	DIESEL	47	1877 48			
4	STOP	5980477				
5	START	5926205				
6	TOTAL	4192				
			1877 48			
Sold by <u>R. Livingston</u>				Customer's Order No.		
KEEP THIS SLIP FOR REFERENCE						

4814.2

ACC 115

No 5519 Date 10/10/75 1975

Name \_\_\_\_\_

Address N.P.E.C

SOLD BY	CASH	C. O. D.	CHARGE	ON ACCT.	MOSE. RETD.	PAID OUT
OK			X			
QUAN.	DESCRIPTION	PRICE	AMOUNT			
477	Diesel	47	2100 56			
4	Start	5983506				
5	Stop	5928108				
6	Total	4117				
			4117			
Sold by <u>R. Livingston</u>				Customer's Order No.		
KEEP THIS SLIP FOR REFERENCE						

4814.2

ACC 115

No 5521 Date 10-17 1975

Name N P E C

Address DIESEL

SOLD BY	CASH	C. O. D.	CHARGE	ON ACCT.	MOSE. RETD.	PAID OUT
OK			X			
QUAN.	DESCRIPTION	PRICE	AMOUNT			
4517	DIESEL	47	1932 36			
4	STOP	5977581				
5	START	5920060				
6	TOTAL	4519				
			1932 36			
Sold by <u>R. Livingston</u>				Customer's Order No.		
KEEP THIS SLIP FOR REFERENCE						

4814.2

ACC 115