

231 HU

HB 522 -

HB 558

63

Instead of having booklet <sup>+ Application</sup> - put pictures  
in

1. lobbyist Room
2. Chief Clerk
3. Senate
4. Public Offices Com.

Get around 45 day problem of publishing

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Employees lobby for jobs

Original sponsors: Parker, Bradley  
Gardiner, Malone, Miller and Sullivan

Offered: 1/30/76  
Referred: Judiciary

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 522

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the regulation of lobbying; and  
7 providing for an effective date."

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

9 \* Section 1. AS 24.45.010 - 24.45.150 are repealed.

10 \* Sec. 2. AS 24.45 is amended by adding new sections to read:

11 CHAPTER 45. REGULATION OF LOBBYING

12 [LEGISLATIVE REPRESENTATION].

13 ARTICLE 1. LEGISLATIVE DECLARATION OF PURPOSE.

14 Sec. 24.45.011. PURPOSE. The legislature finds and declares that  
15 the operation of responsible representative democracy requires that the  
16 fullest opportunity be afforded to the people to petition their govern-  
17 ment for the redress of grievances and to express freely to individual  
18 members of the legislature, to its committees, and to officials of the  
19 executive branch, their opinions on pending legislation or administra-  
20 tive actions ~~[that relate to current affairs]~~ and that to preserve and  
21 maintain the integrity of the legislative and administrative processes  
22 it is essential that the identity, income, expenditures and activities  
23 of certain persons who engage in efforts to persuade members of the  
24 legislature or officials or agencies in the executive branch to take  
25 specific actions, either by direct communications to these members or  
26 officials or by solicitation or employment of others to engage in these  
27 efforts, be publicly and regularly disclosed.

28 ARTICLE 2. ADMINISTRATION.

29 Sec. 24.45.021. ADMINISTRATION. (a) This chapter shall be

1 administered by the Alaska Public Offices Commission created under  
2 AS 15.13.020(a).

3 (b) The commission shall promulgate regulations under the Adminis-  
4 trative Procedure Act (AS 44.62) to implement the provisions of this  
5 chapter.

6 Sec. 24.45.031. POWERS AND DUTIES. (a) In addition to its other  
7 duties under this chapter, the commission shall

8 (1) prescribe the forms for registration, reports, statements,  
9 notices and other documents required by this chapter;

10 (2) prepare and publish ~~manual and~~ instructions setting  
11 out the methods of accounting, bookkeeping and preservation of records  
12 required to facilitate compliance with and enforcement of this chapter  
13 and explaining the duties of persons subject to the provisions of this  
14 chapter; ~~the manual and~~ instructions shall be updated periodically

15 (3) provide assistance to persons in complying with the  
16 provisions of this chapter;

17 (4) prepare and publish periodic, but at least quarterly  
18 and annually, summaries of the statements and reports received; these  
19 summaries shall list separately individual lobbyists, employers of  
20 lobbyists, or sponsors of grass roots lobbying campaigns;

21 (5) prepare and publish ~~reports to the commission~~ appropriate  
22 ~~reports, including~~ an annual report of its activities, findings and recom-  
23 mendations under this chapter <sup>which shall be made available</sup> to the governor, legislature and to the  
24 public; <sup>not before Feb 1 of each calendar year;</sup>

25 (6) report suspected violations of this chapter to the  
26 attorney general;

27 (b) The commission may

28 (1) hold hearings and conduct investigations into compliance  
29 with the provisions of this chapter;

~~legis~~  
2 1/2 x 2 1/2 picture passport  
6 pictures

Chief Clerk  
Govt Senate

Commission to distribution

1. Public place in legis Chamber
2. Lt Gov office
3. Legis Reference Library
4. Commission

1 (2) in conjunction with (1) of this subsection, issue sub-  
2 poenas, compel the attendance and testimony of witnesses, administer  
3 oaths and affirmations, and require the production of books, papers,  
4 records, documents or other items material to the commission's duties or  
5 powers under this chapter.

6 ARTICLE 3. DISCLOSURE: REGISTRATION AND REPORTS.

7 Sec. 24.45.041. REGISTRATION. (a) Before engaging in lobbying  
8 or within 10 days after being employed as a lobbyist, whichever occurs  
9 first, a lobbyist shall file a registration statement on a form pre-  
10 scribed by the commission.

11 (b) The registration form prescribed by the commission shall be  
12 accompanied by a 3-inch by 4-inch black and white photograph of himself  
13 which is not more than five years old and a written authorization to act  
14 as a lobbyist from each person by whom he is employed or with whom he  
15 contracts for lobbying services and shall include

16 (1) the lobbyist's full name and complete permanent residence  
17 and business address and telephone number, as well as any temporary  
18 residential and business address and telephone number in the state  
19 capital during a legislative session;

20 (2) the full name and complete address of each person, as  
21 prescribed in (1) of this subsection, by whom the lobbyist is retained  
22 or employed, [or on whose behalf the registrant lobbies, advocates  
23 legislative or administrative action, or engages in the influencing of  
24 legislative or administrative action;]

25 (3) whether the person from whom the lobbyist receives  
26 compensation employs him solely as a lobbyist or whether he is a regular  
27 employee performing other services for his employer which include but  
28 are not limited to the influencing of legislative or administrative  
29 action;

Change to conform

1 (4) the duration of his employment and the date on which the  
2 lobbyist expects his lobbying to end;

3 (5) the lobbyist's compensation for engaging in lobbying,  
4 including salary, fees or reimbursement for expenses received in con-  
5 sideration for, or directly in support of or in connection with, the  
6 influencing of legislative or administrative action;

7 (6) a general description of the subjects or matters on which  
8 the registrant expects to lobby or to engage in the influencing of  
9 legislative or administrative action;

10 (7) the full name and complete address of the person who has  
11 custody of the accounts, books, papers, bills, receipts and other docu-  
12 ments required to be maintained under this chapter.

13 (c) If a change occurs in any of the information contained in a  
14 registration statement filed under (a) of this section, or in any  
15 accompanying document, an appropriate amendment shall be filed with the  
16 commission within 10 days after the change.

17 (d) <sup>New section on filing</sup> Within 45 days after the convening of each regular session of  
18 the legislature, the commission shall publish a directory of registered  
19 lobbyists, containing the photograph and the information prescribed in  
20 (b) of this section for each lobbyist. From time to time thereafter the  
21 commission shall publish those supplements to the directory that in the  
22 commission's judgment may be necessary. The directory shall be made  
23 available to public officials and to the public.

24 (e) Each lobbyist shall renew his registration annually by filing  
25 a new registration statement together with a new authorization to act as  
26 a lobbyist within 10 days after the convening of each regular session of  
27 the legislature. The lobbyist also shall file any reports or statements  
28 he has failed to file for a previous reporting period. The commission  
29 may not renew lobbying credentials until this provision is complied

Motion by Brown  
filing requirement - need not file if would be a  
zero filing

with.

(f) Each registered lobbyist shall file a notice of termination with the commission within 30 days after he ceases the lobbying activity which required his registration under this chapter.

Sec. 24.45.051. REPORTS. Each lobbyist registered under sec. 41 of this chapter shall file with the commission a report concerning his activities during each preceding calendar month while the legislature is in session, and during each preceding calendar quarter when the legislature is not in session, so long as the lobbyist continues to engage in lobbying activities. The report shall be made on a form prescribed by the commission and filed in accordance with secs. 101 and 111 of this chapter. The report also shall include any changes in the information required to be supplied under sec. 41(b) of this chapter and the following information for the preceding calendar month or quarter, as applicable:

(1) the source of income, as defined in AS 39.50.200(8) and the monetary value of all payments, including but not limited to salary, fees, and reimbursement of expenses, received in consideration for or directly or indirectly in support of or in connection with influencing legislative or administrative action, and the full name and complete address of each person from whom amounts or things of value have been received and the total monetary value received from each person;

(2) the aggregate amount of disbursements or expenditures made or incurred during the period by the lobbyist, or on behalf of the lobbyist by his employer in the following categories:

(A) food and beverages; in this category of disbursements or expenditures, if more than \$100 a month in the aggregate is disbursed or expended on behalf of any one public official or

or caused by him to be disbursed or expended  
CSHB 522

Amend  
legis lobbyist  
report monthly  
all other quarters

Clarification

Clarification

1 candidate, the full name of the person and his official position,  
2 if any, who received the food or beverages and the amount paid for  
3 each person shall be stated;

4 (B) living accommodations;

5 (C) travel;

6 (3) the date and nature of any gift exceeding \$10 in value  
7 made to a public official or candidate and the full name and official  
8 position of that person;

9 (4) the name and official position of each public official,  
10 or candidate and the name of each member of the immediate family of any  
11 of these officials or candidates with whom the lobbyist has engaged in  
12 an exchange of money, goods, services or anything of more than \$50 in  
13 value and the nature and date of each of these exchanges and the mone-  
14 tary values exchanged;

15 (5) the name and address of any business entity in which the  
16 lobbyist knows or has reason to know that a public official or candidate  
17 is a proprietor, partner, director, officer or manager, or has more than  
18 a 50 per cent ownership interest, with whom the lobbyist has engaged in  
19 an exchange of money, goods, services, or anything of value and the  
20 nature and date of each exchange and the monetary value exchanged if the  
21 total value of these exchanges is \$500 or more in a calendar year; and

22 (6) the date and amount of each contribution, as defined  
23 in AS 15.13.130(2), made to a public official or candidate by the  
24 lobbyist and the name and official position of the person to whom the  
25 contribution was made;

26 *(1) No section on termination*  
27 Sec. 45.061. REPORTS BY EMPLOYERS OF LOBBYISTS. (a) A person  
28 who employs, retains or who contracts for the services of one or more  
29 lobbyists whether independently or jointly with other persons and a  
person who directly or indirectly makes payments to influence legisla-

1 tive or administrative action of \$100 or more in value in a calendar  
2 month when the legislature is in session or \$300 or more in value in a  
3 calendar quarter when the legislature is not in session, shall file a  
4 quarterly report containing

5 (1) the full name, complete business address and telephone  
6 number of the person making the report;

7 (2) information sufficient to identify the nature and inter-  
8 ests of the person making the report, including

9 (A) if the maker is an individual, the name and address  
10 of his employer, if any, or his principal place of business if he  
11 is self-employed, and a description of the business or professional  
12 activity in which he or his employer is engaged;

13 (B) if the maker is a business entity, a description of  
14 the business activity in which it is engaged;

15 (C) if the maker is an industry, trade or professional  
16 association, a description of the industry, trade or profession  
17 including a specific description of any portion or faction of the  
18 industry, trade or profession which the association exclusively or  
19 primarily represents, and, if the association has less than 50  
20 members, the names of the members; or

21 (D) if the maker is ~~any~~ <sup>none</sup> of those listed in (A) - (C)  
22 of this paragraph, a statement of the person's nature and purposes  
23 including a description of any industry, trade, profession or other  
24 group with a common economic interest which the person principally  
25 represents or from which its membership or financial support is  
26 principally derived; however, the information required by (A) - (D)  
27 of this paragraph need be stated only in the first report filed  
28 during a calendar year, except that subsequent reports must reflect  
29 changes in this information previously reported;

1 (3) the total amount of payments made to influence legis-  
2 lative or administrative action during the period, and the name and  
3 address of each person to whom these payments in an aggregate amount or  
4 value of \$100 or more have been made during the period by the maker of  
5 the report, together with the date, amount and a description of the  
6 consideration received for each expenditure, and the full name of the  
7 beneficiary of each expenditure if other than the maker or the payee;

8 (4) the name and official position of each public official or  
9 candidate and the name of each member of the immediate family of any  
10 official or candidate with whom the maker of the report has engaged in  
11 an exchange of money, goods, services or anything of value, the nature  
12 and date of each such exchange and the monetary value exchanged, if the  
13 fair market value of either side of the exchange was \$500 or more;

14 (5) the name and address of any business entity in which the  
15 person making the report knows or has reason to know that a public  
16 official or candidate is a proprietor, partner, director, officer,  
17 manager or has more than a 50 per cent ownership interest, with whom the  
18 person making the report has engaged in an exchange or exchanges of  
19 money, goods, services or anything of value and the nature and date of  
20 each exchange and the monetary value exchanged, if the total value of  
21 the exchange or exchanges is \$500 or more in a calendar year;

22 (6) the date and amount of each contribution as defined in  
23 AS 15.13.130(2), made to a public official or candidate by the person  
24 making the report and the name and official position of the recipient of  
25 each contribution;

26 (7) the date and nature of any gift exceeding \$10 in value  
27 made to any public official or candidate and the full name and official  
28 position of the recipient of each gift;

29 (8) a specific description of legislative or administrative

1 action which the person making the report has attempted to influence;

2 (9) the name of each lobbyist employed or retained by the  
3 person making the report, together with the total amount paid to each  
4 lobbyist and the portion of that amount, if any, which was paid for  
5 specific purposes, including salary, fees, and reimbursement for ex-  
6 penses, in the categories set out in sec. 51(2) of this chapter;

7 (10) any other information required by the commission consis-  
8 tent with the purposes and provisions of this chapter.

9 (b) Each person filing a report under this section shall file a  
10 notice of termination with the commission within 30 days after he ceases  
11 employing or retaining a lobbyist registered under this chapter.

12 *State*  
*Added*  
13 *Sec. 24.45.071. REPORTS BY PUBLIC OFFICIALS, CANDIDATES. Each*  
14 *public official or candidate shall file with the commission a form pre-*  
15 *scribed by it a report for the periods required under sec. 111 of this*  
16 *chapter disclosing the following information for the preceding calendar*  
17 *month or quarter, as applicable:*

18 (1) if the official or candidate received in the aggregate  
19 more than \$100 a month in food and beverages from any one lobbyist, or  
20 employer of a lobbyist, the name of that lobbyist, or employer of a  
21 lobbyist, and the amount received from each; and

22 (2) the date, nature and source of any gift exceeding \$10 in  
23 value received by the public official or candidate from a lobbyist or  
24 employer of a lobbyist. *No report if zero level*

25 *Sec. 24.45.081. DISCLOSURE OF CERTAIN RELATIONSHIPS REQUIRED. If*  
26 *a person registered, or required to be registered, as a lobbyist under*  
27 *this chapter, or a person who employs or retains a lobbyist, employs or*  
28 *retains a public official or candidate, and if that official or candi-*  
29 *date remains in the partial or full-time employ of the state or an*  
*agency of it, the lobbyist, or employer of a lobbyist, shall file a*

*Amend*  
*for not filing*  
*if under \$100*

\$500 + \$1000

statement under oath with the commission setting out the name, address and official position of the person employed, retained or paid, the nature of the employment and the amount of pay or consideration to be paid. The statement shall be filed within 10 days after the beginning of that employment.

*Brown amendment.*

*AA/client clause on severability*

Sec. 24.45.091. GRASS ROOTS LOBBYING CAMPAIGNS. (a) A person who has made expenditures not reported under any other section of this chapter of \$300 or more a calendar month in the aggregate, or \$1,500 or more a calendar quarter in the aggregate, in presenting a program addressed to the public, a substantial portion of which is intended, designed, or calculated primarily to influence legislative or administrative action, shall be required to register and report under this section as a sponsor of a grass roots lobbying campaign.

(b) Within 30 days after becoming a sponsor of a grass roots lobbying campaign, the sponsor shall register by filing with the commission a registration statement on a form prescribed by the commission including the following information:

(1) the sponsor's full name, complete address and business, occupation or profession and, if the sponsor is not an individual, the full names, complete addresses and titles of the controlling persons or officers responsible for managing the sponsor's affairs;

(2) the full names, complete addresses and businesses, occupations or professions of all persons organizing, managing or advising the campaign, or employed or retained to do so, including any public relations, advertising or professional campaign management firm participating in the campaign, and the terms of compensation for each of these persons;

(3) the purpose of the campaign, including the specific legislative or administrative action which is the subject of the campaign;

*Brown Amendment  
is being  
electoral law  
Public office  
redacted*

Means One Month over expenditure  
Must report back " "

1 (4) the full names and complete addresses of all persons  
2 contributing more than \$100 to the campaign, and the amount contributed  
3 by each person;

4 (5) the totals of all expenditures made or incurred to date  
5 on behalf of the campaign; the totals shall be segregated according to  
6 the categories set out in sec. 51(2) of this chapter; and the report  
7 also shall include disbursements or expenditures made or incurred for  
8 the following:

9 (A) consultants, advisors or professional campaign  
10 management;

11 (B) printing and mailing expenses;

12 (C) advertising, identifying each form of media employed  
13 including but not limited to radio, television, newspapers, peri-  
14 odicals or other publications or printed matter.

15 (c) Every person registered under (a) of this section shall file  
16 periodic reports with the commission in the same manner and according to  
17 the same schedule prescribed for other statements and reports to be  
18 filed under this chapter. The reports shall update the information  
19 contained in the sponsor's registration statement filed under (b) of  
20 this section and shall show contributions received and totals of ex-  
21 penditures made during the reporting period in the same manner as  
22 provided for in the registration statement.

23 (d) When the grass roots lobbying campaign has been terminated,  
24 the sponsor shall file a notice of termination with the final monthly or  
25 quarterly report. The notice shall state the totals of all contri-  
26 butions and expenditures made on behalf of the campaign in the same  
27 manner as prescribed in (b) of this section.

28 Sec. 24.45.101. CERTIFICATION OF REPORTS. Every statement or  
29 report required to be filed under this chapter shall identify the full

1 name of the person preparing it, his complete address and telephone  
2 number, and shall be certified as complete and correct ~~under oath~~, both  
3 by the person preparing it and by the person on whose behalf it is  
4 filed.

5 Sec. 24.45.111. REPORTING PERIODS. Reports required under this  
6 chapter shall be filed by the 10th day of the calendar month following  
7 each calendar month during any part of which the legislature was in  
8 session and by the 10th day of the month following each calendar quarter  
9 when the legislature was not in session. The period covered shall be  
10 the calendar month or the calendar quarter, as applicable, and shall in  
11 any event cover the period from the date of the last report filed under  
12 this chapter to the date of the end of the calendar month or quarter, as  
13 applicable, for which the report is being filed. The period covered  
14 shall not include any months covered in previous reports filed by the  
15 same person. When total amounts are required to be reported, totals  
16 shall be stated both for the period covered by the statement and for the  
17 entire calendar year to date.

18 *Public Interest Disclosure Requirements* HS 15.13  
19 Sec. 24.45.121. PUBLICATION OF REPORTS. The information contained  
20 in the reports filed under this chapter shall be published in a joint  
21 supplement to the senate and house journals as soon as practicable after  
22 each reporting period. *Legis Reference Library*

23 Sec. 24.45.131. PUBLIC RECORDS. Statements and reports filed  
24 under this chapter are public records and shall be available for public  
25 inspection and copying during normal business hours at the expense of  
26 the person requesting copies; however, the charge for copying may not  
27 exceed actual cost to the commission.

28 Sec. 24.45.141. PRESERVATION OF RECORDS. (a) A person required  
29 to register or report as a lobbyist, as an employer of a lobbyist, or as  
a sponsor of a grass roots lobbying campaign shall preserve all ac-

1 counts, bills, receipts, books, papers and documents necessary to  
2 substantiate the reports required to be made and filed under this chap-  
3 ter for a period of at least five years from the date of the filing of  
4 the report containing these items. These accounts, bills, receipts,  
5 books, papers and other documents shall be made available for inspection  
6 by the commission, or members of its staff, at any time. If a lobbyist  
7 is required under the terms of his employment contract to turn any  
8 records over to his employer, responsibility for the preservation of  
9 these records under this section rests with the employer.

10 (b) The commission shall preserve the statements and reports  
11 required to be filed under this chapter for a period of five years from  
12 the date of filing. If the commission's central office is not in the  
13 state capital, copies of all statements and reports filed under this  
14 chapter shall be maintained in an office established by the commission  
15 in the state capital.

16 ARTICLE 4. ENFORCEMENT.

17 Sec. 24.45.151. PROHIBITIONS. (a) No lobbyist may

18 (1) engage in any activity as a lobbyist before registering  
19 under sec. 41 of this chapter;

20 *loans?* *Part 10 bread* (2) do anything with the *intent* ~~purpose~~ of placing a public official  
21 or candidate under personal obligation to him or to his employer;

22 *intentionally* (3) <sup>1</sup> deceive or attempt to deceive any public official or  
23 candidate, with regard to any material fact pertinent to pending or  
24 proposed legislative or administrative action;

25 (4) cause or influence the introduction of a legislative  
26 measure for the purpose of thereafter being employed to secure its  
27 defeat;

28 (5) ~~attempt to create a fictitious appearance of public favor~~  
29 ~~or disfavor of any proposed legislative or administrative action~~ *J*

1 cause a communication to be sent to a public official or candidate, in  
2 the name of any fictitious person or in the name of any real person,  
3 except with the consent of that person;

4 \_\_\_\_\_ (6) represent falsely either directly or indirectly that he  
5 can control the official action of a public official or candidate;

6 (7) accept or agree to accept any payment in any way con-  
7 tingent upon the defeat, enactment or outcome of any proposed legis-  
8 lative or administrative action.

9 (b) No person may knowingly receive or accept a contribution or  
10 gift made unlawful under (a) (2) of this section.

11 (c) No person may employ for pay or any consideration, or pay or  
12 agree to pay consideration to, a person to lobby who is not registered  
13 under of this chapter except upon condition that the person register and  
14 that person does in fact so register as soon as practicable after being  
15 employed to lobby.

16 Sec. 24.45.161. EXAMINATION OF STATEMENTS, REPORTS. (a) The  
17 commission or its staff shall examine each statement or report filed  
18 under this chapter within 10 days after the date it is filed. A person  
19 required to file a statement or report under this chapter shall be noti-  
20 fied immediately if

21 (1) it appears that the person has failed to file a statement  
22 or report as required by law or that the statement or report filed does  
23 not conform to the requirements of this chapter; or

24 (2) a written complaint is filed with the commission by any  
25 qualified voter alleging that a statement or report filed with the  
26 commission does not conform to the requirements of this chapter, or to  
27 the truth, or that a person subject to the provisions of this chapter  
28 has failed to file a statement or report in the manner prescribed by  
29 this chapter.

2448,080  
What does it refer to?

*Rate Enforcement Authority*  
*or dispensation of times*  
*subsequent*  
*thereafter*

1 (b) The commission shall conduct an investigation, and may conduct  
2 a hearing, into an allegation under (a)(2) of this section.

3 (c) The commission shall report any suspected violations of this  
4 chapter to the attorney general, to a district attorney in the judicial  
5 district where the alleged violation occurred, or to a grand jury.

6 Sec. 24.45.171. CIVIL PENALTIES. (a) If a lobbyist or a sponsor  
7 of a grass roots lobbying campaign violates any of the applicable  
8 provisions of this chapter, his registration credentials may be sus-  
9 pended or revoked by the commission after a hear'ng, and he may be  
10 enjoined by the superior court from receiving compensation or making  
11 disbursements or expenditures for lobbying activities. However, the  
12 imposition of sanctions or penalties under this section or sec. 181 or  
13 191 of this chapter does not excuse the lobbyist, employer of a lob-  
14 byist, or sponsor from filing statements or reports required by this  
15 chapter.

16 (b) A person who pays compensation to a lobbyist, reimburses a  
17 lobbyist for all or part of his expenses, or makes disbursements or  
18 expenditures to solicit others to lobby, and who fails to make and file  
19 a report of this compensation, reimbursement, disbursement or expendi-  
20 ture under sec. 61 of this chapter, is, in addition to any other penalty  
21 provided by law, subject to a civil penalty of up to three times that  
22 compensation, reimbursement, disbursement or expenditure.

23 (c) A person who receives any payment, compensation, or reimburse-  
24 ment for expenses for activity as a lobbyist and who fails to register  
25 or to make and file a report under of this chapter is, in addition to  
26 any other penalty prescribed by law, subject to a civil penalty of up to  
27 three times that payment, compensation, or reimbursement.

28 (d) A person who fails to report payments, compensation, gifts,  
29 contributions, or expenditures required to be reported under this

1 chapter is subject to a civil penalty of up to three times the amount he  
2 failed to report. A person who pays, receives or accepts the prohibited  
3 compensation or who makes, receives or accepts a prohibited gift, con-  
4 tribution or expenditure is subject to a civil penalty of up to three  
5 times the prohibited or unlawful amount.

6 (e) A person who fails to file a properly completed and certified  
7 report or statement within the time required by this chapter is subject  
8 to a civil penalty of \$10 a day for each day the delinquency continues.

9 Sec. 24.45.181. INJUNCTIVE RELIEF. The superior court may enjoin  
10 a person to prevent the doing of any act prohibited by this chapter or  
11 to compel the performance of any act required by this chapter.

12 Sec. 24.45.191. CRIMINAL PENALTIES. (a) An individual who vio-  
13 lates any provisions of this chapter, whether acting for himself, on  
14 behalf of an employer or in concert with other persons, or who causes,  
15 participates in, aids, abets, ratifies or confirms any violation of a  
16 provision of this chapter is, upon conviction, punishable by a fine of  
17 ~~not less than \$100 nor more than \$1,000~~ or by imprisonment for not more  
18 than one year, or by both.

19 (b) A person, other than an individual, who violates any provision  
20 of this chapter, whether acting for himself, on behalf of an employer or  
21 in concert with other persons, or who causes, participates in, aids,  
22 abets, ratifies or confirms any violation of a provision of this chapter  
23 is, upon conviction, punishable by a fine of ~~not less than \$1,000 nor~~  
24 more than \$10,000 for each offense.

25 ARTICLE 5. GENERAL PROVISIONS.

26 Sec. 24.45.201. EXEMPTIONS. (a) This chapter does not apply to

27 (1) an individual

28 (A) who, <sup>lobbyist</sup> without payment of compensation, or other  
29 consideration; ~~lobbyist on behalf of himself; or~~

Manning 20



2445,130 language on inviting lobbyist

(B) who limits his lobbying activities to appearances before public sessions of the legislature, or its committees or subcommittees, or to public hearings or other proceedings of state agencies;

(2) an elected state or municipal public officer or an employee of the state or a municipality acting in his official capacity or within the scope of his employment;

(3) any newspaper or other periodical of general circulation, book publisher, radio or television station (including an individual who owns, publishes or is employed by that newspaper or periodical, radio or television station) which in the ordinary course of business publishes news items, editorials or other comments, or paid advertisements, which directly or indirectly urge legislative or administrative action if the newspaper, periodical, book publisher, radio or television station or individual engages in no further or other activities in connection with urging or advocating legislative or administrative action other than to appear before public sessions of the legislature, or its committees or subcommittees, or public hearings or other proceedings of state agencies.

(b) Nothing in this chapter may be construed as prohibiting or affecting the rendering of professional services in drafting legislative measures or in advising clients and in rendering opinions as to the construction or effect of proposed or pending legislative or administrative action where these professional services are not otherwise connected with influencing or attempting to influence legislative or administrative action. Nor does anything in this chapter prevent members of the legislature from discussing with constituents the advisability of passing legislation then pending before, or proposed to be presented to, the legislature.

1           Sec. 24.45.211. DEFINITIONS    In this chapter

2           (1) "administrative action" means the proposal, drafting,  
3           development, consideration, amendment, adoption, approval, promulgation,  
4           issuance, modification, rejection or postponement by any state agency of  
5           any rule, regulation, order, decision, determination, or any other  
6           quasi-legislative or quasi-judicial action or proceeding whether or not  
7           governed by the Administrative Procedure Act (AS 44.62);

8           (2) "agency" means a state department, division, commission,  
9           board, office, bureau, institution, corporation, authority, organization,  
10          committee, council or board in the executive branch, or independent of  
11          the executive branch, of state government;

12          (3) "candidate" means an individual who is listed on the  
13          ballot or who is a write-in candidate at any election for nomination for  
14          or election to an elective state office, or who receives a contribution  
15          or makes an expenditure or gives his consent for any other person to  
16          receive a contribution or make an expenditure with a view to bringing  
17          about his nomination or election to elective state office, whether or  
18          not the specific elective state office for which he will seek nomination  
19          or election is known at the time the contribution is received or the  
20          expenditure is made and whether or not he has announced his candidacy or  
21          filed a declaration of candidacy at the time the contribution is made or  
22          offered; "candidate" also includes an elective state officer who is the  
23          subject of a recall election;

24          (4) "gift" means any payment to the extent that consideration  
25          of equal or greater value is not received unless it is clear from sur-  
26          rounding circumstances that it is not made for the purpose of influenc-  
27          ing legislative or administrative action; it includes a loan, loan  
28          guarantee, forgiveness of a loan, a payment of a loan by a third party,  
29          or an enforceable promise to make a payment except that full and ade-



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quate consideration is received; it also includes the purchase of tickets for travel or for entertainment events and the granting of discounts or rebates not extended to the public generally; "gift" does not include informational or promotional materials such as books, reports, pamphlets, calendars or periodicals; it also does not include food and beverages sold ready for immediate consumption in or by restaurants, drug stores, lunch counters, cafeterias, hotels or like places of public accommodation; [any person other than a defendant in a criminal action who claims that a payment is not a gift by reason of receipt of consideration has the burden of proving that the consideration received is of equal or greater value.]

(5) "immediate family" means the spouse and dependent children of an individual;

(6) "individual" means a natural person;

(7) "influencing legislative or administrative action" means promoting, advocating, supporting, modifying, opposing or delaying or seeking to do the same with respect to any legislative or administrative action by means including but not limited to the provision or use of information, statistics, studies, analyses in written or oral form or format;

(8) "legislative action" means the preparation, research, drafting, introduction, consideration, modification, amendment, approval, passage, enactment, defeat or rejection of any bill, resolution, amendment, motion, report, nomination, appointment or other matter by the legislature, or by a standing, interim or special committee of the legislature, or by a member or employee of the legislature acting in his official capacity; it includes but is not limited to, the action of the governor in approving or vetoing a bill or the action of the legislature in considering, overriding or sustaining that veto and the

What about mailing info

1 action of the legislature in considering, confirming or rejecting an  
2 executive appointment of the governor;

3 (9) "lobbyist" means a person who is employed and receives  
4 payment or who contracts for economic consideration, other than  
5 reimbursement for reasonable travel expenses, to communicate directly or  
6 through his agents with any public official or candidate for the purpose  
7 of influencing legislative or administrative action if a substantial or  
8 regular portion of the activities for which he receives consideration is  
9 for the purpose of influencing legislative or administrative action or a  
10 person who represents himself as engaging in that communication as a  
11 business, occupation or profession;

12 (10) "payment" means the disbursement, distribution, transfer,  
13 loan, advance, deposit, gift or other rendering or tendering of money,  
14 property, goods or services or anything else of value, whether tangible  
15 or intangible;

16 (11) "payment to influence legislative or administrative  
17 action" means any of the following:

18 (A) a direct or indirect payment to a lobbyist whether  
19 for salary, fee, compensation for expenses, or any other purpose,  
20 by a person employing, retaining or contracting for the services of  
21 the lobbyist separately or jointly with other persons;

22 (B) a payment in support of or assistance to a lobbyist  
23 or his activities, including but not limited to the direct payment  
24 of expenses incurred at the request or suggestion of the lobbyist;

25 (C) a payment which directly benefits a public official  
26 or candidate, or a member of the immediate family of that official  
27 or candidate;

28 (D) a payment, including compensation, payment or re-  
29 imbursement for the services, time or expenses of an employee for

Applies  
to Legis.

1 or in connection with direct communication with a public official  
2 or candidate;

3 (E) a payment for or in connection with soliciting or  
4 urging other persons to enter into direct communication with a  
5 public official or candidate;

6 (12) "person", in addition to the terms set out in AS 01.10.-  
7 060(7), includes a labor union; and

8 (13) "public official" means the governor, lieutenant gover-  
9 nor, governor-elect or lieutenant governor-elect, or a member or member-  
10 elect of the legislature; or, an officer, employee, or member of an  
11 agency or an employee of the legislature acting in the exercise of his  
12 official duties or responsibilities, other than in a purely clerical or  
13 manual capacity.

14 Sec. 24.45.221. SHORT TITLE. This chapter may be cited as the  
15 Regulation of Lobbying Act.

16 \* Sec. 3. AS 15.13.030(10) is amended to read:

17 (10) adopt regulations necessary to implement and clarify the  
18 provisions of AS 24.45, AS 39.50 and this chapter, subj to the pro-  
19 visions of the Administrative Procedure Act (AS 44.62)

20 \* Sec. 4. Records, papers, documents or other materials relating to the  
21 administration of AS 24.45 before July 1, 1976 shall be transferred from the  
22 Department of Administration to the Alaska Public Offices Commission on July  
23 1, 1976.

24 \* Sec. 5. This Act takes effect July 1, 1976. However, the initial re-  
25 ports required under AS 24.45.051 - 24.45.091 are due for the reporting  
26 period beginning January 1, 1977, and shall be filed not later than Febru-  
27 ary 10, 1977.  
28  
29

HB522

Clae Kamm

Page 3 June 7-10 def. of lobbyist

Page 4 - line 3-6 abuse of funds

Page 5 - section (f) - needed ?

Page 5 line 16 Months for legis. } inconsistent  
quarters for non-legis.

Page 7, line 21 change within to "none"

Page 9, line 13 a to "or"

Page 9, line 17 legis. reporting inconsistent  
put in "Conflict of Interest"

"look about family"

Page 14, line 10 A(2)

Page 18 line 2 - conflict because  
of example "legislators"

Page 17 (B) "other proceedings"

Page 17 June 16-17

HB

5411

"An Act relating to the visitation privileges of prisoners; and providing for an effective date."

# COMMITTEE REPORT

1/20/76

## HOUSE

Mr. Speaker:

Date 1/20/76

The Committee on JUDICIARY has had HB 541

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT

CS FOR \_\_\_\_\_ DO PASS

"and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

_____	_____	<u>Gregory</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

<u>J. DeLoach</u>	recommends: <u>DO NOT PASS</u>
_____	recommends:
_____	recommends:
_____	recommends:
_____	recommends:

Gregory Chairman

House Judiciary Committee  
January 26, 1976

The meeting was called to order by Chairman Gardiner at 1:22 p.m.  
Members present were Eliason, Bradley, Parr, Gardiner, Cotten and Brown.

First item of discussion was HB 541 regarding visitation rights of prisoners. Mr. Charles Adams, Director of the Division of Corrections explained that one of the reasons the bill was requested was because many natives in the state grow up with other than their immediate family. Therefore if and when they find themselves in prison, they are not allowed to visit with what they consider their family. He said that there was a problem with allowing visitation with "anyone" but that it is all right as long as department regulations can cover investigation and refusal of certain situations. There were only seven requests this past Christmas, and no problems resulting from any of them.

162  
HB  
541

Mr. Cotten moved the bill out as CS with the HESS amendment incorporated.

Mr. Eliason objected and withdrew his objection.

Mr. Bradley requested that Mr. Adams furnish Mr. Eliason, Mr. Gardiner and Mr. Parker with a list of how many crimes have been committed by persons on visitation furlough. And further requested that Mr. Parker not place HB 541 on the calendar until such list has been acquired.

Second item of discussion was HB 598 regarding Tort claims against the state involving motor vehicles. John Messenger of the A.G.s office was first to testify. He said that because of the large number of claims and sizeable awards, there is a huge potential liability which causes insurance companies to charge prohibitive premiums; thereby making it nearly impossible to insure the state against such claims. He stated that the State is not responsible for situations arising out of negligent design, including signs, curves etc. because they are "discretionary functions" and therefore exempt. In order for negligent maintenance to be a factor of responsibility, it is necessary to meet the four items under (B) of this bill.

HB  
598

Mr. Brown pointed out that the State should be as responsible as any individual and without limitations.

Also testifying was John George of the Office of Risk Management. He stated that between 1967-1974 there were 2 to 6 suits a year against the state. In 1975 there were 4 suits each awarded \$500,000.00. The insurance company paid out but will not do so again. There have been 32 suits instigated since last February, most of which happened four years ago. The state fears the courts may award larger amounts in the future. Also contributing to the costs are the legal expenses involved in defending the state. If an insurance company cannot be found to insure the state, it will have to come out of the general fund. This bill is trying to discourage people from suing the state.

Mr. Brown stated that one problem he has was that an effective date should affect accidents and occurrences after the effective date; not action brought after the effective date.

The meeting was adjourned at 3:00 p.m.

# STATE OF ALASKA

## DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF CORRECTIONS

POUCH H-03 - JUNEAU 99811

*file*  
JAY S. HAMMOND, GOVERNOR

January 28, 1976

The Honorable Terry Gardiner  
Alaska State House of Representatives  
Pouch "V" State Capitol Building  
Juneau, Alaska 99811

Document# HJC 1

Dear Mr. Gardiner:

Re: Family Visitations

The following is a response to a request of the House Judiciary  
Committee:

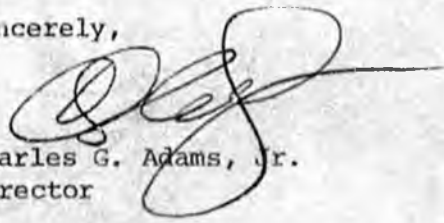
### Family Visitations By Institution for 1975

Anchorage Annex	16
Eagle River	14
Anchorage-Third Avenue	4
Ketchikan	0
Juneau	0
Fairbanks	0
Palmer	17*

#### \*Two Failures

- (1) 40 minutes late due to car trouble
- (1) 16 hours late due to alcohol, person  
was picked up by Palmer Staff

Sincerely,

  
Charles G. Adams, Jr.  
Director

CGA:cc

cc: Office of the Commissioner  
Department of Health & Social  
Services

ALASKA  
STATE LEGISLATURE

January 28, 1976

**MEMORANDUM**

TO: Bill Parker, Chairman House Rules Committee

The House Judiciary Committee requests that you hold HB 541 in Rules Committee until a memo arrives to you from Mr. Charles Adams, Director of the Division of Corrections indicating how many crimes have been committed by persons out on visitation furlough.



Elston Bradley Park,  
Gardiner, Cotton Down

Jan 26

122

HB 541

① Charles Adams: Corrections

expand visitation rights of prisoners  
to visit anyone, not just family

suggested by Kelley

Some visitors don't go with immediate  
family cannot visit

Problems with anyone requiring obtaining  
up on prison to be visited it is long as  
dept regulations in some situations

1 Prisoner's requests

\* Check to see if am 1 1985 adopted

Letter should be sent out as CS with 1985 rules  
Elston copy - 1/24

Today reported that California research  
how many visits committed while on visitation  
program and report to Elston Gardner & Barker

Letter sent for review from Bureau before  
submitting to California

HB

546

COMMITTEE REPORT

7/17/76

HOUSE

Mr. Speaker:

Date April 1, 1976

The Committee on JUDICIARY has had HB 546

under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

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

( ) recommends it BE REPLACED WITH CS FOR HB 546 AND THAT

CS FOR HB 546 DO PASS

( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

[Signature] \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Members NOT concurring in the Majority report:

[Signature] recommends: [Signature]

\_\_\_\_\_ recommends:

[Signature] recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

[Signature] Chairman

Wants to require public hearings before surcharge can be approved

1. Require Permanent filing within 3 yrs. to use 42.05.411  
Temp
2. Require Temp Filing to use surcharge within 1 year

Require hearing for authority to have sur-

1 IN THE HOUSE

BY SWANSON

2 HOUSE BILL NO. 546

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public utility rates."

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

8 \* Section 1. AS 42.05.381(a) is amended to read:

9 (a) All rates demanded or received by a public utility, or by any  
10 two or more public utilities jointly, for a service furnished or to be  
11 furnished shall be just and reasonable. A rate may not allow a surcharge  
12 or other additional charge not certain in amount whether the surcharge  
13 or other additional charge is for compensation to the utility for  
14 increased costs or for other purposes. *Mandatory hearings on any rate increases*

15 \* Sec. 2. AS 42.05.441(b) is amended to read:

16 (b) In determining the value for rate-making purposes of public  
17 utility property used and useful in rendering service to the public, the  
18 commission shall be guided by acquisition cost or, if lower, the original  
19 cost of the property to the person first devoting it to public service,  
20 less accrued depreciation, plus materials and supplies and a reasonable  
21 allowance for cash working capital when required. The value of construc-  
22 tion work in progress may not be included in the determination of value  
23 for rate-making purposes.

# ALASKA ELECTRIC LIGHT AND POWER CO.

134 N. FRANKLIN STREET



JUNEAU, ALASKA 99801

(907) 586-2222

February 24, 1976

The Honorable Terry Gardiner  
Chairman  
House Judiciary  
House of Representatives  
Pouch V  
Juneau, Alaska 99811

Re: House Bill No. 546 entitled "An Act Relating to Public Utility Rates"

Dear Chairman Gardiner:

I am writing this letter in regard to the portion of House Bill No. 546 which would eliminate surcharges on utility bills. The Alaska Public Utilities Commission may allow the use of a surcharge for two reasons: (1) To allow a utility to recover the difference in cost between the current price of fuel and that cost of fuel which was used in establishing that utility's basic rate structure. This type of surcharge, often called a fuel adjustment charge, normally varies from month to month depending upon the cost of fuel. Such a surcharge is billed on the basis of cents per kwh. Enclosed for example are the fuel charges, by month, for the Alaska Electric Light and Power Company for the years 1974 and 1975. (2) The surcharge is also used as a temporary rate increase to cover a period when rate relief is urgently required and yet the time lag between the filing of a permanent rate increase and the time the Public Utility Commission rules on this application is too long for the utility to continue operating without suffering a complete financial collapse. The Commission would normally grant such an increase if failure to do so would prevent a utility from paying its employees or fuel suppliers thereby seriously threatening its continued capability of providing service.

The alternative to the surcharge, whether it be for rapidly changing fuel costs, or for interim rate relief purposes, is for the utility to develop a set of rates and the Alaska Public Utilities Commission to approve such rates on a greatly accelerated basis. The development of such rates by a public utility normally requires a cost of service study and is a very expensive and complex task. Likewise, analyzing a rate structure and determining that the rates are fair and in the public interest is time consuming and expensive. Ultimately the rate payer pays for these costs. The surcharge is a method of preventing the necessity of frequent development of rate structures and giving the Commission sufficient time to analyze permanent rates.

Often interim rates are granted under the condition that the concerned utility may have to refund a portion of the surcharge if the Commissions subsequent investigation concludes that all of the charge was not justified. It is much more practical and less expensive to compute the amount of the refund using a surcharge as opposed to computing the difference using differing rate structures.

The importance of keeping a public utility in a healthy financial posture cannot be over emphasized. You have heard about the generating capacity shortage in various areas of our state. In particular remember Fairbanks and some of the smaller towns to the westward. Sufficient generating capacity during the cold winter months is absolutely essential for their survival. If a utility is not in a healthy financial condition it cannot accumulate nor borrow the necessary funds to install the generating capacity and other equipment that is necessary to meet the needs of its customers. The surcharge is the only practical method of passing on the utility's cost of service to its customers during periods of rapid inflationary change.

I would like to conclude my comments by noting that the surcharge is a common phenomenon throughout the "Lower 48". It is used in numerous states and by the Federal Power Commission and their respective regulatory jurisdictions. It is an accepted practice elsewhere in the utility industry.

Again, I recommend that the proposed amendment to the public utility law outlawing the surcharge not be adopted.

Very truly yours,

*William A. Corbus*

William A. Corbus  
Assistant Manager

enclosure

WAC:akd

Revenue Per KWH - 1974 and 1975

<u>Month</u>	<u>Year</u>	<u>Overall Average Revenue/Kwh (Excluding Fuel Adjustment)</u>	<u>Fuel Surcharge Per Kwh ¢</u>
January	1974	3.8716	-
February		3.7573	-
March		3.9558	-
April		4.0408	-
May		4.0581	-
June		4.0846	-
July		4.0849	-
August		4.1297	.44
September		4.0765	.31
October		4.1066	.28
November		4.1520	.00
December		4.1716	.00
January	1975	3.9850	.12
February		3.9452	.22
March		4.1441	.78
April		3.9418	.56
May		4.1398	.40
June		4.2095	.31
July		4.1533	.49
August		4.0837	.29
September		4.2168	.48
October		4.5708	.34
November		4.5469	.33
December		4.4210	.02

YAKUTAT POWER, INC.  
P. O. BOX 257 YAKUTAT, ALASKA 99689  
FRED O. MILLER

Phone 784-3248 — Area 907

February 23, 1976

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

Dear Sir:

Reference is made to House Bill No. 546.

We are a privately owned electric utility company operating at Yakutat, Alaska, serving 180 customers. Our plant of four diesel electric generating sets is 100% diesel fuel driven, twenty-four hours per day, with no choice of any other fuel.

House Bill No. 546 would place our company in a very disastrous financial position. Our current rate schedule, adopted in 1972, was based on a diesel fuel price of .207¢ per gallon of fuel. Current price of fuel is .405¢ per gallon. Computations below show how the fuel price increase has affected our operating cost.

Fuel costs for a Year at Rates Paid February 1, 1972, Compared to Rates Payable February 1, 1976.

307,403 gal. at .405¢ -----	\$124,498
307,403 ga. at .207¢ -----	63,632
	<u>\$ 30,866</u>

As this computation shows, an operating capital of over \$5,000 more per month is necessary just to pay the increased fuel bill if the company is to continue operating with a return sufficient to pay the monthly bills.

The time element alone would be staggering while waiting for a cost adjustment due to fuel increase. In 1973, we had 8 price increases; 1974, 6 increases; 1975, 3 increases; and in 1976, 1 increase. Each increase could be expected to cost a minimum of \$1,000 in legal fees, and up to six months for approval by the Alaska Public Utilities Commission. In the meantime, where does the money come from to pay the bills?

We urge you to please eliminate House Bill No. 546.

Yours truly,  
Yakutat Power, Inc.

Fred O. Miller, President

*Fred O. Miller*

cc: Terry Gardiner  
Red Swanson

Feb 25, 1976

HB 546

Foye Gentry

Alaska Rural Co-op Assoc

Non-profit organizations

AUEC

Cardova

Kodiak

Barrow

Golden Valley

Kotzebue

Chugach

Homer

Mat Elec

74,000 Homes in Alaska

Unanimously oppose - rapid fuel increase  
both sections

rate study to document cost  
filing 3 to 6 months  
hearings  
decision

Golden Valley Elec. - surcharge per kilowatt hour

GVA - Bob Hutman

Zerbetz

No statutory Authority Now for surcharges

1974 - 24% coal increase

1975 - 17% " "

2 year oil 119% oil increase

Section B is existing law

Military 21 Mills 36.9 Mills - excess  
coal power

Purchase Economy energy from Fair Elec

Margin 400,000 1975

lost 2,000,000 in 1975 without surcharges

surcharge gives you time to assess till you gain some experience

fuel surcharge - files Monthly & with documentation to APUC

Tesoro  
5.50 10.51 weighted average

Entitlements - Pay difference to other oil producers \$4 million in Nov. to Major oil producer by Tesoro

1967-1970 promoted All electric Houses

No Step down rate for 1500 KW Hours surcharge  
" " " " "

---

Ollie Johnson 2,400 customers

---

Gordon Zerbetz

- Surcharge - temporary measure

~~Surcharges~~

~~XXXXXX~~

~~XXXXXXXXXX~~

1 IN THE HOUSE

BY SWANSON

2 HOUSE BILL NO. 546

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public utility rates."

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

8 \* Section 1. AS 42.05.381(a) is amended to read:

9 (a) All rates demanded or received by a public utility, or by any  
10 two or more public utilities jointly, for a service furnished or to be  
11 furnished shall be just and reasonable. A rate may not allow a surcharge  
12 or other additional charge not certain in amount whether the surcharge  
13 or other additional charge is for compensation to the utility for  
14 increased costs or for other purposes.

15 \* Sec. 2. AS 42.05.441(b) is amended to read:

16 (b) In determining the value for rate-making purposes of public  
17 utility property used and useful in rendering service to the public, the  
18 commission shall be guided by acquisition cost or, if lower, the original  
19 cost of the property to the person first devoting it to public service,  
20 less accrued depreciation, plus materials and supplies and a reasonable  
21 allowance for cash working capital when required. The value of construc-  
22 tion work in progress may not be included in the determination of value  
23 for rate-making purposes.



file



# Alaska Gas and Service Company

GENERAL OFFICES LOCATED AT 3000 SPENARD ROAD  
P. O. BOX 6288 ANCHORAGE, ALASKA 99502 / PHONE (907) 277-5551  
TELEX 25-187

March 22, 1976

The Honorable Terry Gardiner  
Alaska State House of Representatives  
Pouch V, State Capitol Building  
Juneau, Alaska 99811

Dear Representative Gardiner:

House Bill No. 546 would amend AS 42.05.381(a) and AS 42.05.441(b) in such manner as to restrict the Alaska Public Utilities Commission to a particular course of action in rate matters without discretion to recognize the facts and circumstances which may indicate an alternative treatment to be in the public interest. Accordingly, these amendments should not be enacted by the legislature.

Addressing the latter proposed amendment first, AS 42.05.441(b) would be amended to dictate that "The Value of construction work in progress may not be included in the determination of value for rate making purposes". As a practical matter, a review of decisions by the APUC indicates that construction work in progress is not being included in rate base for rate making purposes, therefore the amendment does not serve to correct an existing abuse. However, there could easily be circumstances where allowing inclusion of construction work might be necessary to encourage or enable a public utility to undertake needed expansion or to add environmental protective facilities. Many Commissions and courts have recognized such treatment. In these circumstances, a statutory prohibition as proposed would be of detriment to the public.

With regard to the proposed amendment of AS 42.05.381(a), which would disallow "surcharge or other additional charge", this amendment would result in chaos to the utility industry and would, in the long run, force Alaskan rate payers who use natural gas and rate payers who use electricity generated by natural gas to pay unnecessarily high prices for their utility services. The reasons are as follows:

- (1) It is not presently possible to contract for substantial future quantities of gas at the present prevailing price without agreeing to some built in variable escalation features. (For example, the supply of state royalty gas we are presently trying to secure would be subject to variable price changes).
- (2) Historically, it takes at least six months plus the substantial costs for filing a rate increase to start



## Alaska Gas and Service Company

GENERAL OFFICES LOCATED AT 3888 SPENARD ROAD  
P. O. BOX 8288 ANCHORAGE, ALASKA 99502 / PHONE (907) 277-5551  
TELEX 25-187

Representative Terry Gardiner  
Continuation Sheet #2  
March 22, 1976

to recover additional costs incurred as a result of fuel or other price increases if the utility company does not have a "flow through" provision in its tariff. Such flow through provisions would be prohibited by the proposed amendment.

- (3) Therefore, the utility has only two courses of action it can take and still maintain its financial integrity. These are:
- (a) Contract for gas at a much higher price than the current prevailing price in order to avoid escalation provisions, or
  - (b) Do not contract for substantial future supplies of fuel.

Either course of action set forth in (3) above will result in much higher prices to the consumer in the long run. This proposed amendment is apparently an attempt to minimize utility rate increases that have resulted from fuel price increases which have been substantial over the prior two or three years. Unfortunately, the bill does not correct the cause of the increases, but irreparably harms the utility company which has been caught in the price squeeze.

The State's position with regard to hydrocarbon fuel prices is rather nebulous. On the one hand, as a major owner of hydrocarbon fuel reserves, the State appears to promote maximum well head prices on hydrocarbons whether used in the State or used elsewhere. This of course militates toward higher utility rates. On the other hand, the legislature appears to view increasing utility rates with alarm and attempts to deal with them by ever more repressive regulation. More regulation inevitably leads to higher costs to serve and to higher rates.

We request your assistance in defeating this bill which can only serve to make a bad situation worse. We would be pleased to meet with you to suggest more positive ways to maintain reasonable prices for utility services to the citizens of the State.

Very truly yours,

Bill B. Hickman  
Management Analyst

Dale Teel  
President

# Haines Light & Power Co., Inc.

P. O. BOX 303

HAINES, ALASKA 99827

February 18, 1976

Congressman  
Terry Gardner, Chairman  
House Judiciary Committee  
House of Representatives  
State of Alaska  
Pouch V  
Juneau, Alaska 99811

Dear Congressman Gardner:

I am writing in regard to House Bill No. 546 which in effect disallows the use of a fuel surcharge which is now being used to pass along the high costs of fuel to the consumer. We realize that it is up to the State to protect the consumer, and being a regulated business it is also up to the State to protect the power companies so that they will receive a fair return on their investment. This Bill would in very short order put any power company out of business and thus deprive the public of power.

The year 1973 was the last year that oil prices were normal. The following is our Profit and Loss for that year.

Gross Income from Sale of Power	\$386,119
Fuel Expenses	149,821
All other expenses	198,929
Net Profit	<u>\$ 37,369</u>

The price of fuel for 1973 was \$ .206/gallon. The price of fuel today is \$ .367/gallon, a 78% increase. If we paid the latter price in 1973 the fuel would have cost \$116,860 for a net loss for the year of \$79,491 instead of a profit of \$37,369.

A similar comparison can be made in 1975 as follows:  
(1st 9 months)

Gross Income from Sale of Power	\$434,524
Fuel Expenses	234,418
All other Expenses	185,046
Net Profit	<u>\$ 15,060</u>

Haines Light & Power  
Congressman Terry Gardner

-2-

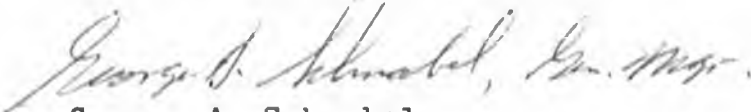
Using the 1973 price for fuel we would have paid only \$131,274 for the period, when in effect we paid \$234,418, a difference of \$103,144. In 9 months this is \$11,460 per month more expense. Reducing this by the monthly profit of \$1673 we would be running a cash deficit rate of \$9,787. In less than two months our cash resources would be gone and the plant would stop because we could not buy fuel.

Perhaps any backers of this bill might say that these surcharges necessitated by fuel cost increases should be handled by regular rate increases. This is naive as any power company would be long out of business waiting for the rate increases to catch up to the spiraling fuel costs.

The State has appointed a Public Utilities Commission to be the watchdog of the utilities. They are hired for their competence and expertise in this field. Everyone in the utility business knew there would be problems when the Arab countries announced the sharp changes to be made in the world oil prices. The Commission made an in-depth study and decided that the "fuel surcharge" method was the only way it could be handled properly. They instigated it, it has been working and has solved the problem in a manner that is fair to the consumer and the utility company. The Commission is constantly on the alert to make sure that no utilities are passing along any rate increases in the form of fuel surcharges. The system has been working well for two years.

Thus it can be seen that House Bill No. 546 should not be enacted as it would be both a disservice to the public as well as the utilities.

Very truly yours,  
HAINES LIGHT & POWER COMPANY

  
George A. Schnabel,  
General Manager

cc: Dale Rusnel  
Alaska Public Utility Commission

Jan Van Dort  
Attorney

YAKUTAT POWER, INC.  
P. O. BOX 257      YAKUTAT, ALASKA 99689  
FRED O. MILLER

Phone 784-3248 — Area 907

February 23, 1976

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

Dear Sir:

Reference is made to House Bill No. 546.

We are a privately owned electric utility company operating at Yakutat, Alaska, serving 180 customers. Our plant of four diesel electric generating sets is 100% diesel fuel driven, twenty-four hours per day, with no choice of any other fuel.

House Bill No. 546 would place our company in a very disastrous financial position. Our current rate schedule, adopted in 1972, was based on a diesel fuel price of .207¢ per gallon of fuel. Current price of fuel is .405¢ per gallon. Computations below show how the fuel price increase has affected our operating cost.

Fuel costs for a Year at Rates Paid February 1, 1972, Compared to Rates Payable February 1, 1976.

307,403 gal. at .405¢ -----	\$124,498
307,403 ga. at .207¢ -----	63,632
	<u>\$ 60,866</u>

As this computation shows, an operating capital of over \$5,000 more per month is necessary just to pay the increased fuel bill if the company is to continue operating with a return sufficient to pay the monthly bills.

The time element alone would be staggering while waiting for a cost adjustment due to fuel increase. In 1973, we had 8 price increases; 1974, 6 increases; 1975, 3 increases; and in 1976, 1 increase. Each increase could be expected to cost a minimum of \$1,000 in legal fees, and up to six months for approval by the Alaska Public Utilities Commission. In the meantime, where does the money come from to pay the bills?

We urge you to please eliminate House Bill No. 546.

Yours truly,  
Yakutat Power, Inc.

Fred O. Miller, President

*Fred O. Miller*

cc: Terry Gardiner  
Red Swanson

25  
2/24

7:00pm

Brown, Specking, Parr, Gardner

ARECA  
Floyd Gentry - O.P. Ak Elec. Rural Corp

hist of many individual companies

Non-profit organizations

Unanimously oppose HB 546. Financially ready to  
collapse if no surcharge allowed. Do I believe this?  
Several months to get base rate change.

late study

file

public hearings  $\Rightarrow$  30 day published notice

perhaps 6 months

Construction work in progress 21-22 is not defined.  
Paying interest on large loans to build.

surcharge is per kwh consumed

Bob Huffman - gen'l manager, Golden Valley, Fairbanks

Oppose<sup>HB</sup> 546

1974 coal  $\uparrow$  24%

1974-75 19.7 \$/gal  $\Rightarrow$  42.4¢/gal

1975 17.6%

Military contract  $\Rightarrow$  excess coal-fired energy

1974 2 mil/kwh

1975 36.9 mil/kwh January 1 - effective immediately

Economy Energy  $\Rightarrow$  from Fols municipal

12 mil/kwh  $\Rightarrow$  coal-fired steam

18 mil/kwh  $\Rightarrow$  diesel

$$\frac{30}{2} = 15 \text{ mil}$$

excess economy  
energy  
cost to produce  
under <sup>same</sup>  
power - diesel

35 mil/kwh from old plant.

~~Oct 1, 1975 Golden Valley~~

Most lower 48 states have higher base rates  
and regularly use surcharges. All utilities  
in same boat. Hit hard after oil embargo late 1973.  
Nat'l gas + coal escalated right along.  $\therefore$  fuel  
surcharge goes along. These All have regulatory  
lag. Must cover excess expenses - need money to  
wait out rate base adjustment. 1975 to date, 400,000<sup>220</sup>  
surplus. If no surcharges <sup>forward have</sup> lost \$2,107,350

1974 \$634,967 margin

1975 \$400,000 "

Return on investment: 4.04% 1974

3.34% 1975

Sept 74 - Apr 75 \$400,000 in additional fuel cost  
not covered by surcharge. Total loss.  
When fuel supplier retracts cost  
increase for fuel - surcharges may not  
retroactively charge customers. Must  
absorb loss.

Surcharge reflects only actual operating costs  
of company<sup>calculated</sup> on a monthly basis.

\$4,400,000 from Jussano <sup>to Maple Oil Company</sup> for "entitlements"

Small companies could not survive another embargo  
without surcharges.

Capital and net worth during 74-75

Equity has not decreased in 74. All surcharge money  
goes to pay increase in fuel cost and still not fully  
recovering. Fuel suppliers send bill after audit of  
year end costs.

Cannot predict surcharge in advance  $\Rightarrow$  must wait for fuel  
mix and rate. Sometimes can buy from excess energy for cheap -  
sometimes must generate which is more expensive/kwh. Cost  
reflected directly & immediately to customer.

1967-70 promoted total electric. Not since 1970.

1971  $\Rightarrow$  rate reduction 2.2% Ended totally electric  
special consideration. 1975 declared moratorium on  
electric heat. Step down in usage/kwh when over/under  
certain kwh/month. But surcharge is per/kwh no  
matter how many kwh/month.

Aug 75 applied for 25% rate increase. 45 days  
request suspended. Put hold on request to do complete  
1975 year end audit  $\Rightarrow$  base new request on audit  $\Rightarrow$   
perhaps 35%. Then no more surcharge

█ Sent letters to customers when surcharge imposed.  
Radio, TV, newspaper, public hearings.

Olly Johnson. - 20yr manager Kadiak elec. ass.  
Kadiak - Port Lyons.  
exchange power w/ Coast Guard

Oppose HB 546

Should regulate oil suppliers - not companies.  
Must buy from certain suppliers  $\Rightarrow$  cannot put out  
competitive bids - APCA

1974 - 7 changes in 1 month

1975 - 7 more changes

Building \$600,000 plant paying  
\$300,000 annually in interest on loan.

David Niles - ghee  
100 member co-op

since 1970 not increases in fuel, but AJ rate  
increases court decisions. AJ? AELP  
 $\approx$  labor increases

6.7% - 20.4% surcharges.

1974 surcharge increase due to fuel increases  
Brentisham with standby from AELP  
cost of standby is in surcharge. Now have own  
standby  $\Rightarrow$  cost passed on to customer as surcharge  
for fuel costs.

Bill Corbus Asst. Manager  
AELP Serves majority of Juneau  
Smethisham is now working.  
During breakdowns must surcharge for fuel.

Need to have change on monthly basis  $\Rightarrow$  expedite base rate changes?  
in one month

APUC react to rate increase in few months  
APUC will not accept future increase estimates

Korbitz - APUC

surcharge is fuel rate making policy  
but only solution to fuel increases

Full cost then vs. now  
base rate chosen by company

20¢/gal base then	35¢/gal now
-------------------------	----------------

$35 - 20 = 15 \text{¢}$  = surcharge to customer in  $\frac{\text{¢}}{\text{kwh}}$   
 $\frac{\text{k produced}}{\text{kwh sold}}$

8:58

HB

554

COMMITTEE REPORT

1/29/76

HOUSE

Mr. Speaker:

Date March 24, 1976

The Committee on JUDICIARY has had HB NO. 554

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 40-11 AND THAT

CS FOR 40-11 DO PASS

( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_  
COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

[Signature] \_\_\_\_\_  
[Signature] \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

[Signature] Chairman

3/24  
Milton

Original Sponsor: Rules Committee  
by request of the Governor

Offered: 1/29/76  
Referred: Judiciary

1 IN THE HOUSE BY THE COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 554

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to regulation of insurance holding  
7 companies; and providing for an effective date."

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

9 \* Section 1. AS 21 is amended by adding a new chapter to read:

10 CHAPTER 22. INSURANCE HOLDING COMPANIES.

11 Sec. 21.22.010. FILING REQUIREMENTS FOR ACQUISITION OF CONTROL  
12 OF OR MERGER WITH DOMESTIC INSURER. (a) Until the provisions of (b)  
13 of this section have been fulfilled, no person may:

14 (1) make a tender or an offer for or a request or an invita-  
15 tion for tenders of, or enter into any agreement to exchange securities  
16 for, seek to acquire, or acquire, in the open market or otherwise, any  
17 voting security of a domestic insurer if, after the purchase, the  
18 person would, directly or indirectly or by conversion or by exercise  
19 of any right to acquire, be in control of the insurer; or

20 (2) enter into an agreement to merge with or otherwise to  
21 acquire control of a domestic insurer.

22 (b) A statement containing the information outlined in sec. 20  
23 of this chapter shall be filed by the person making a proposal des-  
24 cribed in (a) of this section with the director before the time copies  
25 of the proposal are first published, sent, or given to security holders  
26 of the insurer. The insurer must publish, send, or give copies of the  
27 statement to the insurer's stockholders. The proposal is subject to  
28 approval by the director as outlined in sec. 30 of this chapter.

29 (c) If a proposal referred to in (a) of this section is to be

1 made by means of a registration statement under the Securities Act of  
2 1933 or in circumstances requiring the disclosure of similar information  
3 under the Securities Exchange Act of 1934, or under a state law requir-  
4 ing similar registration or disclosure, the person required to file the  
5 statement referred to in (b) of this section may use those documents in  
6 furnishing the information called for by that statement. However, the  
7 director may require the person making the proposal to produce other  
8 information the director considers necessary to carry out his duties  
9 under this chapter.

10 (d) If the person required to file the statement referred to in  
11 (b) of this section is a partnership, limited partnership, syndicate  
12 or other group, the director may require that the information be given  
13 with respect to each

- 14 (1) partner of the partnership or limited partnership;
- 15 (2) member of the syndicate or group; and
- 16 (3) person who controls a partner or member.

17 (e) If any person, partner or member required to file the state-  
18 ment referred to in (b) of this section is a corporation, the director  
19 may require that the information be given with respect to

- 20 (1) that corporation;
- 21 (2) each officer and director of that corporation; and
- 22 (3) each person who is directly or indirectly the benefi-  
23 cial owner of more than 10 per cent of the outstanding voting securi-  
24 ties of that corporation.

25 (f) If any material change occurs in the facts set out in the  
26 statement filed with the director and sent to the insurer under this  
27 section, an amendment setting out the change, together with copies of  
28 all documents and other material relevant to the change, shall be  
29 filed with the director and sent to the insurer within two business

1 days after the person learns of the change. The insurer shall send  
2 the amendment to its shareholders.

3 (g) The provisions of this section do not apply to

4 (1) any offer of, request for, invitation for, agreement re-  
5 garding, or acquisition of a voting security which, immediately before  
6 the consummation of the offer, request, invitation, agreement or  
7 acquisition, was not issued and outstanding; or

8 (2) any offer, request, invitation, agreement or acquisition  
9 which the director by order may exempt as not having been made or  
10 entered into for the purpose and not having the effect of changing or  
11 influencing the control of the domestic insurer.

12 (h) For the purposes of this section, "domestic insurer" includes  
13 any person controlling a domestic insurer unless that person is either  
14 directly or through its affiliates primarily engaged in business other  
15 than the business of insurance.

16 Sec. 21.22.020. CONTENT OF STATEMENT FOR ACQUISITION OR MERGER  
17 FILING. The statement to be filed with the director as required in  
18 sec. 10 of this chapter shall be made under oath or affirmation and  
19 shall contain the following information:

20 (1) the name and address of each person by whom or on whose  
21 behalf the merger or other acquisition of control referred to in sec.  
22 10 of this chapter is to be effected, who will be called the "ac-  
23 quiring party", as follows:

24 (A) if the person is an individual, his principal  
25 occupation and all offices and positions held during the past  
26 five years, and all <sup>felony convictions and misdemeanors</sup> convictions of crimes other than minor traffic  
27 violations during the past 10 years;

28 (B) if the person is not an individual,

29 (1) a report of the nature of its business opera-

*felony convictions  
misdemeanors*

1 tions during the past five years or for whatever lesser  
2 period the person and any of its predecessors have been in  
3 existence;

4 (ii) an informative description of the business  
5 intended to be done by the person and the person's subsidi-  
6 aries; and

7 (iii) a list of all individuals who are or who  
8 have been selected to become directors or executive officers  
9 of the person, or who perform or will perform functions  
10 appropriate to those positions; the list shall include for  
11 each such individual the information required by (A) of this  
12 paragraph;

13 (2) a description of the consideration used or to be used  
14 in effecting the merger or other acquisition of control, including:

15 (A) the source, nature and amount;

16 (B) a description of any transaction in which funds  
17 were or are to be obtained for any such purpose; and

18 (C) the identity of persons furnishing the considera-  
19 tion; however, if a source of the consideration is a loan made in  
20 the lender's ordinary course of business, the director shall keep  
21 the identity of the lender confidential, if the person filing the  
22 statement so requests;

23 (3) fully audited financial information as to the earnings  
24 and financial condition of each acquiring party for the preceding five  
25 fiscal years or for whatever lesser period that an acquiring party and  
26 any predecessors of that acquiring party have been in existence, and  
27 similar unaudited information as of a date not earlier than 90 days  
28 before the filing of the statement;

29 (4) any plans or proposals which each acquiring party may

1 have to

2 (A) liquidate the insurer;

3 (B) sell its assets or merge or consolidate it with  
4 any person; or

5 (C) make any other material change in its business or  
6 corporate structure or management;

7 (5) the number of shares of any security referred to in  
8 sec. 10 of this chapter which each acquiring party proposes to acquire,  
9 and the terms of the offer, request, invitation, agreement, or acquisi-  
10 tion referred to in this chapter, and a statement as to the method by  
11 which the fairness of the proposal was determined;

12 (6) the amount of each class of any security referred to in  
13 sec. 10 of this chapter which is beneficially owned or concerning  
14 which there is a right to acquire beneficial ownership by each ac-  
15 quiring party;

16 (7) a full description of any contracts, arrangements or  
17 understandings with respect to any security referred to in sec. 10 of  
18 this chapter in which an acquiring party is involved, including but  
19 not limited to transfer of any of the securities, joint ventures, loan  
20 or option arrangements, puts or calls, guarantees of loans, guarantees  
21 against loss or guarantees of profits, division of losses or profits,  
22 or the giving or withholding of proxies; this description shall  
23 identify the persons with whom those contracts, arrangements or under-  
24 standings have been entered into;

25 (8) a description of the purchase of any security referred  
26 to in sec. 10 of this chapter during the 12 calendar months preceding  
27 the filing of the statement, by any acquiring party, including the  
28 dates of purchase, names of the purchasers, and consideration paid or  
29 agreed to be paid;

1 (9) a description of any recommendations to purchase a  
2 security referred to in sec. 10 of this chapter made during the 12  
3 calendar months preceding the filing of the statement, by an acquiring  
4 party, or by anyone based upon interviews or at the suggestion of the  
5 acquiring party;

6 (10) copies of all tender offers for, requests or invita-  
7 tions for tenders of exchange offers for, and agreements to acquire or  
8 exchange any securities referred to in sec. 10 of this chapter, and,  
9 if distributed, of additional soliciting material

10 (11) the terms of any agreement, contract or understanding  
11 made with a broker-dealer as to solicitation of securities referred to  
12 in sec. 10 of this chapter for tender, and the amount of any fees,  
13 commissions or other compensation to be paid to a broker-dealer;

14 (12) any additional information as the director may by  
15 order or regulation prescribe as necessary or appropriate for the  
16 protection of policyholders and securityholders of the insurer or in  
17 the public interest.

18 Sec. 21.22.030. APPROVAL BY DIRECTOR; HEARINGS. (a) The  
19 director shall approve a merger or other acquisition of control referred  
20 to in sec. 10 of this chapter unless, after a public hearing he finds  
21 that:

22 (1) after the change of control, the domestic insurer  
23 referred to in sec. 10 of this chapter would not be able to satisfy  
24 the requirements for the issuance of a license to write the line or  
25 lines of insurance for which it is presently licensed;

26 (2) the effect of the merger or other acquisitions of  
27 control would be substantially to lessen competition in insurance in  
28 this state or tend to create a monopoly in this state;

29 (3) the financial condition of an acquiring party is such

1 that it might jeopardize the financial stability of the insurer, or  
2 prejudice the interest of its policyholders or the interests of any  
3 remaining securityholders who are unaffiliated with the acquiring  
4 party;

5 (4) the terms of the offer, request, invitation, agreement-  
6 or acquisition referred to in sec. 10 of this chapter are unfair and  
7 unreasonable to the securityholders of the insurer;

8 (5) the plans or proposals which the acquiring party has to  
9 liquidate the insurer, sell its assets or consolidate or merge it with  
10 any person, or to make any other material change in its business or  
11 corporate structure or management, are unfair and unreasonable to  
12 policyholders of the insurer and not in the public interest; or

13 (6) the competence, experience and integrity of those  
14 persons who would control the operation of the insurer are such that  
15 it would not be in the interest of policyholders of the insurer and of  
16 the public to permit the merger or other acquisition of control.

17 (b) The purchase, merger or other acquisition of control re-  
18 ferred to in sec. 10(a) of this chapter may not be made until the  
19 director either approves the transaction within 60 days after the  
20 statement required by sec. 10(b) of this chapter has been filed with  
21 him or he fails to disapprove the transaction within the 60-day period.

22 Sec. 21.22.040. MAILINGS TO SHAREHOLDERS; PAYMENT OF EXPENSES.  
23 All statements, amendments or other material filed under sec. 10 of  
24 this chapter, and all notices of public hearings held under sec. 30 of  
25 this chapter, shall be mailed by the insurer to its shareholders  
26 within five business days after the insurer has received those state-  
27 ments, amendments, other materials, or notices. The expenses of  
28 mailing shall be borne by the person making the filing. As security  
29 for the payment of those expenses, the person making the filing shall

1 file with the director an acceptable bond or other deposit in an  
2 amount to be determined by the director.

3 Sec. 21.22.050. JURISDICTION; CONSENT TO SERVICE OF PROCESS.

4 The courts of this state are given jurisdiction over every person not  
5 resident, domiciled or authorized to do business in this state who  
6 files a statement with the director under this chapter, and over all  
7 actions involving that person arising out of violations of this  
8 chapter, and each person is considered to have performed acts equiva-  
9 lent to and constituting an appointment of the director to be his  
10 lawful attorney upon whom may be served all lawful process in any  
11 action or proceeding arising out of a violation of this chapter.  
12 Copies of all lawful process shall be transmitted by registered or  
13 certified mail by the director to the person at his last known address.

14 Sec. 21.22.060. REGISTRATION REQUIRED. (a) Every insurer which  
15 is authorized to do business in this state and which is a member of an  
16 insurance holding company system shall register with the director. An  
17 insurer which is subject to registration under this section shall  
18 register within 60 days after the effective date of this chapter or 15  
19 days after it becomes subject to registration, whichever is later,  
20 unless the director for good cause shown extends the time for regis-  
21 tration; if the time is extended, the insurer must register within the  
22 extended time.

23 (b) Every insurer subject to registration shall file a regis-  
24 tration statement on a form provided by the director, which must con-  
25 tain current information about:

26 (1) the capital structure, general financial condition,  
27 ownership and management of the insurer and any person controlling the  
28 insurer;

29 (2) the identity of every member of the insurance holding

1 company system;

2 (3) the following agreements in force, relationships sub-  
3 sisting, and transactions currently outstanding between the insurer  
4 and its affiliates:

5 (A) loans, other investments, or purchases, sales or  
6 exchanges of securities of the affiliates by the insurer or of  
7 the insurer by its affiliates;

8 (B) purchases, sales, or exchanges of assets;

9 (C) transactions not in the ordinary course of business;

10 (D) guarantees or undertakings for the benefit of an  
11 affiliate which result in an actual contingent exposure of the  
12 insurer's assets to liability, other than insurance contracts  
13 entered into in the ordinary course of the insurer's business;

14 (E) all management and service contracts and all cost-  
15 sharing arrangements, other than cost allocation arrangements  
16 based upon generally accepted accounting principles; and

17 (F) reinsurance agreements covering all or substan-  
18 tially all of one or more lines of insurance of the ceding company;

19 (4) other matters concerning transactions between registered  
20 insurers and any affiliates that may be included from time to time in  
21 a registration form adopted or approved by the director.

22 (c) The director may permit an authorized insurer which is a  
23 member of a holding company system subject to registration under the  
24 laws or regulations of its state of domicile which are in the opinion  
25 of the director substantially similar to those contained in this chapter  
26 to satisfy the requirements of (a) of this section by filing a statement  
27 in accordance with the laws of its state of domicile except that the  
28 director may at any time require a copy of that statement be filed with  
29 the director.

1 (d) No information need be disclosed on the registration state-  
2 ment filed under (b) of this section if that information is not material  
3 for the purposes of this section. Unless the director by regulation  
4 or order provides otherwise, sales, purchases, exchanges, loans or  
5 extensions of credit, or investments, involving one-half of one per  
6 cent of an insurer's admitted assets or, five per cent of the policy-  
7 holder's surplus as of the 31st day of December of the calendar year in  
8 which the transaction took place are not considered material for purposes  
9 of this section.

10 (e) Each registered insurer shall keep current the information  
11 required to be disclosed in its registration statement by reporting  
12 all material changes or additions on amendment forms provided by the  
13 director within 30 days after the end of the month in which it learns  
14 of each change or addition; however, subject to sec. 100 of this  
15 chapter, each registered insurer shall report all dividends and other  
16 distributions to shareholders within two business days following their  
17 declaration.

18 (f) The director shall terminate the registration of an insurer  
19 which demonstrates that it no longer is a member of an insurance  
20 holding company system.

21 (g) The director may require or allow two or more affiliated  
22 insurers subject to registration under this section to file a consoli-  
23 dated registration statement or consolidated reports amending their  
24 consolidated registration statement or their individual registration  
25 statements.

26 (h) The director may allow an insurer which is authorized to do  
27 business in this state and which is part of an insurance holding  
28 company system to register on behalf of an affiliated insurer which is  
29 required to register under (a) of this section and to file all infor-

1 mation and material required to be filed under this section.

2 (I) This section does not apply to any insurer, information or  
3 transaction to the extent that the director by regulation or order  
4 exempts the insurer, information or transaction from this section.

5 (J) A person may file with the director a disclaimer of affilia-  
6 tion with an authorized insurer or the disclaimer may be filed by the  
7 insurer or a member of an insurance holding company system. The  
8 disclaimer shall fully disclose all material relationships and bases  
9 for affiliation between that person and that insurer as well as the  
10 basis for disclaiming the affiliation. After a disclaimer has been  
11 filed, the insurer is relieved of any duty to register or report under  
12 this section which may arise out of the insurer's relationship with  
13 that person until the director disallows the disclaimer. The director  
14 shall disallow a disclaimer only after furnishing all parties in  
15 interest with notice and opportunity to be heard and after making  
16 specific findings of fact to support the disallowance.

17 Sec. 21.22.070. REVIEW BY DIRECTOR. If at any time the director  
18 determines that any material transaction entered into between an  
19 insurer and any of its affiliates does not meet the standards set out  
20 in sec. 80 of this chapter, the director may, after hearings conducted  
21 in accordance with ch. 6 of this title, require the insurer and the  
22 affiliate to terminate, set aside, or modify the transaction as con-  
23 sidered appropriate by the director to make the transaction conform to  
24 those standards. An insurer may submit a proposed material transaction  
25 to the director for review and the director may issue an opinion that  
26 the transaction meets the standard set out in sec. 80 of this chapter.  
27 The opinion shall create a rebuttable presumption that neither the in-  
28 surer, director, officer, employee, nor agent committed a wilful viola-  
29 tion of this chapter by entering into the transaction. The opinion

1 does not prohibit the director from subsequently exercising his author-  
2 ity in this section.

3 Sec. 21.22.080. TRANSACTIONS WITH AFFILIATES. Material trans-  
4 actions by registered insurers with their affiliates are subject to the  
5 following standards:

6 (1) the terms shall be fair and reasonable;

7 (2) the books, accounts and records of each party shall be  
8 maintained so as to disclose clearly and accurately the precise nature  
9 and details of the transactions; and

10 (3) the insurer's surplus as regards policyholders follow-  
11 ing any dividends or distributions to shareholder affiliates or perform-  
12 ance under a material transaction with an affiliate shall be reasonable  
13 in relation to the insurer's outstanding liabilities and adequate to its  
14 financial needs.

15 Sec. 21.22.090. ADEQUACY OF SURPLUS. For the purposes of this  
16 chapter, in determining whether an insurer's surplus as regards policy-  
17 holders is reasonable in relation to the insurer's outstanding liabili-  
18 ties and adequate to its financial needs, the following factors, among  
19 others, shall be considered:

20 (1) the size of the insurer as measured by its assets,  
21 capital and surplus, reserves, premium writings, insurance in force  
22 and other appropriate criteria;

23 (2) the extent to which the insurer's business is diversal-  
24 fied among the several lines of insurance;

25 (3) the number and size of risks insured in each line of  
26 business;

27 (4) the extent of the geographical dispersion of the  
28 insurer's insured risk;

29 (5) the nature and extent of the insurer's reinsurance

1 program;

2 (6) the quality, diversification, and liquidity of the  
3 insurer's investment portfolio;

4 (7) the recent past and projected future trend in the size  
5 of the insurer's surplus as regards policyholders;

6 (8) the surplus as regards policyholders maintained by  
7 other comparable insurers;

8 (9) the adequacy of the insurer's reserves; and

9 (10) the quality and liquidity of investments in subsi-  
10 diaries made under AS 21.21; the director may treat any such investment  
11 as a disallowed asset for purposes of determining the adequacy of  
12 surplus as regards policyholders whenever in his judgment the invest-  
13 ment warrants it.

14 Sec. 21.22.100. DIVIDENDS AND OTHER DISTRIBUTIONS. (a) No  
15 domestic insurer subject to registration under sec. 60 of this chapter  
16 may pay any extraordinary dividend or make any other extraordinary  
17 distribution to its shareholders until

18 (1) 30 days after the director has received notice of the  
19 declaration of the dividend or distribution and has not within that  
20 period disapproved its payment; or

21 (2) the director has approved its payment within the 30-  
22 day period.

23 (b) For purposes of this section, an extraordinary dividend or  
24 distribution includes any dividend or distribution of cash or other  
25 property, the fair market value of which together with that of other  
26 dividends or distributions made within the preceding 12 months exceeds  
27 the greater of

28 (1) 10 per cent of the insurer's surplus as regards policy-  
29 holders as of December 31 of the preceding year; or

1 (2) the net gain from operations of the insurer, if the  
2 insurer is a life insurer, or the net investment income, if the  
3 insurer is not a life insurer, for the 12-month period ending  
4 December 31 of the preceding year, but does not include pro rata  
5 distributions of any class of the insurer's own securities.

6 (c) Notwithstanding AS 21.69.490, an insurer may declare an  
7 extraordinary dividend or distribution which is conditional upon the  
8 director's approval. A declaration confers no rights upon shareholders  
9 until

10 (1) the director has approved the payment of the dividend  
11 or distribution; or

12 (2) the director has not disapproved the payment within the  
13 30-day period referred to in (a) of this section.

14 Sec. 21.22.110. EXAMINATION. (a) Subject to the limitation in  
15 (b) of this section, the director may order an insurer registered  
16 under sec. 60 of this chapter to produce records, books, or other  
17 information or papers in the possession of the insurer or its affiliates  
18 as are necessary to ascertain the financial condition or legality of  
19 conduct of the insurer. If an insurer fails to comply with the  
20 director's order, the director may examine the insurer's affiliates to  
21 obtain the information he requires.

22 (b) The director shall exercise his power under (a) of this  
23 section only if the examination of the insurer under AS 21.06.120 --  
24 21.06.170 is inadequate or the interests of the policyholders of the  
25 insurer may be adversely affected.

26 (c) The director may retain, at the registered insurer's expense,  
27 attorneys, actuaries, accountants and other experts not otherwise a  
28 part of the director's staff as may be necessary to assist in the con-  
29 duct of an examination under (a) of this section. Any persons so

1 retained are under the direction and control of the director and shall  
2 act in a purely advisory capacity.

3 (d) Each registered insurer producing for examination records,  
4 books, and papers under (a) of this section is liable for and shall  
5 pay the expense of an examination in accordance with AS 21.06.160.

6 Sec. 21.22.120. CONFIDENTIAL TREATMENT. All information, docu-  
7 ments and copies of the information and documents obtained by or  
8 disclosed to the director or any other person in the course of an  
9 examination or investigation made under sec. 110 of this chapter and  
10 all information reported under sec. 60 of this chapter, shall be given  
11 confidential treatment and may not be made public by the director or  
12 any other person, except to insurance departments of other states,  
13 without the prior written consent of the insurer to which it pertains.  
14 However, if the director, after giving the insurer and its affiliates  
15 who would be affected by publication of the information notice and  
16 opportunity to be heard, determines that the interests of policy-  
17 holders, shareholders or the public will be served by the publication  
18 of the information, he may publish all or any part of the information  
19 in the manner he considers appropriate.

20 Sec. 21.22.130. REGULATIONS. The director may adopt regulations  
21 to carry out the provisions of this chapter.

22 Sec. 21.22.140. INJUNCTIONS. If it appears to the director that  
23 an insurer or a director, officer, employee or agent of an insurer has  
24 violated or is about to violate this chapter or a regulation adopted  
25 or an order issued by the director under this chapter, the director  
26 may apply to the superior court in the judicial district in which the  
27 principal office of the insurer is located or if the insurer has no  
28 office in this state then to the superior court in the first judicial  
29 district for an order enjoining the insurer or a director, officer,

1 employee or agent of the insurer from the violation, and for other  
2 relief as the nature of the case and the interests of the insurer's  
3 policyholders, creditors and shareholders or the public may require.

4 Sec. 21.22.150. VOTING OF SECURITIES; WHEN PROHIBITED. (a) No  
5 security which is the subject of any agreement or arrangement regard-  
6 ing acquisition, or which is acquired or to be acquired, in contra-  
7 vention of this chapter or a regulation adopted or an order issued by  
8 the director under this chapter may be voted at a shareholders' meeting  
9 or may be counted for quorum purposes, and any action of shareholders  
10 requiring the affirmative vote of a percentage of shares may be taken  
11 as though those securities were not issued and outstanding; but no  
12 action taken at such a meeting may be invalidated by the voting of  
13 those securities, unless the action would materially affect control of  
14 the insurer or unless the courts of this state have so ordered.

15 (b) If an insurer or the director has reason to believe that a  
16 security of the insurer has been or is about to be acquired in con-  
17 travention of this chapter or a regulation adopted or an order issued  
18 by the director under this chapter, the insurer or the director may  
19 apply to the superior court in the first judicial district or the  
20 superior court in the judicial district in which the insurer has its  
21 principal place of business to enjoin any offer, request, invitation,  
22 agreement or acquisition made in contravention of this chapter or a  
23 regulation adopted or an order issued by the director under this  
24 chapter, to enjoin the voting of any security so acquired, to void any  
25 vote of a security already cast at a meeting of shareholders, and for  
26 other relief as the nature of the case and the interests of the  
27 insurer's policyholders, creditors and shareholders or the public may  
28 require.

29 Sec. 21.22.160. SEQUESTRATION OF VOTING SECURITIES. If a

1 person has acquired or is proposing to acquire voting securities in  
2 violation of this chapter or a regulation adopted or an order issued  
3 by the director under this chapter, the insurer or the director may  
4 make an application in the superior court in the first judicial district  
5 or the superior court in the judicial district in which the insurer  
6 has its principal place of business to seize or sequester any voting  
7 securities of the insurer owned directly or indirectly by that person,  
8 and the court may issue an order with respect to those securities as  
9 may be appropriate to effectuate this chapter. For the purposes of  
10 this chapter the situs of the ownership of the securities of domestic  
11 insurers is considered to be in this state.

12 **PENALTIES.**

13 Sec. 21.22.170. CRIMINAL PROCEEDINGS. If it appears to the  
14 director that an insurer or a director, officer, employee or agent of  
15 the insurer has committed a wilful violation of this chapter, the  
16 director may cause criminal proceedings to be instituted in the  
17 superior court in the judicial district in which the principal office  
18 of the insurer is located or, if the insurer has no such office in the  
19 state, then in the superior court in the first judicial district  
20 against the insurer or the responsible director, officer, employee or  
21 agent of the insurer. An insurer [which is] guilty of a wilful violation  
22 of this chapter is, upon conviction, punishable by a fine of not more  
23 than \$10,000. A person who is not an insurer and who is guilty of a  
24 wilful violation of this chapter is, upon conviction, punishable by a  
25 fine of not more than \$5,000 or, if the wilful violation involves the  
26 deliberate perpetration of a fraud upon the director, by imprisonment  
27 for not more than two years, or by both fine and imprisonment.

28 Sec. 21.22.180. RECEIVERSHIP. If it appears to the director  
29 that a person has committed a violation of this chapter which so  
impairs the financial condition of a domestic insurer as to threaten

1 insolventy or make the further transaction of business by it hazardous  
2 to its policyholders, creditors, shareholders, or the public, then the  
3 director may proceed as provided in ch. 78 of this title to take  
4 possession of the property of that domestic insurer and to conduct its  
5 business.

6 Sec. 21.22.190. REVOCATION, SUSPENSION, OR NON-RENEWAL OF IN-  
7 SURER'S AUTHORITY. If ~~it appears to the director,~~ <sup>finds</sup> that a person has  
8 committed a violation of this chapter which makes the continued  
9 operation of an insurer contrary to the interests of its policyholders  
10 or the public, the director may, [after giving notice and an opportunity  
11 to be heard,] suspend, revoke or refuse to renew the insurer's license  
12 or authority to do business in this state for a period that he finds  
13 is required for the protection of policyholders or the public. Such a  
14 determination by the director shall be accompanied by specific findings  
15 of fact and conclusions of law. K

16 Sec. 21.22.200. DEFINITIONS. In this chapter, unless the con-  
17 text requires otherwise

18 (1) "affiliate" or "affiliated" means a person who directly,  
19 or indirectly through one or more intermediaries, controls, or is  
20 controlled by, or is under common control with, the persons specified;

21 (2) "control", "controlling", "controlled by", and "under  
22 common control with" means the possession, direct or indirect, of the  
23 power to direct or cause the direction of the management and policies  
24 of a person, whether through the ownership of voting securities, by  
25 contract other than a commercial contract for goods or non-management  
26 services, or otherwise, unless the power is the result of an official  
27 position with or corporate office held by the person; "control" is  
28 presumed to exist if any person, directly or indirectly, owns, con-  
29 trols, holds with the power to vote, or holds proxies representing, 10

1 per cent or more of the voting securities of any other person; this  
2 presumption may be rebutted by a showing made in the manner provided  
3 by sec. 60(j) of this chapter that control does not exist in fact; the  
4 director may determine, after furnishing all persons in interest  
5 notice and opportunity to be heard and making specific findings of  
6 fact to support that determination, that control exists in fact,  
7 notwithstanding the absence of a presumption to that effect;

8 (3) "director" means Director of the Division of Insurance  
9 of the Department of Commerce and Economic Development;

10 (4) "domestic insurer" has the same meaning as set out in AS  
11 21.90.070 and, in addition, for the purposes of this chapter, includes  
12 an insurer which has been authorized to do business in this state and  
13 which, during its three preceding fiscal years taken together, or  
14 during any lesser period of time if it has been licensed to transact  
15 its business in the State of Alaska only for a lesser period of time,  
16 has written an average of more gross premiums in the State of Alaska  
17 than it has written in its state of domicile during the same period,  
18 and the gross premiums written constitute 33 per cent or more of its  
19 total gross premiums written everywhere in the United States for the  
20 three-year or lesser period, as reported in its three most recent  
21 annual statements;

22 (5) "insurance holding company system" means a system  
23 consisting of two or more affiliated persons, one or more of which is  
24 an insurer;

25 (6) "insurer" has the same meaning as set out in AS 21.-  
26 90.040, except that it does not include agencies, authorities or  
27 instrumentalities of the United States, its possessions and territories,  
28 the Commonwealth of Puerto Rico, the District of Columbia, a state or  
29 political subdivision of a state;

1 (7) "person" means an individual, a corporation, a partner-  
2 ship, an association, a joint stock company, a trust, an unincorporated  
3 organization, any similar entity or any combination of these entities  
4 acting in concert, but does not include a securities broker performing  
5 no more than the usual and customary broker's function;

6 (8) "security holder" means one who owns any security of a  
7 specified person, including common stock, preferred stock, debt  
8 obligations, and any other security convertible into or evidencing the  
9 right to acquire any of them;

10 (9) "subsidiary" means an affiliate controlled by a specified  
11 person directly or indirectly through one or more intermediaries;

12 (10) "voting security" includes any security convertible  
13 into or evidencing a right to acquire the right to vote for management  
14 and the right to vote on other matters as provided in a corporation's  
15 articles of incorporation.

16 \* Sec. 2. This Act takes effect on January 1, 1977.  
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27  
28  
29

*File with members*



State Farm Mutual Automobile Insurance Company

JOHN S. GLASCOCK  
Northwest Office  
4600 25th Avenue  
Salem, Oregon  
97313

February 6, 1976

Representative Terry Gardiner  
Room 124, Capitol  
Juneau, Alaska

Dear Mr. Gardiner:

Re: H.B. 554 and  
CS for H.B. 554

This Act is essentially the NAIC Model Holding Company statute. I would like to suggest that Section 21.22.060 (a) lines 14 through 16 be amended as follows:

"Every insurer which is authorized to do business in this state and which is a member of an insurance holding company system shall register with the Director, except a foreign or alien insurer subject to disclosure requirements and standards adopted by statute or regulation in the jurisdiction of its domicile which are substantially similar to those contained in this section."

The NAIC model language and the language in almost every state which has adopted this holding company statute, has a "substantially similar" exception to the registration requirement. Adoption of this language should provide ample protection and at the same time make the registration requirement less onerous and simpler to administer.

I will be happy to discuss this with you in more detail if you wish. I can be reached in Salem, Oregon, at 1-503-393-0101, extension 250.

Sincerely yours,

*John S. Glascock*  
John S. Glascock  
JSG:mea

*Give my love and her mother's to Rebecca Purch who is working for <sup>Rep.</sup> Vatterz Ostrosky and <sup>Rep.</sup> Lisa Rudd. I am her stepfather JSG*

① Amendment to CS HB 554

adopted  
page 3 line 26 after "all" add  
the words: felony convictions and misdemeanor  
convictions involving moral turpitude

strike the remainder of the clause up to the ;

Amendments to HB 558

② Page 4 line 7 after the word "engage" add:

adopted  
with such frequency as to indicate a  
~~practice~~ practice

③ Page 5 line 26 amend AS 21.36 by  
adopted  
adding a new sec.

AS 21.36.210 ENFORCEMENT, The  
director of insurance shall promulgate regulations  
to implement, define and enforce sec. 135

4

adopted  
21.36.320 (d) "In addition to an order issued under (c) of this  
section, the director may also order a penalty of not  
more than [S10,000.00] \$1,000.00 for each act or \$10,000.00  
for engaging in a general business practice in violation  
of this chapter."

(e) "If the person charged knew or should have known he  
was in violation of this chapter, a penalty in addition  
to that prescribed in (d) of this section, of not more  
than [S5,000.00] \$1,000.00 for each act or \$25,000.00  
for engaging in the general business practice in violation  
of this chapter, or suspension or revocation of their person's  
license, or both, may also be ordered by the Director."

36 states

— Model Holding Co. Statute —

Insurance Co bought out & held by other Co.

- ① Holding Co. could remove assets of Ins Co.  
Service contracts with affiliates
- ② Ownership by Co. with lack of managerial skills
- ③ Allows to approve of merger of Ins. Co.
- ④ Ins Co part of Holding Co. - file statement showing relationship to holding Co.
- ⑤ Have to approve  
① extraordinary assets 10%  
② Transfer of assets  
5% of surplus  
1% of assets

Domestic & property - part of holding Co.

Necessary for solvency of Co.

Applies to all Co. doing business in state  
~~could require~~ If other state requires  
then we use them

HB

558

COMMITTEE REPORT

HOUSE

1/23/76

Mr. Speaker:

Date March 29, 1976

The Committee on JUDICIARY has had HB 558

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 HB 558 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

① Amendment to CS HB 554

page 3 line 26 after "all" add  
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③ Page 5 line 26 amend AS 21.36 by  
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AS 21.36.210 ENFORCEMENT, The  
director of insurance shall promulgate regulations  
to implement, define and enforce sec. 131

4

21.35.320 (d) "In addition to an order issued under (c) of this  
section, the Director may also order a penalty of not  
more than [ \$10,000.00 ] \$1,000.00 for each act or \$10,000.00  
for engaging in a ~~general~~ business practice in violation  
of this chapter."

(e) "If the person charged knew or should have known he  
was in violation of this chapter, a penalty in addition  
to that prescribed in (d) of this section, of not more  
than [ \$5,000.00 ] \$1,000.00 for each act or \$25,000.00  
for engaging in the ~~general~~ business practice in violation  
of this chapter, or suspension or revocation of their person's  
license, or both, may also be ordered by the Director."

*file with bill*

LAW OFFICES OF  
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HERBERT L. FAULKNER (1882-1972)  
NORMAN C. BANFIELD  
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RANDALL J. WEEDLE  
WILLIAM B. ROZELL

TEL. 586-2210  
AREA CODE 907

March 9, 1976

JAN VAN DORT  
LAWRENCE T. FEENEY  
CHARLES N. DRENNAN  
PATRICK E. MURPHY  
TOM BATCHELOR

The Honorable Terry Gardiner  
Chairman, House Judiciary Committee  
State Capitol  
Pouch V  
Juneau, Alaska 99811

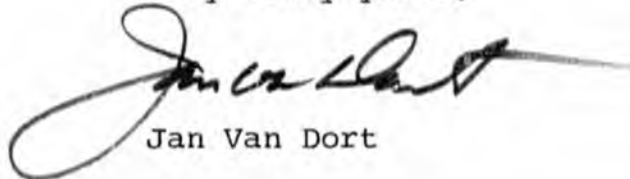
Re: HB 558

Dear Representative Gardiner:

I am informed that this bill would amend section 18.60.055 by reducing the minimum qualification of safety inspectors in the division of occupational safety and health.

The American Mutual Insurance Alliance, which I represent, believes that it would be better to require the inspectors to have five years of experience in safety or loss prevention work.

Very truly yours,



Jan Van Dort

JVD/amz

cc: Donald J. Addis  
Thomas F. Conneely

*file with members*



# State Farm Mutual Automobile Insurance Company

JOHN S. GLASCOCK  
Northwest Office  
4600 25th Avenue  
Salem, Oregon  
97313

February 6, 1976

Representative Terry Gardiner  
Chairman, House Judiciary Committee  
Room 124, Capitol  
Juneau, Alaska

Dear Mr. Gardiner:

Re: House Bill 558

"An Act relating to the Regulation of Insurance Practices"

This bill is an attempt to introduce the model N.A.I.C. Act relating to unfair methods of competition and unfair and deceptive acts and practices in the business of insurance. For your information, I am attaching a copy of the Model Act.

State Farm Insurance Companies have been actively serving on the industry advisory committee developing the language of the model act. In the form of the attached model act, we feel such a statute has considerable merit.

We have some question about the language in section 21.36.125, lines 6 and 7 of HB 558. The model act was clearly intended to be a regulation of insureds who are engaging in these specified acts as a matter of business practice. There was no intent to deal with these acts in the singular, i.e., refusing to pay "a" claim without a reasonable investigation. This section is not limited to automobile claims but to all claims.

We recommend that section 21.36.125 lines 6 and 7 be amended as follows:

"No person shall commit or perform with such frequency as to indicate a business practices any of the following."

Without this language a company or an agent or a claim adjuster could be fined up to \$10,000.00 for a single act or practice in violation of the chapter. The problems with this are immediately apparent since the Act would mandate perfection in every single act or practice as opposed to properly controlling acts or practices performed with such frequency as to indicate a general business practice. The ultimate price of such mandated perfection could well be to significantly increase the administrative cost of doing business and thereby increase rates for policyowners in Alaska.

I will be happy to discuss this with you in more detail if you wish. My Salem, Oregon phone number is 1-503-393-0101, ext. 250.

Very truly yours,

John S. Glascock HOME OFFICE: BLOOMINGTON, ILLINOIS 61701