

758

SCRA

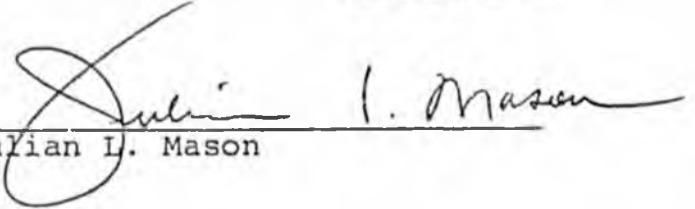
SB

370

28

motion. AS 42.05.381 (a) requires that all rates be "just and reasonable." AS 42.05.391 (a) prohibits a utility from subjecting a customer to "an unreasonable prejudice or disadvantage." The present tariff rates are so high that they are unreasonable and Western is being disadvantaged and prejudiced by those rates. Therefore, it is inappropriate and a violation of the statutes cited above to continue the present rates. Since AWU cannot decide what rates it wants, the proper action is to eliminate the rates entirely until AWU makes its decision and files a new tariff.

Respectfully submitted this 13 day of December 1979.


Julian J. Mason

II. SERVICE CHARGES (Cont'd)

REGUL
REPORT

Schedule E - Private fire protection (cont'd)

<u>Service Size</u>	<u>Monthly Rate</u>	<u>Daily & Mission</u>
2"	\$.18	(R)
3"	.41	(R)
4"	.72	(R)
6"	1.62	(R)
8"	2.89	(R)
10"	4.51	(R)
12"	6.50	(R)

Schedule F - Bulk water sales

All bulk water sales will be handled by special contracts.

Tariff Advice No. 19-122

Effective: _____

Issued by: Anchorage Water Utility

By: J. L. HARSHMAN, P.E.

Title: General Manager

ANCHORAGE WATER UTILITY

Chrom - 2 exhibit 3
G. P. H. C.

SUMMARY OF COST ALLOCATION FACTORS

SUCHE ROSS & CO.

Data	Total	Residential	Commercial and industrial			Fire protection		Bulk sales CAU	
			Metered	Unmetered	Special (construction)	Public	Private		
Annual water production charged to each class (1) (mg)	5,484.0	1,676.0	2,173.6	1,498.7	135.7	-	-	-	
Capacity (mgd) (2) (peak day)	27.20	7.29	8.05	7.74	1.02	1.27	1.27	.56	
Number of customers, total (3)	14,897	11,649	1,611	1,484	153	-	-	-	
Number of metered customers	1,611	-	1,611	-	-	-	-	-	
Number of metered customers, weighted by meter size									
Fire protection hydrants	2,300					1,800	500		
<u>Allocation factors</u>									
Annual consumption - Same factor	1.0000	.3055	.3964	.2733	.0247	-	-	-	
Capacity	1.0000	.2044	.4025	.2463	.0651	.0335	.0335	.0147	
Number of customers, total	1.0000	.7820	.1081	.0996	.0103	-	-	-	
Number of metered customers	1.0000	-	1.0000	-	-	-	-	-	
Number of metered customers, weighted by size	1.0000	-	1.0000	-	-	-	-	-	
<u>Composite factors</u>									
Line 1, 20% Consumption	.2000	.0611 } .2246	.0793 } .4013	.0547 } .2517	.0049 } .0570	.0268	.0268	.0118	
Line 2, 80% Demand	.8000								.1635
Fire protection - Hydrants									
Line 2, 50% (6)	.5000	.1022 } .4932	.2013 } .2554	.1232 } .1730	.0326 } .0377	.0167	.0167	.0073	
Line 3, 50% (6)	.5000								.3910

- 1) Line 6 - page 2 of 2, Schedule B5
- 2) Line 15 - page 2 of 2, Schedule B5
- 3) Schedule C
- 4) The needs of AWU are concentrated in the lack of capacity to satisfy peak demands
- 5) Column total = system total
- 6) Reflects the demands placed on customer service by those customers with the greatest diversity of demand characteristics

*Review Changes
from Gordon Herbertz*

WATER UTILITIES
(December 31, 1977) — *as of end of '78*

<u>UTILITY</u>	<u>NET PLANT</u>	<u>REVENUES</u>		<u>USERS</u>
		<u>GROSS</u>	<u>NET</u>	
<u>CLASS A</u>				
Anchorage, Municipality of	\$32,780,037	\$5,862,718	\$1,553,524	15,900
Central Alaska Utilities, Inc.	17,804,414	2,172,929	476,960	9,931
College Utilities Corp.	4,541,435	624,733	173,007	996
<u>TOTAL - Class A</u>	<u>\$55,125,886</u>	<u>\$8,660,380</u>	<u>\$2,203,491</u>	<u>26,827</u>
<u>CLASS B</u>				
Barrow Utilities & Electric Cooperative	\$963,094	\$412,446	(\$71,627)	7
<u>CLASS C</u>				
Alyeska Utilities, Inc.	\$155,338	\$ 55,631	\$ 8,196	245
Dawn Development Corp.	Annual Report Not Received			
S & S Development	320,203	69,303	7,857	456
<u>TOTAL - Class C</u>	<u>\$475,541</u>	<u>\$124,934</u>	<u>\$16,053</u>	<u>701</u>
<u>CLASS D</u>				
Bell Utilities & Development, Inc.	\$ 443,739	\$ 41,500	\$18,459	140
Eagle River Heights Utilities, Inc. year ended 6/30/77	153,593	28,821	5,393	173
Glacier Utilities, Inc.	297,249	20,759	(17,912)	231
McGahan Utilities, Inc.	Annual Report Not Received			

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

DIVISION OF BUSINESS LOANS

Phone: 465-2510

*POUCH D
JUNEAU, ALASKA 99811*

The Division of Business Loans is not opposed to making loans for fire prevention equipment. It does, indeed, make them right now. The division is opposed to giving preferential treatment to certain types of loans. The installation of fire prevention equipment could mean preventing loss of life or property, but the same could be said of repairs to the hull of a fishing boat or repairs to the foundation of a store building or the purchase of new engines for an airplane. We get applications for those types of loans, too.

We are presently backlogged 16 weeks on applications. That's 16 weeks from the date the loan is received until the applicant receives a yes or no answer. The backlog increases as the difference increases between our fixed interest rate and the bank's rising rates. It is very difficult to justify putting off an applicant who has waited 16 weeks for an answer because we have to stop and work on a new application just received.

Preferential treatment of loans is difficult because:

1. With the current 16-week backlog, loans are not studied until many weeks after they are received. They are merely stamped and logged in and filed until a loan examiner finishes with those applications which came in before it. It would take a change in procedures and a sudden increase of the backlog if we were to, with the present staff, stop processing loans to read all incoming applications. In spite of our best efforts to provide forms which should make the use of loan proceeds evident, applicants often go out of their way to make it obscure.
2. Several bills have been introduced which require preferential treatment for certain types of loans. (Examples: fish holds, energy-related loans.) Preference isn't preference anymore if the volume of preference work is too great, and it may mean never getting to the run-of-the-mill loans if the preferred loans increase in quantity.
3. Almost all applicants have reasons for needing preferential treatment. Fishermen need to get their boats purchased or repaired before fishing season. Contractors need their new

equipment before the building season. Tourism facilities have to be ready for the tourist season. Child care facilities have to make mandated repairs or lose their licenses. Very few applicants are requesting something which isn't needed right now.

4. Many applicants for loans have signed earnest money agreements for the purchase of the item for which the loan proceeds are to be used. Their earnest money agreements nearly always have time limits, and forfeiture of thousands of dollars may result if no answer is received on the loan. Certainly this is also a request which should be given preference, if preferential treatment was available.

ST/s122M

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

DIVISION OF BUSINESS LOANS

Phone: 465-2510

POUCH D
JUNEAU, ALASKA 99811

March 20, 1980

Honorable Arliss Sturgulewski
Alaska State Senate
Pouch V
Juneau, Alaska 99811

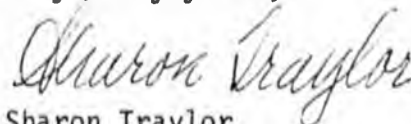
Dear Senator Sturgulewski:

It would appear that the addition to AS 45.95.020 contained in SB 370 is not necessary, as an applicant can have any number of small business loans, providing that they do not total more than \$500,000. If the intent of that paragraph was to allow a loan that brought the total to more than \$500,000, then it would have to be worded to allow that.

As written in the original SB 370, the paragraph could be construed to mean that the commissioner could not disqualify the applicant if we had previously foreclosed on a loan to him or if he was delinquent on an existing loan. I doubt that this is the intent of the paragraph, so if you want to include something regarding the amounts allowed, you would want to be more specific in the wording.

Thank you for the opportunity to comment on the bill.

Very truly yours,



Sharon Traylor
Director

ST/sa4/1



PHONE
(907) 479-2668
or
(907) 479-2760

565 University Ave.
P. O. Box 80909
College Station
Fairbanks, AK 99708

March 21, 1980

Senator Arliss Sturgulewski
Chairman, Community & Regional Affairs
Committee

Pouch V
Juneau, Alaska 99811

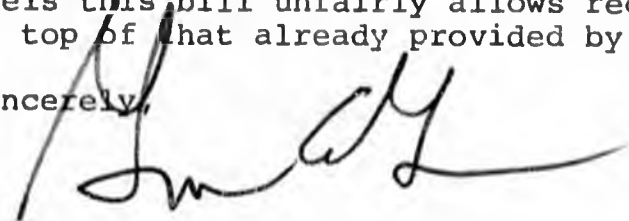
Re: Senate Bill 370

Dear Senator Sturgulewski:

College Utilities Corporation is a privately owned sewer and water utility, serving the suburbs of Fairbanks, the University of Alaska, and the Fairbanks International Airport. We receive about 6.95% of our annual water operating revenues from fire protection charges, of which several of our customers are government agencies.

Should the legislature get into the business of rate setting, in competition with the Alaska Public Utilities Commission, which already is causing us paperwork nightmares and pocketbook headaches, and eliminates this fire protection charge via SB 370, the average rate for a single family dwelling will increase by approximately \$1.87 per month. College Utilities feels this bill unfairly allows regulation, by legislation on top of that already provided by the APUC.

Sincerely,


GEORGE E. GORDON
President

COLLEGE UTILITIES CORPORATION

GEG/mjh



South Central Fire Prevention Council

"Lands, Homes, and Lives"

February 19, 1980

Senator Arliss Sturgulewski
Chairperson,
Senate Community & Regional Affairs Committee

Dear Senator Sturgulewski:

We strongly support and recommend that the Community & Regional Affairs Committee act favorably and recommend DO PASS to Senate Bill No. 370, an act relating to fire prevention.

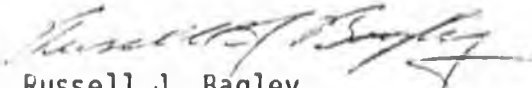
We feel that the provisions of this act that will allow businessmen and property owners to receive loans at terms and interest as proposed will encourage the installation of fire protection systems. An additional incentive will be created for the property owner by removing the fire protection systems from the real property tax roles.

This bill addresses and removes the inequity in water utility rates charged to property owners who have installed hydraulic fire protection systems.

All three of the provisions of this bill will create the much needed incentive that will allow property owners to make the needed installation of fire protection systems a reality. This will, in years to come, reduce the costs and demands on the public fire departments, and will assist greatly in bringing our escalating loss of life and property under control; reducing this loss and bringing together the public and private fire protections to provide the most cost effective method of providing for the fire protection needs of our communities.

Your support on this legislation will be greatly appreciated by those of us who work daily in the areas of fire prevention and suppression.

Respectfully Yours,


Russell J. Bagley
Chairman

RJB:dgs

Representing All Agencies Concerned With Fire Prevention And Education
in South Central Alaska

48320

Stran

The other way to build
AUTHORIZED BUILDER

Kenai Steel Buildings, Inc.

P. O. Box 340 - Kenai, Alaska 99611 - (907) 283-7810

February 28, 1980

Senator Arliss Sturgulewski
Chairman
Senate Community & Regional Affairs Committee
Pouch V
Juneau, Alaska 99811

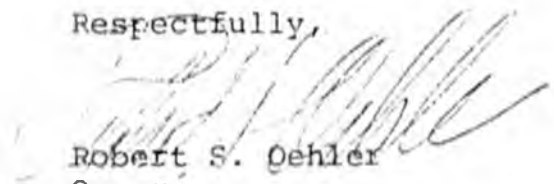
Dear Senator Sturgulewski:

Senate Bill No. 370 will be coming before your committee
in the near future.

I, as a businessman, strongly support this legislation.
It will offer the type of assistance and incentive
necessary to make the installations of fire protection
equipment cost effective. This bill offers the hope of
getting our fire loss under control, and a method of
reducing the costs of fire protection in the future.

I ask that you act favorably on this bill.

Respectfully,



Robert S. Oehler
Owner

RSO/lc

JAMES R EVANS
1941 KULIK CIRCLE
ANCHORAGE AK 99504

Alaska Fire Chiefs' Association

March 4, 1980

The Honorable Arliss Sturgulewski
Pouch V
Juneau, Alaska 99811

Dear Senator Sturgulewski:

This letter is in support of House Bill 648 and Senate Bill 370 which are strongly supported by the Alaska Fire Chiefs' Association and the Alaska State Firefighters Association.

This bill will make low interest loans available to property owners to finance the installation of private fire protection systems, it will provide tax credits to property owners with private fire protection systems, and it will eliminate water standby utility charges on property owners' utility bills. It is an impressive program which will save cities and property owners money, without increasing mandatory regulation or other red tape.

Upon reading the enclosed position paper authored by the above Associations, I am sure you will agree with the Firefighters and Fire Chiefs that this bill is something long over due and it should be strongly supported.

When the program is explained every organization to whom the program has been presented has enthusiastically supported the program. The Fire Chiefs' Association is in receipt of letters from the Cordova Chamber of Commerce, the City of Ketchikan, the Water Conservation Association, all of which enthusiastically support the legislation. It is understood that more enthusiastic support is on the way and building. Please support House Bill 648 and its companion Senate Bill 370 this session. Thank you.

Very truly yours,

ALASKA FIRE CHIEFS' ASSOCIATION


James Evans, President

P.S. The sponsors of the House and Senate bills have been provided with a Digest of factual material which conclusively and emphatically documents the effectiveness of private fire protection in controlling fires, and, therefore, local government costs. A copy of that Digest is enclosed for your information, and for the use of your committee.

City of Soldotna

BOX 409

PHONE 262-9107

SOLDOTNA, ALASKA 99669



CITY OF OPPORTUNITY


March 21, 1980

The Honorable Arliss Sturgulewski
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Sturgulewski:

We are enclosing a copy of Resolution 80-16 supporting HB648 and SB370 which was adopted by the City Council of the City of Soldotna at their regular meeting, March 20, 1980. We hope you will consider this support when this legislation is being addressed.

Sincerely,


Patricia C. Burdick
City Clerk

Enclosure

CITY OF SOLDOTNA
RESOLUTION 80--16

A RESOLUTION SUPPORTING HB648 and SB370 CONCERNING THE EXEMPTION OF THE VALUE OF A FIRE PROTECTION SYSTEM IN THE ASSESSMENT OF A BUILDING

WHEREAS, HB648 and SB370 will benefit the citizens of the State of Alaska and the City of Soldotna by exempting the value of fire protection systems from the assessment of the full and true value of a building, and


WHEREAS, It is recognized that the legislation will result in safer buildings and enable citizens to fully protect their buildings and create lower assessments, now therefore be it

RESOLVED, By the City Council of the City of Soldotna that they support the concept of HB648 and SB370.

ADOPTED this 20th day of March, 1980.


Mayor

ATTEST:


City Clerk



Greater Ketchikan Chamber of Commerce

2415 Hemlock - 110 — Ketchikan, Alaska 99901

Telephone (907) 225-3184

Community and Regional Affairs Committee
House of Representatives
Alaska State Legislature
Pouch V
Juneau, AK 99811

February 14, 1980

Dear Sirs:

The Board of Directors of the Greater Ketchikan Chamber of Commerce would like to go on record as fully supporting House Bill 648 and Senate Bill 370, regarding "An Act relating to fire prevention".

Best regards,

Sally Smith
President
Greater Ketchikan Chamber of Commerce

cc: Community and Regional Affairs Committee
Senate
Alaska State Legislature

Representative Terry Gardiner
Representative Oral Freeman
Senator Robert H. Ziegler, Sr.



KETCHIKAN RAINBIRD



Greater Ketchikan Chamber of Commerce

2415 Hemlock - 110 - Ketchikan, Alaska 99901

Telephone (907) 225-3184

RESOLUTION

(An Act Relating to Fire Prevention)

WHEREAS: The Greater Ketchikan Chamber of Commerce Board of Directors has evaluated House Bill #648 and Senate Bill #370 and;

WHEREAS: The Greater Ketchikan Chamber of Commerce Board of Directors has determined that Fire Protection systems should not be included in the assessment value of a building and;

WHEREAS: The Greater Ketchikan Chamber of Commerce Board of Directors has determined that a Utility Company should not be entitled to levy charges for water to hydraulic sprinkler fire prevention systems per unit and

WHEREAS: The Greater Ketchikan Chamber of Commerce Board of Directors has determined that the directives indicated in these bills are in the best interest of preventative operations relating to fire protection;

BE IT THEREFORE RESOLVED: The Greater Ketchikan Chamber of Commerce Board of Directors recommends immediate passage of House Bill #648 and Senate Bill #370 as they read in identical form.

Approved and adopted this 13th day of February, 1980, by the Greater Ketchikan Chamber of Commerce Board of Directors.


Sally Smith, President
Greater Ketchikan Chamber of Commerce



KETCHIKAN RAINBIRD



Kenai Chamber of Commerce

P. O. Box 497
Kenai, Alaska 99611
(907) 283-7989

SB 370
ans 3-11

March 4, 1980

Sen. Clem Tillion
Pouch /
Juneau, Alaska

Dear Sen. Tillion

The Greater Kenai Chamber of Commerce supports H.B.648. This bill would be beneficial to both the City of Kenai and the near surrounding Kenai. We urge passage of a similar bill in the Senate so that it may be enacted into law.

Very Truly Yours



Richard I. Morgan, Chairman

Legislative Committee

Kenai Chamber of Commerce

Cordova Chamber of Commerce

BOX 99

"The Friendly City"

CORDOVA, ALASKA 99574



MT. ECCLES

January 30, 1980

Mr. Robert Shirnberg
Post Office Box 1167
Kenai, Alaska 99611

Dear Mr. Shirnberg,

This is to inform you that on January 29, 1980, the Cordova Chamber of Commerce took action supporting proposed legislation for the installation of Private Fire Protection Systems.

The following are specific concepts supported by this Chamber:

1. Low interest or no interest loans with a minimum of paperwork to be made available to businesses for the purpose of installing Private Fire Protection and Suppression Systems.
2. That loan payments be held to the amount saved on the establishment's fire insurance premium.
3. That legislation be passed urging local municipalities to not increase the assessed evaluation of the property because of the installation of such system, whether it be named as an improvement or any other such designation.
4. That sufficient publicity be given to business people in all communities.

The Chamber of Commerce feels that incentives for the installation of Private Fire Protection and Suppression Systems will reduce the loss of lives, property, and lost man-hours due to destruction of business property.

WELCOME

Sincerely,

Robert L. Varnam

KENAI ELECTRIC, INC.

P.O. Box 308
KENAI, ALASKA
99611

March 13, 1980

Senator Arliss Sturgulewski
Chairman
Senate Community & Regional Affairs Committee
Pouch V.
Juneau, Alaska, 99811

Dear Senator Sturgulewski:

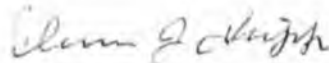
I understand that Senate Bill No. 370 will be before your Committee in the near future.

I strongly support this type of legislation. As a businessman, we need the support and incentive that will be created by this bill. We will make the fire protection improvements in our property if it is cost effective.

This type of legislation offers an opportunity to both improve the fire protection in our communities, as well as controlling the escalating costs of such service.

Thank you for your consideration on this matter.

Sincerely,



Glenn Kipp
President

GK/car



Official Business

Alaska State Legislature

JOINT SENATE AND HOUSE
COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
LOCAL GOVERNMENT STUDY

Co-Chairmen
Senator Arliss Sturgulewski
Representative Bill Parker

Address all
correspondence to:
LOCAL GOVERNMENT STUDY

Pouch V
State Capitol
Juneau, Alaska 99611

March 27, 1980

SENATE BILL 370

Attached is a copy of CSSB 370 showing changes desired to be incorporated into another Committee Substitute. This bill is scheduled for another public hearing April 1, at 1:30 p.m.

Attachment

①

WO 7597
Guthrie ✓

Original sponsors: Colletta and Bradley

1 IN THE SENATE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2

CS FOR SENATE BILL NO. 370

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVEN_H LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to fire prevention."

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

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* Section 1. AS 29.53.020(a) is amended by adding a new paragraph to read:

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(7) real property to the extent and subject to the conditions provided in (j) of this section.

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* Sec. 2. AS 29.53.020 is amended by adding a new subsection to read:

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(j) Two percent of the assessed value of an improvement to real property is exempt from taxation if the improvement contains a fire protection system approved under AS 18.70.081, and in operating condition, and incorporated as a fixture or part of the improvement. The exemption granted by this subsection is limited to

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(1) an amount equal to two percent of the value of the fire protection system based on the assessment for 1981, if the fire protection system is a fixture of the real property on January 1, 1981; or

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(2) an amount equal to two percent of the value of the fire protection system during the year of its installation if the fire protection system becomes a fixture of the property after January 1, 1981.

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* Sec. 3. AS 42.05.381 is amended by adding a new subsection to read:

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(d) A utility may not charge a fee or surcharge to provide standby water for fire protection systems which use hydraulic or standard sprinklers and which are approved under AS 18.70.081.

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* Sec. 4. AS 45.95.020(a) is amended to read:

Add Section
To reimburse
Municipalities
for Mortar Loss

Delete

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(a) The commissioner shall, under regulations and policies adopted by him, make small business loans to acquire, finance or refinance or equip businesses, including farming equipment, fire protection systems approved under AS 18.70 081, mining and fishing, not exceeding \$500,000. The loans shall be secured by acceptable collateral and may not exceed 75 percent of the appraised value of the collateral offered as security. The rate of interest may not exceed nine and one-half percent a year on the unpaid balance.

* Sec. 5. AS 44.33.170 is amended by adding a new subsection to read:

(b) Tourist attraction development matching money may also be obtained for the purpose of purchasing and installing a fire protection system approved under AS 18.70.081 for a building used or to be used for the purposes described in (a) of this section.

* Sec. 6. AS 18.70 is amended by adding a new section to read:

Sec. 18.70 081. APPROVAL OF FIRE PROTECTION SYSTEMS. The Department of Public Safety shall inspect and approve or disapprove fire protection and fire alarm systems offered for sale in the state. Before October 30 of each year the Department of Public Safety shall make available a list of approved systems to the Department of Community and Regional Affairs, the Department of Commerce and Economic Development, and the public.

Delete



INTERIOR FIRE CHIEFS ASSN. OF ALASKA

Address Reply to:

January 25, 1980

James A. Morris
Member
Interior Fire Chiefs
Assn. of Alaska
656 7th Avenue
Fairbanks, Alaska 99701

Senator Brad Bradley
Pouch V - State Capitol
Juneau, Alaska 99811

Dear Senator Bradley:

Attached is some information that you requested concerning proposed legislation about the Community Fire Protection Incentive Program.

City Ordinance 3794 provides for a fee schedule for sprinkler services (4", 6" or 8" depending upon the size of the sprinkler system) for the Municipal Utilities System (MUS). MUS provides water service to all areas of the City of Fairbanks, excluding Fort Wainwright. There are presently some two hundred (200) sprinkler services in the MUS system. Note that the applicable rates are underlined (bracketed amounts are the changes applied previous to the effective date of Ordinance 3749, 27 December 1978).

Note also that the MUS fee schedule includes a fee of \$65 per month for fire hydrants. The General Government of the City presently pays this fee to MUS for every public hydrant in the City (925 at present). This amounts to an annual cost of \$721,500 underwritten by Sales and Property taxes equally proportionate from all property owners in the City (see attached copy 1980 City Budget page 104).

The number of fire hydrants required in any part of the City varies with the potential amount of water needed to extinguish a fire. This will vary with the size of the buildings in the area and what materials were used to construct them (wood, steel or concrete). Large commercial buildings require greater amounts of water, therefore more fire hydrants. Attached materials from the NFPA Fire Protection Handbook and ISO "Municipal Fire Protection Grading Schedule" are used as guidelines for providing adequate hydrants. Areas with one and two family houses usually have hydrants every four hundred (400) feet, yet commercial areas have twice as many hydrants (every 200-250 feet).

Estimated Revenue Lost By Municipalities By SB 370

<u>Municipality</u>	<u>Comm. Property Value</u>	<u>Est. % w/Fire P. Syst.</u>	<u>Value Prop. w/FPS</u>
Anchorage	\$ 452,755,434	55%	\$ 249,015,489
Fairbanks	96,920,074	40%	38,768,030
Juneau	106,867,300	60%	64,120,380
Ketchikan	51,299,887	40%	20,519,955
TOTAL	\$ 707,842,695		\$ 372,423,824

<u>Prop. w/FPS @ 2%</u>	<u>Mill Rate</u>	<u>Revenue Lost</u>
Anchorage - \$4,980,310	@ 13.79	\$ 68,700
Fairbanks - 775,361	@ 15.68	12,200
Juneau - 1,282,408	@ 12.95	16,600
Ketchikan - 410,800	@ 16.00	6,600
		<u>\$104,100</u>
Est. Cities revenue lost		+ \$ 10,000
		<u>\$114,100</u>
Est. 10% error factor		+ \$ 11,400
		<u>\$125,500</u>

BRIAN R. SHUTE
ATTORNEY AT LAW
1026 WEST 4TH AVENUE, SUITE 208
ANCHORAGE, ALASKA 99501
(907) 274-6644

March 14, 1980

The Honorable Arliss Sturgulewski
Chairman, Community and Regional Affairs Committee
Pouch V
Juneau, Alaska 99811

Re: Senate Bill 370

Dear Senator Sturgulewski:

Some questions have arisen concerning the definition of fire protection systems. The understanding of the State Fire Chiefs' Association is that the bill would cover those fire protection and fire alarm systems as defined in the National Fire Codes. Following is a suggested definition of fire protection systems:

Fire protection systems are those systems as defined in the National Fire Codes, current edition, published by the National Fire Protection Association.

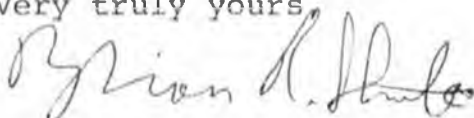
The systems include, but are not limited to, the following: Foam extinguishing systems, high expansion foam systems, carbon dioxide systems, Halon 1301 systems, Halon 1211 systems, dry chemical systems, water operation fixed systems, foam/water sprinkler and supply systems, stand-pipe and hose systems, hydraulic sprinkler systems, and associated pumps and tanks as required for the foregoing systems.

Fire alarm systems include, but are not limited to: supplemental station signalling systems, local protective signalling systems, auxiliary signalling systems, remote station signalling systems, proprietary signalling systems, and automatic fire protection systems.

The growing public support for this bill is indicative of its benefit. The Alaska Fire Chiefs' Association and the Alaska State Fire Fighters Association emphatically urge its enactment.

If you have any questions please do not hesitate to call.

Very truly yours,



Brian R. Shute

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE
REVISED
FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 648 & SB 370

Title An Act Relating to Fire Prevention

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Dept. of Commerce and Economic Development

Program Category Affected Development

BRU, Program, or Subprogram(s) Affected Division of Business Loans

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		-0-	-0-			
200 TRAVEL		-0-	-0-			
300 CONTRACTUAL		-0-	-0-			
400 COMMODITIES		-0-	-0-			
500 EQUIPMENT		-0-	-0-			
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		-0-	-0-			

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		-0-	-0-			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME		-0-	-0-			
PART TIME						
TEMPORARY						

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

Revised to reflect elimination of the loan priority provision.
No additional personnel needed to process loans within standard procedures.

IV. DATE Revised 4-1-80

PREPARED BY Sharon R. Traylor, Director

AGENCY Div. of Business Loans/ Dept. of Commerce &

PHONE 465-2510

Econ. Dev.

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

A copy

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 370
 Title "An Act relating to fire prevention".
 Requested by Bob Schroeder Date April 7, 1980

II. FISCAL DETAIL

Agency Affected Public Safety
 Program Category Affected Public Protection
 BRU, Program, or Subprogram(s) Affected Fire Safety
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE 4/7/80 PREPARED BY Michael J. Clemens
 AGENCY Public Safety
 PHONE 465-4336

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

FISCAL NOTE (UPDATE)

I. REQUEST

Bill/Resolution No. SB 370
 Title Exempting value for Fire Equipment Systems in Real Property
 Requested by Senator Sturgulewsky Date 4-1-80

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs
 Program Category Affected Local Government Assistance - State Assessor
 BRU, Program, or Subprogram(s) Affected Development
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		125.5	135.5	146.4	158.1	170.7
TOTAL		125.5	135.5	146.4	158.1	170.7

FUNDING (Thousands of Dollars)


GENERAL FUND		125.5	135.5	146.4	158.1	170.7
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The fiscal note for SB 370 is based upon the anticipation of State reimbursement to municipalities for revenue lost by the operation of SB 370. The dollar amounts shown were based upon the following information. The annual increase is estimated at 8% for property value inflation.

IV. DATE 4-1-80 PREPARED BY Steve Van Sant 
 AGENCY Community & Regional Affairs
 Original: Legislative Finance PHONE 465-4787
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

SB 370

Get CS copies
From documents

Dear:

The Senate - RA

As you no doubt know, Committee Substitute for Senate bill 370, an act relating to fire prevention, passed out of my Committee April 1, 1980, and was referred to the Senate Finance Committee.

A tremendous amount of ~~interest~~ *was given in the to the original legislation* has been shown in this bill and substantial input on the background has been received, some of which negated major changes which are now incorporated into the Committee Substitute. For your information, enclosed is pertinent material used by the Committee in our deliberation of the various sections in the original bill, which appeared during the course of staff research.

Basically, incentives ~~still~~ remain for fire systems to be installed in structures throughout Alaska, which was the main intent of the sponsor. Unfortunately, rural Alaska, or those areas that do not charge property tax, will lose that incentive measure; but all businesses may realize the other incentive measure of applying for business loans at the lower interest rate.

Past concerns expressed by the various State agencies for the administration of the original bill has been resolved in the Committee Substitute, and all the agencies ~~involved~~ ^{NCU} have stated they can ~~now~~ adequately work with the ~~bill~~ *bill Committee Substitute* program. *in its present form.*

If you have any further questions, or concerns, please contact my office. I thought you would be interested in this brief synopsis of the Committee action, as well as receiving the additional information.

Sincerely,

Enclosures

The sponsor's main intent was to provide incentive measures for installation of fire protection systems, as well as to provide incentive measures for keeping the installation in effect, once it is installed. This bill *Committee Sub.* realizes these measures. Property tax exemptions are allowed for structures maintaining fire protection systems. Unfortunately, rural Alaska, or those areas that do not charge property tax will benefit from this Statute; but all businesses may benefit from the other incentive section of applying for loans from the Business Loan Division, of the State Department of Commerce. Of course, we all realize that one incentive currently exists, and that is through the insurance charges that decrease when installation occurs.

The sponsor's intent was to provide incentive measures for installation of fire protection systems, as well as to provide incentive measures for keeping the installation in effect, once installed. The Committee Substitute retains the incentive measures to meet these goals. Property tax exemptions are allowed for structures maintaining fire protection systems; however, this section was changed from the original version to allow 2% exemption of the full and true value of the structure, with the intent for the percentage to remain effective on the original assessed value base figure through the proceeding years, as long as the system is maintained. It was unfortunately noted that rural Alaska, or those areas that do not charge property tax will not derive benefit from this incentive measure. The APUC section was deleted. The "priority" intention was deleted from the Business Loans section, as well as the section which forbid the Division from denying applicants which have present loans, or previous loans. Lastly, a new definition section was added for fire protection systems, which will be supplied and updated yearly from the Fire Marshall's Office. Past concerns expressed by the various State agencies for the administration of the original bill *have* ~~has~~ been resolved in the Committee Substitute, and all agencies have now stated they can adequately work with the programs as outlined currently. For your information, enclosed is pertinent material used by the Committee in our deliberation of the various sections in the original bill which appeared during the course of staff research.

If you have any further questions, or concerns, please contact my office. I thought you would be interested in this brief synopsis of the Committee action, and hope this will give you a better understanding of the issues and concerns that were raised. No one ever objected to the concept, which has met with such enthusiasm and public support.

Sincerely,

Enclosures

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 370

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to fire prevention."

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

8 * Section 1. AS 29.53.020(a) is amended by adding a new paragraph to
9 read:

10 (7) real property to the extent and subject to the conditions
11 provided in (j) of this section.

12 * Sec. 2. AS 29.53.020(g) is amended to read:

13 (g) The state shall reimburse a borough or city, as appropriate,
14 for the real property tax revenues lost to it by the operation of (e)
15 or (j) of this section. However, reimbursement will be made to a bo-
16 rough or city for revenue lost to it only to the extent that the loss
17 exceeds an exemption which was granted by the borough or city, or which
18 upon proper application by an individual would have been granted by the
19 borough or city, under AS 29.53.025(a).

20 * Sec. 3. AS 29.53.020 is amended by adding a new subsection to read:

21 (j) Two percent of the assessed value of an improvement to real
22 property is exempt from taxation if the improvement contains a fire pro-
23 tection system approved under AS 18.70.081, in operating condition, and
24 incorporated as a fixture or part of the improvement. The exemption
25 granted by this subsection is limited to

26 (1) an amount equal to two percent of the value of the fire
27 protection system based on the assessment for 1981, if the fire protec-
28 tion system is a fixture of the real property on January 1, 1981; or

29 (2) an amount equal to two percent of the value of the fire

1 protection system during the year of its installation if the fire pro-
2 tection system becomes a fixture of the property after January 1, 1981.

3 * Sec. 4. AS 45.95.020(a) is amended to read:

4 (a) The commissioner shall, under regulations and policies adopted
5 by him, make small business loans to acquire, finance or refinance or
6 equip businesses, including farming equipment, fire protection systems
7 approved under AS 18.70 081, mining and fishing, not exceeding \$500,000.
8 The loans shall be secured by acceptable collateral and may not exceed
9 75 percent of the appraised value of the collateral offered as security.
10 The rate of interest may not exceed nine and one-half percent a year on
11 the unpaid balance.

12 * Sec. 5. AS 44.33.170 is amended by adding a new subsection to read:

13 (b) Tourist attraction development matching money may also be
14 obtained for the purpose of purchasing and installing a fire protection
15 system approved under AS 18.70.081 for a building used or to be used for
16 the purposes described in (a) of this section.

17 * Sec. 6. AS 18.70 is amended by adding a new section to read:

18 Sec. 18.70.081. APPROVAL OF FIRE PROTECTION SYSTEMS. Before
19 October 30 of each year the Department of Public Safety shall make
20 available a list of approved fire protection systems to the Department
21 of Community and Regional Affairs, the Department of Commerce and Eco-
22 nomic Development, and the public.

23

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28

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: Marie Pignalberi
Deputy Commissioner

DATE: March 10, 1980

THRU: Palmer McCarter *PM*
Director

FILE NO:

TELEPHONE NO:

FROM: Steve Van Sant *SVS*
Assistant State Assessor

SUBJECT: Comments on SB 370

This is a followup of the memorandum dated 3/5/80 to Deputy Commissioner Marie Pignaiberi regarding concerns on SB 370.

Upon obtaining more information and talking with some of the assessors in the state, we would like to add the following information:

1. According to Anchorage Assessor, Pat McKee, this bill would be almost impossible for him to administer. The reason being that Anchorage does not value commercial property (where most fire protection equipment exists) by the cost approach, but by the income approach. The income approach is simply estimating market value by the income a building is capable of making. For example, assume there are two motels in Anchorage, side by side, and both were very similar. Further assume that one had sprinklers and the other one did not. The estimated value of one motel would probably be within 1%-5% of the value of the other, assuming the room rents were comparable. In this instance, there would be no value given on fire protection equipment, therefore, it would be very difficult to conform with SB 370.

2. As stated in our previous memorandum, we are concerned as to what value the assessor is expected to exempt, cost of equipment, cost of equipment and labor, or estimated market value. If it is to be the cost of the equipment, would the assessor take the actual cost to the owner, or the average cost to any property in general?

3. This bill does not require reimbursement by the state for revenues lost to the municipality by the implementation of this bill.

4. The property owner in the unorganized borough who plans to install fire protection equipment would not realize any incentive under this program (and, in our minds, if the bill is to be an incentive for installation of fire suppression systems, rural Alaska or the unorganized borough is where the greatest need exists).

ALTERNATIVE 1

Only numbers

For your information, we have attached pages from the "Marshall Valuation Service". This valuation service is used world wide by many assessors. Nearly all assessors in Alaska who value commercial property by the cost approach utilize this guide.

On one of the pages, it indicates that the approximate portion of the total cost for "sprinklers" in an office building is 1.9%.

If it is the intent of the legislature to pass a bill whereby the incentive is an exemption of property taxes, the Department would suggest amendments to SB 370 as follows:

1. Remove this exemption from AS 29.53.060 (Full and True Value) and place it in AS 29.53.020 (Required Exemptions).

2. ~~State the amount to be exempted if a structure does have fire protection equipment.~~ This could be done easily by stating, "The exempted amount of this exemption shall be 2% of the full and true value of the building as determined by the assessor under AS 29.53.060." *Buildings that have fire protection*

3. The state should reimburse the municipality any revenue lost to it by the implementation of this bill. *This exemption will remain in effect until based on the original stated true & full value making determination at the time the act is*

4. There should be a time limit of three years placed upon the exemption. This would allow time for the taxpayer to amortize his investment, but not be an on-going give away program. *equipment not added*

5. Existing structures could be granted the same 2% exemption for three years to be equitable. (Although, again, if the intent is to encourage installation of a fire suppression system, only new structures should be included in the bill).

Alternative 2

If the intent of SB 370 is to offer incentives to property owners planning new construction and encourage the inclusion of fire protection systems in new structures, the Department suggests that a program similar to the following be considered.

For equity proposes, the state would adopt a normal cost schedule for fire protection systems. An example of such a cost schedule is presented in the attachments, page No. 2 from the Marshall Valuation Service. In conjunction with this schedule, Marshall Valuation Service also provides "local multipliers" which bring the normal cost schedule

*Mr. Colletta
No exemption
to Municipality*

into line with costs in Alaska. The local multiplier for the schedule is 1.97.

After adoption of a schedule, the Department could then compute the "normal cost" of a fire protection system by applying the schedule to each structure which applied for the program. For example, if an application were received for a 10,000 sq. ft. building, the normal costs would be obtained as follows:

$$10,000 \text{ sq.ft.} \times \$1.15 \times 1.97 = \$22,655.00$$

After the normal costs were calculated, the incentive program would offer a grant to the property owner of 5% of the computed normal cost. Therefore, the property owner would receive \$1132.75 ($\$22,655 \times 5\%$) from the state. The normal costs could be updated on an annual basis to reflect current estimated normal costs.

Attachments

Frank -

Here is the group
of Commission
orders in regard
to the request of
AWU to reduce
Speaker's rates.
Will keep you
informed.

¹⁰⁹
Also, I need to be
in D.C. for meetings
the week of Feb. 25 -
If the Senate Sunset
Hearings could be
offer than that
week, it would

accommodate
my schedule. If
this is not possible,
would you let
me know so I
can cancel my
trip

Thanks

Wg

STATE OF ALASKA

THE ALASKA PUBLIC UTILITIES COMMISSION

Before Commissioners: Gordon J. Zerbetz, Chairman
Marvin R. Weatherly
Carolyn S. Guess
Susan M. Knowles
Stuart C. Hall

In the Matter of the Filing of a)
Tariff Revision, Designated as) U-79-14
TA19-122, by ANCHORAGE WATER)
UTILITY to Decrease Sprinkler) ORDER NO. 1
Fire Protection Rates)

ORDER SUSPENDING TARIFF AND
INSTITUTING AN INVESTIGATION

On August 29, 1978, ANCHORAGE WATER UTILITY (AWU)
filed a tariff revision TA18-122, requesting authority to
reduce its rates to owners of sprinkler fire protection systems.
The Staff of the Commission subsequently observed that the
proposed reduction was based on incorrect revenue requirements
and therefore recommended that AWU withdraw its request and
refile with the correct revenue requirement data.

Accordingly, on January 2, 1979, a corrected tariff
revision was refiled with the Commission by AWU and designated
as TA19-122.

According to AWU, the proposed rate reduction is
expected to decrease the annual revenue derived from this
schedule of services from \$227,394 to \$178,034, which amount
will be absorbed by the utility until its next comprehensive
rate proceeding.

AWU further indicated that the filing was made at the
request of the administration and Borough Assembly of the Muni-
cipality of Anchorage. The filing is the result of a reduction

ALASKA PUBLIC UTILITIES COMMISSION
1100 MARINE BUILDING
330 BISHOP STREET
ANCHORAGE, ALASKA 99501
PHONE 273-6222

1 in water flow requirements for sprinkler heads from 6,000
2 gallons per minute (gpm) to 3,000 gpm. The reduction followed
3 discussions between AWU personnel and personnel of the Insurance
4 Services Organization offices in San Francisco, California.

5 The Commission has reviewed the proposed tariff
6 revision and believes that there are broader considerations
7 than those indicated by AWU that must be addressed before
8 approval. Those considerations include, but are not limited to:

- 9 1. The justification for reduction in water demand
10 for sprinkler systems.
- 11 2. The effect of the reallocation of water demand
12 investment to utility rate payers.

13 The Commission further believes that an investigation
14 into the reasonableness and propriety of reduction in sprinkler
15 rates should be instituted.

16 THE COMMISSION FURTHER FINDS AND CONCLUDES:

- 17 1. That it is in the public interest to suspend the
18 AWU request pending an investigation by the Commission.
- 19 2. AWU should be placed on notice that an investigation
20 or public hearing in this proceeding might cause the Commission
21 to require refunds to the affected parties.

22
23 ORDER

24 THE COMMISSION FURTHER ORDERS:

- 25 1. The operation of the tariff revision, designated
26 as TA19-122, which was filed by Anchorage Water Utility, is
27 suspended for an initial period not to extend beyond August 15,
28 1979.
- 29 2. An investigation is instituted into the reason-
30 ableness and propriety of the proposed rates.

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3. Anchorage Water Utility shall refund any excess revenues collected under its private fire protection (Schedule E tariff rates during the period of suspension if the existing rates are subsequently found to be excessive.

DATED AND EFFECTIVE at Anchorage, Alaska, this 15th day of February, 1979.

BY DIRECTION OF THE COMMISSION
(Chairman Gordon J. Zerbetz and Commissioner Susan M. Knowles not participating)

(S E A L)



ALASKA PUBLIC UTILITIES COMMISSION
1100 PALMWAY BUILDING
333 DENALI STREET
ANCHORAGE, ALASKA 99501
PHONE 276-0442

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STATE OF ALASKA

THE ALASKA PUBLIC UTILITIES COMMISSION

Before Commissioners: Gordon J. Zerbetz, Chairman
 Marvin R. Weatherly
 Carolyn S. Guess
 Susan M. Knowles
 Stuart C. Hall

In the Matter of the Filing of a)
Tariff Revision, Designated as) U-79-14
TA19-122, by the MUNICIPALITY OF)
ANCHORAGE d/b/a ANCHORAGE WATER) ORDER NO. 2
UTILITY to Decrease Sprinkler)
Fire Protection Rates)

ORDER GRANTING PETITION TO INTERVENE
AND ESTABLISHING DISCOVERY PROCEDURES

On January 2, 1979, the MUNICIPALITY OF ANCHORAGE d/b/a ANCHORAGE WATER UTILITY (AWU) filed a tariff containing reduced rates for "private fire protection service". On February 1, 1979, WESTERN ENTERPRISES, INC. (Western) and JIM FAIKS (Faiks) filed with the Commission a Notice of Objection to Tariff Filing and Petition to Intervene (Petition). The Petition was verified and showed that Faiks is the owner or part owner of 10 commercial buildings, that those buildings have fire protection sprinkler systems, and that AWU takes the position that its "private fire protection service" charge can be levied against those buildings. The Petition also showed that the charge to Western for "private fire protection" is about \$9,000 a year and alleged that the charge is being assessed selectively in violation of AS 42.05.371.

The Petition asked that Western and Faiks be allowed to intervene in these proceedings, that the new tariff take effect but that all collections be made subject to refund, that

ALASKA PUBLIC UTILITIES COMMISSION
1100 MACKAY BUILDING
338 DEHALI STREET
ANCHORAGE, ALASKA 99501
PHONE 276-0222

1 the intervenors be granted reasonable rights of discovery, and
2 that a pre-hearing conference be scheduled. AWU has not responded
3 to the Petition.

4 On February 15, 1979, the Commission issued Order
5 No. 1 in these proceedings which suspended the tariff and
6 initiated an investigation. The Commission did not at that time
7 rule on the Western/Faiks requests to intervene and to be granted
8 rights of discovery.

9 Based on 3 AAC 48.110, the Commission finds that:

10 1. There is no means other than intervention by which
11 the rights of Faiks and Western can be protected in this
12 proceeding and there is no existing party who can represent
13 the interests of Western and Faiks.

14 2. The participation of Faiks and Western will
15 contribute to the development of a sound and complete record.

16 3. The participation of Western and Faiks will not
17 broaden the issues presented or delay the proceedings.

18 4. Any order issued by the Commission in these
19 proceedings may affect the financial interests of the owners of
20 the buildings managed by Western.

21 The Commission also finds that it is appropriate to
22 grant Faiks and Western reasonable rights of discovery because
23 the granting of discovery rights will expedite and streamline
24 these proceedings. In making this finding, the Commission
25 notes that the business records of AWU are available to the
26 Commission and its Staff and that the Commission files are,
27 with limited exceptions, public records as a matter of law.
28 See AS 09.25.120.

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STATE OF ALASKA

THE ALASKA PUBLIC UTILITIES COMMISSION

Before Commissioners: Gordon J. Zerbetz, Chairman
 Marvin R. Weatherly
 Carolyn S. Guess
 Susan M. Knowles
 Stuart C. Hall

In the Matter of the Filing of a)
Tariff Revision, Designated as) U-79-14
TA19-122, by the MUNICIPALITY OF)
ANCHORAGE d/b/a ANCHORAGE WATER) ORDER NO. 3
UTILITY to Decrease Sprinkler)
Fire Protection Rates)

ORDER SETTING DATES FOR FORMAL
HEARING AND PREFILED TESTIMONY

On February 29, 1979, the Commission suspended TA19-122 for an initial period not to extend beyond August 15, 1979. In its conclusions for this action the Commission noted that it would be in the public interest for the Commission to more thoroughly investigate this matter and in addition, placed the MUNICIPALITY OF ANCHORAGE d/b/a ANCHORAGE WATER UTILITY (AWU) on notice that its investigation might require refunds to the affected parties.

On March 16, 1979, the Commission granted WESTERN ENTERPRISES, INC. (Western) and JIM FAIKS (Faiks) its petition to intervene as parties to this proceeding and reasonable rights of discovery.

Under its authority to regulate the conduct of its public hearings, the Commission will require AWU, Western - Faiks and Commission Staff to present prepared written testimony instead of oral direct testimony under 3 AAC 48.150(f). Parties will also be

U-79-14(3) (6/26/79)
Page 1 of 2

ALASKA PUBLIC UTILITIES COMMISSION
1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501
PHONE 270-0222

1 required to submit a list of witnesses in their order of appear-
2 ance with their written testimony. The parties will be specific-
3 ally precluded from calling witnesses who have not submitted
4 prepared testimony. AWU and Western-Faiks will be required, to
5 submit prefiled testimony and witness lists by 4:30 P.M., July 13,
6 1979. The Commission Staff will submit its prefiled testimony
7 and witness lists by 4:00 P.M., July 20, 1979.

8
9 ORDER

10 THE COMMISSION FURTHER ORDERS:

11 1. A public hearing is scheduled to convene at 9:00 A.M.
12 on July 30, 1979, in the Commission's hearing room, 1100 MacKay
13 Building, 338 Denali Street, Anchorage, Alaska.

14 2. Anchorage Water Utility, Western Enterprises and
15 Jim Faiks shall file before 4:00 P.M., July 13, 1979, a list of
16 witnesses in their order of appearance and written testimony
17 instead of oral direct testimony for each witness.

18 3. Commission Staff shall file before 4:00 P.M.,
19 July 20, 1979, a list of witnesses in their order of appearance
20 and written testimony instead of oral direct testimony for each
21 witness.

22 DATED AND EFFECTIVE at Anchorage, Alaska, this 27th day of
23 June, 1979.

24 BY DIRECTION OF THE COMMISSION
25 (Commissioner Susan M. Knowles not participating)

26
27 (S E A L)



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30 U-79-14(3)
31 Page 2
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STATE OF ALASKA

THE ALASKA PUBLIC UTILITIES COMMISSION

Before Commissioners: Gordon J. Zerbetz, Chairman
 Marvin R. Weatherly
 Carolyn S. Guess
 Susan M. Knowles
 Stuart C. Hall

In the Matter of the Filing of a)
Tariff Revision, Designated as)
TA19-122, by the MUNICIPALITY OF)
ANCHORAGE d/b/a ANCHORAGE WATER)
UTILITY to Decrease Sprinkler)
Fire Protection Rates)
)

U-79-14
ORDER NO. 4

ORDER GRANTING STAY OF PREVIOUS ORDER
AND SUSPENDING TARIFF REVISION

On June 26, 1979, the Commission issued Order No. 3 setting the date of July 30, 1979, for a public hearing in this proceeding and requiring the parties to file written pre-filed testimony.

On July 9, 1979, the MUNICIPALITY OF ANCHORAGE d/b/a ANCHORAGE WATER UTILITY (AWU) and WESTERN ENTERPRISES, INC., and JIM FAIKS (Western) jointly moved the Commission to stay Order No. 3 and to delay indefinitely the deadlines established in that Order. AWU stated it intended to file a revision to TA19-122 which would "involve different allocations, substantial shifting of costs and a significant change in the proposed rates" (Motion, p. 2). The Motion for Stay of Order and Stipulation also indicated that Western has considered and discussed the anticipated revisions and expects to stipulate to recommend its approval.

It is apparent that the revision the parties propose to TA19-122 will require an entirely new technical and financial

ALASKA PUBLIC UTILITIES COMMISSION
1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501
PHONE 276-0222

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JUL 13 1979

1 analysis. Such a substantial revision has the effect of with-
2 drawing one tariff revision and substituting another. Under
3 3 AAC 48.310(g) if a suspended tariff is withdrawn by a utility
4 and later refiled, the Commission may, in its discretion, suspend
5 it again for the full statutory period.

6 Since AWU desires to revise TA19-122 substantially the
7 Commission will stay the operation of Order No. 3 and continue all
8 deadlines established in that order indefinitely. The Commission
9 will extend the suspension period of TA19-122 ordered in Order
10 No. 1 indefinitely pending receipt of the supplemental tariff
11 revision.

12 The Commission received a number of protests to the
13 original filing from the public. Since the supplemental filing
14 is expected to substantially alter the sprinkler rates proposed,
15 the Commission will notice the new filing to the public pursuant
16 to AS 42.05.411(a) and 3 AAC 48.280 and under 3 AAC 48.310(g)
17 suspend the revised filing for further investigation.

18 AWU continues to be bound during the initial and any
19 subsequent suspension periods of TA19-122 by the following
20 refund procedure established in Ordering Paragraph No. 3 of
21 Order No. 1:

22 3. Anchorage Water Utility shall refund any excess
23 revenues collected under its private fire protection
24 (Schedule E) tariff rates during the period of sus-
25 pension if the existing rates are subsequently found
26 to be excessive.

27 ORDER

28 THE COMMISSION FURTHER ORDERS:

29 1. The motion for Stay of Order and Stipulation,
30 dated July 5, 1979, and jointly filed by the Municipality of

31 U-79-14(4)
32 Page 2

1 Anchorage d/b/a Anchorage Water Utility and Western Enterprises,
2 Inc., and Jim Faiks, is granted.

3 2. The operation of the tariff revision, designated
4 as TA19-122, is suspended indefinitely pending the utility's
5 compliance with Ordering Paragraph No. 3 infra.

6 3. On or before September 15, 1979, the Municipality
7 of Anchorage d/b/a Anchorage Water Utility shall file with the
8 Commission its revised tariff for sprinkler rates and supportive
9 documents.

10 4. All other conditions set forth in previous
11 Commission orders in this proceeding remain in effect.

12 DATED AND EFFECTIVE at Anchorage, Alaska, this 13th day of
13 July, 1979.

14 BY DIRECTION OF THE COMMISSION
15 (Commissioner Carolyn S. Guess not participating)

16
17 (S E A L)



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ALASKA PUBLIC UTILITIES COMMISSION
1100 MACKAY BUILDING
338 USHALI STREET
ANCHORAGE, ALASKA 99501
PHONE 276 6442

31 U-79-14(4)
32 Page 3

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ORDER

THE COMMISSION FURTHER ORDERS:

1. The Motion for Extension of Time, dated September 17, 1979, is granted.

2. On or before November 2, 1979, the Municipality of Anchorage d/b/a Anchorage Water Utility shall file with the Commission its revised tariff and supportive documents for fire sprinkler rates.

DATED AND EFFECTIVE at Anchorage, Alaska, this 26th day of September, 1979.

BY DIRECTION OF THE COMMISSION
(Commissioners Susan M. Knowles and
Stuart C. Hall not participating)

(S E A L)



1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501
PHONE 278-0222

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STATE OF ALASKA

THE ALASKA PUBLIC UTILITIES COMMISSION

Before Commissioners: Gordon J. Zerbetz, Chairman
 Marvin R. Weatherly
 Carolyn S. Guess
 Susan M. Knowles
 Stuart C. Hall

In the Matter of the Filing of a)
Tariff Revision, Designated as) U-79-14
TA19-122, by MUNICIPALITY OF)
ANCHORAGE d/b/a ANCHORAGE) ORDER NO. 6
WATER UTILITY to Decrease)
Sprinkler Fire Protection Rates)

ORDER SCHEDULING PRE-HEARING CONFERENCE

On July 9, 1979, the MUNICIPALITY OF ANCHORAGE d/b/a ANCHORAGE WATER UTILITY (.WU) and WESTERN ENTERPRISES, INC. and JIM FAIKS (Western) jointly moved the Commission to stay Order No. 3 in this proceeding and delay indefinitely the public hearing set by that Order. The Commission granted the motion for stay based on AWU's desire to substantially revise TA19-122 and ordered that a revised tariff for sprinkler rates together with supporting documents be filed by September 15, 1979.

On September 17, 1979, AWU filed a motion to extend the deadline for filing the revised tariff for an additional 45 days, until November 2, 1979. The Commission granted this motion in Order No. 5.

AWU failed to meet the November 2, 1979, deadline. On December 17, 1979, Western filed a motion to eliminate retroactively to January 2, 1979 the private fire protection charges until AWU files a new tariff. The motion also states that AWU notified the attorney for Western that it

U-79-14 (6) (1/11/80)
Page 1 of 2

ALASKA PUBLIC UTILITIES COMMISSION
1100 WACKAY BUILDING
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STATE OF ALASKA

THE ALASKA PUBLIC UTILITIES COMMISSION

Before Commissioners: Gordon J. Zerbetz, Chairman
Marvin R. Weatherly
Carolyn S. Guess
Susan M. Knowles
Stuart C. Hall

In the Matter of the Filing of a)
Tariff Revision, Designated as) U-79-14
TA19-122, by The MUNICIPALITY OF)
ANCHORAGE d/b/a ANCHORAGE) ORDER NO. 7
WATER UTILITY to Decrease)
Sprinkler Fire Protection Rates)
_____)

ORDER RESCHEDULING PRE-HEARING CONFERENCE

On January 11, 1980, the Commission issued Order No. 6 in this proceeding which among other things scheduled a pre-hearing conference to give the MUNICIPALITY OF ANCHORAGE d/b/a ANCHORAGE WATER UTILITY (AWU) and the parties an opportunity to delineate the issues and problems in establishing just and reasonable fire protection rates.

Subsequently, it was learned that it would be necessary to postpone the pre-hearing conference to accommodate the convenience of the parties.

Accordingly, the Commission will reschedule the pre-hearing conference to February 11, 1980.

ORDER

THE COMMISSION FURTHER ORDERS, That, the pre-hearing conference previously scheduled for 9:00 a.m., January 21, 1980, will be held at 9:00 a.m. on February 11, 1980, in the Commission hearing room, 1100 MacKay Building, 338 Denali Street, Anchorage, Alaska, at which time the

U-79-14(7)(1/21/80)
Page 1 of 2

ALASKA PUBLIC UTILITIES COMMISSION
1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501
PHONE 276-6222

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parties will be given an opportunity to delineate the issues and problems in establishing just and reasonable sprinkler fire protection rates.

DATED AND EFFECTIVE at Anchorage, Alaska, this 21st day of January, 1980.

BY DIRECTION OF THE COMMISSION
(Commissions Carolyn S. Guess and
Gordon J. Zerbetz not participating)

(S E A L)



ALASKA PUBLIC UTILITIES COMMISSION
1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501
PHONE 270-0222

3/27/80

Tweyla,

Kindly excuse handwriting but am doing this in evening without secretary and typewriter. When I left office a while ago I weighed envelope to include an extra sheet of paper so here goes!

Most of enclosed items are self-explanatory:

I made up the sheet with comparison rates and footnoted explanation of source of 3rd column. Please note that this material is from a docket that is still open re Anch. Water Utility - U-79-14.

Also enclosed 2-page summary of the APOG staff study of sprinkler rates in Alaska & Pacific Northwest. As I mentioned on phone, the first question was outside of our purview but was asked in an attempt to assess overall impact on this class of consumer. This first question was poorly prepared - It actually requires two answers, but an honest interpretation of the answer sheets is that most of the answers appear to be directed at the first part of the question.

I also am enclosing a sampling of answer sheets on both sides of the questions. I tried to choose some that had more than a terse "yes" or "no". Some of the comments are interesting. The Ketchikan comments were quite detailed. Note that Ketchikan uses different ~~different~~ methodology. Instead of setting a demand charge they charge for the number of sprinkler heads. Another deviation from demand charge was at Burley, Idaho where they charged on basis of property frontage.

I will be out of town over weekend but

will be in office early Tues. morning - Should
be there by 9:00 AM your time - or feel free to
call me at home (279-9971) after 8:00 AM
your time if you have any questions -

Regards,
Gordon Zeeb

Will drop this at airport P.O. tonight &
have spare to telecopy if doesn't get there on
time but am quite sure we have comfortable
margin - G.

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**
ALASKA PUBLIC UTILITIES COMMISSION

1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501

July 24, 1979

RECEIVED
A.P.U.C.
Aug 6 3 36 PM '79

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?

ANS. Increase due to increased property evaluation as the sprinkler system is a unit of the property.

Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?

(See sheet attached.)

Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

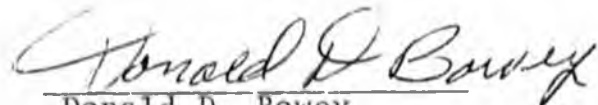
(See sheet attached.)

Q. 2. No. Not a demand charge. However, the customer is charged for automatic sprinkler fire protection service under Rate Schedule "F-2" of the Ketchikan Municipal Code by the Ketchikan Public Utilities.

Q. 3. No tax. The water system is owned and operated by the City of Ketchikan dba Ketchikan Public Utilities (KPU) who have not only the water system of Ketchikan, but also Electric and Telephone utilities. The Utilities are a separate financial entity from the General Government of the City of Ketchikan. KPU cannot tax. KPU's revenue is not derived from taxes, but only from services.

The City Charter of the City of Ketchikan is very specific as regards the Ketchikan Public Utilities. An excerpt from Article VIII, Public Utilities and Enterprises, will clarify the inability to provide any service without charge.

"None of the income, money, resources or property of the Water system Electric system or Telephone system, shall be placed in the General fund (City) or be used for the benefit of anything outside of the fund to which it belongs without due compensation or due value received in return."



Donald D. Bowey
Utilities Manager
8-2-79

KETCHIKAN PUBLIC UTILITIES

Water schedule "F-2", automatic sprinkler fire protection service, shall be as follows:

(1) Availability. This schedule is available at the option of the utilities within the city limits of Ketchikan where size of mains and other facilities are adequate.

(2) Character of Service. Water service under this schedule shall be for the supply to "dry pipe" automatic sprinkler systems for fire protection only.

(3) Rate.

200 heads, or less	\$102.55 per year
Additional, to 500 heads	.31 per head per year
Additional, to 1,000 heads	.20 per head per year
Additional, over 1,000 heads	.13 per head per year

(4) Minimum Charge: \$102.55 per year

(5) General Provisions.

(A) Charges to be billed monthly.

(B) All fire protection lines, sprinkler, pipes and valves on private property shall be owned, installed and maintained by the owner and/or customer.

(C) All connections between utilities mains and privately owned facilities will be made at the expense of the customer.

(D) At the option of the utilities this service may be metered. The meter and the installation thereof shall be at the expense of the customer.

(E) No tap or outlet for use other than fire protection shall be permitted on fire lines or mains unless approved by the utilities.

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A.P.U.C.

Homer, Alaska

AUG 20 2 56 PM '79

August 10, 1979

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

- Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?
 - a.) no
 - b.) Whether the property owner subsequently pays more tax because property must be assessed at its full and true value based on open market conditions according to AS 29.53. Whether a sprinkler system has an impact on the market value is best addressed by the borough assessor or a private real estate appraiser. As a 1st class city in a 2nd class borough, we do not determine our local property evaluations.
- Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?
 - a.) Not at present.
- Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?
 - a.) Not at present.

Juneau, Alaska

RECEIVED
A.P.U.C.
AUG 23 2 28 PM '79

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August 10, 1979

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions, it would be appreciated:

- Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?

Neither - No effect on either instance

- Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?

NO

- Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

NO



CITY OF DILLINGHAM

P.O. BOX 191

DILLINGHAM, ALASKA 99576

TELEPHONE (907) 842-5211 or 842-5212

August 28, 1979

Mr. John F. Jewell, Deputy Dir.
Alaska Public Utilities
State-Dept. of Commerce & Economic Dev.
1100 MacKay Building
338 Denali Street
Anchorage, Alaska 99501

Re: Private Sprinkler Fire Protection

Dear Mr. Jewell:

1. The City of Dillingham does not give any tax break to property owners installing sprinkler system.

2. Our water demand rates are based on the size water line provided.

The city does not impose a special fire hydrant or fire protection tax.

A copy of our Water/Sewer Ordinance introduced August 16th is enclosed.

Sincerely,

Laura M. Schroeder
City Manager

LMS/vb

enclosure

AUG 30 3 02 PM '79

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A.P.U.C.

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A.P.U.C.

AUG 16 12 28 PM '79

37

August 10, 1979

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

- Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?

Neither - Stays same

- Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?

No

- Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

No

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A.P.U.C.

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August 10, 1979

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

- Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?

NO

- Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?

*Ordinance 74-7 section 20-120
based upon connection size*

Yes \$43.00

- Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

NO

City of Petersburg

Bruce Brownson
City Manager

8-15-79

August 10, 1979

RECEIVED
A.P.U.C.
Aug 17 2 27 PM '79

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?

Value of property increases - ergo taxes rise. See Alaska Statutes for restrictions on reducing assessed values - see also State Assessor infineau

Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?

~~gas size~~ No - however there is a demand charge for size of water line to building.

Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

No - I don't think state law permits what you think it does. See State Assessor.

~~SEWARD~~

August 10, 1979

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

- Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?

Property is assessed at a higher value but usually receives a reduction in FIRE INSURANCE RATES

- Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?

No

- Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

No

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A.P.U.C.

AUG 3 11 42 AM '79

Baker, Oregon

49

JAY S. HAMMOND, Governor

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

ALASKA PUBLIC UTILITIES COMMISSION

1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501

July 24, 1979

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

- Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?

There is no tax break for installing a sprinkler system, tax is paid on the assessed valuation.

- Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?

Yes, method to compute demand charge not known.

- Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

No.

City of Baker, Oregon

Enc. 1

Astoria, Oregon

JAY S. HAMMOND, Governor

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

ALASKA PUBLIC UTILITIES COMMISSION

1100 MACKAY BUILDING
338 DENALI STREET
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CITY OF ASTORIA

July 24, 1979

SEP 19 1979
7 10 11 12 1 2 3 4 5 6 PM

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?

No

Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?

Yes Size of service line

Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

No

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**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

ALASKA PUBLIC UTILITIES COMMISSION

Coeur D'Alene, Idaho

JAY S. HAMMOND, Governor

1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501

July 24, 1979

RECEIVED
A.P.U.C.
AUG 9 12 32 PM '79

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?

A. 1. Taxes are not effected. Normally the owner will enjoy a better premium in his Insurance rates only.

Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?

A. 2. Yes. A rate analysis was conducted by a consulting firm to determine the rate.

Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

A. 3. No, just the minimum demand charge.

Reply:
8-3-79

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JAY S. HAMMOND, Governor

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

ALASKA PUBLIC UTILITIES COMMISSION

1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501

July 24, 1979

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

- Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?

No

- Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?

25¢ per sq ft of frontage or a minimum charge of \$15.00 per year.

- Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

Yes - \$4.00 per month

TACOMA

JAY S. HAMMOND, Governor

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

ALASKA PUBLIC UTILITIES COMMISSION

1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501

July 24, 1979

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A.P.U.C.
AUG 3 11 33 AM '79

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

- Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?
No, he does not receive a tax break. The owner could pay more tax due to an increased property evaluation.
- Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?
The owner must take a regular water service before qualifying for a special separate fire service. A monthly service charge is imposed based on the operation and maintenance cost of the meter and service pipe.
- Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?
No, he is not. The municipality makes a small contribution towards the calculated cost of fire protection.

SEATTLE

If possible, the Commission would also like to receive a list of private sprinkler rates currently used by your municipal water utility.

Very truly yours,

ALASKA' PUBLIC UTILITIES COMMISSION

J. F. Jewell

John F. Jewell
Deputy Director

IWM:gb

Section 33. That as of January 1, 1975, all water used for domestic and commercial purposes shall be supplied by meter only at the following rates and charges.

The rates for metered water supplied to premises within the City of Seattle in one month, or fractional part thereof, shall be in accordance with the following schedule:

SERVICE SIZE	CONSUMPTION QUANTITY ALLOWED	MINIMUM CHARGE
3/4 inch	300 cu. ft.	\$ 2.10
1 inch	600 cu. ft.	2.80
1 1/2 inch	1200 cu. ft.	4.10
2 inch	2000 cu. ft.	5.80
3 inch	3400 cu. ft.	8.70
4 inch	4900 cu. ft.	12.00
6 inch	7100 cu. ft.	16.50
8 inch	10000 cu. ft.	23.00
10 inch	14200 cu. ft.	31.50
12 inch	20000 cu. ft.	44.00

Each one hundred (100) cubic feet in excess of the quantities allowed for the foregoing minimum charges except as hereinafter provided.. \$.213

Each one hundred (100) cubic feet in excess of the first thirty thousand (30,000) cubic feet\$.142

Each separate building or premises in addition to the first or principal building or premises supplied through the same service connection, five hundred (500) cubic feet or less\$2.50

Provided, that the terms "separate building or premises" shall not apply to trailer parks or trailer courts, which shall be governed as to water rates by the number and sizes of services and quantity of water used under the previous schedule.

Water supplied to municipal departments of the City of Seattle, each one hundred (100) cubic feet in excess of the quantity allowed for the foregoing minimum charges\$.112

The rates for water supplied for fire protection purposes exclusively shall be deemed service charges and shall be for any one month, or fractional part thereof, as follows:

SIZE OF SERVICE	SERVICE CHARGE
2 inch	\$ 1.85
3 inch	2.75
4 inch	3.90
6 inch	5.40
8 inch	7.10
10 inch	9.75
12 inch	11.70

The service charges hereinabove set forth shall be granted only during such times as there is no appreciable registration by the meter maintained by the City on such fire protection services.

Water used for any other purpose than for extinguishing fires, through a fire protection service, shall be charged at a rate double the common rate provided for in this ordinance.

← Domestic and commercial rates and fire service charges for inside the City limits of Seattle, Washington. Outside the City limits, rates are slightly higher for the same services.

Little Ground, Washington

JAY S. HAMMOND, Governor

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

ALASKA PUBLIC UTILITIES COMMISSION

1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501

July 24, 1979

RECEIVED
A.P.U.C.
AUG 6 3 45 PM '79

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?

no tax break

Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?

no

Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

no

WATER RATES AND REGULATIONS

Service connection installations larger than the two-inch size shall be charged at the actual cost of the complete installation.

- 5. Delinquent penalty charge:
(See § 14.16.690)..... \$15.00
- 6. Special charges:
 - a. Turn-on requested less than thirty days after turn-off requested
(See § 14.16.280)..... \$10.00 each
 - b. Shut-off and turn-on requested for premises where customer's stop and waste valve should have been used (See §§ 14.16.220 and 14.16.250)..... \$10.00 each
 - c. Turn-on or shut-off requested for a time other than regular hours (See § 14.16.250)..... \$30.00 each
- 7. Fire Service. The rates for water supplied exclusively for fire protection purposes shall be deemed service charges and shall be for any one month, or fractional part thereof, as follows:

Size of Service	Service Charge
4 inches	\$ 4.00
6 inches	5.50
8 inches	7.50
10 inches	10.00
12 inches	12.00

Outside the City Limits.

- 1. Individual Meters. The consumption and minimum monthly charges for individual metered services outside the city limits shall be computed in the same manner as for metered customers within the city and then a surcharge of twenty-five percent of this amount shall be added to the charge so computed to arrive at the total monthly water charge.
- 2. Master Meters.
 - a. The consumption charges for master meters outside the city limits shall be computed in the same manner as for individual metered services outside

~~EDMONDS~~

meter. In the case of premises for which both fire protection and other water service for such uses as domestic, commercial, industrial, or manufacturing purposes is supplied, there may be two service installations made to the premises; one for fire service only and one for other water service. These service functions may also be combined in a single service connection with the approval of the water department.

In the event two separate service connections are installed, the fire protection system so served shall consist of an automatic sprinkler system only, without additional outlets which could normally be used for other than fire suppression purposes. (Ord. 1561 (part), 1971).

6.21.04. Fire service monthly service charges. (a) The minimum monthly rates for inspection and maintenance of detector check systems are fixed as follows:

<u>FIRE SERVICE OR</u> <u>DETECTOR METER SIZE</u>	<u>MONTHLY SERVICE CHARGE</u>
2"	\$ 5.00/month
3"	5.00/month
4"	5.00/month
6"	7.50/month
8"	10.00/month
10"	15.00/month

Water used through the fire service line for fire suppression purposes and limited testing of the system will normally be furnished without any charge in addition to the monthly minimum charge set forth for fire service meter or detector check meter.

(b) If a detector check meter proves, or proof otherwise provided, leakage or unauthorized usage of water which is not for fire suppression purposes, the customer shall pay for all water used at the applicable metered rate. The rates for water so used are fixed as follows: At the time of first written notice from the city water department the applicable rate shall be the same as the domestic rate for comparable size of domestic water meter for unauthorized use over one hundred cubic feet per month; in the event the unauthorized use again occurs after the period of time specified in the written notice from the water department the rate shall be double the domestic rate for a comparable size domestic water meter for such unauthorized use over one hundred cubic feet per month.

(c) References made by this chapter as to existing metered rates shall be to Chapter 6.20 of the Edmonds city code. (Ord. 1561 (part), 1971).

6.21.050 Violation--Penalty. In addition to all civil rights of collection, liens, shut-offs and other remedies available to the city of Edmonds as prescribed by statute and ordinance for unauthorized use and/or nonpayment of charges, any person, firm, corporation or other organization, including any officers, directors and managers thereof, who violate any provision of this chapter shall be guilty of a misdemeanor and subject to penalties as set forth in Section 5.12.170 of the

This study was initiated prior to this legislative session for informational purposes in APUC Docket U-79-14, Re Anchorage Water Utility.

In July 1979, the Commission Staff mailed questionnaires to all known municipal water utilities within Alaska and to several municipal water utilities in the northwestern United States. The questionnaire consisted of three questions:

- Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?
- Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?
- Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

Of approximately 40 questionnaires sent within Alaska, 13 replies were received and of 93 questionnaires sent out of state 42 replies were received.

TABULATION OF REPLIES

<u>Alaska</u>		<u>Question #1</u>	<u>Question #2</u>	<u>Question #3</u>
Cordova		No *	No	No
Dillingham		No	Yes	No
Homer		No	No	No
Juneau		No	No	No
Kenai		No	No	No
Ketchikan		No	Yes	No
Kodiak		No	No	No
Nome		No	No	No
North Pole		No	Yes	No
Petersburg		No	Yes	No
Seward		No	No	No
Sitka		No	No	No
Skagway		No	No	No
<hr/>				
Total	Yes:	0	4	0
	No:	13	9	13
<hr/>				
<u>Idaho</u>				
Burley		No *	Yes	Yes
Couer d'Alene		No	Yes	No
Moscow		No	No	No
McCall		N/A	N/A	N/A (Sewer Utility)
Mountain Home		No	No	No
<hr/>				
Total	Yes:	0	2	1
	No:	4	2	3
	N/A:	1	1	1

* Most of the "No" answers on question #1 appear to be directed to the first part of the question. There were several "Neithers."

Note: All of the cities listed here appear to have city owned water systems. Information was previously supplied to the committee re privately owned water utilities such as Central Alaska Utilities, College Utilities Corporation, etc., and the regulated Municipal Water Utility, Anchorage Water Utility.

Oregon

Ashland	No *	Yes	No
Astoria	No	Yes	No
Baker	No	Yes	No
Canyonville	No	No	No
Central Point	No	Yes	No
Clackamas County	No	N/A	N/A (Not Water Utili
Coquille	No	No	No
Corvallis	No	Yes	No
Cottage Grove	No	No	No
Lowell	N/A	No	No
Portland	No	Yes	No
Reedsport	No	No	No
Roseburg	No	Yes	No
Salem	No	No	No
Sandy	No	No	No
Stayton	No	Yes	No
<hr/>			
Total	Yes:	0	8
	No:	15	7
	N/A:	1	1
<hr/>			

Washington

Anacortes	N/A	Yes	No
Battle Ground	No *	No	No
Blaine	No	No	No
Cheney	No	No	No
Clinton	N/A	N/A	N/A (No sprinkler systems)
Edmonds	No	Yes	No
Everett	No	Yes	No
Fircrest	No	No	No
Forks	No	No	No
Longview	No	Yes	Yes
Moses Lake	No	No	Yes
Okanogan	No	Yes	No
Olympia	N/A	Yes	No
Pasco	No	Yes	No
Port Angeles	No	Yes	No
Pullman	No	No	No
Seattle	No	Yes	Yes
Tacoma	No	Yes	No
Union Gap	N/A	Yes	Yes
Wenatchee	No	Yes	No
Yakima	No	Yes	No
<hr/>			
Total	Yes:	0	13
	No:	17	7
	N/A:	4	1

* Most of the "No" answers on question #1 appear to be directed to the first part of the question. There were several "Neithers".

Note: All of the cities listed here appear to have city owned water systems. Information was previously supplied to the committee re privately owned water utilities such as Central Alaska Utilities, College Utilities Corporation, etc., and the regulated Municipal Water Utility, Anchorage Water Utility.

Alaska State Legislature



Senate

2357 SHELDON JACKSON
ANCHORAGE, ALASKA 99504
DISTRICT 10-H

While in Juneau
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3712

SENATOR
ARLISS STURGULEWSKI

COMMITTEES
CHAIRMAN
Community & Regional Affairs

VICE-CHAIRMAN
Commerce

Health & Social Services

March 25, 1980

Mr. Dave Walsh, President
Alaska Municipal League
c/o Pouch 6-650
Anchorage, Alaska 99502

Dear Dave:

The ability for municipalities to have a fair and equitable tax base is absolutely critical to healthy local government. I would like to urge the Alaska Municipal League, possibly in conjunction with the Alaska Native Foundation, RuralCap and others, to undertake, prior to next session, a major review of the kind and amount of taxes that the various classes of municipalities can levy and collect. The current Legislature is addressing House Bill 192, dealing with municipal revenue sharing, and Senate Bill 199, dealing with the school foundation program. These two areas provide major cornerstones for municipal school revenues. A third cornerstone, real and personal property tax, is currently faced with possible erosion and decreased credibility.

The Senate Community and Regional Affairs Committee has some twelve bills pending which impact the municipal property tax by allowing certain classes of exemptions, imposing restrictions, etc. Some, but not all, of these bills allow the municipalities to be reimbursed for the changes in their ability to levy and collect real and personal property taxes. Certainly the bills carry a major fiscal impact. I am enclosing a summary of the bills currently before my Committee. Many other tax bills affecting municipalities are before the Legislature, such as changes in the amount of sales tax which can be levied in certain municipalities and elimination of the business inventory tax.

Relating specifically to real and property taxes, it seems to me that policies must be established regarding possible exemption. If such policies are not developed, we will create a hodgepodge of a program that will serve no one well. For example, should we consider exemptions on a need basis rather than exemptions for special groups of people? Should there be equality for a whole group, rather than special interest exemptions within a group? What kind of things would be better left to grant and aid programs as opposed to exemptions in the property tax approach?

The Department of Community and Regional Affairs recently completed a study of the exemption problem. Their study gives a synopsis of information developed that deals with major exemption problems, and in some cases, suggests several options that might be taken. Their broad policy statement favors few, if any, additional exemptions, and they feel that any exemption program should meet the following criteria: "any exemption granted should be either for public property or for sufficient public good to justify a transfer of burden to the balance of the community." They recognize that the credibility of property tax has been questioned continually and with increasing intensity these past few years, and that many taxpayers feel that they are paying more than their fair share.

The state has recognized certain senior citizens' exemptions, as a matter of public policy. These exemptions support a policy of encouraging age diversity in Alaskan society, show esteem for and gratitude to the pioneers of the state and give a method of helping many to afford to stay in our state, rather than have to leave family, and friends to begin a life in another state, where it might be cheaper to live. The senior citizens who are on a fixed income and cannot absorb property taxes increased by inflation certainly are in need of assistance. However, some bills are now reaching into special groups within the senior citizens; for example, allowing for surviving spouses 55 and older of those senior citizens who qualified for real property exemption to continue to benefit from the exemption. But, what about other senior citizens within that same age group who might have just as much, or a greater need for exemptions? Disabled veterans are another group being suggested for special exemptions, but what about the equity question of all other disabled people in our State? Other questions of equity need to be considered.

Each piece of proposed legislation offers a shift in public policy -- new groups which deserve special treatment, new funding approaches, and so forth. However, sound public policy decisions can be made only within the context of effects or impacts on local governments and the general public. How can we create a new special exemption, for example, unless we are certain of municipalities fiscal needs, alternative revenue sources and the impact of using those other sources?

Again, I would urge the Alaska Municipal League to take a leadership position in review of the municipal property tax, as well as the broader impact of local municipalities being able to raise adequate revenues to fund needed municipal services. I would be most pleased to have your response as to whether you feel the Alaska Municipal League finds merit

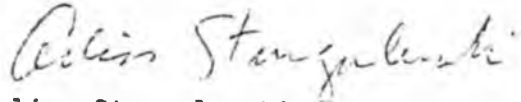
Mr. Dave Walsh

-3-

March 25, 1980

in this proposal, and if so, I sincerely hope the league will analyze the kind and amount of taxes that the various classes of municipalities can and should levy and collect.

Sincerely yours,



Arliss Sturgulewski
Senator, District 10-H

Enclosures

cc: Alaska Federation of Natives
RuralCap
Governor's Advisory Committee on
Aging
Ms. Dove Kull
Commissioner Lee McAnerney
Mayor George Sullivan
Mr. Phil Younker
Senator John Sackett
Senator Bill Ray
Representative Russ Meekins
Sponsors: SB 138, 154, 296, 299, 360, 370, 427, 431, 456, 465 & 510

Taxes
(home improvement exemption)
SENATE BILL NO. 138, by Senators Bradley and Stimson. Relates to establishment of tax exemption for home improvements. Amends AS 29.53 by adding section which provides that the "value of an alteration, repair, renovation, addition to, or improvement of an existing structure which is used by a taxpayer as his personal residence is exempt from assessment for purposes of levy and collection of property taxes under this chapter....." Repeals AS 29.53.025(f) & (g) relating to current exemptions for improvements. Provides Act effective January 1, 1979.

Introduced February 13 and referred to Community & Regional Affairs, then to Finance.

Veterans
(disabled)
(property tax exemption)
SENATE BILL NO. 154, by Senator Bradley. Amends AS 29.53.020(e) to include disabled veterans of any age to section which exempts persons 65 or over from payment of property tax. Applies to resident veterans, honorably separated from service whose service-related disability has been rated at 50% or more. Provides Act effective January 1, 1980.

Introduced February 13 and referred to Community & Regional Affairs, then to Finance.

Residential Property Tax
(partial exemption)
SENATE BILL NO. 296, by Senator Stimson. Adds to list of exemptions from municipal property tax in AS 29.53.020(a) "the real property owned and occupied as a permanent place of abode by a resident, not exceeding \$25,000 in value." Provides state shall reimburse a borough or city for revenues lost. Repeals AS 29.53.025(a) which allows municipalities to exclude or exempt or partially exempt residential property from taxation by ordinance ratified by voters, the exemption not to exceed \$10,000 per residence. Provides Act effective January 1, 1981.

Introduced January 14 and referred to Community and Regional Affairs and then to Finance.

Property Tax
(municipal reduction of)
SENATE BILL NO. 299, by Senator Kerttula. Amends AS 29.53.050(a) (Tax Limitation on Municipalities) to read: "A (NO) municipality may not levy and tax for any purpose in excess of nine-tenths of one (THREE) percent of the assessed valuation of property within the municipality in any one year." Provides Act effective 1/1/81.

Introduced January 14 and referred to Community and Regional Affairs.

Property Tax
(disabled Vets exempt)
SENATE BILL NO. 360, by Senators Sumner and Hackney, by request. Exempts from municipal property tax the real property owned and occupied as a permanent place of abode by a disabled veteran. Provides exemption is allowed to veteran "for a percentage of the assessed value of the real property which is the same as his percentage of disability as established by his service disability rating." Provides Act effective January 1, 1981.

Introduced January 24 and referred to Community and Regional Affairs and Finance.

Fire Prevention
SENATE BILL NO. 370, by Senators Colletta and Bradley. Adds to AS 29.53.020 (Municipal Property Tax - Required Exemptions) "Two