

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 8672

1955 SRES HB 83 - HB 196

198



DEPARTMENT OF FISH AND GAME

May 29, 1981

1300 COLLEGE ROAD  
FAIRBANKS, ALASKA 99701

IL DIVISION OF GAME  
DIRECTOR \_\_\_\_\_  
DEP. DIR. \_\_\_\_\_  
CHIEF RES. \_\_\_\_\_  
BIOLOGIST \_\_\_\_\_

JUN 1 1981

Colonel L. J. Bonito  
Office of the Director of  
Facilities Engineering  
Headquarters, 172d Infantry  
Brigade (Alaska)  
Fort Richardson, AK 99505

BIOLOGIST \_\_\_\_\_  
ADM. ASST. \_\_\_\_\_  
LIBRARY \_\_\_\_\_  
FILE \_\_\_\_\_  
OTHER \_\_\_\_\_

Dear Col. Bonito:

This letter is both a follow-up of my May 13, 1981 letter and an outline of a proposed management plan mandated by CSHB 83 between the AAC, ADF&G, and the US Army. Additional background may be found in the attachments: 1) memo from David M. Johnson to Ronald J. Somerville, 2) Delta Bison Management Plan, and Bison Management Plan for Fort Greely, 3) maps, and 4) copy of CSHE 83. A duplicate of this letter is being sent to Mr. Robert Pollock, Executive Director of the Agricultural Action Council.

The proposed management plan consists of three basic elements:

- 1) holding bison on their summer range for as long as possible using vegetative manipulation and other techniques;
- 2) delaying migration; and
- 3) diverting bison away from private farms through harassment and development of the Delta Junction Bison Range.

HOLDING BISON ON THE SUMMER RANGE

Summer Range Rehabilitation--SCS and ADF&G reconnaissances indicate the summer range is probably heavily overgrazed. This overuse is likely contributing to the early arrival of bison in the agricultural area. I suggest that intensive summer range rehabilitation may solve much of the problem that now exists.

We are going to treat 50 acres of the summer range with fertilizer on an experimental basis this summer. The US Army is cooperating. If the experiment succeeds as expected in prolonging the succulent phase of grass and sedge growth, we would treat several hundred acres with fertilizer in 1982.

May 29, 1981

The US Army has agreed to allow on bison summer range a 25-acre herbicide trial this summer. The herbicide is being used to determine whether it constitutes a practical and safe method for controlling shrubs that are now steadily invading and reducing the bison summer range. A public hearing on this proposal was held in Delta Junction to ensure that the public was aware of the nature of the experiment. If the method proves effective and safe, additional application may be proposed in subsequent years.

We also propose to conduct a controlled burn in the area of the summer range in either 1982 or 1983. (See "Bison Range Development" below.)

Salt--Salt would be provided annually in the fall as follows:

- 1) by ADF&G on the summer range just before bison begin to move;
- 2) by the US Army on the Army trail network as the bison begin to move; and
- 3) by ADF&G on the Bison Range during the harvest period.

Salt use would be discontinued overwinter to leave intact any desire for it that may accumulate among the bison, which may help hold them longer on the summer range.

#### DELAYING MIGRATION

US Army trails and food plot network--The US Army has devised a plan to alter and slow bison migration in the fall, both to solve their own "bison problems" and to help alleviate the agriculture/bison problems in the Delta area. They have constructed a trail that begins on the Delta River northwest of Donnelly Dome, heads east to Jarvis Creek, turns north, and then east to the Delta Bison Range. Several food plots of about five acres are scattered along the trail. They plan to seed the food plots and portions of the trail, and provide salt at strategic points. If the trail system works as expected, the bison will move slowly along it using the salt and high-quality food plants that are being provided. Please refer to the copy of the Bison Management Plan for Fort Greely for additional detail.

#### DIVERSION AND BISON RANGE DEVELOPMENT

Diversion--State personnel would continuously monitor bison movements as the animals leave the summer range. As they approach the agricultural area, they would be actively hazed away from private fields and, as much as possible, toward the Bison Range. In the past, there has been no place to which the bison could be pushed. Now, with trails and about 100 planted acres, bison may be pushed toward the Bison Range, as much as that is possible.

Tools we would use annually in this effort include radio collars on lead cows (to determine on a regular basis the whereabouts of sub-herds); Zon guns (propane noise-making cannons) for as long as they are effective (up to about 2 weeks); birdshot from shotguns; "cracker" shells; aircraft to monitor animal movements; and other techniques that may be appropriate.

Hunting is an important tool used annually in this connection. Bison become quite shy if hunters are pursuing or killing herd members. Increased damage will likely result if hunting is not permitted on farm land.

Bison Range Development--Range development is largely dependent on funding proposed under CSHB 83. Given these funds, we would clear about 1,000 acres (260 of which have already been cleared) in a rectangular shape consisting of three parallel 600-foot-wide fields interconnected at the ends and middle. Because ground has thawed now, this work would occur in 1982. The northeasternmost strip would be the now-cleared "crushed area." All fields would be parallel to the Alaska Highway. The suggested shape will optimize accessibility of escape cover and wind scour of snow to make access to food plants easier for bison.

We would plant 500-1,000 acres with a variety of grains and grasses to determine which individual species or combinations work best to provide low maintenance, high desirability for bison, and best winter use.

potential crops include: barley, oats, fescue, vetch, field peas, creeping foxtail, bluegrass, timothy, and others as appropriate.

Last year's bison damage to Tracts I and N along Sawmill Creek may have been due in part to the combination of high-quality food, cover, and water all in a relatively small area. To offer a similar alternative on the Bison Range, we are going to drill a 6-inch diameter well this summer and provide water in stock tanks for the bison. If the water promises to help provide the results we expect, we would put up a windmill at the site in 1982.

Two controlled burns are proposed in 1982 or 1983:

- 1) a "demonstration" burn in the area of existing fields along the 1408 road; and
- 2) a fall or winter burn in the vicinity of the summer bison range. Burns benefit both bison and moose and should provide additional attraction at low cost to hold bison on summer range.

Trails connecting the Bison Range improvements with the Agricultural Project (including the 1408 road) will be gated or blocked this summer. Additional trails on the Bison Range may be constructed to provide better recreational use of the Bison Range.

MAINTENANCE

We cannot now predict whether what we have proposed will be sufficient in the long run to provide both long-term winter range and an adequate alternative to private farm crops for bison. One or two additional appropriations of this magnitude may be required in future years. The money that would be appropriated by CSHB 83 is sufficient for a full-scale test of this plan.

Low cost maintenance of the improvements that we propose above can be accomplished through burning and periodic pasture renovation. Our goals for Bison Range crops would be suitable for low maintenance perennials. The summer range would periodically be treated with fire, herbicides, and fertilizer.

BUDGET

Clearing <sup>1</sup>	740 ac @ \$125/ac	\$92,500
Planting <sup>2</sup>	750 ac @ \$125/ac	\$93,750
Burning and Summer Range Improvement <sup>3</sup>		\$48,750
Water Development		\$ 5,000
Soil Surveys (Cooperative agreement with USDA-SCS)		\$ 5,000
Trails		\$ 4,000
Salt		\$ 1,000
Bison Diversion		<u>\$25,000</u>
	Total	\$275,000

Notes

<sup>1</sup> 260 acres on the crushed area were cleared as of May 10, 1981.

<sup>2</sup> 250 acres would be left unplanted to continue efforts to develop cooperative farming agreements with farmers.

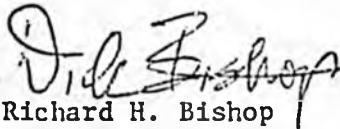
<sup>3</sup> If it is not possible to expend this money for this purpose because of long lag time in working out necessary agreements with other agencies (BLM, US Army, ADNR, etc.), a portion of this would be used for planting.

May 29, 1981

CONCLUSION

The Department of Fish and Game will prepare an agreement for the various parties to review based on the outline and discussion presented above. We would appreciate your early concurrence with this proposed management plan so we may begin with the business at hand as well as provide some relief for Delta farmers this year. CSHB 83 provides for an appropriation contingent upon agreement between the three parties mentioned in the first paragraph of this letter. Even after passage of the legislation, the money will not be usable to relieve bison/agriculture problems unless an agreement can be reached quickly.

Sincerely,



Richard H. Bishop  
Regional Supervisor  
Division of Game  
(907) 452-1531

## Attachments

cc: Oliver E. Burdick  
David M. Johnson  
Robert Pollock  
Ronald J. Somerville ✓

H B

8 8

# Alaska State Legislature

BETTYE FAHRENKAMP, CHAIRMAN  
VIC FISCHER, VICE-CHAIRMAN  
BRAD BRADLEY  
DICK ELIASON  
DON GILMAN  
BOB MULCAHY  
ARLISS STURGULEWSKI



Senate

## Committee on Resources

POUCH V  
STATE CAPITOL  
JUNEAU, ALASKA 99811  
(907) 465-3834  
(907) 465-3835

June 5, 1981  
1:30 p.m.

Beltz Room  
211 - Capitol

### MEMBERS PRESENT

Senator Fahrenkamp  
Senator Fischer  
Senator Bradley  
Senator Sturgulewski  
Senator Mulcahy  
Senator Eliason  
Senator Gilman

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### HEARING:

- CSHB 535 An Act relating to the Alaska Agricultural Action Council.
- HCR 29 Relating to the development of a plan for Alaska agricultural development.
- SB 588 An Act relating to mineral leasing.
- HB 456 An Act relating to agriculture.
- HC 88 An Act relating to the qualifications for the farm or agricultural lands tax exemption.
- HB 83 An Act making special appropriations to the Department of Fish and Game for bison management.
- HB 538 An Act relating to a small-scale agriculture grant program.

Representative Gardiner, stated that HCR 29 and HB 535 outline the state's policies and goals for agricultural development. HB 535 increases the membership on the Agricultural Action Council from 5 to 7 members.

Senator Sturgulewski put forth the motion to move SCS CSHB 535 with individual recommendations.

Senator Sturgulewski put forth the motion to move HCR 29 and the letter of intent with individual recommendations.

Representative Gardiner stated that the purpose of HB 456 is to promote small scale agriculture.

Representative Rogers suggested an amendment to HB 456 on page 1, line 16, place a period after "state" and delete line 17.

Senator Fischer put forth the motion to accept the amendment. He put forth several technical and grammatical amendments which were accepted.

Senator Fischer put forth the motion to move HB 456 as a Senate Committee Substitute with individual recommendations.

Dick Bishop, Regional Supervisor, Fairbanks, Department of Fish and Game, stated that HB 83 provides funding to develop the Delta Bison range and improve the bison summer range to delay their movement.

Representative Gardiner stated that he had looked at other alternatives and HB 83 was the least expensive to help ease the conflict between bison and agriculture.

Senator Mulcahy put forth the motion to move HB 83 with individual recommendations.

Representative Gardiner stated that HB 538 is designed to help small scale and village agricultural programs. He suggested that the Committee consider a letter of intent stating that the funds should be dispersed throughout the state and that no single geographical region receive an abnormal amount of the funds.

Senator Mulcahy put forth the motion to move CS HB 538 am with individual recommendations and the letter of intent.

Senator Fahrenkamp put forth the motion to defer consideration of HB 88 .

SB 588 was held until the Committee meeting June 8, 1981.

The Committee adjourned at 3:05 p.m.

H B

136

SENATE AMENDMENT

BY SENATE RESOURCES COMMITTEE

To: \_\_\_\_\_ SENATE BILL No. \_\_\_\_\_

To: \_\_\_\_\_ HOUSE BILL No. 136

PAGE: 1

LINE: 10

Delete "\$50,000" and insert "\$53,000" in its place

Proposed amendments to HB 136: Iditarod Trail Race Appropriation

Iditarod Trail Race: change \$50,000 to \$25,000

Kuskokwim 300 Sled Dog Race: \$10,000

Kotzebue-Noorvik Sled Dog Race: \$5,000

Junior Iditarod: \$8,000

Alaska Dog Mushers: \$5,000

TOTAL: \$53,000

HB 136: IDITAROD TRAIL RACE APPROPRIATION

This bill appropriates \$50,000 for the Sixth Annual Month of Iditarod, and parallels legislation enacted in past years.

The Iditarod Race has become one of the biggest winter tourism events in the entire state. Last year the BBC and a Spanish film company covered the race, bringing international recognition to the race. Alaska needs this sort of positive promotion both nationally and internationally.

Tourism is an industry that is vital to the Nome area as well as to the entire state. Nome recently formed a chapter of the Alaska Visitors Association, and the city has an active campaign to create "Gold Rush Nome" by renovating old buildings with false fronts to recreate how Nome looked at the turn of the century. The Iditarod provides a much-needed stimulus to the local economy.

The Month of Iditarod comes at a time when many Alaskans are suffering from the Alaskan "cabin fever" syndrome, and captures the interest of almost everyone. During the month of March, Nome will see as many as 3500 new faces in town because of the race.

This appropriation covers the cost of staking the trail, plus a portion of the operations and equipment costs.

IDITAROD TRAIL RACE

1981 BUDGET

INCOME:

Sweepstakes	\$104,000
Entry Fees	73,430
Appropriation	50,000
Grants	25,000
Plaque Sales	20,000
Memberships	6,000
Runner	9,000
Promotional Sales	60,000
Banquet	26,225
Misc.	7,000
Total Income	<u>\$380,655</u>

ADMINISTRATIVE EXPENSE:

Meetings	\$ 550
Travel	300
Rent & Leases	1,820
Wages	19,000
Telephone	8,500
Office Supplies & Postage	4,300
Stationery & Printing	6,300
Runner	7,000
Legal	750
Misc.	4,100
	<u>\$ 52,620</u>

DIRECT RACE EXPENSE:

Trail	\$ 12,000
Ham Radio	12,000
Checkers & Officials	21,500
Veterinarians	7,000
Air Transportation	39,000
Prize Money	101,500
Trophies	1,300
Headquarters	4,300
Banquet	18,900
Misc.	4,035
	<u>\$221,535</u>

INDIRECT RACE EXPENSE:

Goods for Resale	\$ 40,000
Advertising & Public Relations	12,000
Sweepstakes & Raffles	51,000
Misc.	3,000
	<u>\$106,000</u>

TOTAL EXPENSE:

\$380,655

KUSKOKWIM 300 SLED DOG RACE

\$10,000

The Kuskokwim 300 Sled Dog Race is an annual event begun in 1980. The race has drawn statewide attention with the participation of some of the major mushers from throughout Alaska. In addition, many local racers have had the opportunity to compete against these champions. This mixture of racers has led to a tremendous increase in interest in dog mushing that can be seen throughout the Yukon-Kuskokwim Delta.

The Kuskokwim 300 Sled Dog Race has been funded primarily through local donations from individuals and businesses. The \$10,000 to be funded through this appropriation would be used to cover a portion of the cost of marking the trail from Bethel to Aniak along the Kuskokwim River as well as a portion of the race's administrative cost.

The Kuskokwim 300 Sled Dog Race has developed into one of the major mushing events in Alaska and likely the major winter event for the Lower Kuskokwim region.

KUSKOKWIM 300 FINANCIAL STATEMENT

Expenses:	Trail Marking and Maintenance	\$14,000
	Headquarters and Telephone	1,000
	Transportation	1,500
	Printing	1,000
	Miscellaneous	2,000
	Prize Money	25,000
	Total Expenses	\$44,500
Revenues:	Contributions	\$34,500
	Appropriation	10,000
	Trail Marking and Maint.	[7,500]
	Administration	[2,500]
	Total Revenues	\$44,500

KOTZEBUE-NOORVIK SLED DOG RACE

The Kotzebue-Noorvik Sled Dog Race is an annual 140 mile race. It is a major competition for mushers in the Northwest and is held every January. It is also excellent training for competitors in preparation of the Iditarod Race.

Local donations from businesses and individuals are the primary source of funds for this event. This \$5,000. appropriation will be used to help cover trail breaking and marking, administrative and promotional expenses.

KOTZEBUE--NOORVIK SLED DOG RACE

EXPENSES

Communications-----	1000.
(radio, batteries, antenna etc.)	
Race Promotion-----	700.
(Printing of race rules and forms, posters, phone calls, postage, etc.)	
Trophies-----	300.
Trails-----	3000.
(snow machine parts---500.)	
(Trail breakers, markers, flags, signs---500.)	
(Check point operators, tents, camps-----500.)	
(Race officials, use of plane, locate and trans- port dog food to checkpoints, transport dropped dogs back to starting point----- 1500)	

## Junior Iditarod

The Junior Iditarod Trail Race, which began in 1978, is a non-profit race, dedicated to the training of future Iditarod mushers. It is the first race of its type in the country. Youths 14 to 17 years old complete a 120-mile race from Knik to Pt. McKenzie, with a mandatory twelve hour layover.

This race places a great deal of responsibility on the shoulders of the young racers; not only during the race, but also during the weeks and months of training and caring for the dogs and equipment prior to the race. The Junior Iditarod teaches endurance, sportsmanship, teamwork and mental-physical coordination as well.

The \$8000 appropriation would be used to cover the majority of the expenses of the race. (see budget attached).

EXPENSES

Incorporation: -----\$ 700.00

Trophies: -----\$ 800.00  
1st. through 5th. place.  
Sportsmanship  
Participation awards  
Volunteers thank you awards

Banquet: -----\$ 300.00  
Printing of tickets and programs  
Guest Speaker  
Decorations  
Complimentary Tickets

Race Promotion: -----\$1000.00  
Posters, Mailers  
Printing of Race rules and entry forms  
Photography  
Gasoline  
Phone Calls  
Stamps - Stationery ( Office Supplies)

Supplies for the Race: -----\$ 500.00  
Arm Bands for the Race Officials  
Bibs for Riders  
Stop Watches  
Starting line Banner - Finish line  
Misc. Items

Trails: -----\$3000.00  
Snow Machine -----\$2000.00  
Gasoline, oil, and maintenance of snow machine  
trails: maintenance, breaking trail, grooming,  
and marking.  
Gasoline for volunteer trail guards snow machines  
-----\$1000.00

Jr. Iditarod Annual: -----\$ 400.00

Jr. Iditarod Patches: -----\$ 300.00

Insurance: -----\$1000.00

Total: \$8000.00

# Alaska State Legislature

BETTYE FAHRENKAMP, CHAIRMAN  
VIC FISCHER, VICE-CHAIRMAN  
BRAD BRADLEY  
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DON GILMAN  
BOB MULCAHY  
ARLISS STURGULEWSKI



POUCH V  
STATE CAPITOL  
JUNEAU, ALASKA 99811  
(907) 465-3834  
(907) 465-3835

## Senate

### Committee on Resources

April 6, 1981  
2:25 p.m.

Beltz Room  
Room 211 - Capitol

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#### MEMBERS PRESENT

Senator Fahrenkamp  
Senator Fischer  
Senator Bradley  
Senator Sturgulewski  
Senator Mulcahy  
Senator Eliason  
Senator Gilman

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#### HEARING:

- SB 298 An Act changing the time in which the Department of Natural Resources is required to make land available for disposal from the end of the current fiscal year to October 1, 1981.
- SJR 22 Relating to proposed regulations of the Department of Interior adopted under the Alaska National Interest Lands Conservation Act.
- HB 136 An Act making a supplemental appropriation to the Department of Natural Resources for the Iditarod Trail Race.
- SB 154 An Act providing for the taking of game for the use of incapacitated persons.

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SB 298 Senator Gilman moved for the adoption of the amendment on page 1, line 15, deleting the word "after". Senator Gilman put forth the motion to move SB 298 with individual recommendations.

Senator Sturgulewski put forth the motion to move SJR 22 with individual recommendations.

SENATE RESOURCES COMMITTEE

APRIL 6, 1981

Page: 2

Senator Gilman moved for the adoption of the amendment changing \$50,000 to \$53,000 in HB 136. Senator Mulcahy put forth the motion to move HB 136 with individual recommendations.

Kathryn McCormick, Nutritionist, Department of Health and Social Services, stated that the Department supports SB 154 with some amendments. The bill will provide cultural and ethnic food for the elderly and disabled.

Greg Bos, Division of Game, Department of Fish and Game, stated that the Department supports the bill with amendments. He expressed concern about the possibility of abuse of the system if additional clarifying language is not added.

In response to the question, would you be willing to participate in a meeting with the sponsor of the bill, Department of Revenue and the Department of Health and Social Services to work out clarifying amendments to the bill? Mr. Bos, said yes.

The Committee adjourned at 3:52 p.m.

4/7/81  
9:30 p.m.

HA B

173

COMMITTEE REPORT  
SENATE

FURTHER: Finance

3/31/81

Date: \_\_\_\_\_

Mr. President:

The Committee on RESOURCES has had CSHB 173(Fin) am  
making appropriations for residential energy programs

under consideration and (a majority of the committee) (the committee)  
reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back <sup>IND</sup> without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

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

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

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

*[Signature]*  
\_\_\_\_\_  
CHAIRMAN

# STATE OF ALASKA

DEPARTMENT OF COMMERCE &

ECONOMIC DEVELOPMENT

DIVISION OF ENERGY & POWER DEVELOPMENT

MAY 8 1981

JAY S. HAMMOND  
GOVERNOR

7TH FLOOR MACKAY BLDG.  
338 DENALI STREET  
ANCHORAGE, ALASKA 99501  
PHONE: (907) 276-0508

April 28, 1981

Dear Residential Energy Auditor:

The attached Residential Audit Reimbursement Schedule is provided for your reference. The schedule will be effective for all contracts written on or after May 1, 1981. Please note the change to Alaska House of Representatives electoral districts. Changes in the reimbursement rate per audit reflect an effort to offer a more realistic fee for this service. They depict the combined effect of input from auditors, Legislators, the public and this Division.

Please note that these audit rates do not include the \$10 which the auditor receives from the customer.

If you are interested in contracting under the new rate, contact me immediately.

Sincerely,



Larry Roetto  
Energy Audit Contracts Manager

Attachments

*HB 175  
use for floor*

*See  
attached schedule  
for details*

RESIDENTIAL ENERGY AUDIT PROGRAM

ELECTION DISTRICT

PRICE OF AUDIT

(1)	\$ 80.00
(2)	83.00
(3)	83.00
(4)	80.00
(5)	97.00
(6)	83.00
(7-12)	80.00
(13)	87.00
(14)	87.00
(15)	104.00
(16)	104.00
(17)	108.00
(18)	112.00
(19)	108.00
(20)	93.00
(21)	112.00
(22)	112.00

The proposed \$100 per acre average should mesh very well with our related audit for 1961.

Please note that the above audit value does include the \$10 which the auditor receives from the assessment.

PRICE PER ACRE	ELECTION DISTRICT
5 00.00	(1)
33.00	(2)
33.00	(3)
30.00	(4)
97.00	(5)
23.00	(6)
80.00	(7-12)
87.00	(13)
87.00	(14)
104.00	(15)
104.00	(16)
108.00	(17)
112.00	(18)
103.00	(19)
93.00	(20)
112.00	(21)
112.00	(22)

RESIDENTIAL ENERGY RENT PROGRAM

LETTER OF INTENT  
FOR  
CS FOR HOUSE BILL NO. 173 (FIN) am S

It is the intent of the Legislature that the cost per energy audit shall not exceed \$100 for a single-family dwelling or \$150 for a multi-unit structure.

It is also the intent of the Legislature that no more than two energy audits shall be performed by any one auditor in a single day. A multi-unit structure shall be counted as a single audit.

By Senator Kerttula

# Alaska State Legislature

BETTYE FAHRENKAMP, CHAIRMAN  
VIC FISCHER, VICE-CHAIRMAN  
BRAD BRADLEY  
DICK ELIASON  
DON GILMAN  
BOB MULCAHY  
ARLISS STURGULEWSKI



POUCH V  
STATE CAPITOL  
JUREAU, ALASKA 99511  
(907) 465-3834  
(907) 465-3833

## Senate

### Committee on Resources

April 10, 1981  
1:30 p.m.

Beltz Room  
Room 211 - Capitol

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#### MEMBERS PRESENT

Senator Fahrenkamp  
Senator Fischer  
Senator Mulcahy  
Senator Sturgulewski

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#### HEARING:

- CSHB 173 An Act making appropriations for residential energy programs; and providing for an effective date.
- SB 187 An Act making a supplemental appropriation to the Division of Parks, Department of Natural Resources, for the Youth Conservation Corps program; and providing for an effective date.
- CSSB 84 An Act relating to the processing of permits by state agencies and to approval of Alaska coastal management programs; establishing the Permit Reform Commission; and providing for an effective date.
- SB 218 An Act relating to the use of waste heat produced by certain pipeline facilities; and providing for an effective date.

Clarissa Quinlan (Director, Division of Energy and Power Development, Department of Commerce and Economic Development) spoke in favor of CSHB 173. She reviewed the history of the Residential Energy Conservation Program, stating that it consisted of three parts: (1) residential energy audits, (2) a grants and refunds program and (3) a loan program. Auditors have been trained through a series of one-week intensive courses in the community college system. The Division began contracting for audits in mid-December, and all contractual funds were committed statewide by mid-February. 7,000 audits will be completed in the near future.

Senator Mulcahy put forth the motion to move CSHB 173, with individual recommendations.

SENATE RESOURCES COMMITTEE

April 10, 1981

Page: 2

Chip Dennerlein (Director, Division of Parks, Department of Natural Resources) spoke in favor of SB 187. He stated that the Youth Conservation Corps program in Alaska has been effective, and required funding to continue. SB 187 would provide state matching funds for federal funding for FY 1981 and 1982.

Senator Sturgulewski put forth the motion to move SB 187, with individual recommendations.

Deming Cowles (Deputy Director, Department of Environmental Conservation) testified on behalf of the Administration against CSSB 84. He stated that the administration had identified some of the problems with the permitting process, but that CSSB 84 was not the solution. The Administration opposes the bill for several reasons, including the basis of the class identification of permits, the elimination of the requirement to exhaust administrative remedies, shifting of the burden of proof to the agencies, application to other than resource permits, automatic approval upon expiration of the processing time limits and the possible violation of the single-subject rule by the reference to Coastal Zone Management.

Mr. Cowles stated that the Administration has developed new permit regulations to resolve some of the problems. The regulations will be in effect before the end of the fiscal year. There are other efforts in the Administration to expedite the permit process, including improving the information flow to permittees, a master application process, single permits by industry, general permits for DNR and DEC and increased agency coordination.

Senator Sturgulewski commented that SB 84 was similar to legislation passed by the House last session, and suggested making amendments to the original bill (SB 84) to match that legislation and eliminate the problems under the single subject rule. The Senator pointed out that substantive problems with CSSB 84 could lead to extensive litigation if enacted.

Senator Sturgulewski put forth the motion to bring SB 84 before the committee for the purpose of amendment. The Senator put forth the motion to move amendments to SB 84 eliminating references to Coastal Zone Management and the Permit Reform Commission.

Senator Bennett testified that he had no objections to the amendments at that time.

The Committee recessed.

After recess, the Committee took up SB 218.

Senator Kerttula spoke in favor of the concept of SB 218. He cited a University of Alaska study that determined that the waste heat from one of the trans-Alaska oil pipeline could have heated 200 acres of land for agricultural production. He stated that he had sponsored similar legislation in the past, and that SB 218 made sense as a vehicle for the utilization of waste heat on future projects. It would be wasteful to require all facilities to be constructed to allow the utilization of waste heat. On the trans-Alaska pipeline, for example, only two or three sites were feasible for the utilization of waste heat.

The Committee took up SB 84.

Senator Sturgulewski put forth the motion to rescind the Committee's action on SB 84.

CSSB 84 was before the Committee.

Senator Mulcahy put forth the motion to move CSSB 84 with individual recommendations.

The Committee was adjourned at 3:17 p.m.

MEMORANDUM

TO: Senator Bettye Fahrenkamp  
FROM: Rep. Brian Rogers *BR*  
DATE: April 3, 1981  
RE: CSHB 173(Fin) am

The residential energy conservaion program, authorized in SB 438 last year, consists of three main elements -- residential energy audits, refunds/grants for energy conservation improvements, and energy conservation loans.

The program, which didn't get off the ground with the energy auditor training until October and the actual performance of audits until January, has in a short time proved to be extremely popular. Over 200 auditors are certified and have received contracts to perform energy audits, and approximately 7000 audits have been completed. Those who have had audits completed have now reached the second step in the program and are eligible for refunds of up to \$300. Recently over 30 applications for refunds have been received daily by the Division of Energy and Power Development.

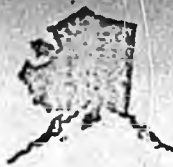
Consequently, last year's funding for both parts of the program, funded at \$1,368,400 for the audits and \$2,334,400 for the refunds, has now been committed. No new audits have been contracted for for over a month.

Section 2 of HB 173 would provide \$2,113,600 to perform approximatley 11,000 additional audits before the end of the fiscal year, as well as providing for administrative costs of the program.

Section 1 would provide \$2,550,000 for 9300 refunds, at an average cost of \$275 each.

Because the program was implemented so quickly, its benefits have so far gone primarily to urban areas. Section 3 would ensure that \$735,000 would be spent on auditing and installing conservation measures in ten rural villages.

The House, in approving HB 173, also authorized DEPD to recruit for six new positions to administer the program. Understaffing in DEPD has caused various administrative and delay problems since the program began. Approximately \$14,000 in Section 2 is designated to filling the positions so that they'll be on-line at the beginning of the fiscal year. The positions are three Energy Specialist Is (one for Fairbanks and one for a rural site), two Administrative Assistant Is, and one Clerk Typist III.



# ALASKA RESIDENTIAL ENERGY CONSERVATION PROGRAM

In July, 1980, the Alaska Legislature enacted a comprehensive energy act, SB 438. Included in the provisions of the act is the establishment of a Residential Energy Conservation Program. The Program provides for State-financed energy audits of residences with grants/refunds and low-interest loans for the homeowner to implement the energy saving improvements recommended by the audit.



## ENERGY AUDIT

A home energy audit approved by the State of Alaska must be made before an energy conservation grant/refund or loan can be made. An energy audit is a site visit to the home in which an inspection of the building is made to determine its energy consumption characteristics. The audit would include a calculation of the building's heat loss and recommended energy conservation measures with calculated energy cost savings attributed to the energy improvements.

## State of Alaska Financed Audits



The Division of Energy and Power Development has developed a program that will provide for State financed energy audits for Alaskans upon request. The Division of Energy has contracted with specially trained and certified auditors to participate in the State-financed Residential Audit Program. Only those auditors under contract with the Division of Energy will be able to perform audits under the program.

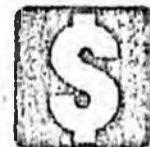
A person requesting an energy audit is only required to pay a \$10 fee to the auditor for the audit. The State will pay the balance of the real cost of the audit when the audit has been performed under a contract and by a State certified auditor. The audit will include a site visit of the home and an analysis of the energy consumption characteristics of the residence. Recommended energy conservation and calculations of the energy cost savings will be provided.

Persons requesting an audit should contact a State contractor. Current lists of contractors for energy audits are available from the Division of Energy and Power Development.



## ENERGY CONSERVATION GRANT/REFUND

The Division of Energy and Power Development will make refunds or grants for the purchase and installation of energy-saving improvements that are recommended by an approved audit and shown to pay for themselves in seven years or less in energy savings. The refund or grant is for an amount up to \$300 for a single-family dwelling and \$200 for each unit in qualifying multi-family dwellings. A refund will be made for those who wish to purchase the recommended energy-saving measures immediately. A grant is applied for in the case where one is willing to wait for or is not capable of purchasing the material. For a grant you would obtain an estimate for the required materials from a vendor and submit the estimate with your application. Applications for refunds and grants will be provided by the auditor.



## ENERGY CONSERVATION LOANS

Individuals who have received an approved audit of their home may also qualify for a 5% interest loan up to \$5,000 for energy conservation improvements that the energy audit shows to have a payback of less than ten years. The Division of Business Loans administers the program.

To apply, contact the Division of Business Loans:

Anchorage: 2600 Denali Street, Suite 401  
Anchorage, Alaska 99501  
PH: (907) 274-6693

Fairbanks: 675 7th Avenue  
Fairbanks, Alaska 99701  
PH: (907) 452-8182

Juneau:  
Pouch "D"  
Juneau, Alaska 99811  
PH: (907) 465-2510



MEMORANDUM

TO: Senator Bettye Fahrenkamp  
Chairwoman, Senate Resources Committee

FROM: Rep. Jack Fuller *JF*

DATE: April 1, 1981

RE: CSHB 173(Fin) am

Section 3 of this bill appropriates \$735,000 for rural energy audits and energy conservation improvements. The intent is to get the energy audit program going in the rural areas in time for houses in some of the worst villages to be weatherized before next winter. The expenditure of funds made under this section will be coordinated with DEPD's weatherization program this summer. Enabling legislation pending in Secs. 3 and 30 of SSHB 9 would increase the maximum amount which could be expended per household. This would mean that an entire village could be weatherized as a pilot project for the program.

The ten rural communities selected for this project (subject to change in order to best coordinate with DEPD) are: Wales, Shungnak, Northway, King Cove, Klukwan, Pelican, Koliganek, Hooper Bay, Ouzinkie and Napaskiak

If I can provide you with any additional information, please do not hesitate to get in touch with me.

DEPARTMENT OF COMMERCE &  
ECONOMIC DEVELOPMENT  
DIVISION OF ENERGY & POWER DEVELOPMENT

JAY S. HAMMOND  
70-10000

7TH FLOOR WACKAY BLDG.  
323 DENALI STREET  
ANCHORAGE, ALASKA 99501  
PHONE: (907) 776-6558

April 30, 1981

The Honorable Frank R. Ferguson  
Alaska State Senate  
Pouch V - Mail Stop 3100  
Juneau, Alaska 99811

Dear Senator Ferguson:

The intent of this letter is to clarify various aspects of the Residential Energy Conservation Program which may be of particular interest to you, especially in relationship to the current supplemental request now before the Senate.

As you may know, the existing audit has come under some criticism from several sources primarily due to two reasons: 1) the cost of the audit is too high, and 2) the audit itself is too complicated.

We are fully aware of these criticisms and have reevaluated our program accordingly. What has transpired from this re-evaluation is immediate reduced audit costs (see enclosed sheet which lists audit costs statewide) and a new, less complicated audit to be completed by July 1, 1981. The new audit will be approximately six pages versus the eighteen pages involved in the current audit. Since HR 9 changes the type of audit to a two-level audit we will implement our changes in accordance with the new legislation.

Auditors will be constrained by contract to performing not more than 2 auditors per day with a minimum of 2 hours on-site work per audit. This does not include administrative and travel time.

CSHR 173 also contains a provision for demonstration residential energy conservation projects within several communities. Two of these communities, Shungnak and Wales, are within your district. We feel the demonstration projects implemented within the pending supplemental funding will be of great benefit in creating new and innovative procedures to this program by allowing local administration.

April 30, 1981

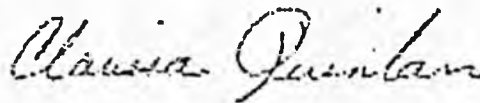
In your district, there are presently 16 State certified residential energy auditors (9 are in Nome and 7 are in Barrow). Thirteen of these auditors are currently interested in contracting with the State to perform audits in their areas dependent on availability of supplemental funding. Also, an energy auditor training class is scheduled for Kotzebue.

We believe the Residential Energy Conservation Program to be of great benefit to individual residents within the State.

We hope this letter answers some of the questions you have concerning this program.

Should you have any further questions or comments, please feel free to contact me at any time.

Sincerely,



Clarissa Quinlan  
Director

CQ:JB:ch

Enclosure

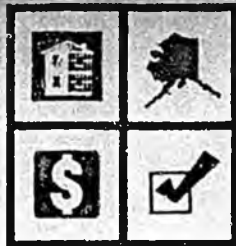
LECTION DISTRICT

PRICE OF AUDIT

5 80.00	(1)
83.00	(2)
83.00	(3)
80.00	(4)
97.00	(5)
83.00	(6)
80.00	(7-12)
87.00	(13)
87.00	(14)
104.00	(15)
104.00	(16)
104.00	(17)
108.00	(18)
108.00	(19)
93.00	(20)
112.00	(21)
112.00	(22)

\* Please note that the above audit rates do not include the \$10 which the auditor receives from the customer.

The proposed \$100 per audit average should mean very well with our revised audit fee schedule.



# ALASKA RESIDENTIAL ENERGY CONSERVATION PROGRAM

PROGRAM STATUS

MARCH 31, 1981

In July 1980, the Alaska Legislature enacted a comprehensive energy act, SB 438. Included in the provisions of the act is the establishment of a Residential Energy Conservation Program. The program provides for State-financed energy audits of residences with grants/refunds and low interest loans for the resident to purchase the energy saving improvements recommended by the audit.

The legislation mandates that a home energy audit approved by the Division of Energy and Power Development must be made before an energy conservation grant/refund or loan can be made. An energy audit is a site visit to the home by a State trained and certified auditor in which an inspection of the building is made to determine its energy consumption characteristics. The audit includes a calculation of the building's heat loss and will recommend energy conservation measures with calculated cost savings attributed to the energy improvements. The Division of Energy and Power Development has trained and contracted with a number of auditors Statewide to participate in the program. A person requesting an energy audit is only required to pay a \$10 fee to the contracted auditor. The Division of Energy will pay the balance of the real cost of the audit.

After the audit has been completed, the Division of Energy and Power Development will make refunds or grants for the purchase and installation of energy-saving improvements that are recommended by an approved audit and shown to pay for themselves in seven years or less in energy savings. The refund or grant is for an amount up to \$300 for a single-family dwelling and \$200 for each unit in qualifying multi-family dwellings. A refund will be made for those who wish to purchase the recommended energy-savings measures immediately. A grant is applied for in the case when one is willing to wait for, or is not capable of, purchasing the materials.

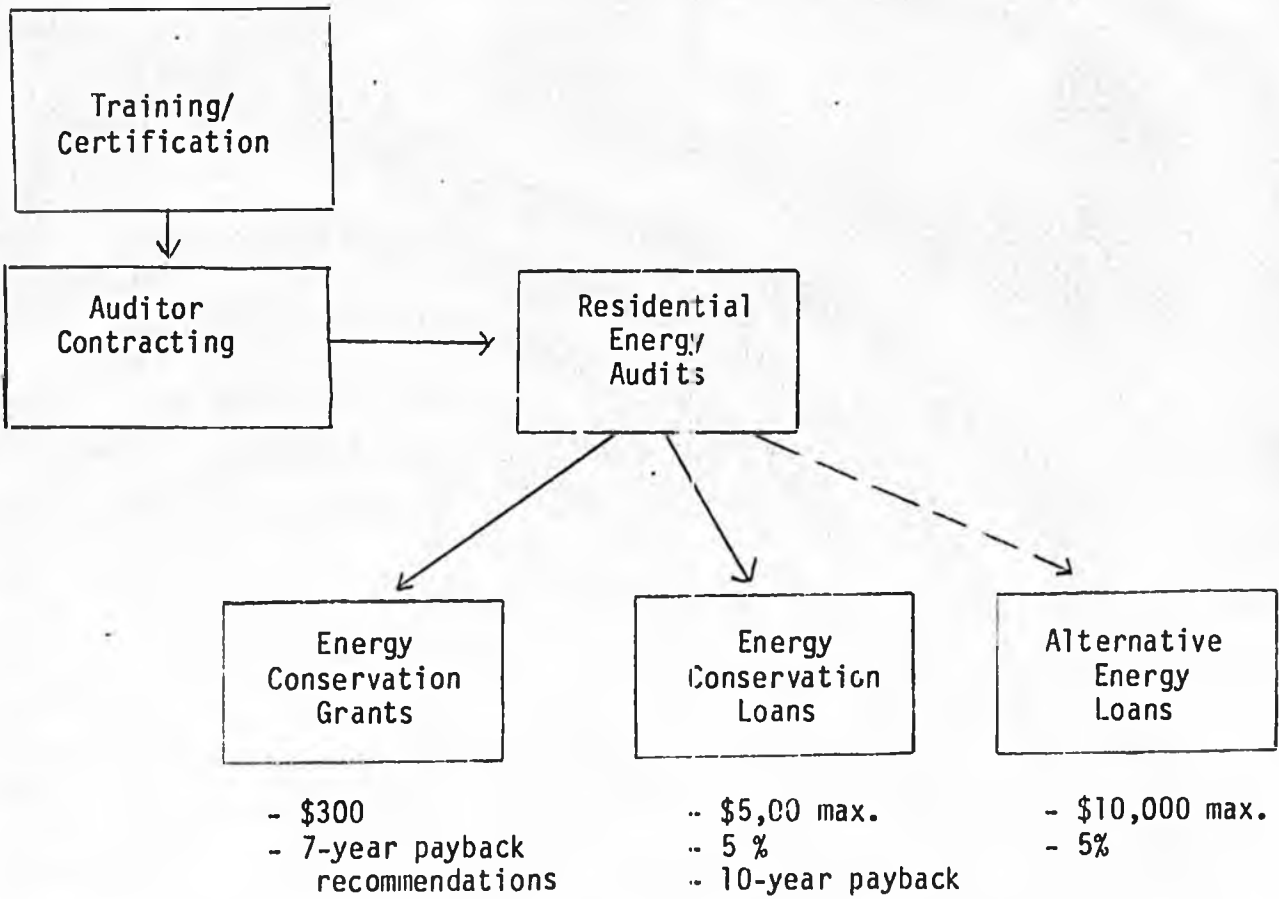
Individuals who have received an approved audit of their home may also qualify for a 5% interest loan up to \$5,000 from the Division of Business Loans for energy conservation improvements that the energy audit shows to have a payback of less than ten years.

The following represents the status of Alaska Residential Energy Auditing Program as of March 15, 1981.

1. Refunds and Grants (average processing time: 2 days)

<u>March 1-31, 1981</u>	<u>No. of Grants</u>	<u>No. of Refunds</u>	<u>Total</u>
Requests Received	237	294	531
Requests Processed	230	281	511
Amount Disbursed	\$68,719.44	\$82,156.29	\$150,875.73
<u>Total to Date</u>			
Requests Processed	782		
Amount Disbursed	\$228,434.31		

# Residential Energy Conservation Program



# Popular state energy audits draw huge response from homeowners

By JEANNE ABBOTT  
Daily News homes editor

**T**he biggest bargain in town has homeowners beating a path to the doors of a new collection of businesses

called energy auditors. For only \$10, a homeowner (or renter) can have his home analyzed for energy efficiency. Although the audit costs an average of \$125 to perform, the state picks up most of the cost. Most auditors are swamped with requests for the service.

"We've had an overwhelming response," says Dana Hedden of Heat Loss Analysis, one of 20 firms in Anchorage certified to perform the state-subsidized audits. "There are more requests for audits than money allocated for them."

The legislature appropriated \$1.2 million for the residential audits for fiscal year 1981. According to Steve Vaden of the Alaska Energy and Power Development office, the money for the audits has already been contracted out.

"When the auditors complete their contract, we won't be able to renew unless the legislature appropriates more money," Vaden said this week.

"But because we've committed the money doesn't mean a homeowner can't get an audit. If the quota hasn't been filled, an auditor can provide the

6 The grants are going faster than the loans, because it's upfront money.

service until his money runs out."

Based on the strong response, it is expected that most quotas will be filled by mid-March. The audits only began eight weeks ago.

Says Vaden: "Some contracts will run out faster than others."

When a homeowner or renter calls a company to request an audit, the appointment will generally be arranged for a two-to-three hour period.

During the appointment, an auditor will make an on-site inspection of the heating system, insulation, caulking and weatherstripping plus looking at the history of energy bills.

Vaden says all of the auditors were trained in November and passed an examination to be certified.

"An auditor will write up a report indicating how much energy a home is losing, and what can be done to improve the situation," he says.

The state legislature also appropriated money for outright grants and loans to undertake measures recommended by the audit.

Some \$2.2 million was allo-

cated for the grants which provide \$300 per housing unit (\$200 for a duplex) to fund the simpler measures — insulation, caulking, weatherstripping.

For major projects, like heat conversion, there are loans of up to \$5,000 available at low interest. The loans are administered through the state Division of Business Loans. They are part of a \$1.6 million program.

Vaden said 79 grants had been awarded through the energy office, and 42 of those were dedicated in January. The total amount awarded is \$22,000.

"The grants are going faster than the loans, because it's upfront money," says Vaden. With the grants, an audit must show that the money can be recouped in energy savings within seven years.

"Out of the \$22,000 we can already project a \$16,800 savings within the first year alone," he says. "That's pretty encouraging."

There are a total of 68 auditors certified statewide in Anchorage, Fairbanks, the Mat-Su Valley, Kodiak, Kenai, Juneau and Ketchikan. Training programs are yet to be held in Valdez, Bethel and Barrow.

Vaden said Gov. Jay Hammond has asked the legislature to continue the program, with an 8 percent increase in funding.

Numbers to call for an audit are:

- Alaska Energy Audits — 277-9342.
- Alaska Home Evaluators — 276-9254.
- Anchorage Community Development Corp. — 276-1625.
- Garnet-Adams — 349-4729.
- Bilderbach Enterprises — 344-5736.
- Chugach Electric Association — 276-3500.
- Arctic Energy Management — 266-1511.
- Heat Loss Analysis — 277-1601.
- Kyle Green — 376-5920.
- Charles Johnson — 688-2036.
- John Matus — 349-5887.
- C. Howdy Smith — 333-0769.
- Fred Thoman — 337-5609.
- Alaska Weatherbeaters — 243-5029.
- Pat Meyer — 344-5163.
- Charles Richner — 333-6272.
- Jean Currey — 344-8543.
- D. C. S. Energy Audits — 264-4870.
- Reiches Services — 276-3768.
- John Werner — 276-6879.

70  
25

FEB 27 1981

# ENERGY AUDITS, \$\$\$ FOR NOME

"I'm ready to go. I've got my forms. I'm all ready to move."

With these remarks and recent appointment as state certified energy auditor, Frank DeCostanzo is ready to inaugurate a new service for Nome. A service unfamiliar to the sweating pipes, stuffy attics, and shifting foundations of his fellow tradesmen.

DeCostanzo's is a paper-filled world of forms and red tape, of calculators and calculations, but Frank and the bureaucracy he represents is in a position to help the homeowners of this area.

With oil prices skyrocketing and energy use of all types becoming increasingly more expensive, the State of Alaska passed in July 1980 a Residential Energy Conservation Program. As energy auditor Frank and his new service is the first signal of the state's involvement. It's the tip of an iceberg, with more beneath the surface than what meets the eye. His program provides for state-financed energy audits of residences, with grants and rebates, and low interest loans, for homeowners to implement the energy savings improvements recommended by the audit. The grant allows \$300 for a single family residence, and \$200 per unit for duplexes. According to Frank, the grants are there for the asking. And for homeowners willing to invest more seriously in an energy-efficient future, state financed loans up to \$5000, at five per cent interest, are available for improvements the auditor calculates will pay for themselves in energy savings in ten years or less. That include more insulation, better weatherstripping, thermal windows and doors, insulated shutters, a new heating system. It might include a sunporch or solar greenhouse, or for those remote souls on the periphery of our town, and even those on the utility grid, a wind energy system.

Hoping to be the first kid on my block to have his home audited, I contacted Frank and coughed up the ten dollar fee. My wife got her licks in first, complaining that the chore list for our home had long ago been developed. But Frank began by

measuring all the rooms. I saved him a nasty foundation crawl, by describing what was underneath. We then discussed the building's construction; walls, floors,



TINKER, TAYLOR...BEGGERMAN, THIEF??? Nome's Frank DeCostanzo is casing this residence, but not for safecracking purposes. He's the new state certified energy auditor, and his program will help all of us who burn oil and power in Nome.

roof and ceilings, and what materials were actually used. Frank asked for our energy costs for 1980, fuel use and electricity. Boiler type, hot water heater, major appliances, how often exterior doors were opened and traffic flow, the patterns of our family energy use - all are included and more in this comprehensive study.

I counted at least twenty forms that Frank had to fill out. Part of his service is an offering; a state brochure entitled "Your Home Energy Audit: the First Step to More Energy-Efficient Living." Included is a comprehensive account of the state's program, what it is and what it can do, where to go for more information, and a series of energy conserving practices that homeowners can apply at any time to their lifestyle.

After these preliminaries, Frank returns to his office, to work out his calculations and research our situation. It is an expensive audit, paid for largely by the State of Alaska.

Yet to come, at this writing, are his recommendations and his final report. It will involve a series of measures for energy conservation, an estimate of materials costs for each, and estimate of labor costs for their installation. Also included will be the costs in actual energy savings, and how long the improvements will take, to actually pay for themselves. For our home the recommendations might include additional insulation for the floor, better weatherstripping, a storm porch or two, a more efficient boiler. But whatever they are, they will have the weight of the State of Alaska behind them. A state-audited home gives the homeowner access to those state grants and loans for energy improvements.

A white collar type who has pushed agency pencils for his four years in Nome, first for Social Services and now Kawerak, Frank DeCostanzo at first glance is an unlikely candidate for the blue collar world. But for his unique service, Frank has impeccable credentials. Light on actual trades experience, Frank nevertheless understands how homos are put together. For eight and one-half years Frank was an architectural draftsman and

designer. In addition, Frank managed to graduate, one of the few to do so, from the State's energy auditor crash course in Anchorage. It lasted one week, and seventy per cent of the enrollees crashed; they failed the final.

"It was extremely intense," recalls Frank. "I was up to 1 PM every night, with studying and testing every day." The Fairbanks group fared no better. Only 11 of 44 passed their exam.

Why is Frank DeCostanzo an energy auditor? "It's a neat opportunity to do something creative. When you consider the incredible cost of power and fuel in this region, there is a definite need."

The ten dollar audit fee is a good investment, and cheap entry into our very expensive energy future. Nome homeowners need not be bashful 'bout requesting their audits. The need is present, Frank's forms are ready, and the money is there for the asking. Rich Rusk

Anchorage Times  
Anchorage, AK

FEB 3 1981

## Energy audits now hot item

Associated Press

**Anchorage** — The \$1.2 million appropriated by the 1980 Legislature for residential energy audits in fiscal 1981 will be obligated by mid-March, the Division of Energy and Power Development says.

Director Clarissa Quinlan said during the last eight weeks alone the division has contracted for some 6,300 residential energy audits at a cost of \$1 million.

The program provides for state-financed energy audits of homes, with grants, refunds and low-interest loans available for energy conservation measures recommended by the audits.

Gov. Jay Hammond has asked the Legislature to continue the program at a similar level of funding for fiscal 1982, but that money, if approved, will not become available until July 1.

Anchorage Times  
Feb 20, 1981

## Energy audit

Dear Editor:

Last week on a local radio station I heard a public service announcement concerning an energy audit which could be provided by the state of Alaska for a \$10 auditor fee. I called the radio station and they gave me a telephone number of a Mr. Smith who is an energy auditor.

I called Smith and was given an appointment date. When the energy auditor arrived at my home he was very professional. He sat down at our kitchen table and through an interview gained all types of information about our home. Then Smith and I went through every room of our home. The auditor measured all the windows, doors and other openings in our home. With the aid of a ladder he went up into our attic and crawled on his hands and knees from one end to the other. He then went into our crawl-space, which is only three feet deep, and did the same thing.

He found that our home had a number of places that were causes of heat loss. The results of his audit showed that we needed more insulation in our ceiling, we need to have

our windows and doors sealed better. His inspection of our heating system resulted in us having the system cleaned and adjusted.

I called the state office in the MacKay Building that the auditors work out of to obtain the necessary information to obtain a grant or refund to have our home repaired. The auditor had left a lot of information with me, but I needed more complete details.

During the conversation with the state people, I was told that very few people were taking advantage of the state-approved home audits. I really think this is a big mistake. Even if a person did not desire to apply for a grant or a refund, it is well worth \$10 to know of the heat losses in your home and the ways you could save your money and the world's energy by having an audit.

My hats off to the state for this one and to the auditors who do such a outstanding job to help us all for only \$10, well spent.

Joe H. Goreman  
Box 1012

Anchorage

Fairbanks  
News Miner  
Fairbanks AK

MAR 13 1981

25  
Likes audits

4061 Evergreen Ave.  
Fairbanks  
March 6, 1981

To the Editor:

I wish to thank the State of Alaska, Division of Energy & Power Development, for our Energy Audit Program.

This is one program that appears to truly give something back to the residents of Alaska.

We have had our Energy Audit and, as a result, have been able to buy energy saving material for our home that will benefit us for a long time. Even though we could not purchase everything recommended on the Audit, we at least know what we may do in the future to make our home more energy efficient. Some of the recommendations do not require purchasing any materials, just being more careful.

I am employed by one of our local

Building Supply Stores so have been able to realize more fully just what the program has meant to some of our residents, especially the Senior Citizens and those on limited incomes. What a rewarding experience it has been to talk and share their plans. They are able, through the program, to make some badly needed improvements which they would not have been able to afford with their limited budgets.

Hopefully, more funds will be appropriated in the near future to continue this program.

A special thanks to all the "Energy Auditors." All comments have been complimentary regarding the thoroughness of the audits.

Sincerely,  
Pam Linsey

# State takes conservation lead with residential energy audits

By Empire Staff

Alaska took the lead in residential energy conservation last spring when the Legislature created a comprehensive energy act.

Part of the legislation provides for state-financed energy audits of residences with grants-rebates and low-interest loans available to the homeowner who wants to implement the improvements recommended by the audit. There is no obligation to make any of the improvements suggested by the audit.

For \$10 a resident can have his home inspected by a specially contracted auditor—not a state employee—to find out where heat losses are occurring and receive recommendations on how to make the home more energy efficient.

The two to three hour audit costs about \$128, but the state pays for all but \$10 of the audit.

People interested in having an energy audit of their home should contact Steve Shannon, an energy specialist with the Division of Energy and Power Development at 465-2591 or write to him at Pouch "D", Juneau, Alaska 99811.

An auditor will make a variety of recommendations ranging from no-cost energy-saving projects a homeowner can do himself to massive

undertakings such as installing insulation, said Shannon. An auditor will take a look at the insulation levels of the home, the hot water system, the heating system, and cracks around the window and doors, said Shannon. The auditor will also take a "thumbnail look" at the solar potential of the home, he said.

There are no income requirements in order for a person to qualify for an energy audit. Once an audit is completed the state will make refunds or grants of up to \$300 for the purchase and installation of energy saving improvements that are recommended by an approved auditor and show a payback of seven years or less, said Steve Baden, public information officer for the Division of Energy and Power Development.

People who have received an approved audit of their home may also qualify for a 5 percent interest loan up to \$5,000 for energy conservation improvements that the energy audit shows to have a payback of less than 10 years.

Audits in Juneau are just beginning with the opening of a new energy office to serve Southeast. The office is located on the ninth floor of the State Office Building.

Juneau Empire News  
Juneau, AK

DEC 21 1980

## Audits save money, energy

By Sharon Resnick

**HAINES** — You don't get much for nothing these days, but you can get a lot for almost nothing if you take advantage of the state-sponsored energy audit program and then follow the recommendations given as a result of that audit.

According to energy auditor Bob Schwalbach, "It'll cost people more not to participate in this program than it will cost them to participate."

It will cost Haines, Skagway and Klukwan area residents \$10 to have an energy audit on their home. The state picks up the rest of the \$155 tab for the auditor who will come to your home to look for places where energy is being consumed needlessly.

It is then the auditor's job to determine which of the "energy drains" could most quickly pay for itself if corrected, Schwalbach said. A seven-year pay-back period is used by the state to determine the cost-effectiveness of energy-loss remedies, he said.

In addition to paying for the bulk of the audit cost the state will also grant up to \$300 and or loan up to \$5,000 at five percent interest rates for up to ten years to applicants who intend to follow the energy-saving recommendations of the auditor.

Other programs available to energy-conscious dwellers are the alternative energy revolving loan fund and credits on federal income tax. Unlike the grant program or the other loan program, neither of these two programs require that an audit be done.

The revolving loan fund will provide loans for people who want to use alternative energy methods such as wind-mills, solar energy or even the tried-and-true wood-burning stoves. The five percent loan can be up to \$10,000 for up to 20 years.

Schwalbach said that though he does not anticipate a shortage of grant or loan funds, he can only guarantee that about 50 audits will be done between now and the middle of March unless supplemental funds are made available to the energy program by the legislature. There is a possibility for more audits if a large number of people ask for them early enough, he might be able to justify a request for additional audits, he said.

Schwalbach is especially interested in seeing that low-income people are able to take advantage of the program.

"They are the people who would benefit the most, yet they are usually the last to know about such programs," he said.

It has been estimated that 30 to 40 percent of America's energy needs could be met by energy management.

According to statistics, 20 percent of America's energy is used to heat residences. In many cases relatively small purchases and simple installation procedures such as caulking, weather stripping and storm windows could lessen that percentage drastically, Schwalbach said.

"I'm not going to recommend to them anything that won't save them money."

Those interested in having an energy audit should call Schwalbach at 766-2397.

# ard Builders Supply

**SBS Minnesota**

Tudor & Minnesota  
Anchorage • 279-8611

**SBS Wasilla**

Mile 44 Pal. Hwy. • 376-523

**SBS Fairbanks**

100 Railroad Ave. • 452-505

**We've got it all!**

# Building Up To Spring!



As warmer, the days are longer and Mother Nature's building up to  
can start building too . . . and add up savings with specials like these:

**Receive up to \$300 to make  
your home energy efficient!**

March 20 and 21 all three  
stores will have personnel to  
answer your questions about  
the state-funded "energy  
audit." SBS will help you

choose the products you'll  
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# Alaska State Legislature

BETTYE FAHRENKAMP, CHAIRMAN  
VIC FISCHER, VICE-CHAIRMAN  
BRAD BRADLEY  
DICK ELIASON  
DON GILMAN  
BOB MULCAHY  
ARLISS STURGULEWSKI



POUCH V  
STATE CAPITOL  
JUNEAU, ALASKA 99811  
(907) 465-3834  
(907) 465-3835

## Senate

### Committee on Resources

May 22, 1981  
2:00 p.m.

Beltz Room  
211 - Capitol

#### MEMBERS PRESENT

Senator Fahrenkamp  
Senator Mulcahy  
Senator Sturgulewski  
Senator Bradley

-----  
Hearing:

CSHB 81 am      An Act relating to the Alaska Pipeline Commission

Bob Maynard, Assistant Attorney General, Department of Law, stated that he supports CSHB 81 am. He went through the bill section by section as in the attached sectional analysis.

Senator Sturgulewski put forth the motion to move CSHB 31 am with individual recommendations.

The Committee adjourned at 2:30 p.m.

Attachment

## SECTIONAL ANALYSIS

### CSHB 81 (Gas Pipeline)

SECTION 1 reduces the number of commissioners required to be present at a formal hearing from two to one, allows a hearing officer to be designated in place of a commissioner and allows commissioners who have not heard testimony and arguments--but who have read the testimony and/or listened to the transcripts--to participate in a commission decision.

Further, it establishes the composition of the commission at three members. A vacancy in the commission, as is currently the case, does not impair the authority of a quorum to exercise its powers and duties. The proposed changes will significantly increase the flexibility of the commission, especially in lengthy proceedings as the TAPS case extending several years, by allowing a qualified hearing officer to attend the out-of-state joint federal/state hearings. It will bring Alaska statutes into conformity with similar F.E.R.C. statutes by allowing the use of hearing officers (sometimes referred to as administrative law judges) and by allowing concurrent hearings and analyses to be conducted without an increase in commission size. It also reduces the risk of substantial delays in a proceeding due to the illness of a commissioner or for other circumstances resulting in non-attendance at a proceeding.

SECTION 2 allows a shipper in a pipeline to receive a retro-active refund if the tariff rate that the shipper has paid is subsequently deemed, by either regulatory or judicial review, to have been excessive and it allows a further retro-active payment to a pipeline carrier if, after regulatory or judicial review, a rate increase is appropriate.

The change is precipitated by the lengthy multi-phase TAPS case where there is substantial probability that a material adjustment to a rate established at the conclusion of a single phase will result. The change allows refunds to a shipper in conformance with F.E.R.C. regulations. The change to allow refunds (increased payments) to a carrier is not common to pipeline law but is in conformity to the recently enacted federal Staggers Act for railroad regulation.

SECTION 3 allows the commission the opportunity to recover expenses it has incurred as a result of a proceeding prior to the conclusion of a multi-phase proceeding over several years. It further mandates that a final "settling up" re-allocation will be held at the conclusion of a multi-phase proceeding, if necessary.

# Alaska State Legislature

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## Senate

### Committee on Resources

#### MEMORANDUM

TO: SENATE RESOURCES COMMITTEE MEMBERS

FROM: SENATE RESOURCES COMMITTEE STAFF

RE: ALASKA PIPELINE COMMISSION

DATE: FEBRUARY 24, 1981

-----

Attached is material referred to the Resources Committee by the President of the Senate on the Alaska Pipeline Commission.

The material was prepared by the Budget and Audit Committee.

The Committee has the responsibility to hold hearings on the performance of the Pipeline Commission and decide if the commission should continue after June 30, 1981.

# STATE OF ALASKA

AUDIT DIVISION  
POUCH W—ALASKA OFFICE BUILDING

## THE LEGISLATURE

FINANCE DIVISION  
POUCH WF—STATE CAPITOL


BUDGET AND AUDIT COMMITTEE

JUNEAU, ALASKA 99811

February 17, 1981

FEB 18 1981

To: Senator Jalmar Kerttula  
President of the Senate

From: Senator Arliss Sturgulewski   
Chairperson  
Legislative Budget and Audit Committee

Subject: Forwarding of Sunset Audits with Discussion of  
Legislative Oversight Responsibilities

Enclosed are copies of Sunset Audit Reports on the Alaska Pipeline Commission and a Follow-up Review of the Alcoholic Beverage Control Board. These entities, along with the Board of Welding Examiners are scheduled to terminate June 30, 1981.

The follow-up review of the Board of Welding Examiners is scheduled for final committee release later this month and will be forwarded to you at that time.

The Audit of the Alaska Bar Association, which terminated June 30, 1980 and is in its one year grace period for concluding its affairs, has not been conducted nor can it be until the Supreme Court hands down its administrative ruling on Legislative Audit's ability to access bar records. We expect their decision in the near future.

According to AS 44.66.050 the standing committee of legislative jurisdiction, as provided in Rule 20 of the Uniform Rules of the Legislature, shall hold one or more hearings to receive testimony from the public and other parties that have associated responsibilities or interests. In addition the Committee shall consider Legislative Audit's report, the agency's proposed budget, the agency's program performance report, and any other tools that might assist them in evaluating the conduct and activities of the agency being terminated.

It is important to note that the terminating agency shall have the burden of demonstrating a public need for its continued existence during the public hearings.

The determination of "public need" for continued existence shall take into consideration the following factors set out in AS 44.66.050(c):

(1) The extent to which the board, commission, or program has operated in the public interest.

(2) The extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices which it has adopted, and any other matter, including budgetary, resource, and personnel matters.

(3) The extent to which the board, commission, or agency has recommended statutory changes which are generally of benefit to the public interest.

(4) The extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service which it has provided.

(5) The extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.

(6) The efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the office of the ombudsman have been processed and resolved.

(7) The extent to which a board or commission which regulates entry into an occupation or profession has presented qualified applicants to serve the public.

(8) The extent to which State personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

(9) The extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

The Legislative Audit reports have addressed these issues individually but only to the extent allowed by restricted audit scopes detailed within the reports.

The law further states that the committee of reference shall, not later than the 60th day of the legislative session, submit a report to the presiding officer of each house. The report is to include a summary of findings as to compliance with the "public need" factors enumerated above, together with recommendations as to each of the following:

(1) An identification of the problem or the needs that the programs and activities of the board, commission, or agency are intended to address.

(2) A statement, to the extent practicable, of the objectives of the program of the board, commission, or agency program and its anticipated accomplishments.

(3) An identification of any other programs having similar, conflicting, or duplicate objectives.

(4) An assessment of alternative methods of achieving the purposes of the program.

(5) An assessment of the consequences of eliminating the board, commission, or program and consolidating its activities with another program, or of funding it at a lower level.

(6) A justification for the recommended continuation or extension of the board, commission, or program and an explanation of the manner in which it avoids duplication of or conflict with other efforts.

(7) Any other information which, in the opinion of the committee, would improve the performance of the board, commission, or agency with respect to its representation of and responsiveness to the public interest.

The committee of reference may introduce a bill providing for the reorganization or continuation of the agency being terminated as stipulated in AS 44.66.050(e).



Official Business

# Alaska State Legislature

Senate

Office of the Secretary

February 23, 1981

Pouch V  
State Capitol  
Juneau, Alaska 99811

MEMORANDUM TO: Senator Fahrenkamp  
Resources Committee

From: *Piggoy* Secretary of the Senate

Subject: Sunset Audits

The President this date referred the following sunset report to your committee for action in accordance with the accompanying letter from the Chairman of the Budget and Audit Committee:

A Performance Review of the Alaska Pipeline Commission  
July 11, 1980

Encls: Report APC  
Letter from B&A

AUDIT DIVISION  
POUCH W—ALASKA OFFICE BUILDING

**THE LEGISLATURE**

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION  
POUCH WF—STATE CAPITOL

JUNEAU, ALASKA 99811

July 11, 1980

Members of the  
Legislative Budget and Audit Committee:

In accordance with the intent of Title 24 and 44 of the  
Alaska Statutes, the attached report is submitted for your  
review:

A PERFORMANCE REVIEW  
OF THE  
ALASKA PIPELINE COMMISSION

July 11, 1980



Gerald L. Wilkerson, CPA  
Legislative Auditor  
Division of Legislative Audit

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## PURPOSE AND SCOPE OF THE REVIEW

### Purpose

In accordance with the provisions of Alaska Statutes 24.20.271(1) and 44.66.050 (sunset legislation), a review of the Alaska Pipeline Commission (hereinafter referred to as APC or the Commission) was conducted to determine whether there is a demonstrated need to continue pipeline regulation in its present form. Also, we reviewed Commission activities to see if the Commission has been operating in an efficient and effective manner.

AS 44.66.010(5) specifies that the Alaska Pipeline Commission will terminate on June 30, 1981, but will continue until June 30 of the following year for the purpose of concluding its affairs. This report shall be considered during the legislative oversight function in determining whether the Commission should be allowed to terminate, be reestablished in its present form, or be reestablished in a modified form.

### Scope

The functions reviewed included commissioner activity, administrative, financial/tariff analysis, engineering, consumer complaints, and records/docketing. Our review consisted of analyzing and evaluating the following:

1. Applicable statutes and regulations.
2. Interviews with the commissioners.
3. Interviews with staff members.
4. Interviews with APC regulated pipeline companies.
5. Interviews with attorneys who practice before the Commission.
6. Observation of a Commission hearing and court proceeding.
7. Interviews with Assistant Attorneys General assigned to APC.
8. Tests of APC records and documents.
9. Test of records and documents of the Office of the Governor on appointments to the APC.
10. A review of major Federal Energy Regulatory Commission decisions affecting the Commission.

11. A review of authoritative texts.
12. A review of complaints filed with the State Ombudsman's office.

## ORGANIZATION AND FUNCTION

The Alaska Pipeline Commission was created through enactment of the Alaska Pipeline Commission Act (AS 42.06) by the 1972 State Legislature. The APC, which became fully operational in 1974, consists of three members appointed by the Governor and confirmed by the Legislature in joint session. The Commissioners are appointed for staggered six-year terms with one member designated by the Governor as chairman for a two-year period.

The Commission is authorized by AS 42.06 to regulate the intrastate transportation of oil or gas by pipeline. Its primary responsibilities are (1) to promote and oversee the development of an oil and gas pipeline transportation system in the State, and (2) to promote and ensure nondiscriminatory, efficient, and economical oil and gas pipeline transportation at reasonable rates.

The Commission carries out these responsibilities through the following functions: (1) issuance of certificates of public convenience and necessity to carriers proposing to engage in the intrastate transportation of oil or gas by pipeline, and (2) investigation and prescription of fair and reasonable rates, classifications, regulations, practices, services and facilities for pipeline carriers. In addition, the Commission has the authority to adopt regulations and to hold formal, quasi-judicial hearings to accomplish these purposes.

At the present time the Commission has a staff of five, consisting of an executive director, two research analysts, an administrative assistant, and a secretary. AS 42.06.120 authorizes the Commission to employ or contract for other services as needed.

## REPORT CONCLUSION

### Policy Issues

This review contains policy issues raised as a result of our evaluation of various Commission practices. The final policy decisions affecting these practices are not within the scope of this review but require legislative consideration. In debating these decisions, the legislative oversight committees should take into consideration the findings and recommendations presented in this report so that the potential impact of policy changes can be evaluated.

### Report Conclusions

In our opinion the intrastate transportation of oil and gas by pipeline carriers should continue to be regulated by the State of Alaska. However, we believe that a separate commission is not necessary to carry out this function. The economic regulation of pipelines provides benefits to the people of the State in the form of: (1) lower fuel costs, since processors of Alaskan oil and gas are able to obtain those resources over pipelines at fair and reasonable transportation rates, and (2) greater revenue to the State, since decreases in tariffs result in increases in wellhead value with corresponding increases in State royalty and tax collections.

In keeping with the intent of sunset legislation, which attributed public disenchantment with State government to a proliferation of that government, we recommend the Alaska Public Utilities Commission, the Alaska Transportation Commission, and the Alaska Pipeline Commission be combined into a single regulatory commission. Our analysis of APC operations and comparison of those operations to the APUC and ATC demonstrated to us that there is currently an insufficient workload to justify a separate commission for the regulation of pipeline transportation. Additionally, having evaluated all three regulatory commissions under AS 44.66.050, we believe economies of operation can be realized by the combination (see Recommendation No. 1).

As a result of the Commission's procedure of relying on pipeline companies to make themselves aware of the APC and voluntarily comply with Commission requirements, one pipeline was already under construction before application was made to the APC for certification to begin that construction. The Commission should develop and implement procedures to ensure compliance with the Commission's statutory certification requirements before pipeline construction is begun (see Recommendation No. 2).

Areas of vagueness and omissions in the statutes and regulations have already hampered, or have potential to hamper, the APC's ability to carry out mandated responsibilities. The regulations need clarification of what constitutes confidential versus public information, who is required to make application to the APC for connection permits, and what format that application should take. Amendment should be made to the statutes and regulations to allow a commissioner who has merely read the testimony in a proceeding to participate in the decision, and to allow the APC to allocate hearing and investigation costs, during, as well as at the completion of, those proceedings (see Recommendation No. 3).

A review of appointments made to the APC by the Office of the Governor since the Commission's initial staffing in 1974 showed that appointments have not been made in a timely manner. We also found several exceptions to AS 42.06.040 requiring six-year terms with appointments to fill vacancies to be made for the balance of the predecessor's term (see Recommendation No. 4).

## FINDINGS AND RECOMMENDATIONS

### Recommendation No. 1

The Alaska Public Utilities Commission, the Alaska Transportation Commission, and the Alaska Pipeline Commission should be combined into a single regulatory commission.

In keeping with the legislative intent of the sunset law which found "... that the substantial increase in the number of State agencies, boards and commissions, and the proliferation of rules and regulations which each has adopted have contributed to a public disenchantment with the operation of State government ..." (Ch. 149, SLA 1977), we have investigated the need for three separate regulatory commissions in the State of Alaska.

In a previous Legislative Audit report, we compared the utility regulatory scheme utilized in Alaska with the schemes utilized in the other forty-nine states. That analysis revealed that Alaska is one of only three states utilizing three separate utility regulatory commissions and employing the second largest number of commissioners. An update of that analysis shows that information to still be correct as demonstrated below:

Regulatory Scheme	States Used By		Commissioners			Employees		
	No.	%	No. On Comm.	No. Of States	%	Hi	Lo	Avg.
One Regulatory Commission	42	84%	1	1	2%	900	17	172
			3	27	64%			
			5	12	29%			
			7	2	5%			
				42	100%			
Two Regulatory Commissions	5	10%	6	4	80%	803	19	235
			7	1	20%			
				5	100%			
Three Regulatory Commissions	3	6%	8	1	33%	771	75*	430
			11*	1	33%			
			12	1	33%			
*Alaska				3	100%			

From: The 1978 Annual Report on Utility and Carrier Regulation of the National Association of Regulatory Utility Commissioners.

Also included in our previous report were the results of a survey questionnaire to utility regulatory commissioners in other states which showed that:

- (a) Twenty-six of the responding thirty-two states (81%) felt the advantages of a single regulatory agency outweigh those of maintaining two or three separate agencies. Some of the advantages noted were: centralization of expertise; cost savings due to economies of scale and elimination of unnecessary duplication; in general a more efficient use of resources; and
- (b) Twenty-eight of the responding states (87%) felt commissioners can realistically develop the expertise to render decisions in fixed, transportation and/or pipeline utility cases.

The Division of Legislative Audit has now completed performance reviews of all three of Alaska's regulatory commissions. Based on the information gathered during the course of those audits, we recommend the following actions to produce a more efficient, cost-effective regulatory system in Alaska. The most efficient manner to effect the transition from three regulatory commissions to a single commission would be a two-phase process.

The first phase would be to combine the Alaska Pipeline Commission with the Alaska Public Utilities Commission. Our performance review of the APC demonstrated to us that there is currently an insufficient workload to justify a separate commission for the regulation of pipeline transportation. Table II shows workload statistics for the three commissions, APC, APUC, and ATC. These statistics have not been adjusted to reflect importance or complexity of docketed matters or individual agencies' operating efficiencies. However we do feel they offer a valid indication of the Commissions' workloads.

TABLE II:	No. of CPCN* Applications <sup>1</sup>	No. of Other Docketed Matters <sup>1</sup>	Hearings <sup>1</sup> No. Days	
APC	0	20	2	45 <sup>2</sup>
APUC	37	311	44	102
ATC	221	340	138	95

1. All information is for calendar year 1979.
2. Includes 42 days of hearings in TAPS proceedings.

\*Certificate of public Convenience and Necessity.

Even though pipelines have traditionally been regulated more as transportation utilities than fixed utilities, it would be more practicable to combine the Alaska Pipeline Commission with the Alaska Public Utilities Commission for the following reasons:

- (1) Pipelines in Alaska, unlike other areas of the country, are natural monopolies as are most fixed public utilities. The heavy fixed costs required for pipeline construction in Alaska, as well as the natural geographic barriers and climactic conditions, have either prohibited or made economically infeasible competition from traditional sources, i.e., other pipeline companies, trucking industry, the shipping industry or railroads.
- (2) The methodology adopted and utilized by the APC to determine fair and reasonable tariffs for pipelines is very similar to the methodology utilized by the APUC in determining rates for fixed utilities. Both commissions utilize a rate of return on rate base methodology, whereas the ATC utilizes an operating ratio methodology for establishing tariffs for transportation utilities. It should also be noted that the methodology used by these two commissions is the methodology used by the Federal Energy Regulatory Commission for regulation of interstate pipeline transportation.
- (3) The experience of the APUC in its Federal/State Communications Commission Joint Board work considering telephone separations methods for Alaska and Hawaii will be valuable in solving an APC problem which will have to be dealt with in the future. To date there has been no agreement between the Federal Energy Regulatory Commission and the APC on a method of allocating expenses between interstate and intrastate pipeline commerce. The problem of telephone toll separations between long-lines and local telephone companies and the problem of pipeline expense separation have obvious similarities that could be best dealt with by agency with experience in these types of negotiations.
- (4) During the last session of the Legislature, action was taken deregulating several areas of the APUC's jurisdiction. As stated in our previous report on the APUC, combining commissions without decreasing the present workload of those commissions would cause serious processing time delays. We believe there has now been sufficient deregulation of APUC's jurisdiction to allow a combining of commissions without harmfully impacting the agencies' operating efficiency.

There was some deregulation of transportation utilities (ferries and buses) during that session, but this action will not have a significant impact on ATC's workload.

Implementation of the first phase of the combining process would best be carried out after the APC has issued its decision on Phase One of the Trans-Alaska Pipeline System (TAPS) hearings, but before Phase Two hearings begin. The Commission estimates the Phase Two hearings will last approximately ten months and will be accompanied by lengthy, complex transcripts. Interruption of this process by a jurisdiction transfer and probable personnel change would, therefore, cause serious delay in completing the TAPS investigation and have possible legal ramifications.

The Second Phase of the process should be the combining of the Alaska Transportation Commission into the combined Public Utilities/Pipeline Commission. Prior to carrying out the Second Phase, a management study should be undertaken to determine the correct staffing levels and organization plan for a combined commission. The following recommendations should be given consideration in establishing a combined commission.

#### Number of Commissioners and Commissioner Qualifications.

The functions of the combined Public Utilities/Pipeline Commission could be carried out by a five-member commission. The present qualifications as stated at AS 42.05.040 should be retained with the two consumer positions changed to specify qualifications which would bring to the Commission the expertise needed for regulation of pipeline, e.g., petroleum engineering or transportation economics. The determination of how many commissioners should serve on the combined Public Utilities/Pipeline/Transportation commission should be made if and when intrastate transportation is substantially deregulated, and the number of commissioners needed would then reflect the extent of that deregulation.

#### Staffing

Until the APC's involvement in the TAPS proceedings is completed, additional financial and research or engineering staff should be retained. When the TAPS proceedings are complete an evaluation of the number of staff members needed should be made based on the estimated workload in pipeline cases at that time.

Consideration should also be given to creating a small, professional staff to work exclusively for the commissioners of the combined commission. When commissioners lack knowledge in areas that come before them in formal proceedings, a natural reaction would be to seek information from in-house staff experts, which creates a potential violation of the ex parte communication prohibition. Physical separation of commissioners and staff should also be considered.

## Budgeting

In addition to creation of a separate staff for commissioners, separate line item appropriations for staff operations and commissioner operations should be established to help ensure staff independence.

## Recommendation No. 2

The Alaska Pipeline Commission should develop and implement procedures to ensure compliance with the Commission's statutory certification requirements.

AS 42.06.240 states that "(a) After January 1, 1974 no pipeline carrier, or person which will be a pipeline carrier upon completion of any proposed construction or extension, shall engage in the transportation of oil or gas by pipeline subject to the jurisdiction of the commission, or undertake the construction or extension of any pipeline facilities for that purpose, or acquire or operate any pipeline facilities or extension, unless there is in force with respect to that pipeline carrier a certificate of public convenience and necessity issued by the commission authorizing those acts or operations." Since 1974, the Commission has received three applications for certificates of public convenience and necessity for new pipeline construction. Of the three, however, one pipeline was already under construction when the application was received.

Certificates of public convenience and necessity are required by statute to ensure companies seeking to provide pipeline transportation services are fit, willing and able to provide the services, to determine routes to be covered and, if the line will be competing with other pipelines, whether that competition is in the public's best interests. When construction is begun before the Commission has reviewed the application, the possibility exists that the Commission will find reason for not granting a certificate and the capital invested will be lost.

To date the Commission has relied on the pipeline companies to make themselves aware of the APC and to voluntarily comply with all Commission requirements. We recommend the Commission take more assertive action to ensure that pipeline companies are aware of the APC and comply with all requirements in a timely manner. Some examples of procedures which could be implemented which would assist the Commission in solving this problem would be to seek listing in the Department of Environmental Conservation's Directory of Permits, and to coordinate efforts with the appropriate State and Federal agencies to be notified when pipeline companies seek right-of-way permits.

### Recommendation No. 3

#### The statutes and regulations governing the Alaska Pipeline Commission should be revised.

We determined through interviews and review of APC records that some statutes and regulations governing the Commission are conflicting, vague, obsolete, and/or inadequate to carry out the APC's mandated responsibilities. Several examples received from the Commissioners and staff are described below:

1. 3AAC 43.020 Privileged Records and Information does not sufficiently define what constitutes confidential versus public information. As a result of the vagueness of this section, some agencies not party to a proceeding before the Commission are attempting to gain access to confidential documents on file at APC for use in a legal proceeding against a pipeline company rather than obtaining the documents from the pipeline company through normal legal channels. The Commission feels that documents resulting from an APC investigation should remain unavailable to the public until the docket is closed.
2. 3AAC 43.060 Application is also in need of clarification and specification as to who is required to make application for connection permits and the format those applications must take. There has been confusion in two cases before the Commission involving connections to existing pipelines. Connections require APC approval and issuance of a permit; yet there is no regulation specifying which of the parties is responsible for making application to the Commission.
3. AS 42.06.180 Formal Hearings and 3AAC 43.145 Commission Decisions both state that "A commissioner who has not heard the testimony, including the argument, may not participate in making a decision of the commission". The impracticality of this section has been demonstrated during the TAPS proceedings which are being held concurrently with the Federal Energy Regulatory Commission hearings in two phases in Washington, D.C. Phase One hearings lasted approximately ten months and Phase Two is expected to be as long. With such lengthy proceedings the possibility increases of a changeover in Commission personnel during a proceeding due to conclusion of appointment term, resignation, illness, or death. Under the current statutes and regulations, new commissioners could not participate in decisions on hearings already completed even though detailed transcripts are available. Amending both the statute and the regulation to read "has not heard or read the testimony" would eliminate this problem. The Commission has unsuccessfully sought amendment to this section in the past.

4. AS 42.06.610 Expenses of Investigation or Hearing allows the Commission to allocate hearing and investigation costs to the parties upon completion of the hearing or investigation. Commission hearings and investigations are normally completed in a short period of time. However, the TAPS proceedings, which have consumed the majority of the Commission's time and resources, began in 1977 and will probably continue into 1982. Because of the restriction placed on the APC by the Statutes, none of the funds expended by the State on this proceeding, which to date totals \$1,739,506.22, can be recouped until the proceeding is completed. We recommend AS 42.06.610 be amended to allow the APC to allocate hearing and investigation costs during, as well as at the completion of, those proceedings. The Commission unsuccessfully sought amendment to this Section through HB659 during the last legislative session.

Recommendation No. 4

The Office of the Governor should keep appointments of members of the Alaska Pipeline Commission current, and all appointments should be made in conformance with AS 42.06.040.

During our review of the Alaska Pipeline Commission appointments from April 25, 1974 (the first appointments to the Commission) to June 30, 1980, we noted the following exceptions. The Alaska Pipeline Commission was allowed to operate without a three-member complement as established by AS 42.06.030 during the following periods:

1. December 10, 1974 through October 14, 1975: one vacancy for 308 days.
2. June 7, 1976 through July 7, 1976: one vacancy for 30 days.
3. March 1, 1977 through January 25, 1978: one vacancy for 304 days, two vacancies for 25 days. Total time period 329 days.
4. April 25, 1978 through December 19, 1978: one vacancy for 238 days.
5. April 4, 1980 through June 30, 1980: one vacancy for 87 days. This time period does not include the three months this commissioner was on leave-without-pay status prior to resigning the Commission.

We also determined that several appointments have not been made in conformance with AS 42.06.040 which requires that "(a) The members of the commission shall be appointed for terms of six years ..." and "(b)...an appointee to fill a vacancy shall hold office for the balance of the term for which his predecessor on the commission was appointed."

We recommend the Office of the Governor keep all appointments to the Commission current and that all appointments be made in conformance with AS 42.06.040.

## ANALYSIS OF PUBLIC NEED

### Limited Analysis

The following analyses of Commission activities relate to the public need factors defined in AS 44.66.050. These analyses are not intended to be all inclusive, but address those areas we were able to cover within the scope of our review.

- I. The extent to which the board, commission or program has operated in the public interest.

The Commission has fulfilled the legislative intent and statutory mandate of the Alaska Pipeline Commission Act by developing procedures and adopting economic methodology which has allowed them to adequately analyze pipeline companies seeking certification, to set just and reasonable oil and gas pipeline tariffs, and to perform these duties in an efficient manner. However, there is currently an insufficient workload in pipeline cases to economically justify a separate commission to carry out these duties (see Recommendation No. 1).

- II. The extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices which it has adopted, and any other matter, including budgetary, resource and personnel matters.

The operation of the Alaska Pipeline Commission has been impeded by current statutes, regulations and budgeting procedures (see Recommendation No. 3).

- III. The extent to which the board, commission or agency has recommended statutory changes which are generally of benefit to the public interest.

The Commission has recommended two statutory changes which we believe would be of benefit to the public interest if implemented (see Recommendation No. 3).

- IV. The extent to which the board, commission or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service which it has provided.

The Commission has promulgated only one new regulation since 1977. The regulation was properly noticed to the public and a public hearing held in conformance with the Administrative Procedures Act.

- V. The extent to which the board, commission or agency has encouraged public participation in the making of its regulations and decisions.

All formal proceedings are properly and timely noticed and open to the public. Additionally, any interested person or party may intervene in a formal Commission proceeding if their intervention will be conducive to the ends of justice and will not unduly delay the conduct of such a proceeding.

- VI. The efficiency with which public inquiries or complaints regarding activities of the board, commission or agency filed with it, with the department to which a board or commission is administratively assigned, or with the Office of the Ombudsman have been processed and resolved.

Telephone interviews with representatives of the regulated industry and a judgmental sample of attorneys practicing before the Commission revealed that both groups feel Commission staff has responded to inquiries in a prompt, professional manner. No complaints have been filed on the APC with the Office of the Ombudsman in the last two years.

- VII. The extent to which a board or commission which regulates entry into an occupation or profession has presented qualified applicants to serve the public.

All pipeline companies seeking to construct and operate a pipeline for intrastate oil or gas transportation must first receive a certificate of public convenience and necessity. However, because of present Commission procedure, one of the three applications received by the Commission since its inception was received after construction of the pipeline had begun (see Recommendation No. 2).

- VIII. The extent to which State personnel practices, including affirmative action requirements, have been complied with by the board, commission or agency to its own activities and the area of activity or interest.

We found no evidence of hiring practices or Commission appointments that are contrary to the State personnel practices.

- IX. The extent to which statutory, regulatory, budgeting or other changes are necessary to enable the agency, board or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

Please refer to the previous section, Findings and Recommendations.

**DEPARTMENT OF COMMERCE &  
ECONOMIC DEVELOPMENT**

ALASKA PIPELINE COMMISSION

338 DENALI ST./12TH FLOOR  
ANCHORAGE 99501  
(907) 279-0583

September 23, 1980

Gerald L. Wilkerson  
Legislative Auditor  
Division of Legislative Audit  
Budget and Audit Committee  
Pouch W - Alaska Office Building  
Juneau, AK 99811

**RECEIVED**

**SEP 25 1980**

**LEGISLATIVE  
AUDIT**

Dear Mr. Wilkerson:

The Alaska Pipeline Commission has reviewed the Budget & Audit Committee's preliminary audit report on the performance of the Alaska Pipeline Commission. Enclosed is the Commission's written response to this report.

As we discussed earlier, the Commission has found the review process informative and helpful. The legislative review process provides the opportunity to bring problem areas to the attention of the Legislature.

Thank you for this opportunity to respond to the recommendations made by the Budget & Audit Committee.

Sincerely,

*Cheri C. Jacobus*

Cheri C. Jacobus  
Chairman

Enclosure

cc: Pete Jeans, Deputy Commissioner  
Department of Commerce  
Juneau, AK

State Internal Auditor  
Juneau, AK

Written Response to the Budget & Audit Committee  
Performance Review of the Alaska Pipeline Commission  
Dated July 11, 1980.

Recommendation No. 1

The Alaska Public Utilities Commission, the Alaska Transportation Commission and the Alaska Pipeline Commission should be combined into a single regulatory commission.

The Commission agrees that intrastate transportation of oil and gas by pipeline carrier should continue to be regulated by the State of Alaska. The Pipeline Commission has a narrow but critical mandate regarding the oil and gas industry. Pipeline regulation and setting tariff rates directly affect state revenues, because transportation costs are subtracted from the market price and thereby change the royalties accruing to the State. An increase in tariff rates decreases wellhead values, which decreases royalties. More important, the Commission also determines whether the State's citizens have access to oil and gas transported by pipeline in the State. Therefore, in reorganizing the various agencies for any consolidation, the Legislature must be careful to preserve the Pipeline Commission's authority.

The Commission believes that the idea of a combined regulatory commission is a good one. Simply merging the three agencies, however, will not benefit the citizens of Alaska or generate efficiency. One regulatory commission with the combined responsibilities of the three present regulatory commissions cannot function properly unless the Legislature continues to deregulate aspects of the various regulated industries. It is the Pipeline Commission's position that deregulation can only occur after thoroughly reviewing and prioritizing the duties of each agency.

The Commission disagrees that the functions of this Commission should simply be assigned to the Alaska Public Utilities Commission. With merger, the Commission is very concerned that pipeline regulation will be overlooked, because utility commission decisions directly affect a large number of consumers and create huge case loads. Sheer case load alone, however, does not measure an agency's effect. The dollar savings to the Alaska citizen and to the royalty payment that reasonable tariff rates established by the Pipeline Commission create more accurately reflect this Commission's effect. The Legislature should take this opportunity, instead, to create a new reorganized regulatory commission which focuses on developing and regulating energy resources within the State of Alaska. To successfully accomplish this goal, this regulatory body could not effectively regulate all the industries presently regulated by the Alaska Transportation

Commission, the Alaska Public Utilities Commission and the Alaska Pipeline Commission. Before any new regulatory body is created, industries should be deregulated in accordance with the earlier reports issued by the Legislative Budget & Audit Committee which reviewed the Alaska Transportation Commission and the Alaska Public Utilities Commission. The Legislature should carefully evaluate the necessity for regulating these industries and should consider whether the industry develops naturally as a monopoly or whether the monopoly is artificially created. Pipelines in Alaska and, in particular, the Trans-Alaska Pipeline System (TAPS) have developed as natural monopolies. The vastness of this State and the distant locations of its natural resources make competitive transportation systems highly unlikely. It is inconceivable that another \$9.8 billion pipeline will ever be built to compete with the TAPS.

The Trans-Alaska Pipeline System Phase I decision has recently been issued. The Commission believes that now is an appropriate time to consider creating a new regulatory body and combining functions, since Phase II of the TAPS rate hearings will not begin until late 1981.

#### Number of Commissioners and Commissioner Qualifications

The Commission basically agrees with the recommendations of the Legislative Budget & Audit Committee that the functions of a new regulatory commission could be carried out by a five-member commission. The Commission also agrees that the statutes should require Commissioner qualifications which would bring to the new commission the expertise needed for regulating oil and gas pipelines. In particular, the Commission recommends including a Commissioner who is a Certified Public Accountant. Complex economic and accounting principles face the regulatory boards and the new commission must have the expertise to handle these decisions.

#### Staffing

If the Legislature should decide to create a new regulatory agency with responsibility for pipeline regulation, the Commission believes that such an agency should have a separate staff devoted solely to pipeline regulation, because pipeline regulation requires expertise in areas that are not required for utility regulation. Initially, that staff should include at least the personnel that are presently on the staff at the Commission.

The Commission also agrees that consideration should be given to creating a small, professional staff to work exclusively for the commissioners of any new regulatory commission. The Commission, in fact, has already adopted that approach and does have one research analyst who works solely for the Commissioners. The Commission has always avoided ex parte communications with its

Commission staff even when there have been outside pressures to engage in ex parte communications. In fact, the Budget & Audit Committee's auditor stated during the exit interview that she had not observed any ex parte communication between the staff and the Commissioners and that she could not criticize the Commission on this point. The Commission has always recommended that there be this separation between Commission and staff and, in fact, these recommendations were passed along to the auditor when she was auditing the Alaska Public Utilities Commission.

### Budgeting

While the concept appears to be good, the Commission believes that separate line item appropriations for staff operations and Commissioner operations are unworkable. The Commission believes this will be inefficient, resulting in duplication of services and manpower. The Commission believes that staff independence can be maintained without changing the budget process. The Commission points out that the Legislature determines what the operating budgets are for the various agencies even though the agencies are independent of the Legislature.

### Recommendation No. 2

The Alaska Pipeline Commission should develop and implement procedures to insure compliance with the Commission's statutory certification requirements.

The Commission agrees that it must insure that pipeline companies are aware of the Alaska Pipeline Commission and that they comply with all Commission requirements in a timely manner. As indicated to the auditor, the Commission has already taken steps to insure this compliance. The Executive Director has contacted the Department of Natural Resources, the Department of Environmental Conservation and appropriate federal agencies, and is now on the mailing list to receive notice of all pending applications. The Commission is now currently listed in the State Directory of Permits. The Executive Director has taken steps to coordinate all efforts with the appropriate state and federal agencies so that the Commission will be notified when pipeline companies seek right-of-way permits or other permits which may affect pipeline placement, environmental or other rate considerations.

### Recommendation No. 3

The statutes and regulations governing the Alaska Pipeline Commission should be revised.

The Commission agrees with all four recommendations made for changes to the statutes and regulations. As the Commission told the auditor, the Commission is currently revising its regulations to address each issue and will continue to pursue amendments to its statutes addressing these problems.

Recommendation No. 4

The Office of the Governor should keep appointments of members of the Alaska Pipeline Commission current, and all appointments should be made in conformance with AS 42.06.040.

The Commission agrees with the audit report and has always urged the Governor's Office to make timely appointments.



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

October 1, 1980

RECEIVED

HAND DELIVERED

Gerald L. Wilkerson, C.P.A.  
Legislative Auditor  
Division of Legislative Audit  
Pouch W  
Juneau, AK 99811

OCT 1 1980  
LEGISLATIVE  
AUDIT

Dear Mr. Wilkerson:


Recommendation No. 1 of the July 11, 1980 Performance Review of the Alaska Pipeline Commission states "the Alaska Public Utilities Commission, the Alaska Transportation Commission and the Alaska Pipeline Commission should be combined into a single regulatory commission." The Office of the Governor has been reviewing the functions and relationship of these three regulatory commissions for some time. There appears to be sufficient justification for further review of the possibility of combining the Alaska Public Utilities Commission and the Alaska Pipeline Commission. The likeness of function and the anticipated decrease in the workload of the Pipeline Commission may warrant a merger. However, the Alaska Transportation Commission's functions and workload preclude a merger at this time. Additionally, the future areas of authority of the ATC are unclear due to continuing deregulation activity by the federal government. In essence, we are considering phase one of your recommendation but are withholding action on phase two pending further review. A decision on the course of action to be taken on the combining of the APUC and the APC will be made prior to the convening of the Twelfth Alaska Legislature.

In order to assure that appointments to boards and commissions are made timely and in accordance with prescribed statutes, an Appointments Secretary position has been established in the Executive Office.

October 1, 1980

As always, we appreciate the thorough, professional work done by the Legislative Auditor and the analysis done by your staff. It will most certainly assist us in determining an appropriate course of action.

Sincerely,

A handwritten signature in cursive script, appearing to read "Rod Mourant". The signature is written in dark ink and is positioned above the typed name.

Rod Mourant, Director  
Administrative Services

*Respects*

**RECEIVED**  
FEB 23 1981

A PERFORMANCE REVIEW  
OF THE  
ALASKA PIPELINE COMMISSION

July 11, 1980

Commissioner, Department of Commerce  
and Economic Development  
Deputy Commissioner, Department of  
Commerce and Economic Development

Charles Webber

Peter Jeans

Members of the  
Alaska Pipeline Commission

Chairman  
Commissioner  
Commissioner

Cheri C. Jacobus  
Harry J. Donahue  
Karen W. Cory

HB

196



A M E N D M E N T

OFFERED IN THE SENATE:

By: Senate Resources

To: \_\_\_\_\_ SENATE BILL No. \_\_\_\_\_

HOUSE BILL No. SB 196

PAGE: 3

LINE: 2

(technical error)

After "climate" delete "ee" and add "related"

# Alaska State Legislature

BETTY Z FAHRENKAMP, CHAIRMAN  
VIC FISCHER, VICE-CHAIRMAN  
BRAD BRADLEY  
DICK ELIASON  
DON GILMAN  
DOB MULCAHY  
ARLISS STURGULEWSKI



POUCH V  
STATE CAPITOL  
JUNEAU, ALASKA 99811  
(907) 465-3034  
(907) 465-3035

## Senate

### Committee on Resources

June 8, 1981  
1:30 p.m.

Peltz Room  
211 - Capitol

#### MEMBERS PRESENT

Senator Fahrenkamp  
Senator Fischer  
Senator Bradley  
Senator Eliason  
Senator Mulcahy  
Senator Sturgulewski  
Senator Gilman

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#### Hearing:

SB 588 and HB 350 An Act relating to mineral leasing.

HB 434 An Act relating to pipelines and merging the Alaska Pipeline Commission with the Alaska Public Utilities Commission.

HB 507 An Act relating to the fishermen's mortgage and note program under AS 16.10.650 - 16.10.720.

HB 196 An Act relating to establishment of the Alaska State Climate Center and a State Weather and Climate Program.

SCR 31 Relating to the southeastern Alaska troll fishery.

Staff discussed SB 588 and HB 350.

Phil Holdsworth, Alaska Miners Association, stated that the proposed SCS CSHB 350 (res) is supported by his association.

Senator Sturgulewski put forth the motion to move SCS CSHB 350 (res) with individual recommendation.

Karen Corey, Chairman, Alaska Pipeline Commission, stated that she supports HB 434.

Carolyn Guess, Chairman, Alaska Public Utilities Commission, stated she supports HB 434.

Senator Sturgulewski put forth the motion to correct the

SENATE RESOURCES COMMITTEE

June 8, 1981

Page: 2

typographical errors on page 3, line 2 and page 3, line 20.

Senator Sturgulewski put forth the motion to move the corrected HB 196 with individual recommendations.

Senator Mulcahy stated that CSSB 507 is designed to provide mortgage loans to rural Alaskans.

Senator Mulcahy put forth the motion to move CSSB 507 with individual recommendations.

Senator Eliason requested that SCR 31 be held one day in order to work on the resolve clause.

*Knows  
about bill  
might  
testify*

*Jay Moore  
Jesse Labson*

April 28, 1981

Honorable Jay Kerttula  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Mr. President:

Pending in the House Finance Committee is HB 196, "An Act relating to the establishment of the Alaska State Climate Center and a state weather and climate program."

I am exceedingly concerned that unless this bill moves out of committee and passes the House and Senate that AEIDC will be forced, for lack of funds, to cut back the level of climate information services we have historically offered. For several years we have maintained these services at a minimal level by funding six man months of staff time from our general fund appropriation and otherwise supporting the climatological staff by work on weather and climate applied problem contracts. As indicated in the materials given the committee, both last session and this, we cannot meet informational demands in this manner any longer due to the increase in information requests and the time necessary to keep data summaries current for some 200 weather stations throughout the State. In addition this year the prospect of climate and atmospheric problem contracts appears rather grim, to say the least, so we cannot rely on this source of funds.

As I see it without the passage of HB 196 we will have to do one the following:

- a) Cut staff and have files available to users only two days each week; or
- b) Charge a minimum fee of \$50.00 per information request for any time less than one hour and an additional \$50.00 for each part of further hours in order to defray the costs of personnel services and files maintenance; or
- c) Some combination of a) and b) above; or
- d) Shut down entirely and return the files to the National Weather Service, National Climatic Center, Asheville, North Carolina.

President Kerttula

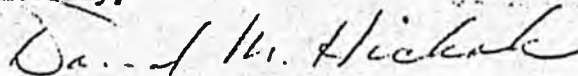
Page 2

April 23, 1981

It seems ludicrous to have to do this at a time when these files (the only historic climate/weather data in Alaska) are being increasingly demanded by contractors, lawyers, police, insurance companies, state agencies, etc. for purposes ranging from hydro project and agricultural developments to school building design and construction and court cases. Nevertheless, something along these lines will have to take place and I cannot accept the responsibility for the impacts and effects such cutbacks will have upon activities throughout the state.

I urge you to please expedite the passage of this legislation.

Sincerely,



David M. Hickok  
Director

DMH/pp

cc: all Alaska Senators  
all Alaska Representatives  
Keith Speckling, Office of the Governor  
President Jay Barton, University of Alaska

114,000



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ENGINEERS  
GEOLOGISTS  
PLANNERS  
SURVEYORS

April 2, 1981

R&M No.150001

Representative Sam Cotton  
Chairman House Finance Comitttee  
Alaska State Legislative  
Pouch V  
Juneau, Alaska 99811

Re: House Bill 196, Funding for State Climatologist

Dear Representative Cotton:

It has been brought to my attention that HB 196 considers funding for the state climatologist. I would like to express the importance of this service to the engineering and scientific community in hopes that the funding will be passed and consideration given to expanding the program

Currently, we are relying quite heavily on this service for the following projects:

- o Susitna Hydroelectric Feasibility Study
- o Kuparuk Development Area, Prudhoe Bay
- o Village of Emmonak, Erosion Control Project
- o Aleutian Villages, HUD Housing Project

The problem that we are faced with in the private sector is that decisions have to be made in the timely and professional manner. A basis for many decisions, is the extent and quality of existing data. Since the climatological data base in Alaska is relatively sparse, convenient access to data for performing analyses in preparation for deriving decisions can be critical. Reliance on the Federal Government (NOAA) has proved to be inefficient and time consuming, simply because their data center exists on the east coast.

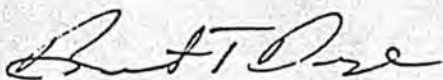
Mr. Jim Wise, State Climatologist, has been responsive to our requests, however it is becoming evident that the demand for this service is growing. Expansion of his department to allow for efficient data dissemination and climatological analyses will definately aid and assist the professional community in developing Alaska.

April 2, 1981  
Mr. Sam Cotton  
Page 2

Your attention to this matter will be greatly appreciated. If I can assist further in clarifying our position, please do not hesitate to call me.

Very truly yours,

R&M CONSULTANTS, INC.



Brent T. Drage, P.E.  
Senior Engineer

BTD/jyz

cc: Jim Wise, AEIDC