

ALASKA LEGISLATURE COMMITTEE FILES 1983 - 1984 86 / 2

2645 SLC SB 281 - SB 286 (FILE 2)

20

RENDED TITLE: CSSB 281(L&C)
AN ACT RELATING TO ENERGY DEVELOPMENT AND CONSERVATION
FUNCTIONS OF THE DEPARTMENT OF COMMERCE AND ECONOMIC
DEVELOPMENT AND THE DEPARTMENT OF COMMUNITY AND REGIONAL
AFFAIRS; AND PROVIDING FOR AN EFFECTIVE DATE

GENERAL DOLLARS: \$0 (F. NOTE)
OTHER DOLLARS: \$0

PRIME SPONSOR: SENATE FINANCE COMMITTEE.

CO-SPONSORS:

CURRENT STATUS: 7/19/83 CHAPTER 0079 SLA 83

| DATE | SEQ | PAGE | LEGISLATIVE ACTION |
|----------|-----|------|--|
| 04/28/83 | 01 | 0831 | FIRST READING -- COMMITTEE REPORTS |
| 05/05/83 | 02 | 0901 | L&C -- CS02, NR01 |
| 05/05/83 | 03 | 0901 | L&C F/NOTE SEN SUPPL #24 |
| 05/12/83 | 04 | 0965 | FIN -- L&C CS03, NR02 |
| 05/17/83 | 05 | 1005 | FIN F/NOTE EQUALS ZERO |
| 06/15/83 | 06 | 1317 | RLS -- NR01, OTHER04 TAKEN UP IMMEDIATELY |
| 06/15/83 | 07 | 1321 | SECOND READING |
| 06/15/83 | 08 | 1321 | L&C CS ADOPTED BY UNAN CONSENT |
| 06/15/83 | 09 | 1321 | ADVANCED TO 3RD READING BY UNAN CONSENT |
| 06/15/83 | 10 | 1321 | THIRD READING |
| 06/15/83 | 11 | 1321 | PASSED BY DIV 15-05-00 |
| 06/15/83 | 12 | 1321 | EFFECTIVE DATE VOTE SAME AS PASSAGE |
| 06/25/83 | 21 | 1519 | TRANSMITTED TO GOVERNOR |
| 07/19/83 | 22 | 1657 | SIGNED BY GOVERNOR-CH0079, EFF 07/20/83 |
| *** | ** | XX | *** ** * |

| DATE | SEQ | PAGE | LEGISLATIVE ACTION |
|----------|-----|------|---|
| 06/16/83 | 13 | 1735 | FIRST READING -- COMMITTEE REPORTS |
| 06/22/83 | 14 | 1870 | L&C -- DP01, NR06 |
| 06/22/83 | 15 | 1902 | MOVED FROM FIN TO RLS BY UNAN CONSENT |
| 06/23/83 | 16 | 1926 | SECOND READING |
| 06/23/83 | 17 | 1926 | ADVANCED TO 3RD READING BY UNAN CONSENT |
| 06/23/83 | 18 | 1926 | THIRD READING |
| 06/23/83 | 19 | 1927 | PASSED BY DIV 33-06-01 |
| 06/23/83 | 20 | 1927 | EFFECTIVE DATE VOTE SAME AS PASSAGE |
| *** | ** | XX | *** ** * |

COMMITTEE REPORT

SENATE

FURTHER: Finance

Date: 5/3/83

Mr. President:

The Committee on Energy & Commerce has had 100-01

Relating to energy development and conservation activities of the Department of Commerce and Economic Development and the Department of Community and Regional Affairs and RFP, etc.

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 100-31 (2-3) same title
 new title
- and recommends to pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Bo... ..
CHAIRMAN

AN ACT RELATING TO ENERGY DEVELOPMENT AND CONSERVATION
FUNCTIONS

Sectional Analysis

This bill would repeal the statutes concerning the division of energy and power development and substitute general powers for the Department of Community and Regional Affairs to implement energy development and conservation programs. The energy audit/grant program would be repealed, and other energy responsibilities reassigned from the Department of Commerce to Community and Regional Affairs. Energy programs remaining in Commerce would be some energy planning (in Finance and Economics) and energy conservation loans (in Business Loans). The transition sections allow for program transfer and phase-out.

Sec. 1. Approval of an energy conservation device for the purpose of a business energy conservation credit is transferred from Commerce to C&RA.

Sec. 2. C&RA is given a general power to implement energy programs.

Sec. 3. The list of state agencies with which utilities shall cooperate in implementing energy conservation, for the purpose of the power cost assistance program, is deleted.

Sec. 4. The Alaska Power Authority, in completing reconnaissance studies, is required to consult with C&RA rather than Commerce.

Sec. 5. The APA, under the Energy Program for Alaska, shall ensure that communities cooperate on energy conservation with C&RA rather than Commerce.

Sec. 6. The residential energy conservation fund is changed from a refund, grant, and loan program to simply a loan fund.

Sec. 7. Thermal and lighting energy standards are adopted by C&RA rather than Commerce.

Sec. 8. The definition of energy audit is amended to delete the state program.

Sec. 9. Thermal and lighting energy standards are defined as those adopted by C&RA rather than Commerce.

Sec. 10. Repealers.

44.33.030-060 are the division of energy statutes.

45.88.500(2)(C) is the part of the definition of an alternative energy system as one approved by Commerce under the division of energy statutes.

45.89.020 is the refunds and grants provision under the energy audit program.

45.89.500(3)(A) is the definition of an energy audit as established by the division of energy for the audit program.

46.11.030 is the energy audit program.

46.11.900(1)(B)(iii) is the portion of the definition of an alternative energy system as one approved by Commerce under the division of energy statutes.

46.12.120(4) is the requirement that the Energy Center consult with the division of energy and other state agencies.

Sec. 11. Transition. Energy programs or projects of the division of energy are transferred to C&RA, and C&RA may delegate supervision to another agency.

Sec. 12. Transition. Those who have received energy audits before July 1, 1983 will have until Jan. 1, 1984 to apply for grants or refunds.

Sec. 13. July 1 effective date.

DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

POUCH D
JUNEAU, ALASKA 99811
PHONE: 465-2500

April 22, 1983

Honorable Albert P. Adams
Representative
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Adams:

This is in response to the query from Representative Jim
Duncan during your Committee's close out of our department's
budget.

If you wish further detail or explanation, please let us know.

Sincerely,

Richard A. Lyon
Commissioner

RAL/saC/24

cc: Bill Sheffield, Governor
House Finance Committee (All Members):
Representative Robert H. Bettisworth (Vice Chairman)
Representative Vernon L. Hurlbert
Representative Sam Pestinger
Representative Ben F. Grussendorf
Representative Terry Martin
Representative Jerry Ward
Representative Joe Flood
Representative John Lindauer
Representative Jim Duncan
Representative Fred F. Zharoff
Senate Finance Committee (All Members):
Senator Don Bennett (Co-Chairman)
Senator John C. Sackett (Co-Chairman)
Senator Frank R. Ferguson
Senator Joe Josephson
Senator Jan Faiks
Senator Vic Fischer
Senator Bob Mucahy
Representative Joe L. Hayes
Senator Jalmar Kerttula

CITATION SEC. 43.20.037.

CATCH LINE

TRADE OR BUSINESS ENERGY CONSERVATION CREDIT.

TEXT

(A) A PERSON ENGAGED IN A TRADE OR BUSINESS IS ALLOWED AS A CREDIT AGAINST THE TAX DUE UNDER THIS CHAPTER 35 PERCENT OF THE COST OF

(1) PURCHASING, CONSTRUCTING, AND INSTALLING AN ALTERNATIVE ENERGY SYSTEM OR AN ENERGY CONSERVATION IMPROVEMENT; AND

(2) THE COST OF LABOR FOR THE INSTALLATION OF AN ALTERNATIVE ENERGY SYSTEM OR AN ENERGY CONSERVATION IMPROVEMENT.

(B) THE CREDIT GRANTED BY (A) OF THIS SECTION IS LIMITED TO \$5,000.

(C) A CREDIT MAY NOT BE CLAIMED FOR AN ALTERNATIVE ENERGY SYSTEM UNDER THIS SECTION UNLESS THE SYSTEM, WHEN INSTALLED, PROVIDES

(1) AT LEAST 30 PERCENT OF THE AVERAGE ANNUAL HOT WATER ENERGY NEEDS OF THE BUILDING OR STRUCTURE IN WHICH IT HAS

AS43.20.037 DOCUMENT= 1 OF 1 PAGE = 2 OF 3
BEEN INSTALLED; OR

(2) AT LEAST 10 PERCENT OF THE AVERAGE ANNUAL THERMAL, ELECTRICAL OR MECHANICAL ENERGY NEEDS OF THE BUILDING OR STRUCTURE IN WHICH IT HAS BEEN INSTALLED.

(D) IN THIS SECTION

(1) "ALTERNATIVE ENERGY SYSTEM"

(A) MEANS A SOURCE OF THERMAL, MECHANICAL OR ELECTRICAL ENERGY WHICH IS NOT DEPENDENT ON OIL OR GAS FOR THE SUPPLY OF ENERGY FOR SPACE HEATING AND COOLING, REFRIGERATION AND COLD STORAGE, ELECTRICAL POWER, MECHANICAL POWER, OR THE HEATING OF WATER;

(B) INCLUDES

(I) AN ALTERNATIVE ENERGY PROPERTY AS DEFINED BY SEC. 48(1)(3)(A) OF THE INTERNAL REVENUE CODE (26 U.S.C. SEC. 48(1)(3)(A));

(II) A METHOD OF ARCHITECTURAL DESIGN AND CONSTRUCTION WHICH PROVIDES FOR THE COLLECTION, STORAGE AND USE OF DIRECT RADIATION FROM THE SUN; AND

(III) ANY OTHER DEVICE APPROVED BY THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT UNDER AS 44.33.040(12);

(2) "ENERGY CONSERVATION IMPROVEMENT" MEANS

(A) STRUCTURAL INSULATION;

(B) THERMAL WINDOWS AND DOORS;

(C) A FURNACE REPLACEMENT BURNER DESIGNED TO ACHIEVE A REDUCTION IN THE AMOUNT OF FUEL CONSUMED AS A RESULT OF INCREASED COMBUSTION EFFICIENCY;

AS43.20.037 DOCUMENT= 1 OF 1 PAGE = 3 OF 3

(D) A DEVICE FOR MODIFYING FLUE OPENINGS DESIGNED TO INCREASE THE EFFICIENCY OF OPERATION OF THE HEATING SYSTEM;

(E) AN ELECTRICAL OR MECHANICAL FURNACE IGNITION SYSTEM WHICH REPLACES A GAS PILOT LIGHT;

(F) AN AUTOMATIC ENERGY-SAVING SETBACK THERMOSTAT;

(G) A METER WHICH DISPLAYS THE COST OF ENERGY USAGE;

(H) CAULKING AND WEATHERSTRIPPING OF DOORS AND WINDOWS;

(I) INSULATING SHADES AND SHUTTERS;

(J) AIR AND WATER RECUPERATORS;

(K) ANY OTHER ENERGY-SAVING DEVICE APPROVED BY THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT UNDER AS 44.33.040(12).

HISTORY (SEC. 9 CM 83 SLA 1980)

0001 - END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

CHAPTER = 44.47
SECTION = 44.47.050
TITLE = 44

HEADINGS TITLE 44.
STATE GOVERNMENT.
CHAPTER 47.
DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS.
ARTICLE 2.
COMMUNITY AND REGIONAL AFFAIRS.

CITATION SEC. 44.47.050.

CATCH LINE

GENERAL POWERS AND DUTIES.

TEXT

THE DEPARTMENT MAY

- (1) ADVISE AND ASSIST LOCAL GOVERNMENTS;
- (2) SERVE AS STAFF FOR THE LOCAL BOUNDARY COMMISSION;
- (3) CONDUCT STUDIES AND CARRY OUT EXPERIMENTAL AND PILOT PROJECTS FOR THE PURPOSE OF DEVELOPING SOLUTIONS TO COMMUNITY AND REGIONAL PROBLEMS;
- (4) PROMOTE COOPERATIVE SOLUTIONS TO PROBLEMS AFFECTING MORE THAN ONE COMMUNITY OR REGION, INCLUDING JOINT SERVICE AGREEMENTS, REGIONAL COMPACTS, AND OTHER FORMS OF COOPERATION;
- (5) SERVE AS A CLEARINGHOUSE FOR INFORMATION USEFUL IN SOLUTION OF COMMUNITY AND REGIONAL PROBLEMS, AND CHANNEL TO THE APPROPRIATE AUTHORITY REQUESTS FOR INFORMATION AND SERVICES;
- (6) ADVISE AND ASSIST COMMUNITY AND REGIONAL GOVERNMENTS ON MATTERS OF FINANCE, INCLUDING BUT NOT LIMITED

TO BOND MARKETING AND PROCUREMENT OF FEDERAL FUNDS;

- (7) PREPARE SUGGESTED GUIDELINES RELATING TO THE CONTENT OF NOTICE OF BOND SALE ADVERTISEMENTS, PROSPECTUSES AND OTHER BONDING MATTERS ISSUED BY LOCAL GOVERNMENTS;
- (8) ADMINISTER STATE FUNDS APPROPRIATED FOR THE BENEFIT OF UNORGANIZED REGIONS WITHIN THE STATE, ALLOWING FOR MAXIMUM PARTICIPATION BY LOCAL ADVISORY COUNCILS AND SIMILAR BODIES;
- (9) CARRY OUT THOSE ADMINISTRATIVE FUNCTIONS IN UNORGANIZED BOROUGHS THAT THE LEGISLATURE MAY PRESCRIBE;
- (10) STUDY EXISTING AND PROPOSED LAWS AND STATE ACTIVITIES THAT AFFECT COMMUNITY AND REGIONAL AFFAIRS AND SUBMIT TO THE GOVERNOR RECOMMENDED CHANGES IN THOSE LAWS AND ACTIVITIES;
- (11) COORDINATE ACTIVITIES OF THE STATE WHICH HAVE IMPACT ON COMMUNITY AND REGIONAL AFFAIRS;
- (12) ASSIST IN THE DEVELOPMENT OF NEW COMMUNITIES AND SERVE AS THE AGENT OF THE STATE FOR PURPOSES OF PARTICIPATION IN FEDERAL PROGRAMS RELATING TO NEW COMMUNITIES;
- (13) SUPERVISE PLANNING, MANAGEMENT, AND OTHER ACTIVITIES REQUIRED FOR LOCAL ELIGIBILITY FOR FINANCIAL AID UNDER THOSE FEDERAL AND STATE PROGRAMS WHICH PROVIDE ASSISTANCE TO COMMUNITY AND REGIONAL GOVERNMENTS;
- (14) ADMINISTER STATE AND, AS APPROPRIATE, FEDERAL PROGRAMS FOR REVENUE SHARING, GRANTS, AND OTHER FORMS OF FINANCIAL ASSISTANCE TO COMMUNITY AND REGIONAL GOVERNMENTS;
- (15) PROVIDE STAFF ASSISTANCE, AS REQUESTED, TO THE RURAL AFFAIRS COMMISSION;
- (16) APPLY FOR, RECEIVE AND USE FUNDS FROM FEDERAL AND

OTHER SOURCES, PUBLIC OR PRIVATE, FOR USE IN CARRYING OUT THE POWERS AND DUTIES OF THE DEPARTMENT;

- (17) REQUEST AND UTILIZE THE RESOURCES OF OTHER AGENCIES OF STATE GOVERNMENT IN CARRYING OUT THE PURPOSES OF THIS CHAPTER TO THE EXTENT SUCH UTILIZATION IS MORE EFFICIENT THAN MAINTAINING DEPARTMENTAL STAFF, REIMBURSING THE OTHER AGENCIES WHEN APPROPRIATE;
- (18) CARRY OUT OTHER FUNCTIONS AND DUTIES, CONSISTENT WITH LAW, NECESSARY OR APPROPRIATE TO ACCOMPLISH THE PURPOSE OF THIS CHAPTER.

HISTORY (SEC. 2 ON 208 SLA 472)

POWER COST ASSISTANCE.

TEXT

(A) THE POWER COST ASSISTANCE FUND IS ESTABLISHED AS A SEPARATE FUND TO PROVIDE FINANCIAL ASSISTANCE TO ELIGIBLE ELECTRIC UTILITIES IN THE STATE. THE FUND SHALL BE ADMINISTERED BY THE AUTHORITY AS A FUND DISTINCT FROM OTHER FUNDS OF THE AUTHORITY. THE FUND IS COMPOSED OF MONEY APPROPRIATED FOR THE PURPOSE OF PROVIDING POWER COST ASSISTANCE TO AN ELIGIBLE ELECTRIC UTILITY.

(B) THE COSTS USED TO CALCULATE THE AMOUNT OF POWER COST ASSISTANCE FOR ALL ELECTRIC UTILITIES ELIGIBLE UNDER THIS SECTION INCLUDE ALL ALLOWABLE COSTS, EXCEPT RETURN ON EQUITY, USED BY THE COMMISSION TO DETERMINE THE REVENUE REQUIREMENT FOR ELECTRIC UTILITIES SUBJECT TO RATE REGULATION UNDER AS 42.05.010 - 42.05.721. THE COSTS USED IN DETERMINING THE POWER COST ASSISTANCE PER KILOWATT-HOUR SHALL EXCLUDE ANY OTHER TYPE OF ASSISTANCE THAT REDUCES THE CUSTOMER'S COSTS OF POWER ON A KILOWATT-HOUR BASIS AND THAT IS PROVIDED TO THE ELECTRIC UTILITY

AS44.83.162 DOCUMENT# 1 OF 1 PAGE # 2 OF 7
WITHIN 60 DAYS BEFORE THE COMMISSION DETERMINES THE POWER COST ASSISTANCE PER KILOWATT-HOUR OF THE ELECTRIC UTILITY.

(C) AN ELIGIBLE ELECTRIC UTILITY IS ENTITLED TO RECEIVE POWER COST ASSISTANCE

(1) FOR SALES OF POWER TO LOCAL COMMUNITY FACILITIES, CALCULATED IN THE AGGREGATE FOR EACH COMMUNITY SERVED BY THE ELECTRIC UTILITY, FOR ACTUAL CONSUMPTION OF NOT MORE THAN 55 KILOWATT-HOURS PER MONTH FOR EACH RESIDENT OF THE COMMUNITY; AND

(2) FOR ACTUAL CONSUMPTION OF NOT MORE THAN 600 KILOWATT-HOURS PER MONTH SOLD TO EACH CUSTOMER IN ALL CLASSES SERVED BY THE ELECTRIC UTILITY EXCEPT TO CUSTOMERS OF THE UTILITY UNDER (1) OF THIS SUBSECTION.

(D) THE AMOUNT OF POWER COST ASSISTANCE PROVIDED PER KILOWATT-HOUR UNDER (C) OF THIS SECTION MAY NOT EXCEED 95 PERCENT OF THE POWER COSTS, OR THE AVERAGE RATE PER ELIGIBLE KILOWATT-HOUR SOLD, WHICHEVER IS LESS, AS DETERMINED BY THE COMMISSION. HOWEVER,

(1) DURING THE FISCAL YEAR ENDING JUNE 30, 1982, THE POWER COSTS FOR WHICH POWER COST ASSISTANCE MAY BE PAID TO AN ELECTRIC UTILITY ARE LIMITED TO MINIMUM POWER COSTS OF MORE THAN 12 CENTS PER KILOWATT-HOUR AND LESS THAN 45 CENTS PER KILOWATT-HOUR;

(2) DURING EACH FOLLOWING FISCAL YEAR, THE POWER COSTS FOR WHICH POWER COST ASSISTANCE MAY BE PAID TO AN ELECTRIC UTILITY ARE LIMITED TO

(A) POWER COSTS THAT ARE GREATER THAN THE MINIMUM POWER COSTS SPECIFIED IN (1) OF THIS SUBSECTION PLUS ONE CENT PER KILOWATT-HOUR FOR THE FISCAL YEAR ENDING JUNE 30, 1983, PLUS ONE CENT PER KILOWATT-HOUR FOR EACH FISCAL YEAR THEREAFTER; AND

(B) POWER COSTS OF LESS THAN 45 CENTS PER KILOWATT-HOUR; AND

(3) THE POWER COST ASSISTANCE PER KILOWATT-HOUR MAY BE DETERMINED USING KILOWATT-HOURS GENERATED FOR UTILITIES WITH NO HISTORICAL KILOWATT-HOUR SALES DATA.

(E) AN ELECTRIC UTILITY WHOSE CUSTOMERS RECEIVE ASSISTANCE UNDER THIS SECTION SHALL SET OUT IN ITS TARIFF THE RATES WITHOUT THE POWER COST ASSISTANCE PROVIDED IN THIS SECTION AND THE AMOUNT OF POWER COST ASSISTANCE PER KILOWATT-HOUR SOLD. THE RATE CHARGED TO THE CUSTOMER SHALL BE THE DIFFERENCE BETWEEN THE TWO AMOUNTS. POWER COST ASSISTANCE PAID UNDER THIS SECTION SHALL BE USED TO REDUCE THE COST OF ALL POWER SOLD TO LOCAL COMMUNITY FACILITIES, IN THE AGGREGATE, TO THE EXTENT OF 55 KILOWATT-HOURS PER MONTH PER RESIDENT OF THE COMMUNITY, AND TO REDUCE THE COST OF THE FIRST 600 KILOWATT-HOURS PER CUSTOMER PER MONTH FOR ALL OTHER CLASSES SERVED BY THE ELECTRIC UTILITY.

(F) THE POWER COST ASSISTANCE PROGRAM SHALL BE ADMINISTERED BY THE AUTHORITY BASED ON A DETERMINATION BY THE COMMISSION UNDER (B) AND (D) OF THIS SECTION OF POWER COST ASSISTANCE PER KILOWATT HOUR FOR EACH ELIGIBLE ELECTRIC UTILITY.

(G) AN ELIGIBLE ELECTRIC UTILITY MAY NOT BE DENIED POWER COST ASSISTANCE BECAUSE COMPLETE COST INFORMATION IS NOT AVAILABLE. AN ELIGIBLE ELECTRIC UTILITY THAT IS EXEMPT FROM RATE REGULATION UNDER AS 42.05.010 - 42.05.721 SHALL BE ELIGIBLE FOR POWER COST ASSISTANCE UNDER THIS SECTION.

CONSIDERS NECESSARY TO COMPLY WITH THE REQUIREMENTS OF THIS SECTION. ONLY POWER COSTS THAT ARE SUPPORTABLE MAY BE CONSIDERED IN CALCULATING POWER COST ASSISTANCE. EACH ELECTRIC UTILITY IS RESPONSIBLE FOR KEEPING RECORDS THAT PROVIDE THE INFORMATION NECESSARY TO COMPLY WITH THE REQUIREMENTS OF THIS SECTION INCLUDING, BUT NOT LIMITED TO, RECORDS OF MONTHLY KILOWATT-HOUR SALES OR GENERATION, MONTHLY FUEL BALANCES, FUEL PURCHASES, AND MONTHLY UTILITY FUEL CONSUMPTION.

(H) FOR EACH ELIGIBLE ELECTRIC UTILITY, THE DETERMINATION OF THE COST OF FUEL BY THE COMMISSION SHALL BE IN ACCORDANCE WITH THE PROCEDURE FOR APPROVING FUEL COST RATE ADJUSTMENTS OF ELECTRIC UTILITIES SUBJECT TO RATE REGULATION UNDER AS 42.05.010 - 42.05.721.

(I) EACH ELECTRIC UTILITY RECEIVING POWER COST ASSISTANCE APPROVED BY THE COMMISSION SHALL

(1) REPORT MONTHLY TO THE AUTHORITY WITHIN THE TIME AND IN THE FORM THE AUTHORITY REQUIRES; AND

(2) USE OPERATIONAL EQUIPMENT DESIGNED TO METER INDIVIDUAL UTILITY CUSTOMER POWER CONSUMPTION AND TO DETERMINE AND RECORD THE UTILITY'S OVERALL FUEL CONSUMPTION.

(J) THE AUTHORITY SHALL REVIEW THE REPORT REQUIRED UNDER (I)(1) OF THIS SECTION AND MAY SUBMIT THE REPORT TO THE COMMISSION FOR ADDITIONAL REVIEW BEFORE PAYMENT. AFTER REVIEW AND APPROVAL OF THE REPORT BY THE AUTHORITY, THE AUTHORITY SHALL, SUBJECT TO APPROPRIATION, PAY TO EACH ELIGIBLE ELECTRIC UTILITY AN AMOUNT EQUAL TO THE POWER COST ASSISTANCE PER KILOWATT-HOUR DETERMINED BY THE COMMISSION UNDER (B) AND (D) OF THIS SECTION, MULTIPLIED BY THE NUMBER OF KILOWATT-HOURS ELIGIBLE FOR POWER

COST ASSISTANCE THAT WERE SOLD DURING THE PRECEDING MONTH TO ALL CUSTOMERS OF THE UTILITY IN ACCORDANCE WITH (C) OF THIS SECTION. PAYMENT SHALL BE MADE BY THE AUTHORITY WITHIN 30 DAYS AFTER RECEIPT FROM THE UTILITY OF THE REPORT REQUIRED UNDER (I) OF THIS SECTION. HOWEVER, IF THERE IS A DISPUTE BETWEEN THE AUTHORITY AND THE UTILITY RELATING TO THE PAYMENT, THE AUTHORITY SHALL SUBMIT THE REPORT TO THE COMMISSION FOR REVIEW WITHIN 30 DAYS AFTER ITS RECEIPT BY THE AUTHORITY. WHEN A REPORT IS SUBMITTED TO THE COMMISSION FOR REVIEW UNDER THIS SECTION, PAYMENT SHALL BE MADE BY THE AUTHORITY WITHIN 30 DAYS AFTER SUBMISSION, BASED ON A COMMISSION DETERMINATION. IF APPROPRIATIONS ARE INSUFFICIENT FOR PAYMENT IN FULL, THE AMOUNT PAID TO EACH ELECTRIC UTILITY IS REDUCED ON A PRO RATA BASIS.

(K) IF AN ELECTRIC UTILITY RECEIVES POWER COST ASSISTANCE UNDER THIS SECTION, THE UTILITY SHALL EITHER

(1) GIVE THE FOLLOWING NOTICE TO ITS ELECTRIC SERVICE CUSTOMERS ELIGIBLE UNDER THIS PROGRAM FOR EACH PERIOD FOR WHICH THE PAYMENT IS RECEIVED: NOTICE TO CUSTOMER FOR THE CURRENT BILLING PERIOD THE UTILITY WILL BE PAID UNDER THE STATE OF ALASKA'S POWER COST ASSISTANCE PROGRAM (AS 44.83.162) TO ASSIST THE UTILITY AND ITS CUSTOMERS IN REDUCING THE HIGH COST OF GENERATION OF ELECTRIC ENERGY.

YOUR TOTAL ELECTRICAL SERVICE COST \$
LESS STATE ASSISTANCE \$
YOUR CHARGE \$, OR

(2) GIVE TO ITS ELECTRIC SERVICE CUSTOMERS A NOTICE APPROVED BY THE AUTHORITY, WHICH NOTICE PROVIDES ELECTRIC SERVICE CUSTOMERS THE SAME INFORMATION PROVIDED BY THE NOTICE

IN (1) OF THIS SUBSECTION.

(1) IN ORDER TO QUALIFY FOR POWER COST ASSISTANCE, EACH ELECTRIC UTILITY MUST MAKE EVERY REASONABLE EFFORT TO MINIMIZE ADMINISTRATIVE, OPERATING, AND OVERHEAD COSTS, INCLUDING USING THE BEST AVAILABLE TECHNOLOGY CONSISTENT WITH SOUND UTILITY MANAGEMENT PRACTICES. IN REVIEWING APPLICATIONS FOR POWER COST ASSISTANCE, THE COMMISSION HAS THE AUTHORITY TO REQUIRE THE ELIMINATION OF DUPLICATIVE OR OTHERWISE UNNECESSARY OPERATING EXPENSES. EACH ELIGIBLE ELECTRIC UTILITY SHALL COOPERATE WITH APPROPRIATE STATE AGENCIES, INCLUDING BUT NOT LIMITED TO THE ALASKA PUBLIC UTILITIES COMMISSION, THE ALASKA POWER AUTHORITY, THE ALASKA ENERGY CENTER, AND THE DIVISION OF ENERGY AND POWER DEVELOPMENT IN THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT, TO IMPLEMENT COST-EFFECTIVE ENERGY CONSERVATION MEASURES, AND TO PLAN FOR AND IMPLEMENT FEASIBLE ALTERNATIVES TO DIESEL GENERATION.

(B) FOR PURPOSES OF (C) OF THIS SECTION, THE NUMBER OF RESIDENTS OF THE COMMUNITY EQUALS THE NUMBER OF RESIDENTS OF THE COMMUNITY DETERMINED BY THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS IN ACCORDANCE WITH AS 29.08.015.

(N) IN THIS SECTION.

(1) "COMMISSION" MEANS THE ALASKA PUBLIC UTILITIES COMMISSION;

(2) "COMMUNITY FACILITY" MEANS A WATER AND SEWER FACILITY, PUBLIC OUTDOOR LIGHTING, CHARITABLE EDUCATIONAL FACILITY, OR COMMUNITY BUILDING WHOSE OPERATIONS ARE NOT PAID FOR BY THE STATE, THE FEDERAL GOVERNMENT, OR PRIVATE

COMMERCIAL INTERESTS;

(3) "ELIGIBLE ELECTRIC UTILITY" OR "ELECTRIC UTILITY" MEANS EACH CORPORATION (WHETHER PUBLIC, COOPERATIVE, OR OTHERWISE), COMPANY, INDIVIDUAL, OR ASSOCIATION OF INDIVIDUALS, THEIR LESSEES, TRUSTEES, OR RECEIVERS APPOINTED BY A COURT, THAT OWNS, OPERATES, MANAGES, OR CONTROLS A PLANT OR SYSTEM FOR THE FURNISHING, BY GENERATION, TRANSMISSION OR DISTRIBUTION, OF ELECTRIC SERVICE TO THE PUBLIC FOR COMPENSATION,

(4) "ENERGY CONSERVATION MEASURES" INCLUDE WEATHERIZATION AND OTHER INSULATING METHODS, UTILIZATION OF WASTE HEAT, APPROPRIATE SIZING OF NEW GENERATING EQUIPMENT, AND OTHER PROGRAMS OF THE STATE OR FEDERAL GOVERNMENT INTENDED AND AVAILABLE FOR THE PURPOSE OF ENERGY CONSERVATION;

(5) "FEASIBLE ENERGY PROJECTS" INCLUDE PROJECTS THAT ARE SELECTED AFTER A FIELD RECONNAISSANCE STUDY UNDER AS 44.03.177 AND AFTER COMPLETION OF A FEASIBILITY STUDY ACCORDING TO THE CRITERIA IN AS 44.03.181 TO DETERMINE COST BENEFIT IN COMPARISON TO EXISTING POWER GENERATING METHODS AND OTHER ALTERNATIVES CONSIDERED IN RECONNAISSANCE STUDIES;

(6) "FUND" MEANS THE POWER COST ASSISTANCE FUND ESTABLISHED UNDER (A) OF THIS SECTION,

(7) "POWER COSTS" MEANS COSTS USED IN DETERMINING THE POWER COST ASSISTANCE IN ACCORDANCE WITH (B) AND (D) OF THIS SECTION.

CITATION SEC. 44.83.177.

CATCH LINE

RECONNAISSANCE STUDY.

TEXT

(A) TO IDENTIFY POWER PROJECT ALTERNATIVES AND ENERGY CONSUMPTION PATTERNS AND NEEDS FOR A COMMUNITY OR REGION, THE AUTHORITY SHALL, AFTER CONSULTATION WITH OTHER STATE AGENCIES AND AFTER REVIEW OF INFORMATION ON ALTERNATIVE SOURCES OF ENERGY, COMPLETE A RECONNAISSANCE STUDY FOR EACH PROPOSED NEW POWER PROJECT OR COMBINATION OF PROJECTS.

(B) A RECONNAISSANCE STUDY SHALL

(1) IDENTIFY THE PRESENT AND ANTICIPATED ELECTRICAL AND THERMAL ENERGY REQUIREMENTS OF A COMMUNITY OR REGION;

(2) SURVEY ALL ELECTRICAL AND THERMAL ENERGY SOURCES AND COMBINATIONS OF SOURCES AVAILABLE TO THE COMMUNITY OR REGION AND EVALUATE THE RELATIVE ECONOMIC MERITS OF ALTERNATIVE SOURCES OF POWER AND HEAT, INCLUDING ENERGY CONSERVATION;

(3) ASSESS THE EFFECT OF DEVELOPMENT OF ALTERNATIVE SOURCES OF POWER AND HEAT ON THE ENVIRONMENT; AND

(4) INCLUDE PUBLIC COMMENT FROM RESIDENTS OF THE COMMUNITY AND ADJACENT AREA.

(C) THE AUTHORITY, IN CONSULTATION WITH THE DIVISION OF

AS44.83.177 DOCUMENT= 1 OF 1 PAGE = 2 OF 2

BUDGET AND MANAGEMENT, SHALL ADOPT REGULATIONS DEFINING

(1) THE METHODS WHICH IT SHALL APPLY TO DETERMINE THAT THE INFORMATION REQUIRED BY (B) OF THIS SECTION IS OBTAINED; AND

(2) STANDARD CRITERIA AND MEASURES FOR COMPARATIVE ANALYSIS OF ALTERNATIVE ENERGY SOURCES.

(D) IN COMPLETING A RECONNAISSANCE STUDY, THE AUTHORITY SHALL CONSULT WITH THE DIVISION OF ENERGY AND POWER DEVELOPMENT IN THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT TO DETERMINE THE INFORMATION THAT EACH MAY REQUIRE FOR ENERGY PLANNING AND THE DEVELOPMENT OF TECHNOLOGY.

HISTORY (SEC. 24 CH 83 SLA 1980; AM SEC. 11 CH 118 SLA 1981; AM SECS. 3 - 5 CH 133 SLA 1982)

RO601 * END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

AS44.83.400 DOCUMENT= 1 OF 1 PAGE = 1 OF 1

CHAPTER = 44.83

SECTION = 44.83.400

TITLE = 44

HEADINGS

TITLE 44.

STATE GOVERNMENT.

CHAPTER 83.

ALASKA POWER AUTHORITY.

ARTICLE 9.

ENERGY PROGRAM FOR ALASKA.

CITATION SEC. 44.83.400.

CATCH LINE

ENERGY CONSERVATION.

TEXT

THE AUTHORITY SHALL ENSURE

(1) THAT COMMUNITIES THAT BENEFIT FROM THE ENERGY PROGRAM FOR ALASKA IMPLEMENT COST-EFFECTIVE ENERGY CONSERVATION MEASURES FOR RESIDENCES, COMMERCIAL AND PUBLIC BUILDINGS, AND INDUSTRIES, AND

(2) THAT COMMUNITIES SHALL FULFILL THEIR RESPONSIBILITIES UNDER (1) OF THIS SECTION BY COOPERATING WITH STATE AGENCIES CONCERNED WITH DEVELOPMENT AND CONSERVATION OF ENERGY, INCLUDING BUT NOT LIMITED TO

(A) THE ALASKA PUBLIC UTILITIES COMMISSION,

(B) THE DIVISION OF ENERGY AND POWER DEVELOPMENT, DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT; AND

(C) THE DIVISION OF BUSINESS LOANS, DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT.

HISTORY (AS 44.83.500; SEC. 1 CH 118 SLA 1981)

RO601 * END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

AQUARIUS - SELECT MODE * ENTER QUERY AFTER THE NUMBER - OR 'EXPLAIN':
00007

AS45.89.010 DOCUMENT= 1 OF 1 PAGE = 1 OF 1
CHAPTER = 45.89
SECTION = 45.89.010
TITLE = 45

HEADINGS TITLE 45.
TRADE AND COMMERCE.
CHAPTER 89.
RESIDENTIAL ENERGY CONSERVATION FUND.

CITATION SEC. 45.89.010.

CATCH LINE

FUND ESTABLISHED.

TEXT THERE IS ESTABLISHED IN THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT THE RESIDENTIAL ENERGY CONSERVATION FUND TO CARRY OUT THE PURPOSES OF THIS CHAPTER. REFUNDS, GRANTS AND LOANS MADE UNDER THIS CHAPTER MAY BE USED TO PURCHASE, CONSTRUCT, AND INSTALL AN ENERGY CONSERVATION IMPROVEMENT IN RESIDENTIAL BUILDINGS. THE FUND MAY BE USED FOR NO OTHER PURPOSE.

HISTORY (SEC. 35 CH 83 SLA 1980)

R0601 * END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

AS46.11.040 DOCUMENT= 1 OF 1 PAGE = 1 OF 2
CHAPTER = 46.11
SECTION = 46.11.040
TITLE = 46

HEADINGS TITLE 46.
WATER, AIR, ENERGY, AND ENVIRONMENTAL CONSERVATION.
CHAPTER 11.
CONSERVATION OF ENERGY AND MATERIALS.

CITATION SEC. 46.11.040.

CATCH LINE

APPLICABILITY OF THERMAL AND LIGHTING ENERGY STANDARDS TO PRIVATE BUILDINGS.

TEXT STATE FINANCIAL ASSISTANCE MAY NOT BE APPROVED OR GRANTED FOR THE CONSTRUCTION OF A NEW RESIDENTIAL OR COMMERCIAL BUILDING IF CONSTRUCTION OF THE BUILDING BEGINS AFTER DECEMBER 31, 1980, UNLESS

- (1) THE BUILDING IS IN COMPLIANCE WITH THERMAL AND LIGHTING ENERGY STANDARDS;
- (2) THE BUILDING IS IN COMPLIANCE WITH THE BUILDING CODE OF A MUNICIPALITY AND THE MUNICIPAL BUILDING CODE MEETS OR EXCEEDS THE THERMAL AND LIGHTING ENERGY STANDARDS;
- (3) THE BUILDING
 - (A) IS CONSTRUCTED UNDER AN EXCEPTION TO THE MUNICIPAL BUILDING CODE GRANTED UNDER A.S. 29.33.090(G);
 - OR
 - (B) IS LOCATED OR IS TO BE LOCATED IN AN AREA WHERE THERMAL AND LIGHTING ENERGY STANDARDS ARE NOT JUSTIFIED BECAUSE OF THE HIGH COST OF IMPLEMENTATION OF THE STANDARDS, AS DETERMINED UNDER REGULATIONS ADOPTED

AS46.11.040 DOCUMENT= 1 OF 1 PAGE = 2 OF 2
BY THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT OR

(4) THE APPLICANT AGREES, IN WRITING, THAT THE BUILDING WILL BE BROUGHT INTO COMPLIANCE WITH THERMAL AND LIGHTING ENERGY STANDARDS WITHIN ONE YEAR OF CONVEYANCE.

HISTORY (SEC. 36 CH 83 SLA 1980)

R0601 * END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

DEFINITIONS.
IN THIS CHAPTER

EXT

(1) "ALTERNATIVE ENERGY SYSTEM"

(A) MEANS A SOURCE OF THERMAL, MECHANICAL OR ELECTRICAL ENERGY WHICH IS NOT DEPENDENT ON OIL OR GAS OR A NUCLEAR FUEL FOR THE SUPPLY OF ENERGY FOR SPACE HEATING AND COOLING, REFRIGERATION AND COLD STORAGE, ELECTRICAL POWER, MECHANICAL POWER, OR THE HEATING OF WATER;

(B) INCLUDES

(I) AN ALTERNATIVE ENERGY PROPERTY AS DEFINED BY SEC. 48(1)(3)(A) OF THE INTERNAL REVENUE CODE (26 U.S.C. SEC. 48(1)(3)(A));

(II) A METHOD OF ARCHITECTURAL DESIGN AND CONSTRUCTION WHICH PROVIDES FOR THE COLLECTION, STORAGE AND USE OF DIRECT RADIATION FROM THE SUN, AND

(III) ANY OTHER DEVICE APPROVED BY THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT UNDER AS 44.33.040(12);

(2) "DEPARTMENT" MEANS THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT;

(3) "ENERGY AUDIT" MEANS A DETERMINATION AND WRITTEN SUMMARY PREPARED UNDER AS 46.11.030 OR SEC. 215(B)(1)(A) OF THE NATIONAL ENERGY CONSERVATION POLICY ACT (42 U.S.C. 8216(B)(1)(A)) OF

(A) THE ENERGY CONSUMPTION CHARACTERISTICS OF A BUILDING, INCLUDING THE SIZE, TYPE, AND RATE OF ENERGY CONSUMPTION OF MAJOR ENERGY CONSUMING SYSTEMS OF THE BUILDING AND THE CLIMATE CHARACTERIZING THE REGION WHERE THE BUILDING IS LOCATED; AND

(B) THE ENERGY CONSERVATION AND COST SAVINGS LIKELY TO RESULT FROM APPROPRIATE ENERGY-CONSERVING MAINTENANCE AND OPERATING PROCEDURES AND MODIFICATIONS, INCLUDING THE PURCHASE AND INSTALLATION OF ENERGY-RELATED FIXTURES; FOR PURPOSES OF THIS SUBPARAGRAPH WHEN A FOSSIL FUEL IS THE ENERGY SOURCE, THE ENERGY COST SAVINGS SHALL BE DETERMINED WITH REFERENCE TO THE PROJECTED PRICE OF THAT FOSSIL FUEL OVER A 10-YEAR PERIOD;

(4) "FINANCIAL INSTITUTION" MEANS A BANK, TRUST COMPANY, SAVINGS BANK, SAVINGS AND LOAN ASSOCIATION, OR CREDIT UNION;

(5) "LIFE-CYCLE COST" MEANS THE TOTAL COST OF OWNING, OPERATING, AND MAINTAINING A BUILDING OVER ITS USEFUL LIFE, INCLUDING ITS ENERGY AND FUEL COSTS, DETERMINED ON A BASIS OF A SYSTEMATIC EVALUATION AND COMPARISON OF ALTERNATIVE

AS46.11.900 DOCUMENT# 1 OF 1 PAGE # 3 OF 3

BUILDING SYSTEMS, EXCEPT THAT IN THE CASE OF LEASED BUILDINGS THE LIFE-CYCLE COST SHALL BE CALCULATED OVER THE EFFECTIVE REMAINING TERM OF THE LEASE;

(6) "NEW BUILDING" MEANS A BUILDING THE CONSTRUCTION OF WHICH BEGINS AFTER DECEMBER 31, 1980;

(7) "PUBLIC BUILDING" MEANS A BUILDING OWNED OR CONTROLLED AND HELD BY THE STATE FOR GOVERNMENT OR PUBLIC USE;

(8) "STATE FINANCIAL ASSISTANCE" MEANS A LOAN, GRANT, GUARANTEE, INSURANCE, PAYMENT, REBATE, SUBSIDY, OR OTHER FORM OF STATE ASSISTANCE (OTHER THAN AID UNDER AS 29.88, AS 29.09, AS 29.90, AS 29.95, AND AS 42.10) INCLUDING THE PURCHASE BY A STATE AGENCY OF A LOAN TO FINANCE THE CONSTRUCTION OF A NEW RESIDENTIAL, COMMERCIAL, OR INDUSTRIAL BUILDING;

(9) "THERMAL AND LIGHTING ENERGY STANDARDS" MEANS THE THERMAL AND LIGHTING ENERGY STANDARDS ESTABLISHED BY THE AMERICAN SOCIETY OF HEATING, REFRIGERATION, AND AIR CONDITIONING ENGINEERS AS REVISED

(A) BY THE COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES UNDER AS 44.42.020(A) FOR PUBLIC FACILITIES, OR

(B) BY THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT UNDER AS 44.33.040(12) FOR BUILDINGS AND STRUCTURES WHICH ARE NOT PUBLIC FACILITIES.

- (10) COOPERATE WITH FEDERAL, STATE, AND LOCAL AGENCIES AND ASSOCIATIONS OR PRIVATE COMPANIES INTERESTED IN THE GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER, OR IN ITS USE, OR IN THE ECONOMIC AND SOCIAL DEVELOPMENT OF THE STATE, INCLUDING THE BUREAU OF RECLAMATION, UNITED STATES ARMY CORPS OF ENGINEERS, RURAL ELECTRIFICATION ADMINISTRATION, ALASKA RURAL ELECTRIC COOPERATIVE ASSOCIATION, ALASKA CHAMBER OF COMMERCE, THE LEAGUE OF ALASKAN CITIES, AND THE ALASKA STATE FEDERATION OF LABOR;
- (11) HOLD HEARINGS THROUGHOUT THE STATE TO DETERMINE PUBLIC NEED IN THE FIELD OF POWER;
- (12) BY REGULATION,
 - (A) ADOPT OR REVISE THERMAL AND LIGHTING ENERGY STANDARDS APPLICABLE TO BUILDINGS AND STRUCTURES, EXCEPT FOR PUBLIC FACILITIES;
 - (B) DETERMINE WHETHER A DEVICE QUALIFIES AS AN ALTERNATIVE ENERGY SYSTEM OR AN ENERGY CONSERVATION IMPROVEMENT;
- (13) DIRECT THE DEVELOPMENT AND USE OF SOLAR ENERGY IN THE STATE;
- (14) PROMOTE THE EFFICIENT USE OF ENERGY RESOURCES;
- (15) ENCOURAGE AND AID LOCAL PROGRAMS WHICH PROMOTE THE EFFICIENT USE OF ENERGY;
- (16) ESTABLISH BY REGULATIONS ADOPTED IN ACCORDANCE WITH THE ADMINISTRATIVE PROCEDURE ACT (AS 44.62), A TRAINING AND CERTIFICATION PROGRAM FOR PERSONS PERFORMING ENERGY AUDITS AS DEFINED IN AS 46.11.900(3);
- (17) FROM MONEY APPROPRIATED BY THE LEGISLATURE,

- (A) MAKE GRANTS TO SCHOOL DISTRICTS AND REGIONAL EDUCATIONAL ATTENDANCE AREAS TO PLAN, DEVELOP AND IMPLEMENT
 - (I) STANDARDS FOR THE DESIGN, CONSTRUCTION AND OPERATION OF RURAL EDUCATIONAL FACILITIES;
 - (II) ENERGY CONSERVATION MEASURES FOR RURAL EDUCATIONAL FACILITIES;
- (B) MAKE GRANTS TO MATCH GRANTS MADE BY THE UNITED STATES DEPARTMENT OF ENERGY UNDER THE APPROPRIATE TECHNOLOGY SMALL GRANTS PROGRAM FOR ALASKA AUTHORIZED BY TITLE I OF THE DEPARTMENT OF ENERGY APPROPRIATION AUTHORIZATION ACT OF 1977, P.L. 95-39 (42 U.S.C. 5907A) AND 10 C.F.R. 470.

HISTORY (SEC. 3 CH 135 SLA 1960; AM SEC. 11 CH 83 SLA 1980)

CITATION SEC. 44.33.050.

CATCH LINE

COOPERATION WITH FEDERAL AND STATE AGENCIES. IN CARRYING OUT ITS DUTIES, THE SECTION SHALL COOPERATE WITH FEDERAL AND STATE AGENCIES RESPONSIBLE FOR THE CONSERVATION, PROPAGATION, AND DEVELOPMENT OF OTHER NATURAL RESOURCES OF THE STATE.

HISTORY (SEC. 3 CH 135 SLA 1960)

CITATION SEC. 44.33.060.

CATCH LINE

REORGANIZATION OF SECTION OF POWER DEVELOPMENT. AS 44.33.030 AND 44.33.040 DO NOT PREVENT THE GOVERNOR OR THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT FROM INTEGRATING THE SECTION OF POWER DEVELOPMENT INTO A DIFFERENT ORGANIZATIONAL PATTERN, OR AUTHORIZE DUPLICATING ENGINEERING, RESEARCH OF SIMILAR ACTIVITIES CONDUCTED BY OTHER DEPARTMENTS OF THE STATE.

HISTORY (SEC. 5 CH 135 SLA 1960, AM SEC. 78 CH 218 SLA 1976)

CITATION SEC. 45.88.500.

CATCH LINE

DEFINITION.

TEXT IN THIS CHAPTER, "ALTERNATIVE ENERGY SYSTEM"

(1) MEANS A SOURCE OF THERMAL, MECHANICAL OR ELECTRICAL ENERGY WHICH IS NOT DEPENDENT ON OIL OR GAS OR A NUCLEAR FUEL FOR THE SUPPLY OF ENER. FOR SPACE HEATIN. AND COOLING, REFRIGERATION AND COLD STORAGE, ELECTRICAL POWER, MECHANICAL POWER, OR THE HEATING OF WATER;

(2) INCLUDES

(A) AN ALTERNATIVE ENERGY PROPERTY AS DEFINED BY SEC. 48(1)(3)(A) OF THE INTERNAL REVENUE CODE (26 U.S.C. SEC. 48(1)(3)(A));

(B) A METHOD OF ARCHITECTURAL DESIGN AND CONSTRUCTION WHICH PROVIDES FOR THE COLLECTION, STORAGE AND USE OF DIRECT RADIATION FROM THE SUN;

(C) ANY OTHER DEVICE APPROVED BY THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT UNDER AS 44.33.040(12); AND

(D) A WOODSTOVE WITH A CATALYTIC CONVERTER OR A CATALYTIC CONVERTER FOR A WOOD STOVE.

AS45.88.500 DOCUMENT= 1 OF 1 PAGE = 2 OF 2

(3) DOES NOT INCLUDE

(A) A WOOD, COAL, OR MULTIFUEL HEATING STOVE; OR

(B) A FIREPLACE OR FIREPLACE INSERT.

HISTORY (SEC. 34 CH 83 SLA 1980; AM SECS. 59, 60 CH 113 SLA 1982)

R0601 * END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

AS45.89.020 DOCUMENT= 1 OF 1 PAGE = 1 OF 2

CHAPTER = 45.89

SECTION = 45.89.020

TITLE = 45

HEADINGS TITLE 45.

TRADE AND COMMERCE.

CHAPTER 89.

RESIDENTIAL ENERGY CONSERVATION FUND.

CITATION SEC. 45.89.020.

CATCH LINE

REFUNDS AND GRANTS.

(A) THE DEPARTMENT MAY MAKE REFUNDS OR GRANTS FOR THE PURCHASE, CONSTRUCTION, AND INSTALLATION OF AN ENERGY CONSERVATION IMPROVEMENT IN A RESIDENTIAL BUILDING IF THE PERSON APPLYING FOR A REFUND OR GRANT DEMONSTRATES, ON THE BASIS OF AN ENERGY AUDIT, THAT THE EXPENDITURES OF THE REFUND OR GRANT FOR THE PURCHASE, CONSTRUCTION OR INSTALLATION OF THE ENERGY CONSERVATION IMPROVEMENT WOULD BE EXCEEDED BY REDUCED ENERGY COSTS ATTRIBUTABLE TO THE PURCHASE, CONSTRUCTION OR INSTALLATION OF THE ENERGY CONSERVATION IMPROVEMENT WITHIN SEVEN YEARS.

(B) A REFUND OR GRANT MADE UNDER THIS SECTION MAY NOT EXCEED

(1) \$300 FOR A SINGLE-FAMILY DWELLING; OR

(2) \$200 FOR EACH UNIT IN A MULTI-UNIT RESIDENTIAL

BUILDING.

(C) THE DEPARTMENT

(1) SHALL ESTABLISH SIMPLE PROCEDURES FOR THE PAYMENT OF A REFUND TO AN APPLICANT WITHIN 30 DAYS OF SUBMISSION TO THE DEPARTMENT OF AN APPLICATION BY THE APPLICANT, IF THE APPLICATION IS SUPPORTED BY RECEIPTS FOR EXPENDITURES WHICH

AS45.89.020 DOCUMENT= 1 OF 1 PAGE = 2 OF 2

COMPLY WITH THE RESULTS OF AN ENERGY AUDIT,

(2) MAY ESTABLISH PROCEDURES FOR THE PAYMENT OF A GRANT TO AN APPLICANT BEFORE THE PURCHASE, CONSTRUCTION OR INSTALLATION OF AN ENERGY CONSERVATION IMPROVEMENT.

HISTORY (SEC. 35 CH 83 SLA 1980)

R0601 * END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

TEXT

DEFINITIONS.
IN THIS CHAPTER

- (1) "COMMISSIONER" MEANS THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT;
- (2) "DEPARTMENT" MEANS THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT;
- (3) "ENERGY AUDIT" MEANS
 - (A) AN ENERGY AUDIT COMPLETED UNDER AS 46.11.030;
 - (B) AN ENERGY AUDIT PERFORMED UNDER SEC. 215(B)(1)(A) OF THE FEDERAL RESIDENTIAL ENERGY CONSERVATION PROGRAM OF THE NATIONAL ENERGY CONSERVATION POLICY ACT (42 U.S.C. 9216(B)(1)(A)); OR
 - (C) AN ENERGY AUDIT COMPLETED BEFORE THE EFFECTIVE DATE OF THIS SECTION WHICH HAS BEEN APPROVED BY THE COMMISSIONER AS AN AUDIT WHICH FAIRLY DEMONSTRATES THE ENERGY CONSUMPTION CHARACTERISTICS OF A RESIDENCE AND WHICH INDICATES LIKELY ENERGY CONSERVATION AND COST SAVINGS MEASURES;
- (4) "ENERGY CONSERVATION IMPROVEMENT" MEANS

- (A) STRUCTURAL INSULATION;
- (B) THERMAL WINDOWS AND DOORS;
- (C) A FURNACE REPLACEMENT BURNER DESIGNED TO ACHIEVE A REDUCTION IN THE AMOUNT OF FUEL CONSUMED AS A RESULT OF INCREASED COMBUSTION EFFICIENCY;
- (D) A DEVICE FOR MODIFYING FLUE OPENINGS DESIGNED TO INCREASE THE EFFICIENCY OF OPERATION OF THE HEATING SYSTEM;
- (E) AN ELECTRICAL OR MECHANICAL FURNACE IGNITION SYSTEM WHICH REPLACES A GAS PILOT LIGHT;
- (F) AN AUTOMATIC ENERGY-SAVING SETBACK THERMOSTAT;
- (G) A METER WHICH DISPLAYS THE COST OF ENERGY USAGE;
- (H) CAULKING AND WEATHERSTRIPPING OF DOORS AND WINDOWS;
- (I) INSULATING SHADES AND SHUTTERS;
- (J) AIR AND WATER RECUPERATORS;
- (K) ANY OTHER ENERGY-SAVING DEVICE APPROVED BY THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT UNDER AS 44.33.040(12).

HISTORY (SEC. 35 CH 83 SLA 1980)

RO601 * END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

FOR ENERGY AUDITS BY A PERSON CERTIFIED UNDER AS 44.33.040(16) TO PERFORM ENERGY AUDITS.

(E) THE DEPARTMENT SHALL MAKE A PAYMENT TO A PERSON WHO PERFORMS AN ENERGY AUDIT FOR A RESIDENCE IN THE STATE. THE AMOUNT OF A PAYMENT UNDER THIS SUBSECTION IS THE LESSER OF

- (1) THE FEE CHARGED FOR THE AUDIT;
- (2) \$75; OR
- (3) AN AMOUNT DETERMINED IN ACCORDANCE WITH THE FOLLOWING SCHEDULE: (A) SINGLE-FAMILY RESIDENCE, \$25; (B) DUPLEX, \$37.50; (C) TRIPLEX, \$43.75; (D) FOUR-PLEX, \$50, AND (E) RESIDENCES HAVING MORE THAN FOUR DWELLING UNITS, \$50 PLUS \$6.50 FOR EACH DWELLING UNIT IN EXCESS OF FOUR, THE SCHEDULE ESTABLISHED BY THIS PARAGRAPH SHALL BE ADJUSTED BY THE DEPARTMENT FOR COST-OF-LIVING DIFFERENCES BETWEEN DIFFERENT AREAS OF THE STATE, USING THE CONSTRUCTION COST INDEX FOR BUILDING CONSTRUCTION PREPARED BY THE DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, AND USING THE MUNICIPALITY OF ANCHORAGE AS A BASE OF 1.00.

HISTORY (SEC. 36 CH 83 SLA 1980; AM SECS. 17, 18 CH 133 SLA 1982)

CITATION SEC. 48.12.120.

CATCH LINE

DUTIES.

TEXT

THE BOARD SHALL

- (1) PROMOTE THE COMMERCIAL DEVELOPMENT AND USE OF MORE EFFICIENT ENERGY TECHNOLOGIES;
- (2) SUBJECT TO THE AVAILABILITY OF MONEY,
 - (A) SPONSOR ENERGY RESEARCH PROJECTS INTENDED TO ACCOMPLISH THE PURPOSES OF THE CENTER,
 - (B) CONDUCT AND SPONSOR APPLIED RESEARCH, DEVELOPMENT, AND DEMONSTRATION PROJECTS OF ENERGY TECHNOLOGIES;
 - (C) PROVIDE FINANCIAL AND OTHER SUPPORT TO INVENTORS AND BUSINESSES ENGAGED IN THE DEVELOPMENT, DEMONSTRATION, AND COMMERCIALIZATION OF ENERGY TECHNOLOGIES;
- (3) MANAGE PROJECTS FOR WHICH FINANCING HAS BEEN APPROPRIATED BY THE LEGISLATURE;
- (4) IN DEVELOPING ITS PROGRAMS, CONSULT WITH THE ALASKA COUNCIL ON SCIENCE AND TECHNOLOGY, THE ALASKA POWER AUTHORITY, THE ALASKA RESOURCES CORPORATION, THE DIVISION OF

AS46.12.120

DOCUMENT= 1 OF 1 PAGE = 2 OF 2
ENERGY AND POWER DEVELOPMENT OF THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT, THE DEPARTMENT OF NATURAL RESOURCES, AND THE UNIVERSITY OF ALASKA; THE BOARD SHALL MEET WITH RESPONSIBLE OFFICIALS AND REPRESENTATIVES OF THESE ORGANIZATIONS AND AGENCIES AT LEAST TWICE EACH YEAR;

- (5) CONSULT WITH OTHER ENERGY RESEARCH AND DEVELOPMENT ORGANIZATIONS.

HISTORY (SEC. 3 CH 140 SLA 1980; AM SEC. 32 CH 142 SLA 1982)

0601 * END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

If you've put off getting an energy audit or applying for a refund, grant, or energy conservation loan under the state's residential energy conservation program, wait no longer.

The Legislature, by the end of April, had taken decisive steps to reorganize the state's involvement in energy conservation and alternative energy-- steps that involved terminating the 3-year-old conservation program.

Both the Senate and House, in putting together their operating budgets for the next fiscal year, chose to eliminate the Division of Energy and Power Development (DEPD) from the Department of Commerce and to create instead a low-income weatherization program in the Department of Community and Regional Affairs (C&RA).

The action, long threatened by rural legislators who believed the DEPD program was unresponsive to rural needs, was agreed upon following several changes by the Sheffield Administration in management and budgeting for the division. Among these were the Administration's own decision to eliminate energy audits from the state program, to cut the division's budget in half while transferring positions to other unrelated programs in the department, and the cancellation of contracts for projects favored by legislators.

Under the legislative plan, about twice as much money will be budgeted for energy conservation than under the Governor's plan. Emphasis, however, will be shifted from a centralized program with a large staff serving many programs and functions to a decentralized

program with a small staff that will concentrate primarily on the direct savings of energy dollars through weatherization of low-income homes. The actual weatherization will be contracted out to communities and non-profits.

The energy audit/grant program, under which a resident is now eligible for a refund or grant of up to \$300 for conservation materials, did not survive the transfer. There appeared to be agreement that, with state revenues shrinking, it made better sense to direct the dollars to those who needed them most. Participation in the program has, in any case, greatly dropped off since the state began requiring residents to pay most of the audit cost.

Other energy programs now managed by DEPD will be deemphasized as well. The many alternative energy projects now under its direction will be transferred to C&RA for completion, but there is no plan for an on-going engineering program.

Education/outreach will be provided for both through existing C&RA offices and the Cooperative Extension Service. Energy planning will remain in Commerce within a new division of finance and economics.

Under SB 281, introduced by the Senate Finance Committee to ease the transfer of the energy programs, those who have had audits before July 1, 1983 would be eligible to apply for a refund/grant until Dec. 31, 1983.

Energy conservation loans for up to \$5000 will still be administered by the Division of Business Loans in the Department of

Commerce. An energy audit is no longer a prerequisite for receiving a loan. However, the 5% interest rate terminates on Dec. 31, 1983, at which time the rate becomes set at the market rate. This "sunset" provision was part of the original legislation in 1980.

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

13:42

4/19/83

* * * * * DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT * * * * *

| SHORT FORM PAGE | BUDGET COMPONENT | FY83 ATH | CONT. | GOVERNOR | GOV.AMD. | SENATE | SENATE - GOV.AMD. COMPARISON | |
|-----------------------|--------------------------------|----------|---------|----------|----------|---------|---------------------------------|---------|
| | PUBLIC PROTECTION | | | | | | | |
| 2 | MEASUREMENT STANDARDS | 2528.7 | 1848.8 | 2520.8 | 2428.4 | 2391.9 | -36.5 | -1.5% |
| | BANKING SECURITIES & CORP | | | | | | | |
| 6 | CORPORATIONS | 369.4 | 397.7 | 397.7 | 397.7 | 384.6 | -13.1 | -3.2% |
| 8 | FINANCIAL INSTITUTIONS | 1088.7 | 1115.1 | 1095.1 | 1095.1 | 1077.4 | -17.7 | -1.5% |
| | *** PROGRAM TOTAL *** | 1458.1 | 1512.8 | 1492.8 | 1492.8 | 1462.0 | -30.8 | -2.0% |
| 12 | INSURANCE DIVISION | 976.8 | 993.3 | 993.3 | 993.3 | 975.3 | -18.0 | -1.7% |
| | OCCUPATIONAL LICENSING | | | | | | | |
| 16 | ADMINISTRATION | 866.0 | 906.5 | 906.5 | 906.5 | 886.3 | -20.2 | -2.1% |
| 18 | LICENSING BOARDS | 190.1 | 205.3 | 205.3 | 205.3 | 193.9 | -11.4 | -5.5% |
| 20 | INVESTIGATIONS | 573.4 | 649.9 | 593.4 | 593.4 | 576.1 | -17.3 | -2.8% |
| | *** PROGRAM TOTAL *** | 1629.5 | 1761.7 | 1705.2 | 1705.2 | 1656.3 | -48.9 | -2.8% |
| 24 | COMMISSIONER/ADMIN SERVICES | 989.5 | 1281.6 | 1257.4 | 1231.9 | 1212.1 | -19.8 | -1.5% |
| | REGULATORY COMMISSIONS | | | | | | | |
| 28 | ALASKA TRANSPORTATION COMM. | 1614.2 | 1648.1 | 1563.4 | 1563.4 | 1010.5 | -552.9 | -35.3% |
| 30 | AK. PUBLIC UTILITIES COMM. | 3065.9 | 3157.5 | 3004.6 | 3004.6 | 3143.1 | 38.5 | 4.5% |
| 32 | REAL ESTATE COMMISSION | 429.4 | 384.6 | 384.6 | 384.6 | 426.6 | 42.0 | 10.8% |
| 34 | OIL & GAS CONSERVATION | 2514.2 | 2585.1 | 2442.3 | 2442.3 | 2341.8 | -100.5 | -4.0% |
| | *** PROGRAM TOTAL *** | 7623.7 | 7775.3 | 7394.9 | 7394.9 | 6922.0 | -472.9 | -6.3% |
| | *** CATEGORY TOTAL *** | 15206.3 | 15173.5 | 15364.4 | 15246.5 | 14619.6 | -626.9 | -4.0% |
| | DEVELOPMENT | | | | | | | |
| | ENERGY DEVELOPMENT | | | | | | | |
| 38 | OFFICE OF OIL & GAS | | | | 192.9 | | -192.9 | -100.0% |
| | ENERGY & POWER DEVELOPMENT | | | | | | | |
| 42 | ENERGY ADMINISTRATION | 849.7 | 795.6 | 787.1 | 470.0 | | -470.0 | -100.0% |
| 44 | CONSERVATION | 2941.7 | 1044.6 | 866.2 | 506.6 | | -506.6 | -100.0% |
| 46 | ENERGY PLANNING | 725.8 | 368.7 | 289.5 | | | | |
| 48 | WEATHERIZATION | 2770.0 | | | | | | |
| 50 | EDUCATION/OUTREACH & FIELD OFF | 761.9 | 661.9 | 641.9 | 398.9 | | -398.9 | -100.0% |
| 52 | ENERGY ENGINEERING | 977.9 | 256.3 | 238.8 | 228.4 | | -228.4 | -100.0% |
| 54 | FEDERAL GRANTS | | | | 428.6 | | -428.6 | -100.0% |
| 56 | CIP DIRECT CHARGE POSITIONS | 616.6 | 310.0 | 310.0 | 335.9 | | -335.9 | -100.0% |
| 58 | CIP OVERHEAD POSITIONS | 270.7 | 244.4 | 244.4 | 243.7 | | -243.7 | -100.0% |
| | *** PROGRAM TOTAL *** | 9914.3 | 3681.5 | 3377.9 | 2612.1 | | -2612.1 | -100.0% |
| | ALASKA POWER AUTHORITY | | | | | | | |
| 62 | ADMIN & POWER COST ASSISTANCE | 10428.1 | 10946.7 | 9296.7 | 9296.7 | 8777.4 | -519.3 | -5.5% |
| 64 | PLANT OPERATION & MAINTENANCE | | | 2247.0 | 2247.0 | 2247.0 | | |
| 66 | CIP POSITIONS | 1955.0 | 1955.0 | 2035.0 | 2035.0 | 1935.0 | -100.0 | -4.8% |
| | *** PROGRAM TOTAL *** | 12383.1 | 12901.7 | 10578.7 | 13578.7 | 12959.4 | -619.3 | -4.5% |
| | ECONOMIC DEVELOPMENT | | | | | | | |
| 70 | ADMINISTRATION | 262.0 | | | | | | |
| 72 | COMMERCIAL FISHERIES DEV. | 1038.8 | 535.4 | 535.4 | 483.4 | 463.0 | -20.4 | -4.1% |

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

09:00

4/27/83

* * * * * DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT * * * * *

| SHORT FORM PAGE | BUDGET COMPONENT | FY83 ATH | CONT. | GOVERNOR | GOV.AMD. | HOUSE | HOUSE - GOV.AMD. COMPARISON |
|-----------------------|---|----------|---------|----------|----------|---------|--------------------------------|
| | PUBLIC PROTECTION | | | | | | |
| 2 | MEASUREMENT STANDARDS | 2528.7 | 1848.8 | 2520.8 | 2428.4 | 2391.9 | -36.5 -1.5% |
| 6 | BANKING SECURITIES & CORP CORPORATIONS | 369.4 | 397.7 | 397.7 | 397.7 | 373.3 | -24.4 -6.0% |
| 8 | FINANCIAL INSTITUTIONS | 1088.7 | 1115.1 | 1095.1 | 1095.1 | 1078.7 | -16.4 -1.5% |
| | *** PROGRAM TOTAL *** | 1458.1 | 1512.8 | 1492.8 | 1492.8 | 1452.0 | -40.8 -2.6% |
| 2 | INSURANCE DIVISION | 976.8 | 993.3 | 993.3 | 993.3 | 975.3 | -18.0 -1.7% |
| | OCCUPATIONAL LICENSING | | | | | | |
| 16 | ADMINISTRATION | 866.0 | 906.5 | 906.5 | 906.5 | 886.3 | -20.2 -2.1% |
| 18 | LICENSING BOARDS | 190.1 | 205.3 | 205.3 | 205.3 | 193.9 | -11.4 -5.5% |
| 20 | INVESTIGATIONS | 573.4 | 649.9 | 593.4 | 593.4 | 578.0 | -15.4 -2.5% |
| | *** PROGRAM TOTAL *** | 1629.5 | 1761.7 | 1705.2 | 1705.2 | 1658.2 | -47.0 -2.7% |
| 24 | COMMISSIONER/ADMIN SERVICES REGULATORY COMMISSIONS | 989.5 | 1281.6 | 1257.4 | 1231.9 | 1212.1 | -19.8 -1.5% |
| 28 | ALASKA TRANSPORTATION COMM. | 1614.2 | 1648.1 | 1563.4 | 1563.4 | 1539.3 | -24.1 -1.5% |
| 30 | AK. PUBLIC UTILITIES COMM. | 3065.9 | 3157.5 | 3004.6 | 3004.6 | 2989.2 | -15.4 -0.5% |
| 32 | REAL ESTATE COMMISSION | 429.4 | 384.6 | 384.6 | 384.6 | 376.6 | -8.0 -2.0% |
| 34 | OIL & GAS CONSERVATION | 2514.2 | 2585.1 | 2442.3 | 2442.3 | 2335.0 | -107.3 -4.3% |
| | *** PROGRAM TOTAL *** | 7623.7 | 7775.3 | 7394.9 | 7394.9 | 7240.1 | -154.8 -2.0% |
| | *** CATEGORY TOTAL *** | 15206.3 | 15173.5 | 15364.4 | 15046.5 | 14929.6 | -316.9 -2.0% |
| | DEVELOPMENT | | | | | | |
| | ENERGY DEVELOPMENT | | | | | | |
| 38 | OFFICE OF OIL & GAS | | | | 192.9 | | -192.9 -100.0% |
| | ENERGY & POWER DEVELOPMENT | | | | | | |
| 42 | ENERGY ADMINISTRATION | 849.7 | 795.6 | 787.1 | 470.0 | | -470.0 -100.0% |
| 44 | CONSERVATION | 2941.7 | 1044.6 | 866.2 | 506.6 | | -506.6 -100.0% |
| 46 | ENERGY PLANNING | 725.8 | 368.7 | 289.5 | | | |
| 48 | WEATHERIZATION | 2770.0 | | | | | |
| 50 | EDUCATION/OUTREACH & FIELD OFF | 761.9 | 661.9 | 641.9 | 398.9 | | -398.9 -100.0% |
| 52 | ENERGY ENGINEERING | 977.9 | 256.3 | 238.8 | 228.4 | | -228.4 -100.0% |
| 54 | FEDERAL GRANTS | | | | 428.6 | | -428.6 -100.0% |
| 56 | CIP DIRECT CHARGE POSITIONS | 616.6 | 310.0 | 310.0 | 335.9 | | -335.9 -100.0% |
| 58 | CIP OVERHEAD POSITIONS | 270.7 | 244.4 | 244.4 | 243.7 | | -243.7 -100.0% |
| | *** PROGRAM TOTAL *** | 9914.3 | 3681.5 | 3377.9 | 2612.1 | | -2612.1 -100.0% |
| | ALASKA POWER AUTHORITY | | | | | | |
| 62 | ADMIN & POWER COST ASSISTANCE | 10428.1 | 10946.7 | 9296.7 | 9296.7 | 9217.3 | -79.4 -0.8% |
| 64 | PLANT OPERATION & MAINTENANCE | | | 2247.0 | 2247.0 | 2247.0 | |
| 66 | CIP POSITIONS | 1955.0 | 1955.0 | 2035.0 | 2035.0 | 1935.0 | -100.0 -4.8% |
| | *** PROGRAM TOTAL *** | 12383.1 | 12901.7 | 13578.7 | 13578.7 | 13399.3 | -179.4 -1.2% |
| | ECONOMIC DEVELOPMENT | | | | | | |
| 70 | ADMINISTRATION | 262.0 | | | | | |
| 72 | COMMERCIAL FISHERIES DEV. | 1038.8 | 535.4 | 535.4 | 483.4 | 463.0 | -20.4 -4.1% |

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

09:00

4/27/83

***** DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT *****

| SHORT FORM PAGE | BUDGET COMPONENT | FY83 ATH | CONT. | GOVERNOR | GOV.AMD. | HOUSE | HOUSE - GOV.AMD. COMPARISON | |
|-----------------------|---------------------------------|----------|---------|----------|----------|---------|--------------------------------|---------|
| 74 | MINERALS DEVELOPMENT | 353.3 | 365.1 | 365.1 | 399.7 | 339.8 | -59.9 | -15.0% |
| 76 | ENTERPRISE | 347.6 | 401.9 | 401.9 | 796.1 | 490.2 | -305.9 | -38.3% |
| 78 | INTERNATIONAL TRADE | 544.7 | 560.2 | 560.2 | 620.0 | | -620.0 | -100.0% |
| 80 | AGRICULTURE & FORESTRY | | | | 417.4 | | -417.4 | -100.0% |
| 82 | AG & FORESTRY CIP OVERHEAD | | | | 175.6 | | -175.6 | -100.0% |
| 84 | FINANCE & ECONOMICS | | | | 799.2 | | -799.2 | -100.0% |
| | *** PROGRAM TOTAL *** | 2546.4 | 1862.6 | 1862.6 | 3691.4 | 1293.0 | -2398.4 | -65.0% |
| | BUSINESS LOANS & VET AFFAIRS | | | | | | | |
| 88 | LOAN FUND ADMINISTRATION | 2938.0 | 2777.6 | 2629.1 | | | | |
| 90 | INVESTMENTS | | | | 1109.1 | 1090.2 | -18.9 | -1.6% |
| 92 | ACCOUNT & COLLECT | | | | 1520.0 | 1428.0 | -92.0 | -6.0% |
| 94 | VETERANS SERVICES | 216.0 | 454.7 | 454.7 | 454.7 | 454.7 | | |
| | *** PROGRAM TOTAL *** | 3154.0 | 3232.3 | 3083.8 | 3083.8 | 2972.9 | -110.9 | -3.5% |
| | BUSINESS LOANS & VET AFFAIRS | | | | | | | |
| 96 | FISH ENHANCEMENT TAX RECEIPTS | 2440.3 | 2440.3 | 2440.3 | 2440.3 | 2440.3 | | |
| 100 | TOURISM DIVISION | 7755.2 | 8026.9 | 7597.6 | 7985.5 | 5000.0 | -2985.5 | -37.3% |
| | DEVELOPMENT BOARDS & COMM | | | | | | | |
| 104 | AK INDUSTRIAL DEVELOPMENT AUTH | 1720.8 | 1740.8 | 1782.7 | 1782.7 | 1717.1 | -65.6 | -3.6% |
| | DEVELOPMENT BOARDS & COMM | | | | | | | |
| 106 | AK SEAFOOD MARKETING INSTITUTE | 6909.4 | 2631.8 | 2000.0 | 2000.0 | 2000.0 | | |
| | DEVELOPMENT BOARDS & COMM | | | | | | | |
| 108 | ALASKA RESOURCES CORPORATION | 1154.0 | 1201.1 | 1316.6 | 1316.6 | 1144.9 | -171.7 | -13.0% |
| | DEVELOPMENT BOARDS & COMM | | | | | | | |
| 110 | ROYALTY OIL & GAS BOARD | 150.0 | 153.9 | 153.9 | | 149.6 | 149.6 | 100.0% |
| | AGRICULTURAL ACTION COUNCIL | | | | | | | |
| 114 | ADMINISTRATION | 417.3 | 321.0 | 335.0 | | 323.6 | 323.6 | 100.0% |
| 116 | CIP OVERHEAD POSITIONS/COSTS | | | | | 175.6 | 175.6 | 100.0% |
| | *** PROGRAM TOTAL *** | 417.3 | 331.0 | 335.0 | | 499.2 | 499.2 | 100.0% |
| 120 | AGENCY UNALLOCATED REDUCTIONS | | | | -647.1 | | 647.1 | -100.0% |
| | *** CATEGORY TOTAL *** | 48544.8 | 38207.9 | 37529.1 | 38036.9 | 30616.3 | -7420.6 | -19.5% |
| | ***** TOTAL AGENCY EXPENDITURES | 63751.1 | 53381.4 | 52893.5 | 53283.4 | 45545.9 | -7737.5 | -14.5% |
| | ***** AGENCY FUNDING | | | | | | | |
| | FED. RECEIPT | 1126.2 | | | 428.6 | | -428.6 | -100.0% |
| | GENERAL FUND | 52865.6 | 44546.6 | 42735.0 | 42495.5 | 36103.5 | -6392.0 | -15.0% |
| | OTHER FUNDS | 9739.3 | 8834.8 | 10158.5 | 10359.3 | 9442.4 | -916.9 | -8.8% |

April 22, 1983

IMPACT OF DEPD DEFUNDING ON STATE ENERGY PROGRAMS

Impact of moving the federal Department of Energy Low-Income programs on July 1, 1983: This action will have far reaching consequences on the current program and the potential low income recipients, especially in rural areas of the State for the following reasons:

1. The State Plan for the federal DOE Weatherization Program currently in effect must be adhered to or the federal DOE could cancel the grant if the State Plan's monitoring and training schedules are not followed as presented. These are quite extensive and require a full time monitor.
2. Contracts are currently in place which will have just begun for both the federal and state funded programs (approximately \$3.2 million in numerous communities statewide). The majority of these contractors are new to the program and are requiring a great deal of technical assistance and training from existing staff.
3. Only 2½ permanent full time positions are to be transferred with all of the low income conservation program funds. Historically, these 2½ permanent full time positions have been dedicated solely to administering the DOE program at a level of approximately \$1.1 million. The size of the current program in existing and anticipated receipts will be as follows during FY84:

| <u>Federal Funds for Low Income Weatherization</u> | | |
|--|-----------------|------------------|
| FY '84 | DOE Grant | \$558.0 |
| FY '84 | H&SS RSA | 350.0 |
| FY '84 | Warner Funds | 795.0 |
| FY '84 | Solar Bank | 350.0 |
| FY '84 | Jobs Bill Funds | 450.0 |
| | | <u>\$2,503.0</u> |

* The Jobs Bill funds have only been identified as being available this week. A plan needs to be developed and submitted to DOE and the grant could be received as early as July 1983.

| <u>State Funds for Low Income Weatherization</u> | |
|--|------------------|
| FY '83 Carry Over | \$2,500.0 |
| (Contracts April - December 1983) | |
| FY '84 Capital Budget | 1,200.0 |
| | <u>\$2,500.0</u> |

A total of \$5.3 million will be in the States low income program in FY 84 to be expended through numerous contracts covering various communities. Only one professional level staff is being provided for administration.

Any functional transfer subjects the program to delay. Regulations, contracts, billings and procedures would all have to be reaccomplished in order to meet the new requirements. The major thrust of this delay will affect rural communities due to the tight time frame which must be followed to meet bar. schedules, etc., in rural areas. Conceivably, a full year's weatherization projects could be lost if this transfer is accomplished as currently planned.

Impact of withdrawal of funding for all other Division of Energy and Power Development functions: This action would have a profound effect, both in terms of activities and service and in receipt of federal funds.

FEDERAL FUNDING

If the State of Alaska withdraws from all federal energy programs currently administered by the Division of Energy and Power Development except for the low income weatherization activities it could affect the State receiving a total of \$2,225,400. This figure is derived from the following programs:

Energy Extension Service - (federally funded education/information program requiring 20% State match)

FY '84 Funding \$307,400.

There is one State funded Energy Specialist II (ESII) to directly administer this project in DEPD '84 Budget.

State Energy Conservation Program (federally funded conservation programs other than weatherization)

FY '84 Funding \$338,000.

There is one State funded ESII to directly administer this program in the DEPD '84 budget.

Appropriate Technology Grant Program (federal funds to monitor existing projects and technology transfer)

Funding now scheduled to lapse 10/83 but high likelihood of extending funds.

FY 84 Funding \$180,000

There is one ESI State funded position to administer in DEPD's '84 budget.

Institutional Building Grant Program (State matched federal program that offers grants to schools, hospitals, and local governments for energy audits, technical assistance and energy improvements.) If the State drops out of this program the current cycle would have to be stopped and any contracts not yet started cancelled. There are 23 federal positions currently administering this program in DEPD FY '84 budget.

FY 84 Funding \$600,000
Grants to be awarded to this cycle 400,000
Contract not started but
previously awarded 300,000

Biomass Technical Assistance \$100,000 (the U.S. DOE has given DEPD notice of intent to fund \$100,000 for a Biomass gasification technical assistance for four projects in FY 84.

The DOE has indicated that an additional \$50,000 could become available for this project thru DEPD.

IT SHOULD BE NOTED THAT ALL OF THE ABOVE FEDERAL PROGRAMS REQUIRE SEPARATE ACCOUNTING, QUARTERLY PROGRAM AND FINANCIAL REPORTING AND MONITORING.

DOE Emergency Energy Information System

Federal DOE Emergency Energy Dialcom (electronic mail system) presently assigned by the U.S. Department of Energy to DEPD could be withdrawn unless transferred to a state energy management agency. This could impact on the states ability to respond and obtain timely information in the event of a national fuel emergency. This system is an important communications link between the states, the National Conference of State Legislatures, the National Governor's Association and the U.S. Department of Energy which provides summaries of energy data and pertinent emergency information on a weekly basis thru DIALCOM. Some forty-two states now participate in the system.

DIVISION FUNCTIONS

The following activities and services currently provided by the division would be lost unless the State continues its support by another agency.

Engineering

The division is administering a number of alternative energy demonstration projects appropriated by the Legislature whose contracts go past 6/30/83. If the division is disbanded and the close out of the projects is not transferred the projects would have to be closed out 6/30/83 no matter the status of the project.

| <u>Project</u> | <u>Close Out Date of Contract</u> |
|--|-----------------------------------|
| Sheldon Point Wind Project Monitoring | 9/30/85 |
| Sheldon Point O & M | 11/1/86 |
| Port Alexander Wind Project | 3/15/84 |
| Wood Gasification Project | 9/30/83 |
| Kenai Methanol Project (energy center) | 12/31/84 |
| Hydro Icing Study (energy center) | 12/31/84 |
| Fairbanks North Star Borough Solar Project (energy center) | 12/31/84 |
| Skaaway Wind Demonstration | 6/30/84 |
| Newhalen Wind Demonstration | 10/30/83 |
| Kotzebue Wind Demonstration | 10/30/84 |
| Ground Source Heat Pump (energy center) | 9/30/83 |
| Dillingham Peat Farm | 6/30/84 |
| Kobuk-Shungnak Single Wire Ground Return | 6/30/84 |
| Lime Village Alternative Demonstration | 8/30/83 |

Project for which contracts not awarded yet

| | |
|-------------------|------------------|
| Stirling Engine | \$200,000 |
| Mary's Igloo | \$ 40,000 |
| Holy Cross Wind * | \$ 38,000 (est.) |

* DEPD is currently taking wind measurements at Holy Cross to see if the project is feasible.

Rural Community Power Development Technical Assistance: The Division has provided technical assistance to many rural communities throughout the state over the years. This is particularly done for small communities involving electric utility systems. In the past few months inspections were performed on systems at St. George, St. Paul, Tuntatuliak and Konoiganak at the request of the respective villages. Galena currently has asked for help in exploring the possible purchase of a commercial electric system. This service will be lost unless transferred to a qualified agency.

Fuel Management Seminars: DEPD has in conjunction with Chevron USA has conducted fuel management seminars for the last four years. This well received program will be lost unless transferred.

Education/Information

The effect of eliminating the State's energy education and information efforts will primarily be the limiting of the public's access to information on available alternative energy sources and effective methods of energy management.

Eliminated if not transferred would be:

Appropriate Energy Newsletters: quarterly update on energy development, conservation and renewable energy with 7,000 circulation.

Southeast and Interior Field Offices: these offices respond to information requests from phone (4,160 annually) and walk-ins (1,500 annually) plus providing other State agencies' technical assistance.

Rural Energy Workshops: For FY 84 the division with federal funds planned to hold weatherization workshops in every community participating in the weatherization program (20 communities) and provide technical assistance to villages receiving electrification grants (30 communities).

Energy Libraries: The division maintains a technical information center in Anchorage and sponsors three traveling energy libraries for rural communities.

Local Energy Resource Centers: The division has established 100 information centers throughout the State to distribute publications and other energy information.

Urban Energy Workshops: In FY 84 the division would sponsor monthly energy workshops through its Anchorage, Fairbanks and Juneau offices. The workshop would have an estimated combined attendance of 1,080.

Publications: The division prepares, prints and distributes a variety of publications on Alaska's energy resources and on effective energy management. Last year the division published a total of 19 publications and distributed over 18,000 copies of them.

In addition the section administers the federally funded State Energy Conservation Programs (SECP) and Energy Extension Service (EES) which supports the above activities.

Energy Conservation: The Division administers a number of energy conservation programs besides the low income weatherization program. Eliminated would be:

Residential Energy Conservation Grants and Refunds: \$750,000 is requested in the Governor's capital budget for grants and refunds. In addition it is estimated that approximately \$4 to 5 million depending on demand for grants and refunds will be carried over from previous fiscal years.

If the division is disbanded, the residential conservation fund is repealed and staff is not retained for close out, residents who have received audits until June 30, 1983 will not have their grants and refunds if they don't receive them before June 30. This could affect in excess of 5,000 homeowners in the communities of Anchorage, Fairbanks, Sitka, Seward, Kodiak, Seldovia, Valdez, Cordova, Juneau, Kenai Peninsula, Mat-Su Borough, Ketchikan, Petersburg and Wrangell.

If everyone eligible would apply for a grant or refund, DEPD would not be able to process all of the application by 6-30-83.

Rural Residential Energy Conservation Grants and Refunds: The division has been sponsoring a special rural audit and grant program. In FY 83 ten communities participated in the program. It is expected that only three will have completed their contracts by June 30, 1983. Communities that could be affected are:

Bethel - 800 residences
Emmonak - 145 residences
Haines - 331 residences
Hooper Bay - 18 residences
Kodiak Island - 220 residences
Menana - 68 residences
Unalakleet - 120 residences

Another aspect which could affect all of the above programs plus the current energy audit program is the fact that no close out personnel will be available. These programs demand several full time persons and the close out work load would be substantial. If no close out personnel are retained, contracts should be terminated no later than May 15, 1983, in order to process all pending billings and reports. A great deal of ill will, will be generated toward the State from various public sectors if this occurs.

Lighting and Thermal Standard: The Legislature has mandated the development of lighting and thermal standards. The division has not completed the development of standards to date. In FY 84 with federal State Energy Conservation Program funds the division intends to complete the drafting of the thermal and lighting standards by June 30, 1984. If this program is not retained or transferred the State would not have such standards.

Residential Conservation Services: This is a federal program whereby the state accepts responsibility to administer the federal mandate that two utilities provide energy audits and additional assistance to their customers. The State plan was submitted last month. Since we will no longer have an energy/conservation program, the administration of this plan will be a considerable burden to administer. The State should withdraw the plan and thus force the utilities to administer the program.

Institutional Buildings Grants Program: (program description mentioned in federal funding section). Besides losing the \$600,000 in federal funding for the program in FY 84 (which would represent 12-15 institutions that would receive grants) the State would be forced to stop the FY 83 cycle, which has just been opened for proposals. This would result in a loss of an additional \$400,000 in federal funds (a potential of grants for 7-8 institutions. In addition, the U.S. Department of Energy would probably cancel the previously awarded contracts on which work has not been started). This would mean a loss of \$300,000 and the cancellation of the following contracts:

- * Fort Yukon School District
- * South West Regional School District
- * Arctic Village School
- * Portage Creek School
- * Levelock School
- * BIA schools taken over by Lower Kuskokwim School District

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
WEATHERIZATION AND ENERGY CONSERVATION

Under Local Government Assistance add a new BRU consisting of three components-- weatherization and energy conservation, CIP direct charge positions, and CIP overhead positions.

Weatherization and Energy Conservation

| | |
|-------------|--------|
| Pers. Serv. | 207.4 |
| Travel | 12.0 |
| Contractual | 2702.9 |
| Commodities | 1.5 |
| Equipment | 1.5 |
| | 2925.3 |

Explanation:

pers. serv.: salaries and benefits

| | |
|------------------------|------|
| 1 Deputy Director | 61.0 |
| 1 Energy Specialist II | 45.8 |
| 1 Acctng Tech I | 31.2 |
| 1 Grants Admin | 44.2 |
| 1 Clerk Typist III | 25.2 |

travel: allows for professional level staff to travel to regional hubs

contractual: estimated costs for rent, telephone, copier, etc. 25.0; funds for weatherization contracts 2702.9

commodities: misc. necessary office supplies

equipment: basic office equipment

CIP Direct Charge Positions

| | |
|-------------|-------|
| Pers. Serv. | 258.0 |
| Travel | 10.7 |
| Contractual | 56.4 |
| Commodities | 4.7 |
| Equipment | 0.5 |
| | 330.3 |

CIP Overhead Positions

| | |
|-------------|-------|
| Pers. Serv. | 171.8 |
| Contractual | 60.6 |
| Commodities | 6.5 |
| Equipment | .3 |
| | 239.2 |

Explanation:

The CIP positions and associated costs are for existing, previously-funded capital projects, specifically the institutional building program, the federal weatherization program, and 14 demonstration projects. The federally-funded positions will continue as long as the federal funds last. The state-funded positions will terminate with the projects at the end of FY 84.

FUNDING SOURCE:

| | |
|-------------------|--------|
| Federal funds | 236.0 |
| General fund | 2689.3 |
| Other funds (CIP) | 569.5 |

POSITIONS

| | |
|--------------|-------|
| Full time | 17.0 |
| Staff months | 204.0 |

S B

286

#1

FISCAL NOTE

Revision Date: _____

REQUEST CSSB 286 (Labor & Commerce) FISCAL DETAIL
 Bill/Resolution No.: 286 Agency Affected: Department of Law
 Title: "motor vehicle warranties." Program Category Affected: Public Protection
 Sponsor: Sen. Ray BRU, Program or Subprogram(s) Affected: Consumer Protection
 Requestor: Sen. Labor & Commerce
 Date of Request: 2/20/84

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 |
|-----------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 SUPPLIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS | | | | | | |
| 800 MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | -0- | -0- | -0- | -0- | -0- | -0- |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|-----|-----|-----|-----|-----|-----|
| GENERAL FUND | -0- | -0- | -0- | -0- | -0- | -0- |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | | | | | |

POSITIONS:

| | | | | | | |
|-----------|-----|-----|-----|-----|-----|-----|
| FULL-TIME | -0- | -0- | -0- | -0- | -0- | -0- |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Richard I. Piques, Director Phone: 465-3672
 Division: Administrative Services Division Date: 2-21-84
 Approved by Commissioner: Norman C. Gorsuch Date: 2-21-84
 Agency: Department of Law

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Fiscal Note 12/1/83

Fiscal Note
Analysis
CSSB 286 (Labor & Commerce)

February 21, 1984

The latest version of SB 286, ^{CSSB}~~SCSB~~ 286 (Labor & Commerce), clarifies and defines the legal warranty rights and responsibilities between owners of new motor vehicles and the vehicle manufacturer, when a new vehicle is seriously defective. Subsection (h) of the bill makes the manufacturer's refusal or failure to fulfill its warranty duties an unfair trade practice under AS 45.50.471. AS 45.50.471, which is enforced by the Consumer Protection Section of the Department of Law, already covers warranties and repairs in a more general manner. The specific legal standards of CSSB 286 should not cause additional fiscal impact on Consumer Protection because CSSB 286 merely gives a better definition and therefore a better enforcement tool in the auto warranty area.

AS 45.50.471 also provides for the vehicle owner's private enforcement lawsuit, so some of CSSB 286's impact will be in the private legal sector.

"Lemon law" measure nears passage

By DEAN FOSDICK
The Associated Press

JUNEAU — A Senate-passed "lemon law" measure that would require manufacturers to issue refunds or replacements for cars under warranty that can't be fixed should make its way to the floor of the House this week, according to Speaker Joe Hayes, who predicted it will pass.

Hayes, R-Anchorage, said Monday the lemon law legislation and his own mandatory insurance bill are "the big two" consumer measures moving through the legislature this session.

The mandatory insurance bill is the product of two conference committees and would make it illegal to drive

in Alaska without liability insurance coverage. The measure was approved earlier this month and has been sent to Gov. Bill Sheffield. The governor is expected to sign the measure into law, press aide Pete Spivey has said.

Meanwhile, House members did some tinkering of their own on the lemon law bill before moving it from the Labor and Commerce Committee to House Rules, where it awaits a date for floor action.

"There's a good chance it'll come up this week," Hayes said. "It's been re-written so it's acceptable to the industry and to most legislators. It also should be welcomed by consumers."

Rep. John Cowdery, R-Anchorage, who chairs the House Labor and Commerce Committee, said the problem with the Senate bill was that manufacturers would have to foot the full purchase price plus finance charges on refunds for problem vehicles.

"Nobody returns finance charges on an exchange like that," Cowdery said. "We also included the replacement option so now you can get a new car or your money back."

Under the Senate version, a new vehicle would be considered a "lemon" if dealers failed to correct a serious defect after three attempts, or if it had spent more than 30 working days during the warranty period undergoing re-

pairs.

The manufacturer then would have to refund the purchase price — with interest and less depreciation.

The House, however, inserted several key changes to make the bill more palatable to that body. Among other things, it:

- added a replacement vehicle to the refund provision;
- deleted finance charges from the purchase price, and
- gave manufacturers an additional 30 days or another chance to make good on repairs before issuing a refund or replacement.

"My feeling is that the bill will go through unamended," Cowdery said. "I think everybody's happy with it."

Senate passes 'lemon law' bill

Associated Press

Juneau — A proposed "lemon law" that would require manufacturers to issue refunds for cars under warranty if they can't be repaired after three tries was sent to the House on Wednesday.

The measure sped through the Senate, 20-0, after Sen. Dick Eliason, R-Sitka and chairman of the Senate Labor and Commerce Committee, said it would "allow Alaskans to recover their loss if they find themselves owning vehicles that can't be fixed.

"This means strong, new protection for consumers . . . when they make the second largest purchase of their lives — the purchase of a new automobile," Eliason said. "This might not be the total vehicle to solve (consumer) problems, but it will certainly get us down the road."

Under the bill, if dealers fail to correct a serious defect in a new vehicle after three attempts, or if a car has spent more than 30 working days during the warranty period undergoing repairs, then it would be considered a "lemon" and the manufacturer would have to refund the purchase price — less depreciation.

A manufacturer or distributor failing to refund the purchase

price of a car when there is a requirement to do so would be "presumed to have committed an unfair trade practice" under the bill, sponsored by Sen. Bill Ray, D-Juneau.

Such a violation means that a consumer could file suit asking for a refund, replacement or triple damages if subject to a willful refusal, said Connie Sipe, an assistant attorney general and chief of the Consumer Protection Section, who has been testifying in support of the bill.

"It could also mean that if manufacturers would start getting into the habit of waiting six months to send refund checks, the attorney general's office could file under the Uniform Trade Practices Act," she said Wednesday from her Anchorage office.

A similar bill was introduced in the House last year by Rep. Mike Miller, D-Juneau, but that was before the dealers were able to organize and begin lobbying for changes in the legislation, Sipe said.

"The bill is similar but has not had the industry compromises worked into it like the Senate bill," she said. "I hope it will make a difference (for passage) in the House."

House Speaker Joe Hayes, R-Anchorage, said "support for the Senate bill looks good." The House probably will act on the Senate measure, Hayes said, instead of dealing with Miller's bill, which has been in the House Labor and Commerce Committee since last March.



OFFICIAL BUSINESS

ALASKA STATE LEGISLATURE - SENATE

COMMITTEE ON LABOR AND COMMERCE

SENATOR RICHARD I. ELIASON
CHAIRMAN

POUCH V • JUNEAU, ALASKA 99811
(907) 465-3844

TO: Senator Dick Eliason
FROM: Sheila Peterson
DATE: May 2, 1984
RE: SB 286 - "Lemon Law"

At your request I have reviewed the Senate passed version of SB 286 and the version of this same legislation that is being seriously considered in the House Labor and Commerce Committee.

SENATE BILL

1. An owner of a "lemon" shall receive the full purchase price less a reasonable allowance for use from the manufacturer.
2. Full purchase price is defined to include "accrued finance charges."
3. An owner shall receive a refund 30 days after notifying the manufacturer of the nonconformity.
4. The manufacturer shall deliver a notice to the original owner on the procedure for making a claim under the "lemon law".
5. A manufacturer shall maintain repair facilities or authorize repairing agents within the state that are able to make

HOUSE BILL

1. An owner of a "lemon" shall have the option to receive a new, comparable vehicle or the full purchase price less a reasonable allowance for use from the manufacturer.
2. Full purchase price is defined NOT to include "accrued finance charges".
3. The owner shall receive a refund/ replacement 60 days after notifying the manufacturer of the nonconformity. Within 30 days after receiving the notice, the manufacturer may make a final attempt to repair the "lemon".
4. Contains no provision regarding an informative notice regarding the "lemon law".
5. A manufacturer who authorizes the sale of motor vehicles shall maintain authorized dealership facilities within the state that are able to make

necessary repairs.

6. A "lemon" may be resold by manufacturer, dealer, or individual designated by the manufacturer if a full disclosure is made.

7. Definition of "repairing agent" includes dealer.

necessary repairs.

6. A "lemon" may be resold by the manufacturer only if a full disclosure is made.

7. "Dealer" is listed as a separate entity and is not included as a "repairing agent".

* * * * *

This comparison is based on the House version which supposedly will pass out of House Labor and Commerce. However, the Committee has considered a version that

(1) allows for a 10 year depreciation method;

(2) allows for another method to define a "lemon". "The nonconformity makes the vehicle unsafe to operate and the nonconformity has been subject to repair at least two times."

POSSIBLE QUESTIONS

- 1) HOW LONG IS A NEW VEHICLE COVERED UNDER THE "LEMON LAW" PROTECTION?

THE "LEMON LAW" COVERS A VEHICLE FOR ONE YEAR OF NEW OWNERSHIP -
SUBSECTION B

HOWEVER, A MANUFACTURER MUST HONOR ALL WARRANTIES - SUBSECTION A

- 2) CAN AN OWNER GET A NEW VEHICLE IN PLACE OF A DEFECTIVE CAR?

NO, THE MANUFACTURER MUST ONLY REFUND THE FULL PURCHASE PRICE MINUS
A REASONABLE ALLOWANCE FOR USE. THE COMMITTEE FELT THE CONSUMER
WOULD PREFER MONEY TO PURCHASE ANOTHER CAR AND RECEIVING CASH MAKES
THE SETTLEMENT MUCH EASIER TO ACHIEVE - SUBSECTION B

- 3) HOW WILL THE CONSUMER KNOW HOW TO CLAIM A REFUND?

THE MANUFACTURER MUST DELIVER SOME TYPE OF EXPLANATION TO ALL NEW
OWNERS OF VEHICLES ABOUT THEIR RIGHTS UNDER THE "LEMON LAW" -
SUBSECTION D

(THE DEALERS WILL PROBABLY HAND OUT A PAMPHLET, BUT THE INFORMATION
COULD BE PLACED IN GLOVE COMPARTMENT ALONG WITH OTHER INFO)

- 4) WHAT IS CONSIDERED A "LEMON"?

A CAR WHICH HAS BEEN IN THE REPAIR SHOP FOR A TOTAL OF 30 OR MORE BUSINESS DAYS DURING THE ONE-YEAR PERIOD OR HAS BEEN SUBJECT TO REPAIR 3 OR MORE TIMES WITHIN ONE YEAR. (MOST STATES LIST " 4 OR MORE", BUT A COUPLE STATES "3 TIMES") - SUBSECTION F

- 5) WILL THE CONSUMER HAVE TO PAY TO GET THE CAR TO A REPAIR SHOP?

YES, IT IS THE RESPONSIBILITY OF THE CONSUMER TO GET THE CAR REPAIRED BY AN AUTHORIZED DEALER/REPAIRING AGENT. BUT IF THE CAR IS DECLARED A LEMON, THE MANUFACTURER MUST COMPENSATE THE OWNER FOR ALL REASONABLE COSTS WHICH THE OWNER INCURRED IN SHIPPING THE VEHICLE BACK AND FORTH - SUBSECTION L

- 6) ONCE A "LEMON" IS RETURNED, CAN THE DEALER RESELL THE VEHICLE?

YES, BUT THE DEALER MUST GIVE A FULL DISCLOSURE OF THE VEHICLE'S HISTORY - SUBSECTION I

- 7) HOW DOES THE CONSUMER GET HIS/HER REFUND FROM THE MANUFACTURER?

THE CONSUMER AFTER NOTIFYING THE MANUFACTURER OF THE BASIC PROBLEM WILL SUBMIT TO AN ARBITRATION PROCESS. THE DECISION RENDERED IS BINDING ON THE MANUFACTURER, BUT NOT ON THE CONSUMER - SUBSECTION M

(IF THE CONSUMER WISHES, THE COURT SYSTEM IS ALWAYS AVAILABLE)

- 8) EXACTLY WHAT TYPE OF VEHICLE IS COVERED BY THE "LEMON LAW"?

A MOTOR VEHICLE IS DEFINED AS LAND VEHICLES WITH FOUR WHEELS "NORMALLY" USED FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES. MOTOR HOMES ARE INCLUDED AS THE CHASSIS IS COVERED BY A WARRANTY - SUBSECTION N (6)

9) WHO DECIDES HOW MUCH THE REFUND WILL BE?

DURING THE ARBITRATION PROCESS, THE PRICE WILL BE SETTLED ON. THE PRICE WILL BE BASED ON THE "FULL PURCHASE PRICE" (ALL FEES PAID, INCLUDING FINANCE CHARGES) MINUS "REASONABLE ALLOWANCE" FOR USE (WON'T BE ANY GREATER THAN 1/7 OF PURCHASE PRICE - SUBSECTION N (4) & N (9))

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF LAW

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

OFFICE OF THE ATTORNEY GENERAL

ALASKA'S "LEMON LAW"
May 23, 1984

For Further Information,
contact Scotty Dawkins
(907)465-3692

FOR IMMEDIATE RELEASE

JUNEAU - Attorney General Norman C. Gorsuch announced today that he was pleased by today's action of the House in passing their Labor and Commerce Committee's version of the "Lemon Law." Gorsuch said, "I was 100% behind this legislation. My staff has been working with both the House and Senate in the development of the bill. I am sure the Senate will concur with this latest version and that Governor Sheffield will quickly sign this bill into law to provide the protection Alaskans deserve from 'lemon' vehicles."

The bill, once signed by the Governor, will provide Alaskan buyers of defective vehicles that are not speedily repaired the option of a refund or replacement vehicle. Gorsuch said, "Alaska's 'Lemon Law' has provisions to protect the buyer, dealer and the manufacturer, and while we lost some of what we were

-more-

after, the legislation is still strongly oriented to protect the consumer."

This legislation, which stirred up intense lobbying efforts by the motor vehicle manufactureres, the automobile dealers and testimony from disgruntled consumers, has been being considered since last year when it was first introduced by Representative Mike Miller of Juneau. Later in last year's session Senator Bill Ray of Juneau introduced a companion bill in the Senate. Several hearings were held, but the bills were never moved from their respective committees.

This year the Senate Labor and Commerce Committee, chaired by Senator Dick Eliason of Sitka, after conducting several hearings where testimony from all sides was taken, introduced a committee substitute. The Senate then voted unanimously in favor of the legislation 20 to 0. The bill then moved over to the House where it was assigned to the House Labor and Commerce Committee, chaired by Representative John Cowdery of Anchorage. Again, after several hearings, a committee substitute was drafted and sent on. The House also voted unanimously in favor-- 37 to 0. It is our understanding that the Senate will concur with this latest version. Once this bill is signed into law, Alaskans will be on equal footing with the manufacturers when dealing with "lemon" vehicles. This was long overdue.

ALASKA'S "LEMON LAW"
Page 3

"My Consumer Protection Section is preparing an informational kit on the 'Lemon Law.' Copies of this kit will be available in late June. Alaskans who wish to receive a kit can do so by calling my Anchorage Consumer Protection Office at (907)279-0428 and requesting a 'Lemon Law' Package."

SECTIONAL ANALYSIS LEMON LAW

Subsection (a)

If a new vehicle does not conform to an express warranty, the manufacturer must make the necessary repairs. No time limitation is mentioned in this section. It merely requires the manufacturers to honor their own express warranty for whatever term they give it (1 to 5 years, or by mileage limits).

Subsection (b)

If the manufacturer is unable to repair a nonconformity vehicle within one year, the manufacturer must accept the return of the car and, at the owner's option, shall refund the full purchase price to the consumer (less a reasonable allowance for use) or shall replace the "lemon" with a new, comparable vehicle.

Subsection (c)

This section clarifies exactly how and when a consumer must give notice to the manufacturer that the consumer believes he or she has a lemon car for which a refund is requested. The owner shall receive a refund/replacement 60 days after notifying the manufacturer of the nonconformity. Within 30 days after receiving the notice, the manufacturer may make a final attempt to repair the "lemon".

Subsection (d)

This section states that an owner may not receive a refund if the manufacturer can show that the nonconformity does not impair the use or value of the vehicle or that the nonconformity is the result of alteration or abuse by the owner or a person other than the repairing agent.

Subsection (e)

A vehicle is considered a "lemon" if the same nonconformity has been subject to repair three or more times within a one-year period or if the vehicle has been in the repair shop for a total of 30 or more business days during the one-year period.

Subsection (f)

A manufacturer must provide its dealers with any part necessary to make repairs of a nonconformity covered under the warranty as soon as possible without additional charge for freight or handling.

Subsection (g)

Under this subsection, a manufacturer who fails to refund the purchase price of a "lemon" is "presumed to have committed" an unfair trade practice. "Presumed to have committed" sets out a legal presumption which the manufacturer can then rebut by showing the courts that the manufacturer had some valid reason (when applicable).

Subsection (h)

This subsection states that when a "lemon" is resold by a manufacturer or distributor, a full disclosure of the reason for the return must be made to the prospective buyer.

Subsection (i)

This bill does not limit the rights of a vehicle owner as stated in other provisions of law.

Subsection (j)

This subsection requires manufacturers to retain repair facilities or authorize repairing agents within the state, able to service the vehicles they sell.

Subsection (k)

Once a "lemon" car has been returned to the manufacturer for a refund, the manufacturer must compensate the owner for all reasonable costs which the owner incurred in shipping the vehicle back and forth from the nearest authorized repair facility for warranty service.

Subsection (l)

This subsection allows the manufacturer to use any arbitration or mediation process, even if the manufacturer has not set up in advance a Magnuson-Moss type (16.C.F.R. 703) informal dispute settlement procedure. In all cases, the attorney general must approve the process and the arbitration decision must be binding on the manufacturer but not on the owner. This subsection insures that as many of these lemon law disputes as possible will stay out of the court system, and that both consumer and manufacturer will be encouraged to use informal settlement processes.

Subsection (m)

The definition section outlines the specific meanings of terms used in this legislation. Note should be taken of the following definitions:

Subsection (m) (4) - "full purchase price" includes all fees paid at the time of the sale. Finance charges are not included.

Subsection (m) (6) - "motor vehicle" includes land vehicles with four wheels "normally" used for personal, family or household purposes.

Subsection (m) (9) - "reasonable allowance" is set at a sum which will include no more than straight-line depreciation figured over seven years, plus, when applicable, an amount for depreciation in value of the vehicle caused by neglect or abuse by the owner.

Floor Speech

THE COMMITTEE SUBSTITUTE FOR SB 286 (L & C) WILL ALLOW ALASKANS TO RECOVER THEIR LOSS IF THEY FIND THEMSELVES THE OWNER OF A NEW VEHICLE WHICH IS A "LEMON" - A VEHICLE WITH A PROBLEM THAT SEEMINGLY CANNOT BE FIXED. UNDER THIS LEGISLATION, A CAR OWNER CAN DEMAND REIMBURSEMENT FROM THE VEHICLE'S MANUFACTURER FOR THE FULL PURCHASE PRICE MINUS A REASONABLE DEDUCTION FOR USE IF IT CAN BE SHOWN THAT THE CAR IN QUESTION IS INDEED A "LEMON". SB 286 DEFINES A "LEMON" AS A VEHICLE THAT HAS BEEN IN FOR REPAIRS MORE THAN 30 BUSINESS DAYS WITHIN THE FIRST YEAR OF OWNERSHIP OR IF THE SAME PROBLEM HAS BEEN SUBJECT TO REPAIR THREE OR MORE TIMES WITHIN THIS SAME TIME FRAME.

THIS SUBSTITUTE IS THE RESULT OF MANY HEARINGS HELD BY THE SENATE LABOR AND COMMERCE COMMITTEE. THE COMMITTEE ATTEMPTED AT ALL TIMES TO BALANCE THE INTERESTS OF CONSUMERS, DEALERS, AND MANUFACTURERS. HOWEVER, THERE STILL ARE A FEW MINOR POINTS OF DISAGREEMENT WHICH THE AUTO DEALERS PROBABLY WILL DISCUSS IN THE HOUSE. (FOR EXAMPLE, ALLOWING 4 REPAIR ATTEMPTS ON THE SAME PROBLEM.) NOTWITHSTANDING THE DESIRE TO MAKE THESE CHANGES, THE DEALERS SEE THE NEED FOR THIS LEGISLATION AND SUPPORT ITS PASSAGE. THE BALANCE REFLECTED IN THIS BILL WILL PROVIDE A STRONG NEW PROTECTION TO THE CONSUMERS OF OUR STATE WHEN THEY MAKE THE SECOND LARGEST FINANCIAL INVESTMENT OF THEIR LIVES, THE PURCHASE OF A NEW AUTOMOBILE.

THROUGH THIS LEGISLATION THE VEHICLE MANUFACTURERS WILL BE ENCOURAGED TO PROVIDE CONSUMERS BETTER WARRANTY SERVICE AND TO BE MORE RESPONSIVE TO EACH CAR OWNER WHO MAY HAVE PURCHASED A DEFECTIVE VEHICLE.

I FULLY SUPPORT THIS LEGISLATION AND URGE ITS PASSAGE.

TELECONFERENCE -

MON - DEBATE CONSUMER PROTECT

Strong support of Council Protection Div.
Dept of Law.

perfect Vehicle to do the job

long way down the road

40 States - many

jump.

SECTIONAL ANALYSIS CSSB 286

Subsection (a)

If a new vehicle does not conform to an express warranty, the manufacturer must make the necessary repairs. No time limitation is mentioned in this section. It merely requires the manufacturers to honor their own express warranty for whatever term they give it (1 to 5 years, or by mileage limits).

Subsection (b)

If the manufacturer is unable to repair a nonconformity vehicle within one year, the manufacturer must accept the return of the car and shall refund the full purchase price to the consumer.

Subsection (c)

This section clarifies exactly how and when a consumer must give notice to the manufacturer that the consumer believes he or she has a lemon car for which a refund is requested.

Subsection (d)

This section, following the lemon laws in the states of Massachusetts and California, requires the manufacturer to deliver some type of explanation to all new owners of vehicles about their rights under the lemon law.

Subsection (e)

This section states that an owner may not receive a refund if the manufacturer can show that the nonconformity does not impair the use or value of the vehicle or that the nonconformity is the result of alteration or abuse by the owner or a person other than the repairing agent.

Subsection (f)

A vehicle is considered a "lemon" if the same nonconformity has been subject to repair three or more times within a one-year period or if the vehicle has been in the repair shop for a total of 30 or more business days during the one-year period.

Subsection (g)

A manufacturer must provide its dealers with any part necessary to make repairs of a nonconformity covered under the warranty as soon as possible without additional charge for freight or handling.

Subsection (h)

Under this subsection, a manufacturer who fails to refund the purchase price of a "lemon" is "presumed to have committed" an unfair trade practice. "Presumed to have committed" sets out a legal presumption which the manufacturer can then rebut by showing the courts that the manufacturer had some valid reason (when applicable).

Subsection (i)

This subsection states that when a "lemon" is resold, a full disclosure of the reason for the return must be made to the prospective buyer.

Subsection (j)

This bill does not limit the rights of a vehicle owner as stated in other provisions of law.

Subsection (k)

This subsection requires manufacturers to retain repair facilities or authorize repairing agents within the state, able to service the vehicles they sell.

Subsection (l)

Once a "lemon" car has been returned to the manufacturer for a refund, the manufacturer must compensate the owner for all reasonable costs which the owner incurred in shipping the vehicle back and forth from the nearest authorized repair facility for warranty service.

Subsection (m)

This subsection allows the manufacturer to use any arbitration or mediation process, even if the manufacturer has not set up in advance a Magnuson-Moss type (16.C.F.R. 703) informal dispute settlement procedure. In all cases, the attorney general must approve the process and the arbitration decision must be binding on the manufacturer but not on the owner. This subsection insures that as many of these lemon law disputes as possible will stay out of the court system, and that both consumer and manufacturer will be encouraged to use informal settlement processes.

Subsection (n)

The definition section outlines the specific meanings of terms used in this legislation. Note should be taken of the following definitions:

Subsection (n) (4) - "full purchase price" includes all fees paid at the time of the sale, including finance charges.

Subsection (n) (6) - "motor vehicle" includes land vehicles with four wheels "normally" used for personal, family or household purposes.

Subsection (n) (9) - "reasonable allowance" is set at a sum which will include no more than straight-line depreciation figured over seven years, plus, when applicable, an amount for depreciation in value of the vehicle caused by neglect or abuse by the owner.

COMMITTEE REPORT

SENATE

FURTHER:

6/1/82

Date: 2/24/84

Mr. President:

The Committee on LABOR & INDUSTRY

has had 30 250

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 AP 276(4-5)

same title

new title

and recommends to pass

AND attaches a "Letter of Intent"

New Fiscal Note

reports it back without recommendation

referred to the _____

Committee

MEMBERS SIGNING

DO PASS

MEMBERS MAKING

OTHER RECOMMENDATIONS:

[Signature]
CHAIRMAN

SECTIONAL ANALYSIS CSSB 286

Subsection (a)

If a new vehicle does not conform to an express warranty, the manufacturer must make the necessary repairs. No time limitation is mentioned in this section. It merely requires the manufacturers to honor their own express warranty for whatever term they give it (1 to 5 years, or by mileage limits).

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This section, following the lemon laws in the states of Massachusetts and California, requires the manufacturer to deliver some type of explanation to all new owners of vehicles about their rights under the lemon law.

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STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

Bill Sheffield, Governor

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

February 28, 1984

The Honorable Richard Eliason
Chairman, Senate Labor and
Commerce Committee
Alaska State Senate
Pouch V
Juneau, AK 99811

Re: Committee Substitute for
House Bill 286

Dear Senator Eliason:

My testimony before this Committee this day can be concise and to the point: namely, that on behalf of the consuming public in the State of Alaska, I urge you to now pass out, with "do-pass" recommendations, the Committee Substitute for House Bill 286, known as the "Lemon Law".

I thank the Committee, and especially the Committee Chair, for the significant effort and time which has been spent studying this bill. It is worthy of note how much time this Committee gave to the important task of hearing public testimony, from industry representatives and from consumers all over the state.

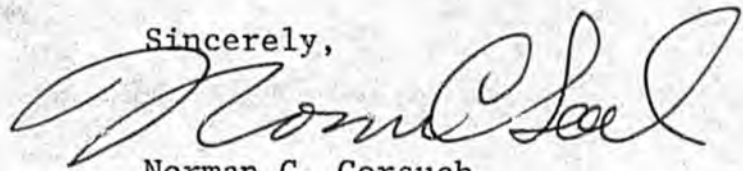
In the final draft of this Committee Substitute it is also clear that the Committee has succeeded in its endeavor to refine the concepts of this bill to Alaskan needs; both the needs of our consumers and of our automobile dealers. The Committee has made reasonable accommodation to the interests of the manufacturers, attempting at all times to balance the interests of consumers, dealers and manufacturers. The balance reflected in this bill will further the underlying intent of this bill, to provide a strong new protection to the consumers of our State when they make the second largest financial investment of their lives, the purchase of a new automobile.

Honorable Richard Eliason
Chairman, Senate Labor and
Commerce Committee

February 28, 1984
Page 2

Nationwide, forty states are expected to have lemon laws by the end of the 1984 legislative sessions. Alaskans need this bill passed into law now. I would urge the Committee and all members of the Legislature to remember that should this bill be delayed from passage for another year, over 20,000 Alaskan consumers will purchase new vehicles in this state, without the much needed protections offered by the Lemon Law. Therefore, I urge the Committee to pass this bill out, and for each Committee member to voice strong support for its passage on the floor of the Senate.

Sincerely,

A handwritten signature in cursive script, appearing to read "Norman C. Gorsuch".

Norman C. Gorsuch
Attorney General

NCG:vrh

STATE OF ALASKA

Bill Sheffield, Governor

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

January 31, 1984

The Honorable Dick Eliason
Chair, Senate Labor and Commerce
Committee
Alaska State Senate
Pouch V
Juneau, AK 99811

Re: Committee Substitute for
SB 286 "Lemon Law"

Dear Senator Eliason:

The Office of the Attorney General takes the position that it supports and urges the Legislature to adopt the proposed "Lemon Law" before it.

My decision to support this bill is based on the realities of the automotive industry. Today a consumer's purchase of an automobile is the second largest purchase, next to a home, made throughout the consumer's lifetime. In Alaska, where consumers pay the highest retail prices for automobiles of anywhere in the United States, new, basic automobile prices start at \$7,000, and quickly mount to \$12,000 or \$15,000. Consumers reasonably expect to be able to use and enjoy these automobiles for five to ten years after their purchase, and if sold earlier, to be able to recoup a reasonable portion of their purchase price upon resale.

The Lemon Law before you merely addresses how the manufacturers are required to perform upon the express warranties that they themselves offer to consumers as part of the inducement to buy their vehicles. The mass-marketing of automobiles puts heavy emphasis on warranties. We can estimate that the cost of a new car warranty, which is rolled into the sale price of a vehicle, is as much as \$500 to \$1,000 on every new car.

Across the nation, numerous states have recognized the need to address this problem of consumer warranties. Within a year after the first lemon laws were passed in Connecticut and California, 16 states had passed similar statutes. By the end of this legislative session there may be 25 states with lemon laws. This indicates national recognition of a problem, namely, con-

sumers' inability to obtain adequate redress under the warranties that they purchase as part of their vehicles, and a need to restore consumer confidence and manufacturer responsiveness in the new car market.

I support the "lemon law," not only for these general reasons, but as a fitting answer to problems in the Alaskan new car market. For many Alaskans, as soon as they take a new vehicle, wherever purchased, more than a few miles from the four major cities, they have rendered the warranty portion of their vehicle purchase useless. Very few Alaskans living outside major cities ever receive any benefit for the warranties that they purchase.

Even those Alaskans who can get their ailing vehicle to a manufacturer's authorized repair facility (dealership) are often met with inordinate delays due to the nonavailability of parts, the shortage of repair personnel or facilities, and at times, additional expenses incurred through the need to supply their own alternative transportation while their vehicle is being repaired or parts are being shipped.

Alaskans have more reason to complain against the manufacturers than anyone else in the country, since it is apparent through the experience of the staff in my consumer protection office, that the major manufacturers consistently discriminate against Alaskan consumers and dealers. They provide less backup to our dealers and service to our customers on their warranties than to residents of other states. This discriminatory treatment is especially grievous in light of the huge volume of sales made by these manufacturers in our state. This type of discrimination by manufacturers against Alaskans can be seen in these facts:

A. Despite the fact that many of the highest volume-selling dealerships in the country are in Alaska, until a few months ago not a single manufacturer authorized even one service representative employee to be stationed in the state of Alaska, nor travel here more than once every six to eight weeks in order for a service representative to review consumer warranty disputes and to authorize major warranty repairs. (Without this authorization dealers cannot satisfy their own customers, or else run the risk of not being compensated for their warranty work.) These same manufacturers have numerous employees in the state to deal with the financing and selling of these vehicles but none to deal with the warranties.

B. Several of the major manufacturers are willing to airfreight, at their own expense, necessary parts for warranty repairs to 49 of the 50 states including Hawaii, when the dealer does not have a part readily available. The one state where the manufacturer insists that the consumer must pay to have a part airfreighted if he/she does not wish to wait for surface freight is Alaska.

C. Despite the fact that many of the vehicles sold to Alaskans are used in remote parts of the state where the residents do not have access to the few dealerships, and despite the fact that the manufacturers have programs on their corporate books for designating independent repair shops as authorized repair facilities, as they do all over Europe, no manufacturer has ever authorized a shop anywhere in Alaska to be designated as an authorized repair facility for those consumers who cannot reach a dealership.

D. Many of our dealerships have often complained that the manufacturer does not adequately reimburse the dealers for their labor on doing warranty work, refusing to take into account the higher cost of doing business in Alaska and therefore a need for a higher reimbursement level.

E. In many other parts of the country manufacturers have set up "Autolines" or other types of consumer complaint handling programs, but despite the fact that several major manufacturers state in their warranty booklets that such programs are available to Alaskans, to this date not a single manufacturer has set up a consumer complaint handling program in the state of Alaska.

I wish to emphasize that I understand that our Alaskan dealers are often caught in the middle between their unhappy consumers and their manufacturers. We know that the Alaskan dealers do not always sell all the cars that they are being asked to service, and we also understand that dealers do not wish to jeopardize their relationship with the manufacturer. However, we know that every franchise dealership takes on both the benefits inherent therein and the burdens, such as the requirement to honor the manufacturer's national warranties for all vehicles which come to their facility. In addition, we know that if prodding a recalcitrant manufacturer to fix a problem car is difficult for the dealer, that difficulty is magnified ten-fold for the consumer. This bill should help our local dealers, not hurt them, as it should help them to better service and satisfy their own customers.

Senator Dick Eliason
Chair, Senate Labor and
Commerce Committee

January 31, 1984
Page 4

It is my understanding that the National Automobile Manufacturers Association does not oppose the passage of a lemon law in our state and in other states. Many consumers appeared last year at public teleconferences to testify to the need for a lemon law. Alaskan consumers continue to have numerous problems with manufacturers. For example, since late December when a Federal Trade Commission consent judgment with General Motors over several major defects was settled, over 350 Alaskan consumers have contacted my consumer protection office to say that they have suffered economic harm due to one of these defects and would like to seek redress.

The concept of a lemon law is one my office supports because whether or not we have lemon law statutes, consumers and their attorneys are bringing "lemon" lawsuits against the manufacturers over what they allege to be defective autos. With the lemon law in place, the manufacturers, the consumers, and the courts have clear standards to apply as to what is a "lemon", what is a reasonable number of attempts or time period for repair of a vehicle, how a consumer should be compensated, and what type of notice the consumer should give the manufacturer before demanding a refund or replacement. A lemon law clearly places the obligation to provide a refund or replacement upon the manufacturer, but only based upon the express warranties written by the manufacturer itself.

A lemon law actually saves the public time and money, as consumers are required to go to informal mediation and arbitration procedures before they run into court. Statistics around the country show that 95 to 98 percent of the cases get settled at these levels and will never reach the courts. The clear guidelines of the lemon law provide a backdrop for the settlement and arbitration proceedings. Without these guidelines, consumer willingness to settle in mediation or arbitration would be greatly diminished, as the consumer and manufacturer would both jockey for the "best" position.

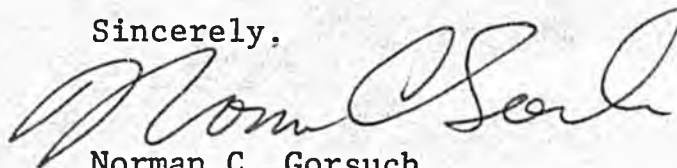
Eighteen other states have enacted a lemon law. It is clear that Alaskans pay more than any other residents in the United States for their new automobiles, receive in many instances less value from their warranties, and are probably most deserving of a well thought out lemon law establishing clearly their rights and responsibilities vis-a-vis the manufacturer.

Senator Dick Eliason
Chair, Senate Labor and
Commerce Committee

January 31, 1984
Page 5

Therefore I urge this committee and the rest of the
Legislature to duly pass out the lemon law.

Sincerely,

A handwritten signature in cursive script, appearing to read "Norm Gorsuch".

Norman C. Gorsuch
Attorney General

NCG:CJS:vrh

Dealers

- Full refund and not replacement of vehicle was at dealer's request (sec. b)
- Written notice to dealer at dealer's request (c)
- Manufacturers must provide warranty parts to dealers as soon as possible. (sec g)
- Clarified that dealers do not have any new legal liability for a "lemon" (sec j)
- Dropped service repair facility in each population center of 7,500 as they didn't want to encourage new dealerships
- Dealer wanted definition to be limited to franchise dealers (sec n)
- Motorcycles, scooters, ATV excluded (sec n)
- Strict def. of "nonconformity" at dealers request (sec. n)
- Repairing agent defined to make manufacturer liable for agents authorized warranty work (so dealer not held accountable for agent's mistakes (sec n)

Manufacturers

- Consumer must give written notice to manufacturer at request of manufacturer. (c)
- Thirty business days to repair nonconformity was at manufacturer's request (Some have 15 days) (Sec f)
- Added "nonconformity" parts and as "reasonably" possible to accommodate some of manufacturers concern (sec g)
- Dropped service repair facility in each population center of 7,500 (was part sec k)
- Manufacturer can require consumer to go to arbitration first before qualifying for a refund (sec m)
- Reasonable allowance also to include depreciation due to abuse by owner (at dealers request) (sec. n)
- After required consumer notice (sec c) manufacturer has 30 days to make final effort to negotiate settlement with consumer
- All consumer warranties are not extended by time in shop for repair

Consumers

- Manufacturer must make necessary repairs under warranty (sec a)
- If a car is a "lemon," manufacturer must refund \$ (sec b)
- Explanatory to consumer re: lemon law (d)
- A full disclosure of a "lemon" must be made when resold (sec i)
- Manufacturer must pay transportation cost to repair facilities if it is proven a lemon. (sec l)
- Full purchase price includes "finance charges" (Conn. putting in revision to include finance charges (sec n)

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286

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STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

June 9, 1983

SUBJECT: Sectional analysis of proposed CSSB 286 (L&C)
TO: Senator Richard I. Eliason
Chair, Senate Labor and Commerce Committee
FROM: ZHC Linn H. Asper
Legislative Counsel

You have requested a sectional analysis of the proposed Labor and Commerce committee substitute for SB 286.

Section 1 adds a new section to AS 45.45 relating to motor vehicle warranties.

AS 45.45.300(a) places a duty on a manufacturer or distributor of motor vehicles, or their agents or dealers, to make repairs under the terms of express warranties that apply to new vehicles, during the term of the warranty or one year, whichever period ends first.

AS 45.45.300(b) provides that if a motor vehicle cannot be repaired under the terms of the warranty after a reasonable number of attempts, and the defect that cannot be repaired substantially impairs the use and value of the vehicle, the owner may return the vehicle and receive a replacement or a refund of the purchase price, at the option of the owner.

AS 45.45.300(c) gives the manufacturer, distributor, agent or dealer two affirmative defenses to the owner's claim for replacement or refund:

- (1) that the defect complained of does not substantially impair the use and value of the vehicle; and
- (2) that the defect is the fault of the owner.

AS 45.45.300(d) establishes a presumption that a reasonable number of attempts to repair the vehicle have occurred if the defect has been repaired four or more times during a

year, but continues to exist, or if the vehicle is out of service for more than 30 days during the warranty term or the one-year period. The one-year time period during which the owner may seek repair is extended by periods during which repairs are not available for reasons that are not the responsibility of the owner. The 30 day time period does not include periods of time when repairs are not made for reasons that are beyond the control of the manufacturer, distributor, agent, or dealer.

AS 456.45.300(e) makes violation of the section an unfair trade practice under AS 45.50.471.

AS 45.45.300(f) prohibits the resale of a vehicle returned under the section, without full disclosure of the reason for the return to the prospective buyer.

AS 45.45.300(g) makes the remedy provided by the section non-exclusive and allows owners to seek remedies that they may have under other provisions of law.

AS 45.45.300(h) requires manufacturers or distributors to maintain warranty service facilities near population centers of the state to service vehicles sold in the state. Manufacturers or distributors may contract with independent facilities to provide warranty service if the contract requires full payment for such service. Payment for shipping motor vehicles to and from service facilities is allowed in lieu of establishing additional facilities.

AS 45.45.300(i) requires owners to resort to informal dispute settlement procedures established under federal law, if such procedures exist in the state, before exercising the rights provided in (b) of the section.

AS 45.45.300(j) defines terms used in the section, including "distributor", "motor vehicle", "owner", "population center", and "substantial impairment of use and value".

LHA:ljb
24/002

MEMORANDUM

State of Alaska

TO: Senator Dick Eliason
Chair, Senate Labor and
Commerce Committee
Alaska State Senate

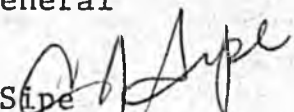
DATE: January 30, 1984

FILE NO:

TELEPHONE NO: 465-3600

FROM: Norman C. Gorsuch
Attorney General

SUBJECT: Committee Substitute
for SR 286

By: Connie J. Side 
Assistant Attorney General
Consumer Protection Section

After reviewing the latest suggested amendments to Committee Substitute for SB 296, known as the "lemon law," I would urge your adoption of the amendments before you and one additional, but minor, amendment.

Amendment 1, at page 2, line 12, clarifies that the provisions of this bill allowing a consumer to recover for a seriously defective car are triggered when either the use of the vehicle or the market value of the vehicle is substantially impaired. This is an important amendment in that there are times when a problem such as a seriously defective paint job does not affect the safe use of the vehicle, but totally destroys its market value for resale by the owner. For example, a \$12,000 cadillac which within its first year has lost its original paint job and been repainted and patched several times, will lose a substantial amount of its market value.

Amendment 2, at page 2, line 14, returns the bill to a neutral position on the question of whether or not the consumer who has a right to a new vehicle or a refund under this bill can dictate to the manufacturer which of the options will occur. As originally drafted the bill gave the choice to the consumer, later amendments gave the choice to the manufacturer. By deleting the "at its option" (which refers to the manufacturer), we are merely allowing the private parties to fight out, in court if necessary, whether a new vehicle or the refund of the full purchase price is more acceptable.

Amendment 3, at page 2, line 23, again concerns the market value and use of the vehicle distinction. In this section the bill is dealing with the manufacturer's right to an affirmative defense against a consumer's claim if the manufacturer can show that the nonconformity or defect complained of by the customer does not in fact cause substantial impairment to either the car's use or to the car's market value. Rather than the amendment suggested in the Committee's working draft, I would urge the following substitution for lines 23 and 24:

Delete "does not"; change impair to impairs, after "impairs" insert "neither"; and before "market value" delete "and" and insert "nor."

Lines 23 and 24 would now read:

"(1) substantially impairs neither the use nor the market value of the motor vehicle; or"

This amendment will avoid any possible confusion that the manufacturer may prevail against a consumer's claim for by showing that although the consumer's market value of the vehicle has been substantially impaired, the use has not been substantially impaired.

Amendment 4, at page 4, line 12, inserts a requirement that the attorney general approve the informal dispute settlement procedures as substantially complying with the federal regulations under the Magnuson-Moss Warranty Act. This section may be crucial, since the manufacturer's establishment of an informal dispute settlement process creates an absolute bar to the consumer proceeding to court until the consumer has exhausted his or her remedies through the dispute process. Within the last year, the attorney general of the state of Connecticut made an intensive study of the informal dispute settlement procedure being used by the Better Business Bureau (BBB) on behalf of several automobile manufacturers under the Connecticut lemon law. The Connecticut attorney general found several serious deviations from the federal requirements and has recommended to the BBB and the manufacturers that these procedural defects must be cured before consumers can be bound to go through the dispute settlement process before proceeding to file their claims under the lemon law in court.

The Alaska Attorney General's own experience recently with a consumer's "buy-back" request on an alleged lemon car, in a hearing conducted by the BBB out of Seattle for General Motors, raised serious questions as to whether the BBB and GM's process was procedurally fair and whether or not it meets the requirements of the federal Magnuson-Moss Warranty Act Regulations.

It is important that the attorney general have the authority to review and require revisions as necessary in the procedures of these dispute settlement mechanisms. Since it is probable that most manufacturers will choose to use the same dispute settlement procedure within the state of Alaska, such as the BBB or one other program, it should not constitute a significant burden on the Office of the Attorney General to

initially review these plans, and upon notice from the manufacturer, to review any future modifications to these plans.

Amendment 5, at page 4, lines 17 and 18, clarifies this section so that it is clear that a consumer may file a "claim" to the informal dispute settlement process, but will have at least 18 months from the expiration of the warranty or six months after the decision by the dispute settlement process to file a "cause of action" under this bill. "Cause of action" is merely the legal term of art which differentiates a court "cause of action" from a demand letter "claim" or a "claim" made to the dispute settlement panel.

Amendment 6, at page 5, line 9, sets guidelines for determining what type of "reasonable allowance for use" can be offset against a consumer's claim for a new vehicle or refund. This amendment is necessary and proper, so that the manufacturer cannot assert that the consumer should pay, for example, rental car rates and mileage for every day which they were capable of using their car before the buy-back request. Since the manufacturer may be able to take back the car, fix it and resell it, a reasonable allowance for use based on normal depreciation on a normal vehicle's life span of about seven years is a fair presumption.

(The Attorney General's office would prefer that there not be any deduction for use of the vehicle, or that if there is to be a use deduction, that the consumer should be allowed to add to his claim any consequential damages that the consumer suffered due to the defective vehicle, such as time missed from work, cab fares or rental car fees. However, the bill does not at this time clearly allow consequential damages and therefore the attorney general is very adamant that the deduction for use provision should be interpreted quite narrowly.)

Amendment 7, at page 5, line 10, is merely one more repetition of the replacement of the word "or" for the word "and" between "use" and "market value."

The Attorney General's office urges the Committee to remember that this bill merely clarifies and defines the way in which the manufacturer will carry out its legal warranty rights and responsibilities, which rights and responsibilities arise out of the express warranty written by the manufacturer. This bill does not write the warranty for the manufacturer, but it does require the manufacturer to honor the warranty already given and paid for when the consumer purchased a new vehicle.

This legislation has no or minimal fiscal impact.

CJS:vrp

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

Bill Sheffield, Governor

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

February 3, 1984

The Honorable Richard Eliason
Chair, Senate Labor and
Commerce Committee
Alaska State Senate
Pouch V
Juneau, AK 99811

Re: Committee Substitute for
SB 286, revisions sug-
gested at 1/31 hearing

Dear Senator Eliason:

You have asked the Attorney General's office Consumer Protection staff to comment on the suggested changes to the lemon law bill made by various parties at the hearing before your Committee on January 31, 1984.

Page 1, lines 13 through 15. The National Manufacturers' representative, Jim Austin, suggested a deletion of the requirement for the owner to report the nonconformity to anyone except the manufacturer. However, the Committee's response, and that of the Attorney General was that both the manufacturer and the dealer have a strong interest in knowing whether or not the consumer is claiming a nonconformity. Further, a consumer should be able to notify the local dealer without formal requirement of writing to the manufacturer. The Committee was willing to change the word "or" in the middle of line 14 to "and", so that the owner would be required to report a nonconformity in writing to the manufacturer (or distributor if out-of-country manufacturer) and to the dealer.

Page 1, line 19. A suggestion was made by Austin, and the Attorney General's office concurs, that the bill should define how often the consumer has to report a nonconformity in writing. It was suggested that this be put at line 19. However, I now recommend that it become a definition and be put on page 5 of the bill. On page 1, line 12, after "vehicle", add "makes a reasonable report of" and delete the word "reports". Then, in

the definition section, insert a new paragraph (4), as follows:

(4) "reasonable notice of the nonconformity" shall mean that the owner has made a written report of a nonconformity of a vehicle to both the manufacturer or national distributor and to the selling dealer, in writing, at least once before making a demand for relief under this chapter.

Page 1, line 26. Austin suggested either deleting the word "new" in front of "comparable" motor vehicle or making "new" an alternative to "comparable" by the insertion of "or." The Committee did not accept this suggestion, and the Attorney General concurs with the Committee's decision. The Committee did not want to dilute the strength of the bill by allowing the manufacturer to offer a consumer a "comparable" used car instead of a new car.

Page 1, line 28. Austin suggested inserting the words "less interest" after the words "collateral charges." Testimony by both Austin and Ridgeway was that if a consumer chooses to finance a car purchase that the manufacturer should not be required to repay interest in addition to the purchase price in a buy-back. However, Committee members felt, and the Attorney General's office concurs, that there should not be a change in this line, and that interest should not be removed from the collateral charges which the consumer may assert as part of his or her claim.

Page 2, lines 6 and 7. The Attorney General's office suggested and the Committee concurred that there should be a change so that lines 6 and 7 now read:

(1) substantially impairs neither the use nor the market value of the motor vehicle; or

This change was made merely for the sake of clarity of language.

Page 3, lines 3 to 5. Austin suggested the deletion of §(f) on lines 3 to 5 of this page, the section which requires that before a returned "lemon" car is resold, disclosure must be made to the next prospective customer. Although the Attorney General's office testified to Committee that failure to disclose such a material fact could also be covered under the state's General Consumer Protection Laws, neither the Attorney General nor the Committee saw any reason to delete this disclosure requirement from the lemon law bill.

Honorable Richard Eliason
Chair, Senate Labor and
Commerce Committee

February 3, 1984
Page 3

Page 3, line 11. After the word "facility", add the words "within the state." This suggestion was made by Senator Pettyjohn. The Committee and all testifying parties agreed that it was a good addition to clarify that the manufacturer must maintain at least one adequate repair facility within this state to service the cars sold here.

Page 3, line 26. Austin suggested that the word "Title" be inserted before "16 C.F.R. Part 703". This is a more appropriate citation to the Federal Rules and the Committee as well as the Attorney General's office concur in its modification.

Page 4, lines 25 to 29. Austin and Ridgeway suggested that the definition of "reasonable allowance" be amended by deleting the second sentence, lines 25 through 29. This sentence states that a reasonable allowance may not exceed a proportionate amount of straight-line depreciation based on seven year depreciable life of a vehicle. Austin and Ridgeway urged the Committee that what is a reasonable allowance for use should be set by each informal dispute resolution panel hearing a buy-back case, or by the courts if the case reaches that far. However, the Attorney General's office urged and the members of the Committee seemed to be in favor of the idea that it is preferable to have a guideline in the bill as to what a reasonable allowance is and how it shall be calculated. Therefore this section was not changed.

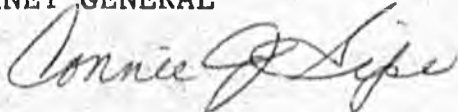
Page 5, line 5. Austin and Ridgeway suggested the deletion of the words "its economic life" and replacement with the words "the dollar value to the owner" so that (C) would not talk about decreasing the dollar value of the vehicle to the consumer. The Attorney General's office concurred, as did the Committee, that this change makes the definition of decreased market value more meaningful and so this amended change should go in the next draft.

I hope this analysis is of assistance to the Committee.

Sincerely,

NORMAN C. GORSUCH
ATTORNEY GENERAL

By:


Connie J. Sipe
Assistant Attorney General
Consumer Protection Section

CJS:vrh

Section (a), lines 10 - 16:

The time limitation has been removed from this section, since the intent of the section is merely to require manufacturers to honor their own express warranty for whatever term they give it (1 to 5 years, or by mileage limits).

Page 1, subsection (b), lines 23 - 27:

Major change in this subsection is deletion of any reference to "replacement" of a nonconforming vehicle. Instead, the manufacturer would be required to refund the full purchase price to an owner. (Obviously, if a consumer is willing to bargain for a replacement, the consumer/manufacturer would still be free to work out such a deal.)

Starting page 1, subsection (c):

This section clarifies exactly how and when a consumer must give notice to the manufacturer that the consumer believes he or she has a lemon car for which they want a refund.

Page 2, subsection (d):

This section, following the lemon laws in the states of Massachusetts and California, requires the manufacturer to deliver some type of explanation to all new owners of vehicles about their rights under the lemon law. This section is especially appropriate, indeed necessary, due to the fairly formal notice requirements of subsection (c), which are more formal than the notice requirements of almost any other state's lemon law.

Page 3, subsection (h), line 22:

Has been amended by the addition of the words "is presumed to have committed" as a replacement for the word "commits." This merely sets out a legal presumption which the manufacturer can then rebut by showing the courts that the manufacturer had some valid reason (when applicable).

Page 4, subsections (k) and (l):

These two paragraphs were originally part of the same subsection, but have been separated due to the different nature of their focus. Subsection (k) requires manufacturers to retain repair facilities within this state, able to service the vehicles they sell. Subsection (l) states that once a "lemon" car has been returned to the manufacturer for a refund, the manufacturer must compensate the owner for all reasonable costs which the owner incurred in shipping the vehicle back and forth from the nearest authorized repair facility for warranty service.

Page 4, subsection (m)

Has included a new flexible provision which allows the manufacturer to use any arbitration or mediation process, even if the manufacturer has not set up in advance a Magnuson-Moss type (16 C.F.R. 703) informal dispute settlement procedure. In all cases, the attorney general must approve the process and the arbitration decision must be binding on the manufacturer but not on the owner. This section insures that as many of these lemon law disputes as possible will stay out of the court system, and that both consumer and manufacturer will be encouraged to use informal settlement processes.

Page 5, subsection (n)(4)

The definition of "full purchase price" includes all fees paid at the time of the sale, including finance charges.

Subsection (n)(6)

Definition of "motor vehicle" includes land vehicles with four wheels "normally" used for personal, family or household purposes. The word "normally" replaced "primarily" so that manufacturers wouldn't argue about whether consumers used their cars for work-related purposes more than for personal purposes. Also, as now defined, motor vehicle does include motor homes, which is appropriate since each motor home chassis and cab has a major manufacturer's express warranty, which is the only warranty covered by this statute. The secondary manufacturer, or converter, who puts the cabin on a motor home, gives a warranty on those components.

Pages 5 to 6, subsection (n)(9)

The definition of "reasonable allowance" is still set at a sum which will include no more than straight-line depreciation figured over seven years, plus, when applicable, an amount for depreciation in value of the vehicle caused by neglect or abuse of the owner. This neglect or abuse provision is new in this draft, and is meant to take care of the situation where a consumer is returning a car that has a mechanical or other nonconformity which causes it to be a "lemon," but, in addition, the consumer has abused the car, such as using it for racing, or painting it with psychedelic colors.

COMMITTEE SUBSTITUTE FOR SENATE BILL, 286
VERSION #3 (2/23/84)

I. REFUND (not replacement)

The choice was made in the latest committee substitute draft to require manufacturers to give a refund, and did not allow the manufacturer the option of requiring the consumer to accept a replacement vehicle. (Of course, the manufacturer could still replace a vehicle for a consumer who desires that instead.)

The "refund only" option has been passed in only one other state, Washington. The Alaska Auto Dealers Association strongly urged this provision, so as to eliminate what they view as a significant hassle factor in trying to find a consumer another vehicle "comparable" to the one the consumer has returned. In addition, it is my understanding that the dealer is allowed to keep the profit on the returned "lemon" car, but on the replacement vehicle which comes out of the dealer's inventory, the manufacturer will only allow the dealer a small profit, approximately 6%. (Normally, Alaskan dealers realize a profit or "gain" above their dealer invoice price of from 18% to 30%.) Obviously, the dealer would rather sell the second vehicle to someone else than to use it as a replacement vehicle for an already irate consumer.)

However, the refund option does not harm consumers, and in fact most consumers who ask for buy-backs would seem to prefer getting their cash back and being able to go to some other dealership or manufacturer for a second vehicle.

The refund provision certainly eliminates other problems like getting the liens reinstated on a replacement vehicle in accordance with the loan made on the first vehicle.

II. SEVEN-YEAR DEPRECIATION

A seven-year depreciation schedule was chosen as an outer limit on the amount of reasonable allowance for consumer's use that could be deducted from the refund. This was based on statistics that show that the average life of vehicles on the road in the U.S. in 1980 was 6.6 years. Approximately the same is true for Alaska in 1983, where the average age of a passenger car was 6.5 years. Since these are averages, obviously there are many vehicles on the Alaskan roads which are much older than 6.5 years, and it would seem that it is a reasonable expectation that a car has been engineered so that its major components, frame, and body will last at least seven years. (See attachments.)

III. REPAIRING AGENT

The definition and frequent reference to "repairing agent" was necessary for two reasons. First, it was necessary to insert some sort of reference to a shop which is authorized by the manufacturer to do warranty repairs, but which is not otherwise an authorized dealer. This reference encourages the manufacturers to use such facilities and, secondly, ensures that once the manufacturer has authorized an independent repair agent to work on the vehicle, that the manufacturer is responsible for the work done on that vehicle. In this way, if the manufacturer tells a Bethel consumer to have the car fixed at the local Chevron station, the manufacturer cannot disclaim the car as not being a lemon due to the station's work in trying to fulfill the consumer's warranty.

IV. NOTICE BY OWNER

Most of the 19 states that passed lemon laws did not specify very clearly how or when consumers had to give notice to the manufacturer about claiming a refund for their lemon. Many of the states only require consumers to complain to an authorized dealer and not necessarily in writing.

Because of Alaska's remote location, both dealers and manufacturers were concerned that somehow information about a potential "lemon" might not reach the manufacturers and give them adequate time to attempt to cure before the consumer claimed a refund. On the other hand, concern was expressed whether the consumers had to send in a written report every time they took their car down to the dealer's shop for warranty work. It's probably not unfair for the consumers to have to take an affirmative step of notifying the dealer and the manufacturer that the consumer wants to get out of the deal. Therefore, we set up a fairly formal notice requirement which, in effect, gives the manufacturer and dealer yet another 30 days (if the consumer is still willing to work with them), to come in and try to cure the car. It also gives the manufacturer a time period within which to offer to go to arbitration with the consumer; otherwise, the consumer is free to proceed to file a claim for the refund, which if not timely made, will entitle the consumer to file a lawsuit for the refund.

V. BROCHURE ON CONSUMER RIGHTS

It was in light of the more formal notice requirement if (c) that subsection (d) of the committee substitute was inserted, requiring the manufacturer (not the dealer) to deliver to every new vehicle owner an easily understood statement of how the consumers can assert their rights under the state lemon law. Such provisions are already in the lemon laws of California and Massachusetts. Although the manufacturers' representative expressed some concern about the small number of vehicles coming into Alaska, I think that we are still talking about no more cost than what was incurred by GM in California, which was the printing up of a 2 x 4 card which was inserted in the glove box of every car to be sold in California.

It is important that if the formal type of notice requirement (c) is left in the bill, that there be some notice to the consumer as set out in subsection (d).

The dealers' concern that somehow handing the consumer a card that talks about their rights under the lemon law at the same time that the sale is being made, would be psychologically destructive to their customer relations, is not a serious concern. First, the law does not require that the dealer give the card, but that the manufacturer deliver some sort of notice, which could be by mail. Additionally, even if the notice is handed to the consumer at the time of the completion of the sale, it would be handed over with the entire packet containing the warranty, the financing documents, title registration documents, etc. Very few consumers ever know what is in those packets of documents, not even in their loan agreement, until sometime later when they have a problem and go looking through their documents, or through their owner's manual, to see what rights they have. That's what is necessary in the case of the lemon law notice, that the consumer have it available and in their possession, so that they can consult it without having to hire an attorney.