

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5359 SLAB SB 92 - SB 106

981

EFFECTS

It is expected that the signing of SB 92 into law will not cause a great turmoil in the cable television industry. Most markets will not see new companies moving in and price wars ensuing. However, the continuous upward spiral of prices will be abated. The cable operator will not wish to price himself into a situation where another company will enter his market.

However, a significant number of smaller non-commercial enterprises may begin to operate. Condominiums and apartments could offer unit packages. Small communities and villages may organize and offer service to its citizens. This will also suppress any upward movement of price beyond and acceptable inflation factor.

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burying cable. SB 92 does not effect any laws or regulations affecting the technical process of providing cable service.

PRICES

The cost of a basic cable package varies within the state. One of the lowest prices is in Anchorage. The most expensive is on the North Slope. However most package prices fluctuate from \$28 to \$50 dollars. (See the attached price schedule, appendix B)

In other states, the same packages cost significantly less, The basic package is around \$13 in both Honolulu, HI and Salem, OR. Cable operators claim that the main reason for the price differential is the availability of free commercial stations that are already on the air. Whereas in Alaska, most cable systems use other state's commercial T.V. and transmit it, at a cost, to Alaska.

Another reason for the high price is because there is no competition, Cable operators charge the consensus price within the state. As long as all operators charge between \$28 and \$50 then the consumer is not going to petition for price regulation. There exists absolutely no impetus for a cable system to offer the lowest price to its consumers under the present system.

and groups that wish to compete in that area must petition the APUC for certification. APUC has never allowed more than one cable utility in an area even though it is legally allowable.

The purpose of SB 92 is to allow cable utilities who wish to compete reasonable access to the markets. Like telephone systems, it is now possible for other companies to compete in markets where companies already exist. Furthermore, this would allow community associations, condominiums and other groups to offer service to their members.

To accomplish what has been set out in the paragraph above, SB 92 eliminates the certification process that the cable operators have to go through. The certification process as described in sec. 42.05.221 is devoid of any substantive process except that it allows for the APUC to prohibit other companies from entering the market.

Cable companies have raised concerns that if APUC is eliminated as the certification agent then municipalities will step in and grant franchises in order to collect revenue. That is not the intent of SB 92, and according to Legal Services, is not possible (see appendix A).

Cable companies will still have to follow any municipal or state guidelines relating to the use of utility poles or

the necessary connections, like stringing telephone lines, for them to be competitive. This is referred to as "unnecessary duplication of services".

However it should be noted that many technological advances are occurring that strip the protection of a natural monopoly from utilities. Fiber optics and satellites in the telephone industry has allowed, after deregulation, companies like GCI, MCI and Sprint to compete with AT & T. In regards to cable television, it is now possible to string more than one cable on a utility pole.

Because a utility has a monopoly in any given community, government regulates the price it can charge its consumers. In Alaska, the regulator is the Alaska Public Utilities Commission (APUC).

Cable, as stated before, is an unregulated utility. And the State of Alaska is unable to set the rates it charges its consumers or the quality of the service. However, what the state can and does do is limit access to markets through the certification process of APUC.

In Alaska, there are cable companies in every major community. But APUC has only allowed one company to operate in a geographical area. Other companies, community associations

M E M O R A N D O M

TO: Senator Lloyd Jones
FROM: Staff
DATE: March 15, 1987
SUBJECT: SS SB 92

Overview on Cable Television

Presently, cable television systems operate as an unregulated monopoly. In 1984, the Federal government deregulated cable television. The FCC preempts the states from regulating cable prices. Now companies can charge any price. Cable operators do not have to add local programming to their packages either.

Cable T.V. is considered a utility. What that usually implies is two things. One, that the utility offered is an essential service in today's world. Other utilities are electricity, water, sewer, telephone, etc.

Secondly, a utility is traditionally an operation that is only offered by one company. Utilities are usually geographic monopolies because no other company has access to the markets once the first company begins service. Quite often it is because it would too expensive for a second company to make

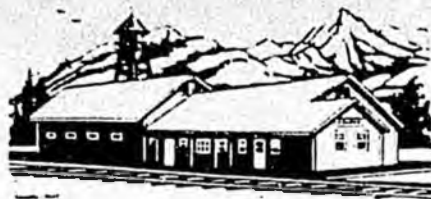


CITY OF PALMER

M



231 W EVERGREEN AVE
PALMER, ALASKA 99645



Phone (907) 745-3271

A HOME RULE CITY

February 10, 1987

The Honorable Lloyd Jones
Senator, State of Alaska
P.O. Box V
Juneau, Alaska 99811

RE: Senate Bill 92-An Act Relating to the Deregulating
of Cable Television

Dear Senator Jones,

As a municipal officer, I am very concerned with the proposed Senate Bill 92 which deregulates cable television.

Not only does the deregulation bother me, but the point of allowing a cable television company to use a public right-of-way without regard to other utilities or the requirement to obtain a permit for right-of-way use is a further overwhelming concern.

The City of Palmer has experienced a problem with the use of rights of way by utilities even though we regulate via the permitting system the placement of underground cables, utility poles, and gas piping.

For example, in 1982 cable television was installed in the City of Palmer with a permit to construct utilizing the right-of-way. As a part of the stipulation in issuing the permit, the City required that cable be buried not more than five feet from the property line and ALL road crossings be at a minimum of three feet. Since the City has embarked on a major street reconstruction program, we find cables up to ten or more feet from the property line and only six to twelve inches below the street surface. In fact, this past summer, the local utility wanted to charge the city for cable damage as a result of grading the ditches. At this point we have not charged for permits as the law allows us to do. A more stringent inspection program is a local issue which is being implemented. A deregulation will compound our problem with cable installation.

The Honorable Lloyd Jones
February 10, 1987
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While I do not necessarily agree with the Alaska Public Utility Commission all the time, I believe that regulation of the cable television industry should still be a function of this commission for consumer protection. The certification process does insure that areas are served at a cost which provides a rate of return to the investors as well as insure the consumer a level of service. By deregulating the cable television industry, those areas which have the highest density will receive the service while those areas less dense will go without. The ramifications of just this facet alone could have a sweeping impact on a major portion of the populace who are in the fringe areas of the more populated cities.

In summation, the allowing for the deregulation of the cable television industry in the State of Alaska from all requirements now imposed upon the other utilities is unfair and probably an unjust enrichment.

The City of Palmer urges you to reconsider the proposed Senate Bill 92 to address the issues raised in this letter.

Should you have any questions, please contact me.

Yours truly,


David L. Soulak
City Manager
City of Palmer

DLS/cac

cc: Senator Kerttula
Senator Szymanski
Representative Larson
Representative Menard
Senator Tim Kelly, Chairman
Senator Richard Eliason, Vice Chairman
Senator Rick Uehling
Senator Bettye Fahrenkamp

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the necessary connections, like stringing telephone lines, for them to be competitive. This is referred to as "unnecessary duplication of services".

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and groups that wish to compete in that area must petition the APUC for certification. APUC has never allowed more than one cable utility in an area even though it is legally allowable.

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Cable companies will still have to follow any municipal or state guidelines relating to the use of utility poles or

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 9, 1987

SUBJECT: SB 92 (Regulation of cable television service utilities)

TO: Senator Lloyd Jones

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have asked for an opinion on whether SB 92 is effective to preclude a municipality from regulating a cable television service utility under AS 29.35.060 and 29.35.070. In my opinion, the answer is that the bill precludes municipal regulation.

The bill does not affect the status quo as to municipal regulation. Under AS 42.05.711(1),

A person, utility, or cooperative that is exempt from regulation under AS 42.05.711 (a) or (d) - (k) is not subject to regulation by a municipality under AS 29.35.060 and 29.35.070.

Cable television utilities are exempt from regulation under AS 42.05.711(k). Therefore they are not subject to regulation by a municipality under AS 29.35.060 or 29.35.070.

It is possible that some confusion exists because AS 29.35.060 does not repeat the reference to exemption from regulation under AS 42.05.711 but AS 29.35.070 does. Both of these sections were enacted in the municipal code in 1985, sec. 10, ch 74, SLA 1985, and AS 42.05.711(1) was amended by the code to incorporate the references to those two statutes in sec. 68. Therefore they should all be read together to create consistency if possible. There should be little difficulty in accepting the specific exemption from AS 29.35.070 granted under AS 42.05.711(1).

If I may be of further assistance, please advise.

TC:csh
c7/048

Steve Cowper, Governor
State of Alaska

Garrey Peska, Commissioner
Department of Administration

Prepared by:

Deborah Gazaway, Planner
Division of Telecommunications Services

Information Provided By:

Cable System Operators
Throughout Alaska

ALASKA'S CABLE TELEVISION

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ALASKA'S CABLE TELEVISION

Cable television in Alaska is divided into three classifications for the purposes of this report: (1) Commercial: systems owned by independent operators or multiple system operating companies (MSO's), operated for profit, and certified by the Alaska Public Utilities Commission (APUC). (2) Community: systems found in bush communities which are owned by these communities, regional or local nonprofit entities. (3) Telco: systems which are wholly-owned subsidiaries of Alaska telephone operating companies.

COMMERCIAL CABLE

Commercial cable is available in 21 communities and five military bases. Most commercial cable systems started with two or three channels programmed by a bicycled tape service from Seattle. In the late 70's satellite antennae were installed; therefore, all systems now offer multiple satellite antennae services (ESPN, CNN, WGN, HBO, etc.) as well as one channel of delayed tapes. The State channel (TVP/ITV) is also available to commercial cable subscribers. All commercial cable systems charge subscriber rates and offer a variety of program service tiers. Although Alaska Public Utilities Commission (APUC) certification is required, these systems have been economically deregulated since 1980.

Multiple System Operating (MSO) companies in Alaska include Alaska Cablevision of Kirkland, Washington; McCaw Communications of Bellevue, Washington; Pacific Telecom, Inc., of Vancouver, Washington; and Sonic Cable Television of Anchorage, Alaska. In March 1986, APUC approved the transfer of ownership of MultiVision and InletVisions from Pacific Telecom, Inc. to Sonic Cable Television.

Sonic Cable Television now serves four communities and two military bases; Pacific Telecom, Inc. owns Bethel Cablevision; McCaw Cablevision serves five communities and three military bases; and Alaska Cablevision services seven communities.

Independent operators include ED&D, Inc., serving two communities, and Spectrum serving three communities. The Arctic Slope Regional Corporation owns Barrow Cable TV, and BMI serves Adak.

COMMUNITY CABLE

Since the mid-70's an increasing number of smaller communities have purchased and installed their own cable systems. In 1986, six communities (Akiachak, Anderson, Brevig Mission, Deering, Elim and Shungnak) installed systems, bringing the total number of community-owned cable systems to 36. In early 1987, Nikolai plans to begin offering cable to their community.

The older cable systems were financed through loans from village or regional Native corporations, bank loans, and prepaid subscriber fees. Most of the more recent systems have been financed through State Municipal Aid grants and have been purchased as turnkey packages from Alaskan and lower 48 cable system vendors.

Of the 36 systems currently operating, 21 charge subscriber fees and the others have various local schemes to generate income for maintenance, program service fees, etc. Thorne Bay operates their system as a cooperative, charging members for ten months of service and providing two months free of charge. Non-members pay the monthly rate for twelve months. Membership in MIC-TV (Metlakatla) is open at reduced rates to certain Alaska Natives who do not participate in land claims. Non-members pay a slightly higher monthly rate. In St. Michael everyone pays a monthly rate but community elders receive the service at 50% of the regular rate.

Program services available range from four or five channels up to 22 channels. All systems except the one in Metlakatla offer one basic service package which includes premium channels such as HBO, the Movie Channel or Cinemax, as well as other services such as CNN, ESPN, Nickelodeon, etc.

TELCO CABLE

Cable systems provided by wholly-owned subsidiaries of Alaska telephone operating companies currently serve 15 communities and the Galena Air Force Station. United Utilities' Univista currently serves ten communities and plans to activate one more system in Seward by the end of 1987. Interior Telephone Company's Eyecom, Inc. serves Galena (village and military installation), Port Lions and Unalaska and plans to activate a system in Girdwood. Girdwood's cable system is a joint venture between Eyecom and Alyeska Cable, Incorporated. The Matanuska Telephone Association serves Palmer and Wasilla through its company, Northern Sights Cable. Bristol Bay Telephone's Bay CableVision has received A.PUC certification to provide cable service to King Salmon and Naknek.

All telco-operated cable systems charge subscriber fees. Univista provides a single tier of service to eight communities and multi-tier service to two communities, while the others offer multi-tier service.

SUMMARY

There has been a dramatic increase in cable TV since 1980. Many older commercial systems have been in operation since the mid-60's, but the emergence of community-owned systems from 1980 to date has almost doubled the number of cabled communities in the state.

Seventy-seven (77) cable systems are currently operating in Alaska. Of the three classifications detailed in this report, 36 are community-owned, 26 are commercial operations and 15 are owned by telephone companies. Applications to provide cable service to three additional communities are being considered by the APUC. The APUC also has approved applications to provide service to two additional communities which will become operational during 1987.

TABLES

A brief description of cable service in each community is contained in the tables following. "ITV/TVP" refers to the State provided instructional television and entertainment programming which were combined on one channel on July 1, 1986.

ALASKA'S CABLE TELEVISION
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Department of Administration
January 1987

<u>COMMUNITY</u>	<u>PROVIDER AND TYPE</u>	<u>ITV/TVP ON CABLE?</u>	<u>COMMUNITY ACCESS CHANNEL?</u>	<u>NUMBER OF CHANNELS?</u>	<u>BASIC SERVICE RATE</u>	<u>NUMBER OF SUBSCRIBERS OR PENETRATION RATE</u>	<u>NOTES/COMMENTS</u>
Adak	Adak Cable Commercial	Unknown	Unknown	Unknown	Unknown	Unknown	Owned by BMI
Akiachak	Community	Yes	Unknown	8	Unknown	Unknown	System built by Microcom, operational 7/86.
Alakanuk	City of Alakanuk Community	No	Unknown	8	None	100 subs.	Maintenance agreement w/Univista.
Anaktuvuk Pass	Nunamiut Corp. Community	No	Unknown	16	\$50/mo.	98%	System built by Alaska Cable Systems.
Anchorage	Sonic Cable TV of Alaska Commercial	No	Yes	54 (36 Basic)	\$21.95/mo.	*34,000 subs. 40%	*Includes Eagle River subscribers.
Anderson	City of Anderson Community	Yes	Unknown	8	Unknown	Unknown	System built by Alaska Cable Systems. Operational 11/86.
Angoon	City of Angoon Community	No	Unknown	6	\$37.50/mo.	Approx. 50%	
Atkasuk	N. Slope Borough & Village Community	Yes	Yes	12	\$40/mo.	Unknown	System built by Cable Consultants of Alaska.
Barrow	Barrow Cable TV Commercial	No	Yes	15 (12 Basic)	\$53/mo.	712 subs. 90%	Also serve Browerville & Dewline site. Owned by Arctic Slope Regional Corporation.
Bethel	Bethel Cablevision Commercial	No	No	16	\$30/mo.	750 subs. 60%	Company owned by Pacific Telecom, Inc.
Brevig Mission	City of Brevig Mission Community	Yes	Unknown	7	Unknown	Unknown	System built by Microcom, operational 5/86.
Buckland	Village of Buckland Community	Yes	Unknown	6	None	98%	System built by Alaska Cable Systems.
Cordova	Cordova Cablevision Commercial	Yes	No	27 (24 Basic)	\$31.20/mo.	650 subs. 90%	Owned by Alaska Cablevision.
Craig	Craig Non-Profit Corp. Community	Yes	Unknown	9	\$35/mo.	95%	

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Deering	City of Deering Community	Yes	Unknown	7	Unknown	Unknown	System built by Microcom, Inc. operational 9/86.
Dillingham	Dillingham Cablevision, Inc. Community	No	Yes	28 (25 Basic)	\$24/mo.	275 subs. 40%	Owned by Chogqing, Ltd.
Eagle River	Sonic Cable TV of Alaska Commercial	No	Yes	54 (36 Basic)	\$21.95/mo.	*See Anchorage	
Eielson AFB	McCaw Cablevision Commercial	No	Unknown	15	\$29.22/mo.	Unknown	
Elim	Community	Yes	Unknown	9	Unknown	Unknown	System built by Microcom, operational 11/86.
Elmendorf AFB	Sonic Cable TV of Alaska Commercial	No	Yes	36	\$21.95/mo.	*3,901 subs.	*3,901 is combined no. subscribers for Elmendorf AFB and Ft. Richardson.
Emmonak	City of Emmonak Community	Yes	Yes	11 (9 Basic)	\$20/mo.	144 subs.	
Fairbanks	McCaw Cablevision Commercial	No	Unknown	23	\$36.90/mo.	Unknown	
Ft. Greely	McCaw Cablevision Commercial	No	Unknown	17	\$23.85/mo.	Unknown	
Ft. Richardson	Sonic Cable TV of Alaska Commercial	No	Yes	36	\$21.95/mo.	*See Elmendorf	
Ft. Wainwright	McCaw Cablevision Commercial	No	Unknown	17	\$23.85/mo.	Unknown	
Ft. Yukon	City of Ft. Yukon Community	Yes	Unknown	8	\$30/mo.	80 subs. of 500-600 residents	
Galena/ Galena AFS	Eyecom, Inc. Telco	Yes	Yes	17 (14 Basic)	\$30/mo. Town \$45/mo. Military	216 subs. Approx. 46%	Military gets all channels for \$45/mo. Eyecom owned by Interior Telephone Co.

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Cambell	Univista Telco	Yes	*Yes	12	\$50/mo.	46 subs. 45%	Univista, owned by Unicom, Inc. *Community Access channel avail- able but community must purchase own equipment.
Haines	Haines Cable TV Commercial	Yes	Unknown	11	\$32.55/mo. Town \$31.31/mo. Out the Road	350 subs. 45%	Owned by E. D. & D., Inc.
Hoonah	Hoonah Community TV Community	Yes	Unknown	8	\$20.60/mo.	Unknown	
Hooper Bay	Univista Telco	Yes	*Yes	12	\$50/mo.	27 subs. 22%	Univista, owned by Unicom, Inc. *Community Access channel avail- able but community must purchase own equipment.
Hydaburg	Hydaburg Cable TV Community	No	Unknown	5	\$30/mo.	3/4 population	
Juneau	McCaw Cablevision Commercial	No	No	35 (31 Basic)	\$38.90/mo.	5,700 subs. 60%	
Kake	Kake CATV Assoc. Community	No	Unknown	6	\$30.90/mo.	Unknown	Municipally owned.
Kaktovik	North Slope Borough & Village Community	Yes	Yes	12	\$40/mo.	Unknown	System built by Cable Consultants of Alaska.
Kenai	Sonic Cable TV of Alaska Commercial	No	Yes	54 (36 Basic)	\$21.95/mo.	Unknown	
Ketchikan	McCaw Cablevision Commercial	No	Yes	30	\$32.95/mo.	3,350 subs. 78%	
Kiana	Village of Kiana Community	No	No	6	\$10/mo.	83 subs.	System built by Alaska Cable Systems.
Kipnuk	Univista Telco	Yes	*Yes	12	\$50/mo.	51 subs. 68%	Univista owned by Unicom, Inc. Community access channel available but community must purchase own equipment.

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Klawock	Klawock STV Community	Yes	Unknown	5	\$30/mo.	100%	Certified with APUC as non-profit.
Kodiak	Kodiak Cablevision Commercial	Yes	Yes	25 (17 Basic)	\$29/mo.	2,219 subs.	Owned by Alaska Cablevision.
Kotlik	City of Kotlik Community	No	Unknown	4	None	Approx. 50%	Kotlik wants KYUK.
Kotzebue	Kotzebue Cablevision Commercial	Yes	Unknown	16	\$31.95/mo.	520 subs.	Owned by Alaska Cablevision.
Manokotak	Manokotak Natives, Ltd. Community	No	Unknown	7	\$20/mo.	100%	
Metlakatla	MIC-TV* Community	Yes	Unknown	22	\$10/mo. Members \$15/mo. Non-Members	100%	Members are Tsimshians or other non-land claims Indians. Non- members are all others. *Metlakatla Indian Community TV.
Mountain Village	Village of Mtn. Village Community	Yes	N	6	None	150 subs.	System built by Alaska Cable Systems. Rates being discussed.
Napakiaik	City of Napakiaik Community	Unknown	Unknown	7	Unknown	50%	System, built by Microcom, operational 12/85.
Nome	Nome Cablevision Commercial	No	Yes	26 (23 Basic)	\$31/mo.	740 subs. 70%	Owned by Alaska Cablevision.
North Pole	McCaw Cablevision Commercial	No	Unknown	12	\$36.90/mo.	Unknown	
Nuiqsut	North Slope Borough & Village Community	Yes	Yes	12	\$40/mo.	Unknown	
Palmer	Northern Sights Cable Telco	No	Unknown	20	\$24.95/mo.	Unknown	Owned by Matanuska Telephone Assn.
Petersburg	Petersburg Cablevision Commercial	No	No	14 (11 Basic)	\$31/mo.	708 subs. 80%	Owned by Alaska Cablevision.

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Pilot Station	City of Pilot Station Community	Yes	Unknown	12	None	100%	
Point Hope	North Slope Borough & Village Community	Yes	Yes	12	\$40/mo.	Unknown	
Point Lay	North Slope Borough & Village Community	Yes	Yes	12	\$40/mo.	Unknown	
Port Lions	Port Lions Cable Television Telco	Yes	Yes	12 (10 Basic)	\$27/mo.	44 subs. 60%	Owned by Eyecom, Inc. Interior Telephone Co.
Quinhagak	Univista Telco	Yes	*Yes	12	\$50/mo.	36 subs. 44%	Univista, owned by Unicom, Inc. *Community Access channel available but community must purchase own equipment.
St. Mary's	Univista Telco	Yes	*Yes	12	\$50/mo.	20 subs. 28%	Univista, owned by Unicom, Inc. *Community Access channel available but community must purchase own equipment.
St. Michael	City of St. Michael Community	No	Unknown	4	\$20/mo. \$10/mo. Elders	Approx. 100%	
Savoonga	Univista Telco	Yes	*Yes	12	\$50/mo.	38 subs. 35%	Univista, owned by Unicom, Inc. *Community Access channel available but community must purchase own equipment.
Selawik	City of Selawik Community	Yes	No (Planned)	8 (6 Basic)	\$30/mo.	80 subs. 75%	System built by Microcom, operational 3/85.
Shishmaref	Shishmaref Native Corp. Community	Yes	Unknown	8	\$50/mo.	80%	System built by Microm, operational 11/85.
Sitka	McCaw Cablevision Commercial	No	Yes	29 (26 Basic)	\$32.95/mo.	1,950 subs. 76%	
Shungnak	City of Shungnak Community	Yes	Unknown	7	Unknown	Unknown	System built by Microcom, operational 12/86.

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Skagway	Skagway Cable TV Commercial	Yes	Unknown	8	\$37.08/mo.	57 subs. Approx. 20%	Owned by ED&D, Inc.
Soldotna	Sonic Cable TV of Alaska Commercial	No	Yes	54 (36 Basic)	\$21.95/mo.	Unknown	
Stebbins	Village of Stebbins Community	Yes	No	9 (8 Basic)	\$4/mo.	59 subs.	System built by Valley Cable Service.
Thorne Bay	Thorne Bay Community TV, Inc. Community	Yes	Unknown	12	\$30/mo.*	100%	*Co-op members pay 10 mos., get 2 months free. Non-members pay straight monthly rate.
Togiak	Univista Telco	Yes	*Yes	12 (8 Basic)	\$28.95/mo.	75 subs. 74%	Univista, owned by Unicom, Inc. *Community access channel available but community must purchase own equipment.
Toksook Bay	Univista Telco	Yes	*Yes	12	\$50/mo.	38 subs. 58%	Univista, owned by Unicom, Inc. *Community access channel available but community must purchase own equipment.
Tununak	Univista Telco	Yes	*Yes	12	\$50/mo.	6 subs. 9%	Univista, owned by Unicom, Inc. *Community access channel available but community must purchase own equipment.
Unalakleet	Univista Telco	Yes	*Yes	12 (8 Basic)	\$28.95/mo.	101 subs. 64%	Univista, owned by Unicom, Inc. *Community access channel available but community must purchase own equipment.
Unalaska	Eyecom, Inc. Telco	Yes	Yes	25 22 Basic)	\$29/mo.	243 subs. 40%	Company owned by Interior Telephone Company.
Valdez	Valdez Cablevision Commercial	No	Yes	28 (24 Basic)	\$31/mo.	700 subs. of 1055 homes passed.	Owned by Alaska Cablevision.

ALASKA'S CABLE TELEVISION
OPERATIONAL SYSTEMS
Prepared by
Division of Telecommunications Services
Department of Administration
January 1987

<u>COMMUNITY</u>	<u>PROVIDER AND TYPE</u>	<u>ITV/TVP ON CABLE?</u>	<u>COMMUNITY ACCESS CHANNEL?</u>	<u>NUMBER OF CHANNELS?</u>	<u>BASIC SERVICE RATE</u>	<u>NUMBER OF SUBSCRIBERS OR PENETRATION RATE</u>	<u>NOTES/COMMENTS</u>
Wainwright	No. Slope Borough & Village Community	Yes	Yes	12	\$40/mo.	Unknown	System built by Cable Consultants of Alaska.
Wasilla	Northern Sights Cable Telco	No	Unknown	19	\$24.95/mo.	Unknown	Owned by Matanuska Telephone Assn.
Wrangell	Wrangell Cablevision Commerical	Yes	No	28 (25 Basic)	\$31/mo.	621 subs. of 900 homes passed.	Owned by Alaska Cablevision.

ALASKA'S CABLE TELEVISION
 PLANNED SYSTEMS
 Prepared by
 Division of Telecommunications Services
 Department of Administration
 January 1987

<u>COMMUNITY</u>	<u>PROVIDER AND TYPE</u>	<u>ITV/TVP ON CABLE?</u>	<u>COMMUNITY ACCESS CHANNEL?</u>	<u>NUMBER OF CHANNELS?</u>	<u>BASIC SERVICE RATE</u>	<u>NUMBER OF SUBSCRIBERS OR PENETRATION RATE</u>	<u>NOTES/COMMENTS</u>
Girdwood	Alyeska Cable Co./Eyecom, Inc. Telco	Yes	Yes	12	\$29.00	Unknown	Filed w/APUC, installation planned for January 1987 pending certification. Alyeska Cable Co./Eyecom, Inc. joint venture.
King Salmon	Bay CableVision Telco	No	Unknown	11 (9 Basic)	\$30/mo.	Unknown	*Installation planned for Summer '87. Company owned by Bristol Bay Telephone Coop, Inc.
Naknek	Bay CableVision Telco	No	Yes	11 (9 Basic)	\$30/mo.	Unknown	Installation planned for early 1987. Company owned by Bristol Bay Telephone Coop, Inc.
Nikolai	Nikolai Cable Community	Yes	No	6 (4 Basic)	Ø	30	Installation planned for January 1987.
Seward	Univista/General Tel or McCaw Cablevision Telco or Commercial	Yes	*Yes	12	\$50/mo. Univista Unknown McCaw	Unknown	Univista/General Telephone Co., as joint venture and McCaw Communications have both filed w/APUC. *Community access channel available. However, community must purchase their own equipment.

Alaska State Legislature

Senate Advisory Council



P.O. Box V
State Capitol
Juneau, Alaska 99811
Phone: (907) 465-3114

MEMORANDUM

TO: Senator Jones
Alaska State Senate

ATTN: Jim Lottsfelt

FROM: Carol R. Berryhill *CRB*
Researcher

DATE: March 23, 1987

RE: Research Request #87-001132; Cable Television Rates

Per your request, following is information regarding cable television rates. You specifically requested that the Senate Advisory Council obtain rates charged to consumers in communities with zero to two commercial stations.

I contacted several sources, including western State Cable TV Associations, private cable television companies, NCSL, and Dawson & Associates who lobby for the Alaska Cable TV Association, but was unable to obtain the information for rural communities. However, the National Cable Television Association (phone: 202-775-3550) provided the following average rates.

<u>State</u>	<u>Basic Rate</u>	<u>Pay Rate</u>
Arizona	\$12.24	\$10.10
California	11.10	11.01
Colorado	10.98	10.48
Hawaii	11.79	12.30
Idaho	10.54	11.26
Montana	12.30	11.76
Nebraska	11.18	9.65
Nevada	8.52	12.80
New Mexico	11.68	10.56
Oregon	9.96	8.15
Utah	10.20	10.79
Washington	11.22	11.69
Wyoming	10.53	10.66

If we may be of further assistance, please let us know.

MAR 20 1987

WYOMING CATV ASSOCIATION

March 16, 1987

Ms. Carol Berryhill
Alaska State Legislature
Senate Advisory Council
P.O. Box V
Juneau, Alaska 99811

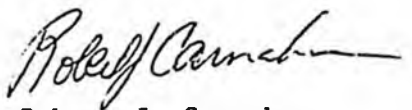
Dear Carol,

I was forwarded your letter requesting information on cable television rates charged in communities in Wyoming. I can only give you information about the system I work in, which is Casper, Wyoming. We have 3 local commercial stations, so we are outside of your research parameters.

I suggest you write to the individual system operators in this state to obtain adequate information. There are also several publications that have this information. I recommend the North America CableFile, published by Thompson Communications, 600 Grant Street, Denver, CO 80203.

I also suggest that someone within your organization become familiar with the deregulation provisions of the Cable Communications Policy Act of 1984. This comprehensive Federal legislation was enacted October 30, 1984, and may contain information that will help you decide what legally can and cannot be done as far as state or local regulation of cable systems.

Best Regards,



Robert J. Carnahan
Secretary/Treasurer

RJC:kg



Wyoming CATV Association

[REDACTED]
451 South Durbin
Casper, WY 82401



Mrs. Carol Berryhill
Alaska State Legislative
Senate Advisory Council
P.O. Box 4
Juneau, Alaska 99811



Russell Communications
Russell Financial Corporation
Russell Industrial Mining, Inc.

FEB 24 1987

February 20, 1987

Ms. Carol Berryhill
Researcher
Senate Advisory Council
ALASKA STATE LEGISLATURE
Post Office Box V
State Capitol
Juneau, Alaska 99811

Dear Ms. Berryhill:

RUSSELL COMMUNICATIONS holds approximately 42 construction permits to build originating television stations in different locations in the United States, one being for Channel 30 in Anchorage, Alaska.

Currently we have eight stations on the air and have other locations in the process of construction.

We do not own or operate any cable facilities. We do, however, expect to be involved with different cable companies when they commence carrying our local stations on their systems, but that would be an arm's length relationship wherein a service was being done for us.

We thank you for your inquiry and trust that this information answers your letter to us of February 16th.

Sincerely,

James Homer Russell
President

JHR:lar

MAR 20 1987



Hawaii Cable Television Association

Post Office Box 1245 • Kailua, Hawaii 96734
Telephone (808) 526-0159/261-9124

March 16, 1987

Carol Berryhill
Researcher
Alaska State Legislature
P. O. Box V
State Capitol
Juneau, Alaska 99811

Dear Ms. Berryhill:

This responds to your letter of March 9, 1987 to Don Carroll of Oceanic Cablevision with which you seek cable rights charged to customers in western states.

We have eight systems here in Hawaii, one public educational system, four commercial VHF stations and another 5 UHF television stations.

One commercial television station is located in Hilo, Hawaii which is also serviced by one cable system. All other commercial, VHF or UHF television stations are located in Honolulu, Hawaii served by two cable systems, Oceanic Cablevision and McCaw Cablevision.

The range of basic rate charges range from \$12.95 to \$14.95 per month. The higher the rate, the more basic channels available. From a low of 9 to a high of 16 channels.

Pay cable rates vary. The monthly rate for Home Box Office ranges from \$10.35 to \$14.00. Some systems offer HBO in combination with Showtime for around \$18.00 per month. Others combine HBO and Cinemax for around the same monthly rate. One system offers a package of three pay channels, HBO, The Movie Channel and Disney for \$30.00 a month.

This should give you something to go on.

Aloha,


Hardy Hutchinson
Executive Director

President
Sid Mizukami
Sun Cablevision of Hawaii
P.O. Box 2940
Kailua Kona, Hawaii 96740
Telephone (808) 329-2418

Vice President
Ross Waggoner
McCaw Cablevision
P.O. Box 25608
Honolulu, Hawaii 96825
Telephone (808) 395-5658

Secretary-Treasurer
Don Carroll
Oceanic Cablevision
2664 Kilihou St
Honolulu, Hawaii 96819
Telephone (808) 636-2588

A PERFORMANCE REPORT ON THE
DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT
ALASKA PUBLIC UTILITIES COMMISSION

October 18, 1985

Audit Control Number

08-4230-86-S

Commissioner, Department of
Commerce and Economic Development

Loren H. Lounsbury

Deputy Commissioners, Department of
Commerce and Economic Development

Greg Baker
Terry Elder

Members of the
Alaska Public Utilities Commission

Chairperson
Member
Member
Member
Member

Carolyn S. Guess
Marvin R. Weatherly
Susan M. Knowles
Louis E. Agi
Kathleen L. Whiteaker

STATE OF ALASKA

AUDIT DIVISION
POUCH W
JUNEAU, ALASKA 99811

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

October 18, 1985

Members of the Legislative Budget
and Audit Committee:

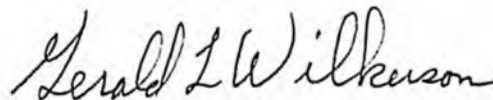
In accordance with the provisions of Title 24 of the Alaska
Statutes, the attached report is submitted for your review.

A PERFORMANCE REPORT ON THE
DEPARTMENT OF COMMERCE AND
ECONOMIC DEVELOPMENT
ALASKA PUBLIC UTILITIES COMMISSION

October 18, 1985

Audit Control Number

08-4230-86-S



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

In reviewing regulation from a national perspective, we find that for distribution cooperatives 21 states economically regulate 370 (41 percent) of the 912 existing systems. However, generation and transmission systems are regulated at the wholesale level in just ten states, including Alaska, and only 16 (25 percent) of the existing sixty-three G&Ts are regulated.

Recommendation No. 4

Alaska Statute 42.05 should be amended to cease certification of cable television.

Prior to the enactment of chapter 136 SLA 1980 all cable television systems were certificated and economically regulated by APUC. That legislation provided for economic deregulation until July 1, 1983 of all systems except those in cities or villages which have a population of less than 3,500 people which are not located on a state road or marine highway. In 1983 the legislation was broadened to exempt all cable systems from economic regulation permanently.

The effect of certificating a utility without economic regulation is to create a state sanctioned monopoly with a legally protected service area, but not to provide the companion public protection against unreasonable rates required when competition is eliminated. The resultant potential for abuse and public harm are high when the services are being provided to a large segment of the population by investor-owned companies. This is the current situation with cable television services in Alaska. Twenty-three companies, of which all but one is investor owned, have made cable services available to approximately 70 percent of the population of the State.

Total deregulation of cable television was recommended in a 1979 sunset audit report on the premise that cable television does not conform to the commonly accepted definition of public utilities; i.e., a natural monopoly supplying a service which is indispensable to modern living. Cable television is an entertainment service, not a necessity. The decision to continue certification arose from concern over the provision of fit, willing and able applicants and the resolution of problems with local exchange telephone companies.

The potential for problems arising from these concerns, however, has lessened significantly since 1979 for the following reason. Cable systems are now in place and operating for a substantial area of the State. Since the 1979 report, 13 cable television companies have been certificated to provide service to areas containing 266,000 Alaskans. As previously stated, this means 70 percent of the population is now served by cable television systems.

MCCAW CABLE-MAUI BU
P.O BOX 31000
HONOLULU HI 96849-5010
ADDRESS CORRECTION REQUESTED

REMIT TO

MCCAW CABLE-MAUI
P.O BOX 31000
HONOLULU HI 96849-5010

495 40102421024 001349 870201 0

PLEASE DETACH AND ENCLOSE TOP PORTION WITH CHECK OR MONEY ORDER

DESCRIPTION	DATE	
BALANCE FORWARD		12.13
PAYMENT	01/09	12.13CR
MONTHLY CABLE SERVICE	02/01 TO 03/01/87	12.95
SALES TAX	02/01	.54
PAYMENTS ACCEPTED AT ALL BANK OF HAWAII BRANCHES. FOR BILLING INQUIRIES, PLEASE CALL US AT 244-5576. THANK YOU.		
TOTAL DUE		13.49

—MCCAW CABLEVISION586-3320 A
 —3151 CHANNEL DR. SUITE 1
 —JUNEAU AK 99801



MCCAW CABLEVISION586-3320
 3151 CHANNEL DR. SUITE 1
 JUNEAU AK 99801

ANY PAYMENTS RECEIVED AFTER THE 20TH MAY NOT APPEAR ON THIS BILL. ALL PAST DUE BILLS WILL BE CHARGED A 1.5 PERCENT LATE CHARGE.

PLEASE DETACH AND ENCLOSE TOP PORTION WITH CHECK OR MONEY ORDER

DESCRIPTION	DATE	
BALANCE FORWARD		56.06
PAYMENT	01/06	56.06 CR
CABLE SERVICE	02/01 TO 03/01/87	39.40
HBO	02/01 TO 03/01/87	9.50
COPYRIGHT SERVICE	02/01 TO 03/01/87	5.00
SALES TAX	02/01	2.16
ANY PAYMENTS RECEIVED AFTER THE 20TH MAY NOT APPEAR ON THIS BILL. ALL PAST DUE BILLS WILL BE CHARGED A 1.5 PERCENT LATE CHARGE.		
TOTAL DUE		56.06

Business Briefs

Cable TV costs more

WASHINGTON (AP) — Cable television companies, unshackled from government regulation barely a month ago, have wasted no time raising rates for basic service and repackaging the product they deliver to 42 million American homes.

Free now to set their own rates, cable operators across the country are trying a variety of strategies that generally include higher prices for the limited basic service, lower rates for premium channels like Home Box Office and the Disney Channel and elimination of charges like second-set hookups.

The net effect in many systems will be higher prices for customers receiving the lowest range of services and sometimes lower prices for top-of-the-line customers, say cable operators.

Report

MARK

*Circulate prior
to Wed meetings*

1 IN THE SENATE

2 CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 92 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act eliminating certification requirements for
7 certain utilities that furnish cable television
8 service."

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

10 * Section 1. AS 42.05.711(k) is amended to read:

11 (k) A utility that [WHICH] furnishes cable television service to
12 an area served by no more than two commercial broadcast television
13 stations is exempt from [THE PROVISIONS OF] this chapter [OTHER THAN
14 AS 42.05.221 - 42.05.281] unless 25 percent of the subscribers peti-
15 tion the commission for regulation. A utility that furnishes cable
16 television service to an area served by more than two commercial
17 broadcast television stations is exempt from this chapter other than
18 AS 42.05.221 - 42.05.281 unless 25 percent of the subscribers petition
19 the commission for regulation.

20
21
22 *Exempts Cable T.V. Stations in Communities with*
23 *2 or less Commercial Stations from APUC regulations.*
24 *Communities with more than 2 Commercial Stations are*
25 *still under APUC regulations just as they were*
26 *before.*
27
28
29

S B

9 3

Senate Bill 93 proposes two statutory amendments to Alaska banking laws.

Amendment to AS 06.05.180.

The proposed amendment to AS 06.05.180(10) provides that where an Alaska domiciled bank or national bank holds assets under a trust agreement, that said assets can be invested in shares of a "money market mutual fund" limited to short term U.S. Treasury obligations.

Reason for Amendment.

In the course of its examination of national banks and trust departments, the U.S. Office of the Comptroller of the Currency has construed trust instruments that permit or require investments in U.S. Obligations not to authorize investments in money market funds limited to short term U.S. Treasury Obligations. The regulations of the Office of Comptroller of the Currency applicable to fiduciary activities provides that funds held by a national bank, in a fiduciary capacity, shall be invested in accordance with the instrument establishing the fiduciary relationship and local law. In making their own interpretation of state law, the Office of Comptroller of the Currency has consistently rejected contrary views of local bank counsel and has required national banks in some states to remove their assets from the money market mutual funds, with a subsequent loss to the bank's underlying account of the cost-effectiveness, convenience and liquidity afforded by the trust. The Office of the Comptroller of the Currency nonetheless has said that it will yield on the issue in the event of appropriate state legislation action. The decision of the Office of the Comptroller to yield to clarifying legislation has prompted introduction of legislation similar to the proposed amendment to AS 06.05.180(10) in many states.

Similar legislation has now been adopted by twenty (20) states: Alabama, California, Connecticut, Florida, Georgia, Illinois, Iowa, Kansas, Kentucky, Louisiana, Massachusetts, Minnesota, Missouri, New Jersey, New York, North Carolina, Oklahoma, Ohio, Texas & Virginia.

Amendment to AS 06.05.270.

The proposed amendment to AS 06.05.270(a)(1) formalizes the position taken by the Director of Banking for the State of Alaska which allows Alaska domiciled banks to invest their own assets in money market mutual funds which are limited to short term U.S. Treasury Obligations.

Reason for Amendment, Senate Bill 93.

1) Formalizes statutory amendment, the practice currently authorized by the State of Alaska's Director of Banking and 2) clarifies existing law.

POSITION PAPER

Department of Commerce
& Economic Development

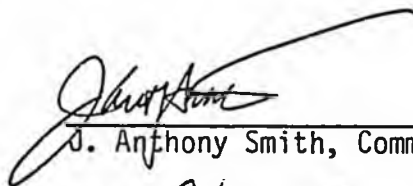
SB 93: "An Act relating to investments by financial institutions."

The Department of Commerce and Economic Development supports this bill if amended in the following manner. Page 2 line 29 after government insert "with approval of the trustor(s),"

Section 1 of the bill allows a trustee of a bank to invest in a mutual fund made up of government securities when the trust customer of the bank grants authority for the trustee to invest in government securities. This provision expands the trust power beyond that of the trustee agreement without allowing the trustor to make the determination as to whether this investment accords with the trustors' wishes. If the bank's trust customer gives the bank fiduciary freedom to invest in government securities the trustee of the trust should do just that. As SB 93 is now written, if the bank customer did not want government securities in the form of shares in a mutual fund the trust agreement would have to so state. There are a number of reasons why a trustor might choose not to have the trustee invest in mutual funds, one of which is that the trustor ends up paying double fees for the investment, one for the trustee administration cost and another for mutual fund management fees.

The department favors Section 2 of the bill as written. This section allows bank management to invest, as part of the bank's investment portfolio, mutual funds as long as the mutual fund limits its portfolio to legal investments. This allows a small financial institution the ability to have greater use of expertise of the mutual fund's managers, thus, diversifying some market risk.

This bill will have no affect on the program of regulating financial institutions nor will it have a fiscal impact.



J. Anthony Smith, Commissioner

DATE: 2/25/87

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version : SR 93

Publish Date : _____

Revision Date: _____

Title : Investments by Financial
Institutions

Agency Affected: Comm. & Econ. Dev.
Banking, Securities & Corp.

BRU: _____

Sponsor : _____

Requestor : _____

Components : _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Willis F. Kirkpatrick, Director Phone: 465-2521

Division: Banking, Securities & Corporations Date: _____

Approved by Commissioner: J. Anthony Smith, Commissioner Date: _____

Agency: Department of Commerce and Economic Development

Distribution (by preparer):

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

SB

104

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version : SB 104
Publish Date : 2/4/87

Revision Date: _____

Agency Affected: Fish and Game

Title: Act relating to herring stripping

BRU: Commercial Fisheries

Sponsor: Zharoff

Components : _____

Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: R.C. Clasby
Division: Commercial Fisheries

Phone: 465-4210
Date: 2/6/87

Approved by Commissioner: [Signature]
Agency: Fish and Game

Date: 2/12/87

Distribution (by preparer):

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



STATE OF ALASKA
OFFICE OF THE GOVERNOR

BILL ANALYSIS

DEPARTMENT Fish and Game	DIVISION Commercial Fisheries	BILL NUMBER SB 104	SPONSOR Zharoff
DEPARTMENT POSITION Neutral			
PREPARED BY R.C. Clasby	DATE 2/6/87	COMMISSIONER'S SIGNATURE <i>[Signature]</i>	DATE 2/12/87

SUMMARY

OTHER AGENCIES AFFECTED BY BILL Environmental Conservation	CONSTITUENT GROUP(S) AFFECTED BY BILL Bering Sea herring fishermen and processors
ORGANIZATIONAL SUPPORT FOR BILL Unknown	ORGANIZATIONAL OPPOSITION TO BILL Unknown

FISCAL IMPACT: NONE FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT

During the development of the Bering Sea herring sac-rope fisheries, rope stripping and at-sea carcass disposal was felt to be necessary because of the high cost of other processing techniques. It has been the intent of the Legislature to disallow stripping and carcass disposal by a time certain as an incentive to the industry to develop other processing techniques. SB 104 extends the sunset dates set in 1985 by three years.

ANALYSIS OF BILL/PROGRAM EFFECTS

This bill, as well as current law, requires that a person obtain a permit from the Commissioner of the Department of Fish and Game before disposing of herring carcasses at sea. The permit application must contain an operational plan demonstrating how the person will meet the sunset provisions of the legislation. The only program effect on the department is the processing of those permits. The effect has been minimal, and would be assumed to continue to be minimal under the proposed legislation. The following table contains information on permits issued since the adoption of the requirement in 1985.

<u>Company</u>	<u>Years Applied</u>	<u>Areas</u>
North Coast Seafood	'85 & '86	Togiak, Goodnews Bay, and Norton Sound
Kemp Paulucci	'85 & '86	Togiak
Richard Newby	'85	Togiak
Western Fish Producers	'86	All Areas

AMENDMENTS PROPOSED

None

NORTH COAST SEAFOOD PROCESSORS, INC.

5355-28TH N.W.
P.O. BOX 17538
SEATTLE, WA 98107



(206) 789-5108
TELEX: 32-8077
FAX: 789-7329

M

TELECOMMUNICATIONS COVER SHEET

Date 2/25/87

Time 7:00 pm

The following document including this cover sheet is 2 pages.

PLEASE DELIVER THIS TRANSMISSION TO:

Name: Senator Tom Kelly

Office: Alaska State Legislature

Repicom Number: 907-465-3700

Office confirmation Number: _____

THIS DOCUMENT IS FROM:

Name: Ernest Nagai (206) 789-5108

If any of these pages are not legible or you do not receive all the pages, please call as soon as possible.

FEB 25 '87 15:24 206-789-7329

P.2

NORTH COAST SEAFOOD PROCESSORS, INC.

5355-28TH N.W.
P.O. BOX 17538
SEATTLE, WA 98107



(206) 789-5108
TELEX: 32-8077
FAX: 789-7329

February 24, 1987

Senator Fred Zharoff
Senator Tim Kelly
Senator Jack Coghill
Alaska State Legislature
PO Box V
Juneau, AK 99811

We are supporters of Senate Bill 104 which will extend the exemption for herring stripping in the Bearing Sea fisheries.

We wish to advise that passage of this bill will allow our firm to purchase 300 to 400 tons more fish, including native gillnet fish from Togiak, Security Cove and Good News Bay. For your information, we would be able to purchase in excess of our freezing capacity if we are allowed to strip.

Your efforts to pass this bill are greatly appreciated.

Very truly yours,

A handwritten signature in cursive script that reads "Ernest Nagai". The signature is written in dark ink and is positioned above the printed name and title.

Ernest Nagai
Vice President

MAR 17 '87 10:01 206-789-7329

P.3



4240 Gillman Place West / #A / Seattle, Washington 98199
(206) 282-4020

March 6, 1987

Senator Tim Kelly
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Senator Kelly,

Recently, a copy of Senate Bill 104 regarding herring stripping was brought to my attention. Our company is involved in the seafood industry in Alaska and find the bill to be just the approach we need to take care of the problems of herring processing.

Through the years, we have been associated with certain firms that rely upon stripping as an alternative or additional method of processing. Normally, the herring is frozen in block with minimal labor involved. As the situation dictates, after four or five days, frozen product becomes less desirable because of quality deterioration and stripping of the product is necessary.

By barring herring stripping, effectively these companies must curtail the amount of herring purchased from fishermen. In addition, the number of labor hours aboard the vessel will decrease dramatically. The State of Alaska then loses out in both fish tax and payroll revenues.

I do not profess to know all the pros and cons in the matter of herring stripping, but I know many firms will be adversely affected. Your serious consideration to the support of Senate Bill 104 will be greatly appreciated. Thank you.

Sincerely,
POLAR ICE SEAFOODS, INC.

Kunio Kikuchi
Vice-President

KK/jpg

SB

105

January 26, 1987
Contact: Douglas Donegan

POSITION PAPER
HB 26

Title:

An Act relating to the sale of certain milk products

Effect of the Bill

This bill requires that all milk products sold in Alaska contain a date of "processing" and a date upon which the product becomes "unfit for human consumption."

Department Position

The Department supports the intent of HB 26. The labeling requirements will provide consumers with pertinent information necessary to make informed decisions regarding the relative freshness and shelf-life of their milk product purchases.

If the bill becomes law, DEC would analyze approximately 6 samples per week to confirm by laboratory analysis the accuracy of the "use-before" date. DEC would monitor the accuracy of "processing" date of in-state processors at milk processing facilities. Accuracy of "processing" date for milk products produced outside of Alaska will be confirmed by monitoring shipment dates of incoming milk products and date of "processing" on the containers.

Suggested Revisions

While DEC supports the overall approach, some modification is needed to make it workable. The term "date of processing" needs to be defined. The Department recommends that date of processing be defined as "the earliest date upon which the milk product has been heat treated in any manner such as pasteurization." This definition is suggested because there are several steps in the production of milk products which could be considered "processing" and this definition will eliminate potential ambiguities.

The term "unfit for human consumption" also needs a definition. The Department suggests that this term be defined as "when the milk product exhibits organoleptic or microbiological evidence of spoilage rendering it unacceptable for human consumption as determined by the Department's Environmental Health laboratory."

The definition of "milk product" should also exclude all "cultured" milk products including sour cream and yogurt.


Fiscal Effect

The Department would monitor milk products to determine compliance with the labeling requirements. This would include evaluating the accuracy of the "unfit for human consumption" date. During routine inspections grocery and dairy inspections, DEC sanitarians would collect milk samples and send them to the Division's environmental health laboratory for analysis. The sample collection and analyses could be performed with existing staff. Consequently, the only additional monies necessary would be for sample containers, sample shipment, gel ice, laboratory supplies and equipment including glassware and media, and a refrigerator with a temperature recording device. The Department anticipates that increased costs would be \$9,500 the first year and \$7,000 per year thereafter.

Dennis D. Kelso
Commissioner

2-13-87

MEMO

TO: Senator Kelly, Chair, Senate Labor and Commerce Committee
FROM: Senator Kerttula 

SB 105: An act relating to the sale of certain milk products"

SB-105 was introduced by Senator Kerttula to aid consumers.

SB-105 will simply require the date that milk products were first processed (i.e. heat treated in any way, including pasteurization) be put on the product before the product can be sold.

This will enable consumers to know when the milk product was processed, and that will basically tell them how old their milk product is.

Consumers have a right to know this information and this bill will give them that right in statute.

There is a proposed substitute for SB-105 which is now drafted as a sponsor substitute, but which may be introduced as a committee substitute if the committee so wishes. The substitute will simply clean up the definitions.

The Department of Environmental Conservation supports this bill, as do consumers across the state.

Thank you for your consideration of SB-105.

1 IN THE SENATE

BY KERTTULA, SZYMANSKI,
UEHLING AND JOSEPHSON

2

SENATE BILL NO. 105

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the sale of certain milk prod-
7 ucts."

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

9 * Section 1. AS 17.05 is amended by adding a new section to read:

10 Sec. 17.05.060. DATE-LABELING OF MILK PRODUCTS. (a) A person
11 may not sell or offer to sell a milk product unless the product con-
12 tainer is conspicuously and legibly marked with the month and the day
13 of the month when the product was processed, and the date is preceded
14 by the words "processed on".

15 (b) This section does not apply to milk products that are
16 packaged in a hermetically sealed container, dried, or frozen.

17 (c) The commissioner of environmental conservation shall enforce
18 this section.

19 (d) In this section

20 (1) "date of processing" means the earliest date when the
21 milk product was heat-treated in any manner, including pasteurization;

22 (2) "hermetically sealed container" means a container that
23 prevents the entry of microorganisms in order to maintain the commer-
24 cial sterility of the contents after processing;

25 (3) "milk product" does not include cultured milk products
26 and cheese, except cottage cheese; in this paragraph, "cultured milk
27 products" includes sour cream and yogurt.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST:

Bill Version : SB 105

Publish Date : _____

Revision Date: _____

Agency Affected: DEC

Title: An Act relating to the sale of certain milk products

BRU: Environmental Health

Sponsor: Kerttula, Szymanski, Uehling,
Requestor: Senator Kelly Josephson

Components: Meat/Poultry Inspection

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Douglas Donegan
Division: Environmental Health

Phone: 465-2696
Date: February 9, 1987

Approved by Commissioner: _____
Agency: Department of Environmental Conservation

Date: February 10, 1987

Distribution (by preparer):

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

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version : SB 105
Publish Date : _____

Revision Date: _____
Title: An Act relating to the sale of
certain milk products
Sponsor: Kerttula, Szymanski, Uehling,
Requestor: Senator Kelly Josephson

Agency Affected: DEC
BRU: Environmental Health
Components: Meat/Poultry Inspection

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

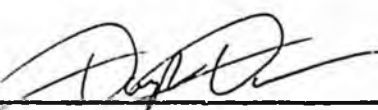
FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Douglas Donegan 
Division: Environmental Health

Phone: 465-2696
Date: February 9, 1987

Approved by Commissioner: 
Agency: Department of Environmental Conservation

Date: February 10, 1987

Distribution (by preparer):

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

SB

106

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400

February 24, 1987

The Honorable Tim Kelly
Chairman
Senate Labor and Commerce Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Kelly:

Subject: Senate Bill 106, relating to aquatic farming.

Position: The Department of Natural Resources recommends that the Senate Labor and Commerce Committee pass SB 106 to the Resources Committee for further consideration of land use issues.

Background: SB 106 provides for the construction and operation of aquatic farms. Under AS 38.05.070, land, including tide, submerged or shoreland, to which the state holds title, may be leased in a manner provided in AS 38.05.070 - 38.05.105 and subject to the approval of the Commissioner of Natural Resources.

Recommendation: While the Department of Natural Resources generally supports the goals of SB 106 and the creation of new commercial opportunities through utilization of the state's resources, in the opinion of the department, SB 106 needs to further address land use issues.

Specifically, the department recommends that leasing and permitting processes be designed to encourage development of the mariculture industry, but discourage speculation. This could be accomplished, for example, by requiring applicants to demonstrate by prove up that their projects are viable by preparation of a development schedule. Additionally, leasing and permitting alternatives which encourage small operations, such as lease fees or rent based on gross receipts, could be considered.

The enclosed fiscal note is based on an estimate of the number of leases and permits that would result from the bill

Senator Tim Kelly

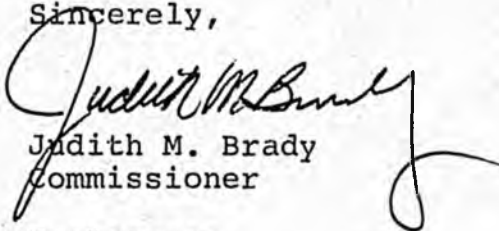
-2-

February 24, 1987

as presently written. The actual number of new applications will undoubtedly vary depending on the fee structure for leasing and permitting and any special requirements that the final bill contains.

I would be pleased to make my staff available to work with your staff regarding the land use issue. If you would like additional information or have any questions, please contact my office.

Sincerely,



Judith M. Brady
Commissioner

Enclosures

cc: Committee Members
Sponsors
George Sullivan, Governor's Office
Rod Swope, Governor's Office
Paul Peyton, DCED
David Benton, ADFG
Tom Hawkins, DLWM

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version : SB 106
Publish Date : _____

Revision Date: 2/24/87

Agency Affected: Natural Resources
BRU: Land and Water Management

Title: An act relating to aquatic farming

Sponsor: Zharoff, Sturgulewski, et al
Requestor: Senate Labor & Commerce

Components : _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	0	84.6	171.3	171.3	210.6	210.6
TRAVEL	0	20.0	25.0	25.0	22.0	22.0
CONTRACTUAL	0	2.0	4.0	4.0	4.0	4.0
SUPPLIES	0	1.0	2.0	2.0	2.0	2.0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	107.6	202.3	202.3	238.6	238.6

CAPITAL	0	0	0	0	0	0
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REVENUE	0	15.5	23.5	32.0	36.0	40.0
---------	---	------	------	------	------	------

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	107.6	202.3	202.3	238.6	238.6
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	107.6	202.3	202.3	238.6	238.6

POSITIONS:

FULL-TIME	0	2	3	3	4	4
PART-TIME	0	0	2	2	2	2
TEMPORARY	0	0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

See Attached

Prepared by: Paula Burgess Phone: 465-3400
Division: Land and Water Management Date: 2/13/87

Approved by Commissioner: Judith M. Bandy Date: _____
Agency: Natural Resources

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

SB 106 Analysis

In order to assess the fiscal impact of SB 106, we estimate the number of new applications for tideland leases and permits that we expect. The actual number of applications will vary depending upon the fee structure for leasing and permitting, and the "prove up" requirements of the bill. At present our permit fees are extremely low and the cost of obtaining a lease is quite high. At this stage no "land law" accompanies the bill to alter the lease or permit structure. We recognize that certain changes are desirable to encourage growth of the industry, such as the acceptance of a paper plat rather than a full survey for a lease in remote areas. While such changes may be forthcoming in later committees, the fiscal note here reflects the existing permit structure.

We estimate the number of new applications the first year to be the following:

- 30 salmon
- 25 scallop
- 10 oyster
- 3 mussel
- 2 kelp

We require one adjudicator in the Southeast Region and one adjudicator in the Southcentral Region to handle the new applications. The second year we require one additional adjudicator (to be located where the need is greatest) to handle additional new applications. By the fourth year we are assuming the need of two adjudicators in each of the two regions.

The second year we require a part-time contract administrator to handle the accumulation of two years of lease contracts, and a part-time surveyor to review survey plats. (The survey cost may be reduced somewhat if the bill is amended to allow paper plats rather than full surveys in remote areas.)

A goal of the state and of those seriously interested in aquatic farming is to avoid land speculation. In order to accomplish this, it will be necessary to inspect most lease and permit sites once a year. Some inspections can be combined with other field investigations, and some may be performed under cooperative agreements with other agencies. A lean inspection program will cost \$10,000 for each adjudicator the first year (travel and per diem). In subsequent years the cost will decline as we establish inspection efficiencies.

Under existing statutes and regulations, the number of leases and permits estimated above would generate approximately \$15,500 in revenue the first year. As the number of operations increases each year, the revenue increases modestly. If the bill were amended to allow the commissioner to charge a percentage of gross receipts, revenues could increase substantially once the industry began to flourish.

Position Summary

Fiscal Year '88

Two (2) - Natural Resource Officers II (Range 16)

Fiscal Years '89 and '90

Three (3) - Natural Resource Officers II (Range 16)
One (1) - Part-time Contract Administrator (Range 14)
One (1) - Part-time Surveyor (Range 20)

Fiscal Years '91 and '92

Four (4) - Natural Resource Officers II (Range 16)
One (1) - Part-time Contract Administrator (Range 14)
One (1) - Part-time Surveyor (Range 20)

MEMORANDUM

State of Alaska

TO: Fisheries Mini-Cabinet

DATE: March 11, 1985

FILE NO:

TELEPHONE NO:

FROM: Bill Sheffield
Governor

SUBJECT: Policy Development
Strategy for Mariculture/Aquaculture

Alaska's position in the world marketplace as a producer of seafood products has changed dramatically since statehood. There is every indication that an equally dramatic change will occur in the next decade. A number of world-wide developments, over which we in Alaska have little or no control, have had and will have an impact on our domestic and international seafood markets. The increasing use of aquaculture or sea farming techniques to supplement or complement traditional wild stock harvest strategies stands out among these trends. In my opinion, this trend requires our careful development of a public policy response by the State.

Alaska's abundant, high quality water resources, the close ties between many of our coastal communities and our marine environment suggest that some forms of sea farming may represent an opportunity for economic growth and diversity. However, it is critical that State policy insure that such development complements, rather than conflicts with, our valuable traditional seafood industry. To accomplish the timely formulation of public policy and any legislative or regulatory changes that might be required, I instruct the Fisheries Mini-Cabinet to take the following steps:

1. Appoint an ad hoc advisory group representative of harvesting, processing, mariculture, and community interests to review the mariculture/sea farming issues.
2. In those instances where little or no conflict appears to exist between sea farming and traditional fisheries (e.g. shellfish), develop the legislation or regulations necessary to encourage an orderly development that maximizes Alaskan participation.
3. In those cases where sea farming may be in conflict with our traditional fisheries (e.g. pen reared salmon), move-ahead cautiously to examine all facets of the issue, including:
 - a) the effect of sea farming on the markets for our traditional seafood products;

March 11, 1985

- b) the experiences of other nations with sea farming development;
 - c) how such developments might supplement or complement our existing industry, and how maximum Alaskan participation could be encouraged.
4. Report to me regularly on your progress in dealing with these issues.

BS/GB/mst0089g
021985a

cc: Fisheries Mini-Cabinet Staff
Cass Parsons, United Fishermen of Alaska
Rick Lauber, Pacific Seafood Processors Association

MEMORANDUM

State of Alaska

TO: Honorable Bill Sheffield
Governor

DATE: March 6, 1986

FILE NO.:

THRU:

TELEPHONE NO.:

SUBJECT: Aquaculture
Policy Proposal

FROM: Fisheries Mini-Cabinet

Please find attached the final recommendation of the Ad Hoc Aquaculture Advisory Committee to your Fisheries Mini-Cabinet. We have reviewed the recommendations of the advisors and are in concurrence with their suggested approach. Prior to forwarding our recommendations to you we requested the Departments of Commerce and Economic Development, Fish and Game, Natural Resources and Environmental Conservation to review the fiscal impacts associated with full and complete implementation of the recommendations. Although the total cost of full implementation would be substantial, the current revenue situation and the need to maintain existing fisheries management and development programs lead us to recommend the funding of only two portions of the recommendation. We suggest providing \$39,000 for public forums/education and \$50,000 for the proposed socioeconomic impact study. We would recommend that a total of \$95,000 be appropriated in the FY 87 budget, in the form of a C.I.P., to the Department of Commerce and Economic Development.

We collectively recommend acceptance of the basic policy regarding all forms of aquaculture with the exception of pen rearing of fin-fish. After the suggested study and public awareness process have been funded and completed and the public has had a chance to react, we will recommend further action regarding the pen rearing of fin-fish. In our view, a critical component of this policy development and implementation is the need to form and maintain a close partnership between your office and the Legislature as suggested by the Committee. We perceive there is presently a strong difference of opinion among members of the fishing community regarding whether or not fin-fish farming should be allowed. The communication link suggested above would maximize our chances for obtaining an accurate picture of the public desire to allow development of this industry to proceed in Alaska.

WP/sa0348g
30686b

Attachments: A Philosophy For Aquaculture Development in Alaska
Proposed Aquaculture Policy for Alaska

TO: Governor's Fisheries Mini-Cabinet

DATE: January 20, 1986

FILE NO.:

THRU:

TELEPHONE NO.:

SUBJECT: A Philosophy for Aquaculture
Development in Alaska

FROM: Aquaculture Advisory Committee

On July 15, 1985, Governor Sheffield appointed a Mariculture Advisory Committee, consisting of fishermen organizations, fish processors, a Native corporation, governmental agencies, the universities, and individuals in the private sector interested in mariculture development in Alaska. The committee was charged with the responsibility of formulating a workable and effective mariculture policy to guide the State in development of the mariculture industry in Alaska. The committee modified its original charge to include culture of all aquatic plants and animals in both the fresh and saltwater environments. Hence, this consensus document outlining an aquaculture policy is submitted.

The issues confronting the further development of aquaculture have been examined by the committee. These developments include fish, crustaceans, mollusks and aquatic plants. It is important, in light of world aquacultural developments and growing interest in aquaculture potential in Alaska to generate a policy that should enable the orderly development of an Alaskan aquaculture industry. However, many biological, technical and social questions must be resolved before allowing full implementation of any plan. The committee strongly recommends that every effort be made to assure that the developing aquaculture industry:

1. be complementary to, and not in conflict with, the existing fishing industry.
2. be economically viable and self-sustaining.
3. provide opportunities for family and other small scale businesses.
4. provide an overall enhancement to the marketing image of all Alaskan seafood products.
5. give due consideration to wild stocks.

Some shellfish aquaculture projects are currently underway. While we have found a need to tailor the existing permit and lease process in order to promote aquaculture development, and have identified a need to improve dissemination of technological data, it appears that the early success of these projects holds the promise of another positive use of Alaska's resources and should be supported.

The culture of aquatic plants may also offer new opportunities. There is a need to further assess opportunities and develop appropriate technology.

The farming of finfish (other than nonprofit ocean-ranching of salmon) has not been introduced, although experimental work has shown promise. We need to continue and expand grant research efforts between the State of Alaska and the National Marine Fisheries Service to gather data on the biological and technical aspects of pen-rearing. The possibility of social and economic conflicts with existing fisheries warrants a more cautious approach than for shellfish and aquatic plants.

The committee recommends that aquaculture be a self-sustaining industry with the exception of public investment in plant and animal health diagnostics, public health and initial biological research. In the meantime, there is a need to develop public policy regarding such issues as a regulation of the aquaculture industry (either as a farm or fishery), size and location of sites, federal land issues, organization of the permitting process, ownership questions, taxation, disease, and so forth.

Attached is our proposed policy document consisting of a generic policy statement followed by a number of comments regarding specific issues. This committee would be available for further deliberations on specific issues stemming from public review and comments to this policy.

AAC/wfs1331M
12086i
Attachments

GOVERNOR SHEFFIELD'S
AQUACULTURE ADVISORY COMMITTEE

PUBLIC MEMBERS

Brian Allee, PWSAC
Jack Cadigan, (Cass Parsons), UFA
Bill Clapp, Pelican Seafood
Nancy Gross, Unalaska
Richard Harris, Sealaska
Jim Hemming, Mussel Grower
Earl Krygier, A.T.A.
Robin Larsson, A.S.G.A.
Rick Lauber, P.S.P.

LEGISLATIVE MEMBERS

Senator Richard Eliason
Representative Peter Goll
Representative Adelheid Herrmann
Senator Fred Zharoff

UNIVERSITY & GOVERNMENT
AGENCY REPRESENTATIVES

Greg, Baker, ADC&ED
Ron Dearborn, U of A, Sea Grant
Bill Heard, NMFS
Ole Mathisen, U of A
Stan Moberly, ADF&G
Dick Neve, Office of the Governor
George Snyder, NMFS

SPECIAL ASSISTANT

Gerald Bowden, UCSC

Proposed Aquaculture Policy

It is the policy of the State to promote the development of a successful aquaculture industry in a manner that will contribute to the economic well-being of the citizens of the State, the commercial fishing and seafood industry, and all communities of the State, particularly the coastal areas.

GENERAL FINDINGS

1. There is an urgent need to inform the public of the potential socio-economic impacts, benefits and opportunities surrounding aquaculture, especially salmon farming, and to solicit public comments through a series of hearings. These efforts will provide necessary information to enable both the public and government to determine the future course of aquaculture and to provide for its orderly development. The process will:
 - A. address the concerns of fishermen, the fishing industry, coastal residents, and the citizens of the State for the development of aquaculture in Alaska;
 - B. serve to educate the public and the State about aquaculture;
 - C. serve as a mechanism to collect ideas and recommendations for the further development of Alaska's aquaculture policy;
 - D. include a review of the aquaculture development options envisioned; and
 - E. enable all concerned individuals to review and comment on any draft laws and proposed regulations prepared in response to public participation and comment.

2. The State, in considering the uses of public lands, water and other resources, should develop procedures to ensure an orderly and controlled use of the State's resources for aquaculture. The procedures instituted by the State should:
 - A. provide maximum opportunity for family and other small scale businesses;
 - B. require that leases be active, thereby avoiding speculation; and
 - C. avoid creating artificial wealth through possession of leases or permits.

State and other land planning programs should include inventories of potential aquaculture sites. These inventories should be responsive to existing State and federal regulatory requirements and establish uses.

3. In light of the growing competition caused by the growth of world aquaculture, the State should increase efforts to enhance the image and value of Alaskan seafood products. We specifically suggest instituting a program that promotes more stringent quality controls in grading and labeling, and further improves the general public perception of Alaskan seafood. Such action encourages promotion of a more competitive product.

SPECIFIC RECOMMENDATIONS

1. Shellfish and Seaweed

The State should review all existing statutes and regulations governing culture of shellfish and aquatic plants, and should, if necessary, institute programs to actively further promote and facilitate the culture of these organisms. There is a clear need to:

- A. tailor the State's permitting and leasing procedures to better accommodate the needs of the industry and to provide broader technological support;
- B. improve programs for testing of paralytic shellfish poisoning (PSP) including inspection and certification time frame;
- C. establish or certify diagnostic labs near shellfish culture areas;
and
- D. encourage private oyster spat and other shellfish hatcheries.

2. Ocean Ranching

The success of the existing State and nonprofit salmon ocean-ranching programs is recognized, and efforts in this area should be expanded. Recent developments regarding product form and expanding markets indicate there will be a greater demand for additional salmon in the future.

3. Salmon and Other Finfish Farming

The form of aquaculture that poses the most controversy is the farming of large-sized salmon and trout, because these product forms may compete with the salmon fishing industry for markets.

Salmon farming is currently not allowed in Alaska, however, there is a growing interest to develop the industry. Prior to contemplating salmon farming, the State should initiate an unbiased study to identify and evaluate social and economic impacts and consider various implementation options to determine the greatest benefits for Alaskans.

Some finfish species and product forms such as pan-sized salmon and trout may not be in direct competition with the Alaska commercial fishing industry and, therefore, may not be as controversial as other forms of salmon farming. The State should commence a review to determine if the culture of pan-sized salmon, trout and other finfish are permissible under current statutes. Public comments should be solicited to determine if there is an interest or concern regarding these product forms.

FINAL

To accomplish the public education and research necessary for the orderly development of aquaculture in Alaska, a strong partnership commitment from the executive and legislative branches of State Government, federal agencies, Alaskan universities, industry and interested individuals will be required.

Alaska State Legislature
House of Representatives



Labor and Commerce Committee

FEBRUARY 17, 1987

M E M O R A N D U M

To: TAM COOK, DIRECTOR
LEGISLATIVE LEGAL SERVICES

FROM: GINGER BAIM, AIDE TO
HOUSE LABOR AND COMMERCE COMMITTEE

RE: DRAFT COMMITTEE SUBSTITUTE - HB 108

THE HOUSE LABOR AND COMMERCE COMMITTEE WILL BE TAKING UP HB 108, RELATING TO MARICULTURE, TODAY AT 1:30 P.M. I'VE BEEN ASKED TO PREPARE A PROPOSED COMMITTEE SUBSTITUTE FOR TODAY'S HEARING INCORPORATING THE CHANGES LISTED BELOW.

THE PROPOSED CS SHOULD INCLUDE THE FOLLOWING:

- * "DEVELOPMENT OF MARICULTURE IN ALASKA WOULD STRENGTHEN THE COMPETITIVENESS OF ALASKA SEAFOOD IN THE WORLD MARKETPLACE BY BROADENING THE DIVERSITY OF PRODUCTS AND PROVIDING YEAR-ROUND SUPPLIES OF PREMIUM QUALITY SEAFOOD"
- * "IT IS THE POLICY OF THE STATE THAT NEW INDUSTRIES BE DEVELOPED IN A MANNER CONSISTENT WITH PROTECTION AND ENHANCEMENT OF TRADITIONAL HIGH VALUE INDUSTRIES AND WITH PROTECTION OF OUR NATURAL RESOURCES"
- * "IT IS THE POLICY OF THE STATE THAT AQUATIC FARMING BE DEVELOPED IN A MANNER THAT ASSURES FULL PARTICIPATION AND FULL BENEFITS TO THE PEOPLE OF ALASKA"
- * SITE USE PERMITS FOR MARICULTURE DEVELOPMENT WILL BE LIMITED TO RESIDENT ALASKANS AND/OR ALASKA LICENSED CORPORATIONS/BUSINESSES (OBVIOUSLY, I LEAVE IT TO YOU TO FIGURE OUT THE "LEGAL" WAY TO SAY THIS, AND WHERE TO PUT IT IN THE BILL).
- * THE COMMISSIONER OF DCED SHALL MAKE AN ANNUAL REPORT TO THE LEGISLATURE ABOUT THE PROGRESS OF THE MARICULTURE INDUSTRY INCLUDING NUMBER OF PERMITS, WHO HOLDS THEM, WHAT EFFECT MARICULTURE HAS HAD, IF ANY, ON ALASKA'S

OVERALL FISHING INDUSTRY, ANY SPECIAL NEEDS IDENTIFIED AND ANY RECOMMENDATIONS FOR STATUTORY CHANGES FROM THE LEGISLATURE.

* (AND THIS IS THE REAL TRICKY ONE) THE COMMISSIONER OF DCED SHALL HAVE THE AUTHORITY TO ADJUST/AMEND/CHANGE (ADOPT REGULATIONS?) THE PERMIT PROCEDURE IN ORDER TO ASSURE THAT THE MARICULTURE INDUSTRY IN ALASKA IS DEVELOPED IN A MANNER CONSISTANT WITH THE POLICIES OUTLINED IN THE LEGISLATIVE FINDINGS SECTION.

I APOLOGIZE PROFUSELY FOR GETTING THIS TO YOU SO LATE, BUT I KNOW IN ADVANCE THAT YOU'LL GIVE IT YOUR BEST SHOT, FOR WHICH I'M ETERNALLY GRATEFUL.

PLEASE CALL ME AT 3892 IF YOU HAVE ANY QUESTIONS.

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

Bill Version : SB 106
Publish Date : _____

REQUEST: _____

Revision Date: _____
Title: "An Act relating to aquatic farming"
Sponsor: Zharoff
Requestor: _____

Agency Affected: Environmental Conservation
BRU: Environmental Health

Components : _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This Bill will have no fiscal impact on the Department of Environmental Conservation.

Prepared by: Doug Donegan Phone: 465-2696
Division: Environmental Health Date: _____

Approved by Commissioner: _____ Date: 3/12/87
Agency: Environmental Conservation

Distribution (by preparer):

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



CORDOVA DISTRICT FISHERMEN UNITED

P.O. Box 939

Cordova, Alaska 99574

(907) 424-3447

February 23, 1987

Senator Mike Szymanski
P.O. Box V
Juneau, AK 99811

Dear Senator Szymanski:

Cordova District Fishermen United (CDFU) supports the orderly controlled development of shellfish and plant mariculture. Before mariculture is introduced into Alaska, however, a socio-economic study should be done. The study was requested by the United Fishermen of Alaska (UFA), CDFU, Prince William Sound Aquaculture Corporation (PWSAC) and recommended by the fisheries mini cabinet.

The development of salmon farming without the state studies, coastal community input and the recent land grab for fish farm sites in Canada have raised many eyebrows in Alaska. The people of Alaska have entrusted millions of dollars to enhance wild stocks. In 1975, the fishermen of Prince William Sound formed PWSAC and started the most successful hatchery and enhancement program in North America. Enhancement of wild stocks and ocean ranching is the best investment the State of Alaska has ever made. This tremendous investment is now paying for the state and the fishermen. As wild stocks are on the decline, hatchery production is kicking into gear.

PWSAC is one of seven private non-profit regional associations in Alaska and was created by the fishermen and the legislature to enhance salmon production. Prince William Sound fishermen passed a 2% salmon enhancement tax to financially support the salmon enhancement program of PWSAC. The 2% salmon enhancement tax received by PWSAC will amount to \$750,000 annually and will, in turn, partially support the program that will provide \$25 million annually to the commercial fisheries by the year 1995, at which time PWSAC will be providing over half of the commercial fishery revenues in Prince William Sound.

Page Two
Senator Mike Szymanski
February 23, 1987

It makes no sense to the CDFU Board of Directors to cut funding for state hatcheries, management of the commercial fishery and the enforcement division to start a new industry which will require millions of dollars to get started.

We are harvesting 130 million salmon per year and continuing to build our future salmon runs to obtain greater harvests. We are the fish farmers of Alaska and have made a big commitment to the State of Alaska by building new hatcheries, paying assessments, upgrading fishing vessels and putting out a better quality of salmon all the time. CDFU is concerned that the coastline, wild stocks, traditional fishing grounds and enhancement programs are protected before a fish farming bill is passed.

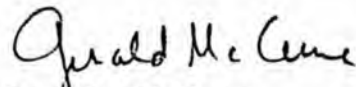
Ocean ranching is the biggest investment in the State of Alaska and the State should keep funding the enhancement programs. Commercial fishing has and always will be a major employer in Alaska, where fish farming will only employ a few.

Foreign companies in some cases are prevented from expanding in their own countries because of legislation protecting local communities. We have made our choice to protect the wild stocks and enhance the salmon runs in the State of Alaska. In five years, the State of Alaska could have five new hatcheries operating and generating revenues before the first pen-raised salmon ever hit the market. We need to keep investing our money to compete on the world market by freezing, labeling and storing our fish products in the State to be distributed all year round.

We urge you to take no action on legislation and development of fish farming mariculture until all concerned groups and communities have had a chance to respond to the impacts of fish farming.

Sincerely,

CORDOVA DISTRICT FISHERMEN UNITED



Gerald McCune
Vice President

GM/mb1

CORDOVA DISTRICT FISHERMEN UNITED
RECOMMENDATIONS

1. Strict controls to prevent foreign corporations and banks from taking over fish farming in Alaska. This industry should be kept in the hands of U.S. corporations and citizens if Alaska wants the full benefits of fish farming to stay in Alaska.
2. A complete study of the environmental effects of salmon farming on wild stocks and coastline communities.
3. No use of fish farming as a trade off for wild stock fishery habitat lost.
4. Control development of fish farming sites.
5. Alaska keeps control of any aquaculture development.
6. Clearcutting at sites have quality control standards.
7. Limits on proximity of fish farms to other sites and density controls of fish in farms.
8. Regulations covering location of fish farms.
9. Studies of tidal flush out at fish farms.
10. Environmental impacts with respect to wild fish stocks.
11. Concerns of commercial fishing, sport fishing, recreation groups and coastal communities should be addressed.
12. Studies of Norway and Scotland controlled development of fish farming.
13. Continued state funding of PNP and FRED hatcheries to enhance the wild stocks and enhance salmon production by ocean ranching. This means leave the funding in Commerce for the state and PNP to advance our enhancement programs.
14. No importation of Atlantic salmon eggs into Alaska.
15. Research, health inspection and testing of facilities be set up to address concerns of the use of hormones and antibiotics, impacts of toxicants, disposal of dead fish and human waste, predator control and efficient feed practices. Studies have been done implicating the toxicant Tributyltin (TBT) as a human health risk and has recently been found in imported farm salmon. A ban of TBT in the State of Alaska should be made into law.

CDFU CONCERNS

1. Reallocation of State funds and services to fish farming.
2. A rush on salmon farm sites in Alaska without proper guidelines. Loss of traditional fishing grounds.
3. Predator control for fish farms be reviewed and identification of appropriate predator control methods.
4. Impact on water quality and marine environment.
5. Excess feed falling through netpens.
6. Good tidal flush-out sites.
7. Separation of fish farms and shellfish farms.
8. Navigational obstruction of fish farms and safe anchorages lost to the commercial vessels.
9. Conflicts with fish farmers and commercial fishing vessels.