

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 00/2

7065 HOUSE LABOR & COMMERCE

**FY91 SUPPLEMENTAL CAPITAL BUDGET REQUEST  
BULK FUEL SYSTEMS EMERGENCY REPAIRS**

**SUMMARY:**

Community: State wide  
Election District: State wide  
Population Served

Project Cost	\$560,000.
Funds Available	0.
Funds Required	\$560,000.

**PROJECT DESCRIPTION:**

As part of the ongoing Bulk Fuel Assessment and Emergency Repairs program, minor repairs shall be made to community fuel piping and tanks. Potential sites include Atmautlauk, Diomede, Egegik, Gambell, Goodnews Bay, Kongiganak, Mekoryuk, Noorvik, Oscarville, Platinum, Quinhagek, Savoonga, Shishmaref, Toksook Bay, Wales, and others as they come to our attention. A total of up to 20 sites could possibly be included.

**PROJECT JUSTIFICATION:**

The sites listed above have fuel system deficiencies that could hinder the delivery of fuel to those communities.

**BUDGET:**

Construction	\$400,000.
Design	40,000.
Supervision, Inspection, & Administration	80,000.
Project Contingency	<u>40,000.</u>
Project Total	\$560,000.

# FY91 SUPPLEMENTAL CAPITAL BUDGET REQUEST

## METERING REPAIRS AND REPLACEMENT

### SUMMARY:

Community: State wide  
Election District: State wide  
Population Served:

Project Cost	\$240,000.
Funds Available	0.
Funds Required	\$240,000.

### PROJECT DESCRIPTION:

The objective of this project is to replace existing Energy meters in the Power plant to provide a accurate account of energy generated in these communities. At present most of the Power plants have incorrect metering system leading to incorrect accounting. We also intend to provide remote data acquisition system in these power plants to obtain a electrical load profile of the communities. This will help in developing alternate Energy resource development

### PROJECT JUSTIFICATION:

All the community selected are under the PCE program and have a problem to obtain a correct data on total power generated and sold. This metering system will help them maintain a correct record of their power plant and will also help them in energy billings. The remote data acquisition will help in development in alternate energy resources in this communities. Also the load profile will help in modifying the electrical system to increase the system efficiency and reduce the generation cost.

### BUDGET:

Construction	\$180,000.00
Design	10,000.00
Supervision, Inspection, & Administration	40,000.00
Project Contingency	<u>10,000.00</u>
Project Total	\$240,000.00

BUD\_MET  
Feb 1991

**FY91 SUPPLEMENTAL CAPITAL BUDGET REQUEST  
DIOMEDE BULK FUEL REPAIR & REPLACEMENT**

**SUMMARY:**

Community:	Diomede
Election District:	23
Population Served	184
Project Cost	\$200,000.
Funds Available	0.
Funds Required	\$200,000.

**PROJECT DESCRIPTION:**

Installation of new 20,000, 5,000, and 4,000 gallon self-diked fuel oil storage tanks and repair/replacement of portions of fuel oil transfer piping.

**PROJECT JUSTIFICATION:**

A storm in November of 1990 destroyed several bulk fuel storage tanks and did considerable damage to a transfer pipeline. This project would partially replace the fuel oil storage capacity lost in the storm and would repair damaged sections of the pipeline to reduce the possibility of a fuel spill.

**BUDGET:**

Construction	\$160,000.
Design	15,000.
Supervision, Inspection, & Administration	15,000.
Project Contingency	<u>10,000.</u>
Project Total	\$200,000.

# FY91 SUPPLEMENTAL CAPITAL BUDGET REQUEST

## Tuluksak Electrical Distribution System

### SUMMARY:

Community: Tuluksak  
Election District: 24  
Population Served: 357

Project Cost	\$530,000.
Funds Available	0.
Funds Required	\$530,000.

### PROJECT DESCRIPTION:

The objective of this project is to replace the existing Electrical distribution system in the community. The old system is falling apart and very susceptible to high wind conditions. This project will remove the old system, salvage the usable materials and reconstruct the overhead distribution system in a more efficient manner.

### PROJECT JUSTIFICATION:

The existing distribution is done with untreated wooden poles which are in a very bad condition. These poles keep falling down whenever there is high wind in the area and pose public safety hazard problem. The overall distribution has become inefficient, increasing system loss by more than 30% and consequently the energy cost.

### BUDGET:

Construction	\$410,000.00
Design	30,000.00
Supervision, Inspection, & Administration	50,000.00
Project Contingency	<u>40,000.00</u>
Project Total	\$530,000.00

**FY91 SUPPLEMENTAL CAPITAL BUDGET REQUEST**  
**RAMPART DISTRIBUTION REPAIRS**

**SUMMARY:**

Community: Rampart  
Election District: 24  
Population Served:

Project Cost	\$114,000.
Funds Available	0.
Funds Required	\$114,000.

**PROJECT DESCRIPTION:**

The distribution system will be upgraded to a 7200 volt system; new transformers will be installed. All services out of the old plant will be relocated, new service entrances installed to the school and washeteria.

**PROJECT JUSTIFICATION:**

The existing distribution system in Rampart is 120 volts, which is too low to provide correct voltage to people in the outlying areas and toward the airport. A 7200 volt system will operate more efficiently overall, and allow better for future expansion. The abandoned power house still contains power lines for services to the school and washeteria. These should be relocated so that the power house can be retired and dismantled.

**BUDGET:**

Construction	\$75,000.
Design	14,000.
Supervision, Inspection, & Administration	5,000.
Project Contingency	<u>20,000.</u>
Project Total	\$114,000.

SUPBUD01

Feb 1991

# FY91 SUPPLEMENTAL CAPITAL BUDGET REQUEST

## Kobuk Distribution System Repair

### SUMMARY:

Community: Kobuk  
Election District: 22  
Population Served: 87

Project Cost	\$60,000.
Funds Available	\$ 0.
Funds Required	\$60,000.

### PROJECT DESCRIPTION:

The Electrical distribution system in the community needs repair and replacements. The untreated wooden poles are in a bad shape and can cause public safety hazard. In some section of the distribution system, the overhead conductors and transformers are under sized and needs replacement.

### PROJECT JUSTIFICATION:

Some of the wooden poles are in a very bad shape, particularly the ones near school. These pose great hazard to the community. Recently the school was renovated and the total Electrical load of the school went up by about 200%. This requires upgrading a portion of the electrical system.

### BUDGET:

Construction	\$ 40,000.00
Design	5,000.00
Supervision, Inspection, & Administration	10,000.00
Project Contingency	<u>5,000.00</u>
Project Total	\$ 60,000.00

**FY91 SUPPLEMENTAL CAPITAL BUDGET REQUEST  
KWIGILLINGOK DISTRIBUTION IMPROVEMENTS**

**SUMMARY:**

Community: Kwigillingok  
Election District: 25  
Population Served:

Project Cost	\$275,000.
Funds Available	0.
Funds Required	\$275,000.

**PROJECT DESCRIPTION:**

The three phase distribution line through the center of Kwigillingok will be replaced with taller poles. Existing secondary spans will be either replaced with taller poles or augmented by installing additional poles to raise and shorten spans.

**PROJECT JUSTIFICATION:**

The existing distribution system suffers from wire clearances which are below those set by the National Electric Safety Code. In addition, there is an ongoing process of houses and city buildings being relocated to higher ground, and some of these have gone beyond the old distribution system.

**BUDGET:**

Construction	\$195,000.
Design and Staking	15,000.
Supervision, Inspection, & Administration	10,000.
Retirement of Existing Line	15,000.
Project Contingency	<u>40,000.</u>
Project Total	\$275,000.

SUPBUD04

Feb 1991

**FY91 SUPPLEMENTAL CAPITAL BUDGET REQUEST**  
**EAGLE VILLAGE DISTRIBUTION SYSTEM SAFETY REPAIRS**

**SUMMARY:**

Community: Eagle Village  
Election District: 17  
Population Served

Project Cost	\$137,000.
Funds Available	0.
Funds Required	\$137,000.

**PROJECT DESCRIPTION:**

Reconstruction of community's electrical distribution system including construction of new standby power house.

**PROJECT JUSTIFICATION:**

The present system is both unsafe and inefficient and requires almost total replacement.

**BUDGET:**

Construction	\$100,000.
Design	10,000.
Supervision, Inspection, & Administration	12,000.
Project Contingency	<u>15,000.</u>
Project Total	\$137,000.

**FY91 SUPPLEMENTAL CAPITAL BUDGET REQUEST  
EEK BULK FUEL REPAIRS & CODE COMPLIANCE**

**SUMMARY:**

Community:	EEK
Election District:	25
Population Served	279

Project Cost	\$140,000.
Funds Available	0.
Funds Required	\$140,000.

**PROJECT DESCRIPTION:**

Installation of a new fuel oil storage tank and repair of tank farm facility to meet all applicable codes and regulations. Repair work to possibly include new dike, liner, foundation, corrosion protection, tank testing, and piping repair.

**PROJECT JUSTIFICATION:**

The City does not have adequate fuel storage capacity to meet their needs. Local school tanks have been used for additional storage in the past but this arrangement did not work last year. Repair of the tank farm facility will reduce the potential for a fuel spill.

**BUDGET:**

Construction	\$100,000.
Design	15,000.
Supervision, Inspection, & Administration	15,000.
Project Contingency	<u>10,000.</u>
Project Total	\$140,000.

**FY91 SUPPLEMENTAL CAPITAL BUDGET REQUEST  
GOLOVIN BULK FUEL REPAIRS & CODE CORRECTIONS**

**SUMMARY:**

Community:	Golovin
Election District:	23
Population Served	154

Project Cost	\$198,000.
Funds Available	0.
Funds Required	\$198,000.

**PROJECT DESCRIPTION:**

Relocation of 2 existing tanks into City tank farm and repair of tank farm facility to meet all applicable codes and regulations. Repair work to possibly include new dike, liner, foundation, corrosion protection, tank testing, and piping repair.

**PROJECT JUSTIFICATION**

The 2 tanks requiring relocation are currently at the school tank farm and need to be placed within the existing City tank farm. Repair of the tank farm facility will reduce the potential for a fuel spill.

**BUDGET:**

Construction	\$150,000.
Design	15,000.
Supervision, Inspection, & Administration	18,000.
Project Contingency	<u>15,000.</u>
Project Total	---\$198,000.

**FY91 SUPPLEMENTAL CAPITAL BUDGET REQUEST  
ALLAKAKET ELECTRICAL SYSTEM REPAIRS AND  
SAFETY COMPLIANCE**

**SUMMARY:**

Community: Allakaket  
Election District:  
Population Served: 200

Project Cost	\$350,000.
Funds Available	0.
Funds Required	\$350,000.

**PROJECT DESCRIPTION:**

The objective of this project is to upgrade the power plant to meet the additional load of the community due to the new housing project in future. The existing Electrical system needs repair and modification. The new housing projects requires extension of the distribution system to feed power to new houses.

**PROJECT JUSTIFICATION:**

The Existing power house requires upgradation and modification, first to meet the future loads and second, to improve the operating efficiency of the plant. This will help the community to reduce the energy cost. The Electrical distribution system is deteriorating in some place and will eventually cause safety hazard. These require repair or replacements. The existing system will have to be extended to feed power to the new houses.

**BUDGET:**

Construction	\$280,000.
Design	20,000.
Supervision, Inspection, & Administration	30,000.
Project Contingency	<u>20,000.</u>
Project Total	\$350,000.

BUD\_ALK

Feb 1991.

**FY91 SUPPLEMENTAL CAPITAL BUDGET REQUEST  
YAKUTAT WASTE HEAT SYSTEM**

**SUMMARY:**

Community:	Yakutat
Election District:	2
Population Served	527

Project Cost	\$265,000.
Funds Available	50,000. (Existing Materials)
Funds Required	\$215,000.

**PROJECT DESCRIPTION:**

Construction of a system to provide waste heat from diesel electric generators to the school complex. The majority of the materials have already been purchased through a previous appropriation and are on site. Preliminary design work has also been completed. This project would provide for final design and installation of the system.

**PROJECT JUSTIFICATION:**

The existing heating system boilers in both the elementary and high schools are in poor repair and could fail in the near future. Installation of the waste heat system would not only save the school district in heating costs but would also provide a dependable primary heat source, allowing the old boilers to be converted to standby status.

**BUDGET:**

Construction	\$200,000.
Design	20,000.
Supervision, Inspection, & Administration	25,000.
Project Contingency	<u>20,000.</u>
Project Total	\$265,000.

**FY91 SUPPLEMENTAL CAPITAL BUDGET REQUEST**  
**OUZINKIE POWER PLANT FIRE CODE COMPLIANCE**

**SUMMARY:**

Community:	Ouzinkie
Election District:	27
Population Served	204

Project Cost	\$175,000.
Funds Available	0.
Funds Required	\$175,000.

**PROJECT DESCRIPTION:**

Demolition of existing generator module and construction of a new enclosure for existing diesel electric generators and associated equipment.

**PROJECT JUSTIFICATION:**

The Fire Marshall issued a notice of hazard and order to correct to the City of Ouzinkie for the fire hazard associated with exposed urethane foam insulation within the power plant. If the violation is not corrected the facility will have to be shut down. Due to the construction of the building, it would be virtually impossible to remove or cover the exposed insulation. Therefore, the best solution is to construct a new enclosure and reinstall the existing equipment in the new facility.

**BUDGET:**

Construction	\$120,000.
Design	20,000.
Supervision, Inspection, & Administration	20,000.
Project Contingency	<u>15,000.</u>
Project Total	\$175,000.

# FY91 SUPPLEMENTAL CAPITAL BUDGET REQUEST

## Karluk Electrical System Repair

### SUMMARY:

Community: Karluk  
Election District: 27  
Population Served: 100

Project Cost	\$84,700.
Funds Available	0.
Funds Required	\$84,700.

### PROJECT DESCRIPTION:

The objective of this project is to replace the existing two diesel engines in the power plant and repair the Electrical distribution in the community. The diesel engines are operating at high level of inefficiency. There will be increase in Electrical load demand in future, requiring higher size engines. Some portion of the distribution system have developed fault and pose safety hazard problem. These faults have also resulted in isolation of few houses from the system and hence have no power.

### PROJECT JUSTIFICATION:

The condition of the present diesel engines are very bad and needs replacement. The higher operating efficiency of the new engines will help reducing the energy cost of the community as well as ensure uninterrupted power to them. The Electrical load of the community will be going up in future, requiring higher size engines. The safety equipment of the power plant is inoperable and needs replacement. The distribution system needs repair work to provide power to all the houses. The faulty sections need repair work to eliminate public safety hazard.

### BUDGET:

Construction	\$64,700.
Design	7,000.
Supervision, Inspection, & Administration	6,500.
Project Contingency	<u>6,500.</u>
Project Total	\$84,700.

BUD\_KAR  
Feb 1991

**FY91 CAPITAL BUDGET REQUEST**  
**ST. PAUL VILLAGE ELECTRICAL**  
**SYSTEM UPGRADE**

**SUMMARY:**

Community:	St. Paul
Election District:	26
Population Served:	586

Project Cost	\$340,000.
Funds Available	\$ <u>0.</u>
Funds Required	\$340,000.

**PROJECT DESCRIPTION:**

The high voltage distribution line will be extended and additional transformers installed in order to bring residential and commercial services up to standard voltage levels and replace aging cables. The project includes installation of 650 feet high voltage three-phase line to the commercial center, installation of 4,200 feet of high voltage three-phase line to commercial and residential consumers.

Additionally, the project will include the replacement of defective meters and installation of new meters as required. Generation efficiency improvements and generation alternatives will be investigated.

**PROJECT JUSTIFICATION:**

The residential distribution in St. Paul is served by 20 year old 480 volt lines. The load puts a tremendous strain on these lines which results in poor voltage levels and high line losses. An engineer consulted by the city reports that 20% to 30% energy losses may be occurring in these lines.

**BUDGET:**

Construction	\$235,000.
Design	\$ 40,000.
Supervision, Inspection, & Administration	\$ 25,000.
Project Contingency	\$ <u>40,000.</u>
Project Total	\$340,000.

**ALASKA ENERGY AUTHORITY**  
**PROPOSED "DEFERRED MAINTENANCE" PROJECTS FOR GOVERNOR'S CAPITAL PROJECTS BILL**

<u>PRIORITY</u>	<u>PROJECT TITLE/DESCRIPTION</u>	<u>AMOUNT</u>
1	<b>WASTE HEAT PROJECT REPAIRS</b> The goal of this project is the repair and rehabilitation of existing rural waste heat recovery systems. Potential repair sites include Ambler, Angoon, Elim, Goodnews Bay, Grayling, Kaltag, Kiana, Savoonga, St. Mary's, Shungnak, and up to three additional sites.	\$220,000
2	<b>OSCARVILLE-NAPASKIAK INTERTIE REPAIR AND REPLACEMENT</b> The intertie between Oscarville and Napaskiak will be repaired and upgraded to three phase. Repairing this line and upgrading it to a three phase will allow for an efficient transfer of low-cost energy from Bethel and a more balanced load for the school and city.	\$162,000
3	<b>CHESTER LAKE PENSTOCK AND FACILITIES REPAIRS</b> Various valves and couplings have begun to leak and are in need of repair prior to additional damage occurring. This work should be accomplished as soon as practical.	\$ 26,000
4	<b>KOBUK-SHUNGNAK INTERTIE CLEAN-UP AND REPAIR</b> The transmission line between Shungnak and Kobuk recently collapsed. The remnants of the line will be dismantled and disposed of and replaced with a line redesigned for higher environmental tolerances and upgraded to a three-phase 12,470/7,200 Voltage.	\$1,275,000
5	<b>BEHEL-NAPAKIAK INTERTIE RENEWAL AND REPAIR</b> Project requires right-of-way surveys, renewal of the existing right-of-way agreements, construction of an improved slough crossing, and establishment of a maintenance account.	\$ 55,000

PRIORITY

PROJECT TITLE/DESCRIPTION

AMOUNT

6

**CIRCUIT RIDER MAINTENANCE AND EMERGENCY REPAIRS**

\$450,000

The existing Circuit Rider Maintenance program supports rural utilities in furnishing inspection and preventative maintenance services through contractors and/or Authority staff. During the course of performing this work, a number of communities were discovered to have deferred major maintenance tasks. The goal of this project is to fund generation maintenance items that have been deferred by the local communities and to respond to emergencies as needed. The project would allow support of approximately 10 rural communities throughout the State.

7

**CRAIG/KLAWOCK INTERTIE DANGER TREE REMOVAL**

\$ 40,000

Recent logging adjacent to the line has decreased the ability of the buffer area to sustain wind storms and consequently has increased the probability of substantial damage to the line alone with the decreased reliability of providing power to the community of Klawock.

8

**BULK FUEL SYSTEM EMERGENCY REPAIRS**

\$560,000

As part of the ongoing Bulk Fuel Assessment and Emergency Repairs program, minor repairs shall be made to community fuel piping and tanks. Potential sites include Atmautluak, Diomede, Egegik, Gambell, Goodnews Bay, Kongiganak, Mekoryuk, Noorvik, Oscarville, Platinum, Quinhagak, Savoonga, Shishmaref, Toksook Bay, Wales, and others as they come to our attention. A total of up to 20 sites could possibly be included.

9

**METERING REPAIRS AND REPLACEMENT**

\$240,000

The objective of this project is to install new Energy meters in power plants to provide an accurate account of energy generated in rural communities. At present, most of the power plants have incorrect metering systems leading to incorrect accounting. We also intend to provide remote data acquisition systems in these power plants to obtain an electrical load profile of the communities. This will help in maintaining the facilities and developing alternate Energy resource development.

10

**DIOMEDE BULK FUEL REPAIR AND REPLACEMENT**

\$200,000

Repair/replacement of portions of a fuel oil transfer pipeline and installation of a new 20,000 gallon self-diked fuel oil storage tank.

<u>PRIORITY</u>	<u>PROJECT TITLE/DESCRIPTION</u>	<u>AMOUNT</u>
11	<p><b>TULUKSAK ELECTRICAL DISTRIBUTION SYSTEM</b>            The objective of this project is to replace the existing electrical distribution system in the community. The old system is falling apart and very susceptible to high wind conditions. This project will remove the old system, salvage the usable materials and reconstruct the overhead distribution system in a more efficient manner.</p>	\$530,000
12	<p><b>RAMPART DISTRIBUTION SYSTEM REHABILITATION</b>            The distribution system will be upgraded to a 7200 volt system; new transformers will be installed. All services out of the old plant will be relocated, new service entrances installed to the school and washeteria.</p>	\$114,000
13	<p><b>KOBUK DISTRIBUTION SYSTEM REPAIR</b>            The electrical distribution system in the community needs repair and replacements. The untreated wooden poles are in poor condition and are a public safety hazard. In some sections of the distribution system, the overhead conductors and transformers are under sized and need replacement in order to meet code compliance.</p>	\$ 60,000
14	<p><b>PORT HEIDEN DISTRIBUTION SYSTEM SAFETY REPAIR AND CODE COMPLIANCE</b>            Repair and replacement of portions of the electrical distribution system that are an extreme public safety hazard, including exposed wires and connections.</p>	\$200,000
15	<p><b>KWIGILLINGOK DISTRIBUTION SYSTEM SAFETY REPAIRS</b>            The three phase distribution line through the center of Kwigillingok will be replaced with taller poles. Existing secondary spans will be either replaced with taller poles or augmented by installing additional poles to raise and shorten spans.</p>	\$275,000
16	<p><b>EAGLE VILLAGE DISTRIBUTION SYSTEM SAFETY REPAIRS</b>            Reconstruction of the community's distribution system. Present system is both inefficient and unsafe. Project requires construction of new standby power house, and a complete rebuild of the majority of the existing distribution system.</p>	\$137,000

<u>PRIORITY</u>	<u>PROJECT TITLE/DESCRIPTION</u>	<u>AMOUNT</u>
17	<p><b>OUZINKIE POWER PLANT REPAIRS AND CODE COMPLIANCE</b>  Demolition of existing generator module and construction of a new enclosure for existing diesel electric generators and associated equipment.</p>	\$175,000
18	<p><b>EEK BULK FUEL REPAIRS AND CODE COMPLIANCE</b>  Repair of bulk fuel tank farm facility to meet all applicable codes and regulations and installation of a new fuel oil storage tank. Repair work to possibly include new dike, liner, foundation, corrosion protection, tank testing, and piping repair.</p>	\$140,000
19	<p><b>GOLOVIN BULK FUEL REPAIRS AND CODE COMPLIANCE</b>  Relocation of 2 existing tanks into City tank farm and repair of tank farm facility to meet all applicable codes and regulations. Repair work to possibly include new dike, liner, foundation, corrosion protection, tank testing, and piping repair.</p>	\$198,000
20	<p><b>ALLAKAKET ELECTRICAL SYSTEM REPAIRS AND SAFETY COMPLIANCE</b>  The existing Electrical system needs repair and modification to meet applicable safety codes. In addition, the power plant will be upgraded and the distribution system extended to meet the additional load of the community due to a new housing project.</p>	\$350,000
21	<p><b>YAKUTAT WASTE HEAT SYSTEM</b>  Completion of a waste heat system to provide waste heat from diesel electric generators to the school complex where existing boilers are in poor condition and could fail in the near future. The majority of the materials have already been purchased through a previous appropriation and are on site. Preliminary design work has also been completed. This project would provide for final design and installation of the system.</p>	\$215,000

PRIORITY

PROJECT TITLE/DESCRIPTION

AMOUNT

22

**KOTZEBUE ELECTRIC DISTRIBUTION LINE REPAIR/UTILITY EASEMENT COMPLIANCE**

\$330,000

This funding would provide for the repair of two major sections of electric distribution line serving a major portion of the City of Kotzebue's residential population, the F.A.A. navigational facilities (Vortac) and the city's two water supply pump stations (Vortac Lake & Devil's Lake locations). This line was constructed more than 35 years ago, is a three phase, 2400/4160 volt distribution line, running approximately 6000 feet from Kotzebue Electric's power plant to the F.A.A. communication towers (CT) site.

23

**KARLUK ELECTRICAL SYSTEM REPAIR**

\$ 84,700

The objective of this project is to replace the existing two diesel engines in the power plant and repair the Electrical distribution in the community. The diesel engines are operating at a high level of inefficiency. There will be an increase in electrical load demand in the future, requiring higher size engines. Some portion of the distribution system has developed faults and poses a safety hazard problem. These faults have also resulted in isolation of a few houses from the system and hence have no power.

ALASKA ENERGY AUTHORITY

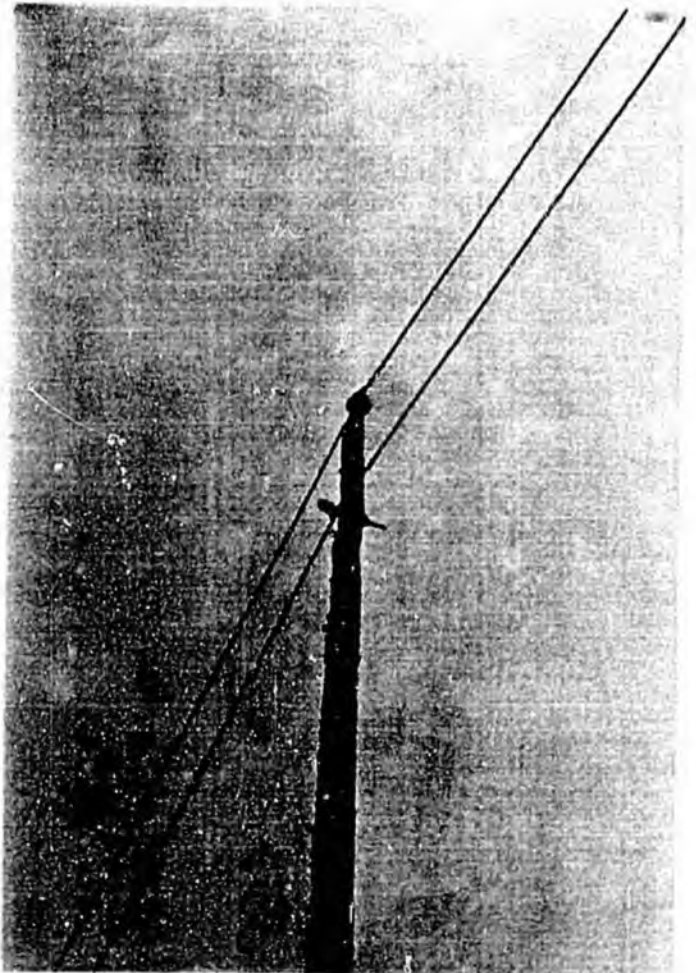
**Selected Examples of Electric and Fuel  
System Deficiencies in Rural Alaska**

February 1991

## Eagle Village

All poles of the Eagle Village electric distribution system are made from undersized local trees installed to inadequate depths. Any undue force could bring a string of them down. These poles may not be safely climbed. Distribution lines are very low and loosely hung over some residences.

Photograph 1) Pole so narrow even an 8" eyebolt looks overlarge  
Photograph 2) Pole inadequately guyed  
Photograph 3) Leaning pole with transformer



1

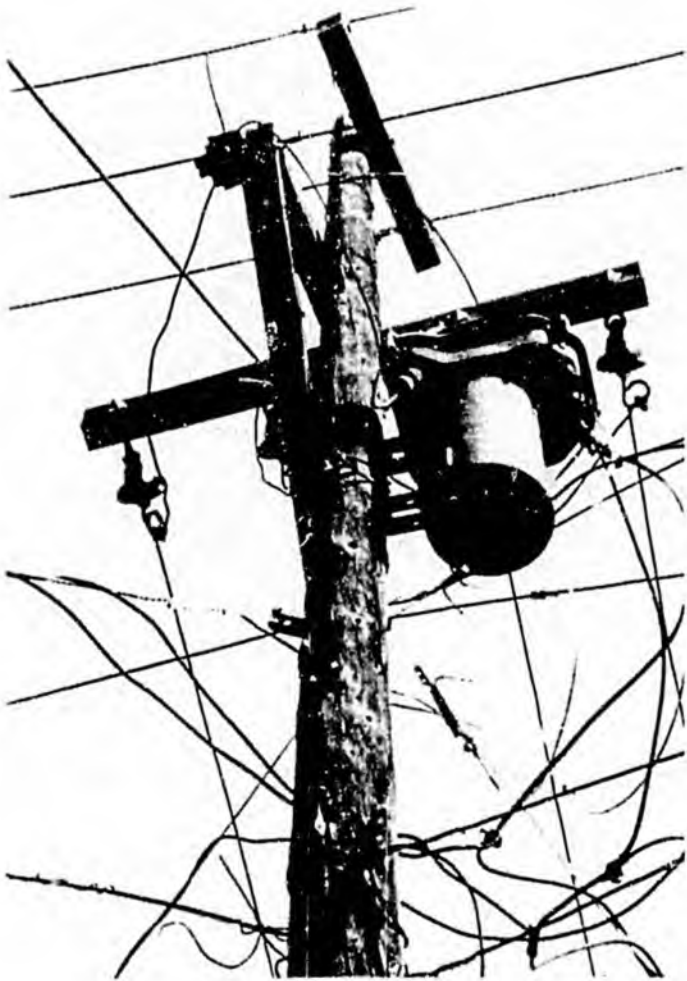


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3

## Fort Yukon



**Photograph 1:**

- 1) Inadequate tap jumper
- 2) Improper clamps for service line
- 3) Aging transformer not inspected for PCB contamination
- 4) Improper guying
- 5) Rat's nest wiring

**Photograph 2:**

- 1) Pole leaning and inadequately reinforced
- 2) Improper clamps for service line
- 3) Inadequate clearance between secondary and communication lines
- 4) Service and secondary lines not sagged properly
- 5) Loose hanging wiring



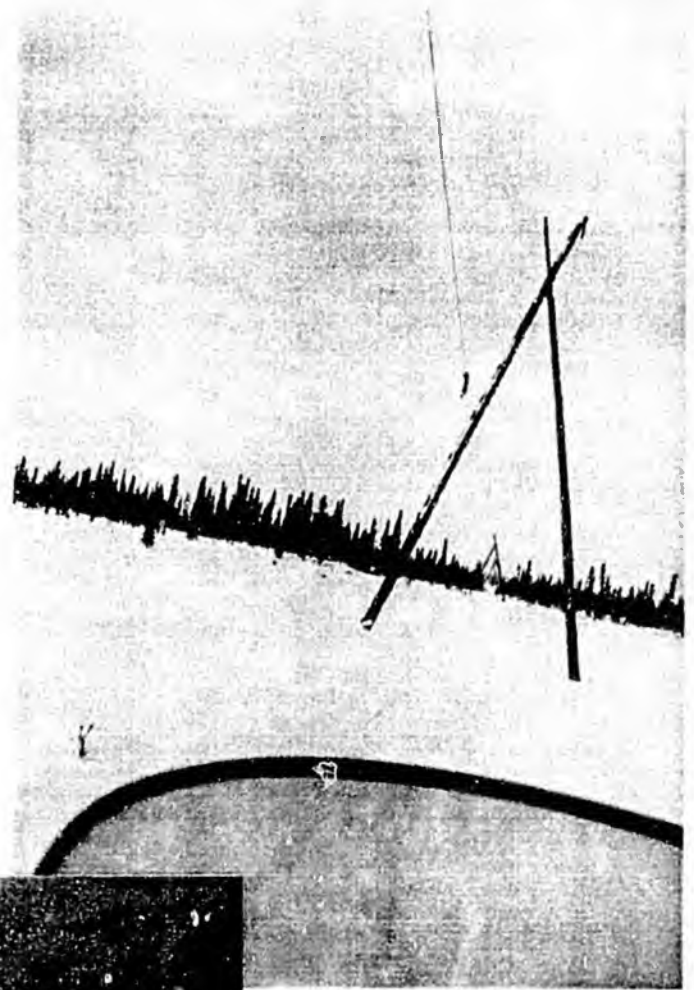
## Kobuk - Shungnak Intertie

The 10.5 mile Shungnak to Kobuk Intertie has recently blown down in a winter storm. It was at the limit of its design life as a 10 year old demonstration project. Poles are broken at the ends, lines are detached from poles. In the summer softening of tundra the rest of the poles will come down.

Photograph 1) End of pole broken off, line detached.

Photograph 2) Poles down, pole tip broken, lines down.

Photograph 3) Pole structure down, lines detached.

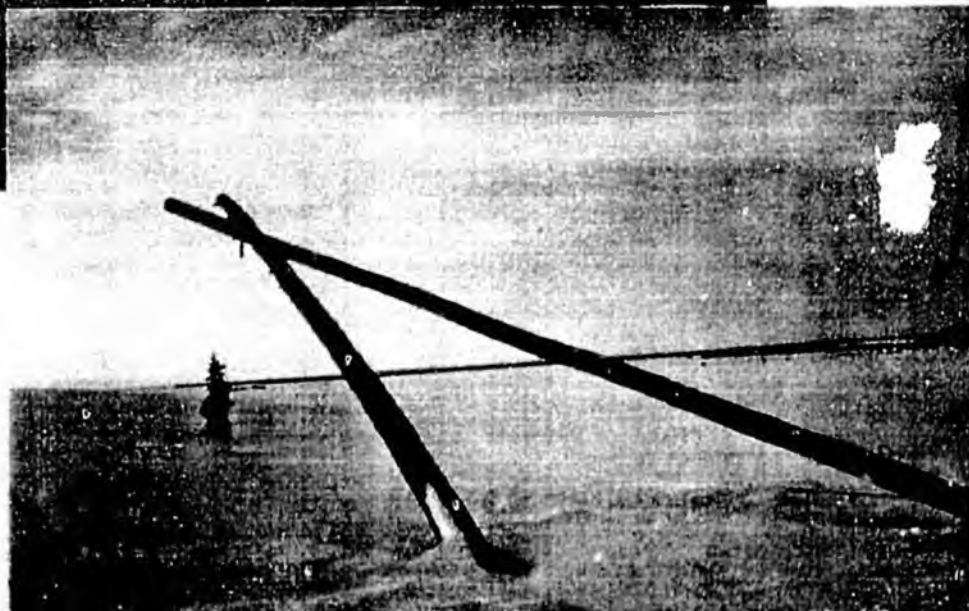


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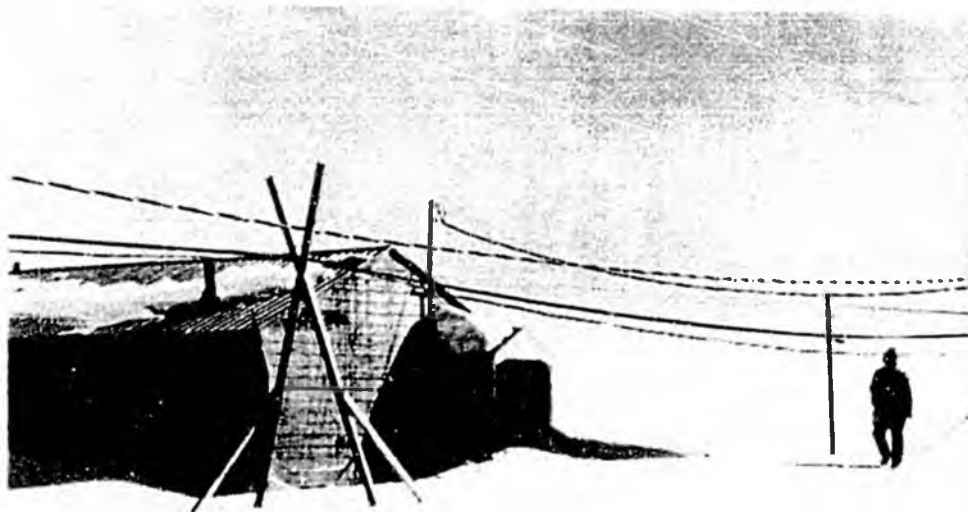
3



## KWIGILLINGOK



Photograph 1: Utility manager William Igkurak next to low communication cable



Photograph 2: Brace supporting communication and service line

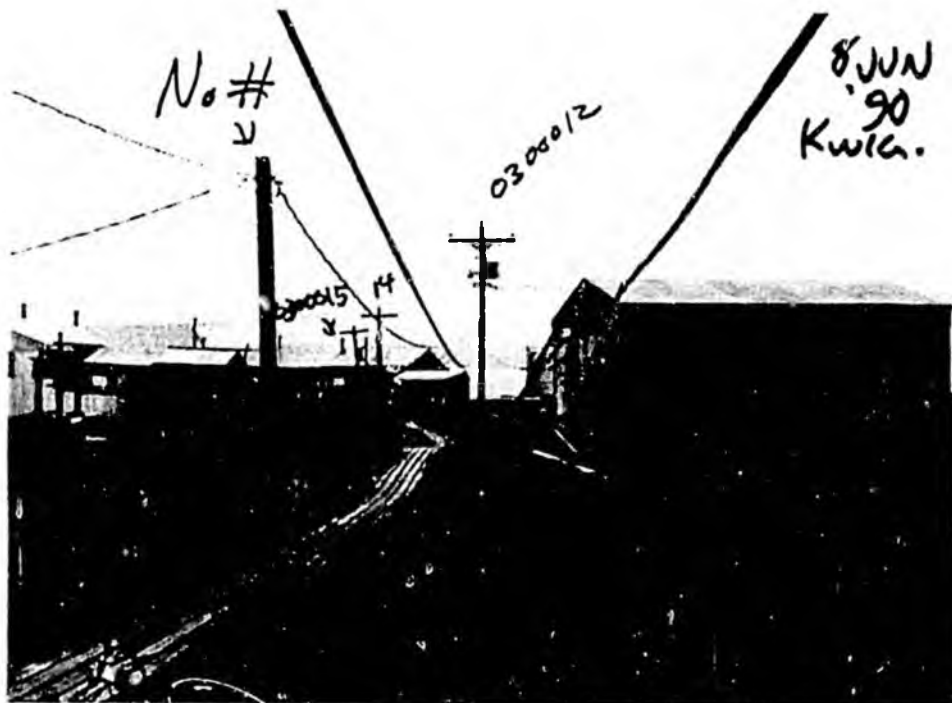
KWIGILLINGOK

KWIGILLINGOK 8 JUN '90

0900002



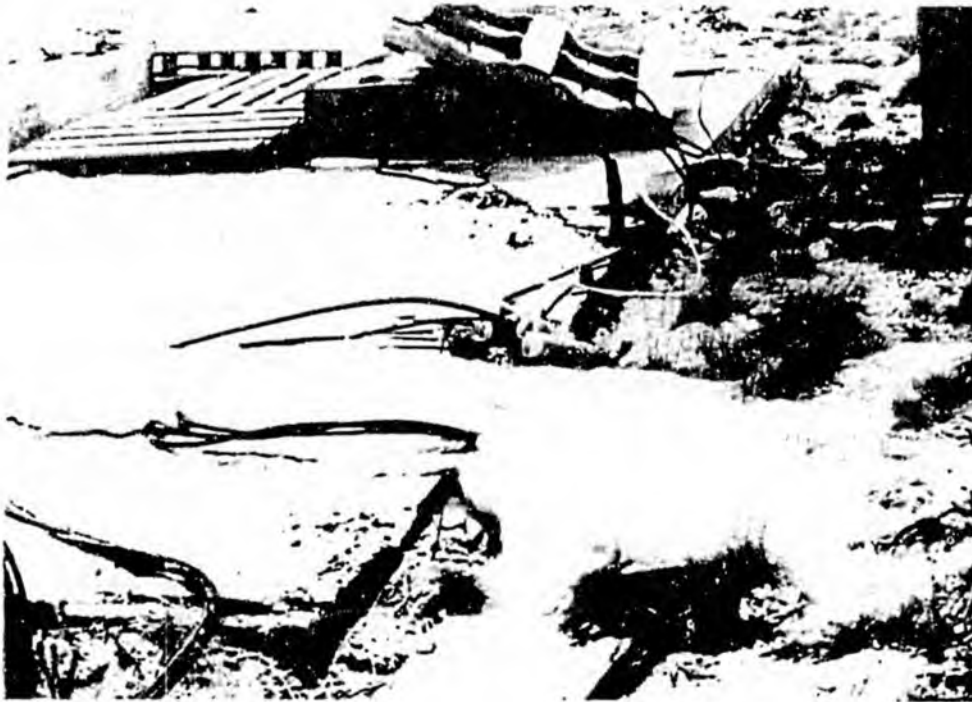
Photograph 3: Low clearance and leaning pole over boardwalk



Photograph 4: Low secondary and communication lines over boardwalk

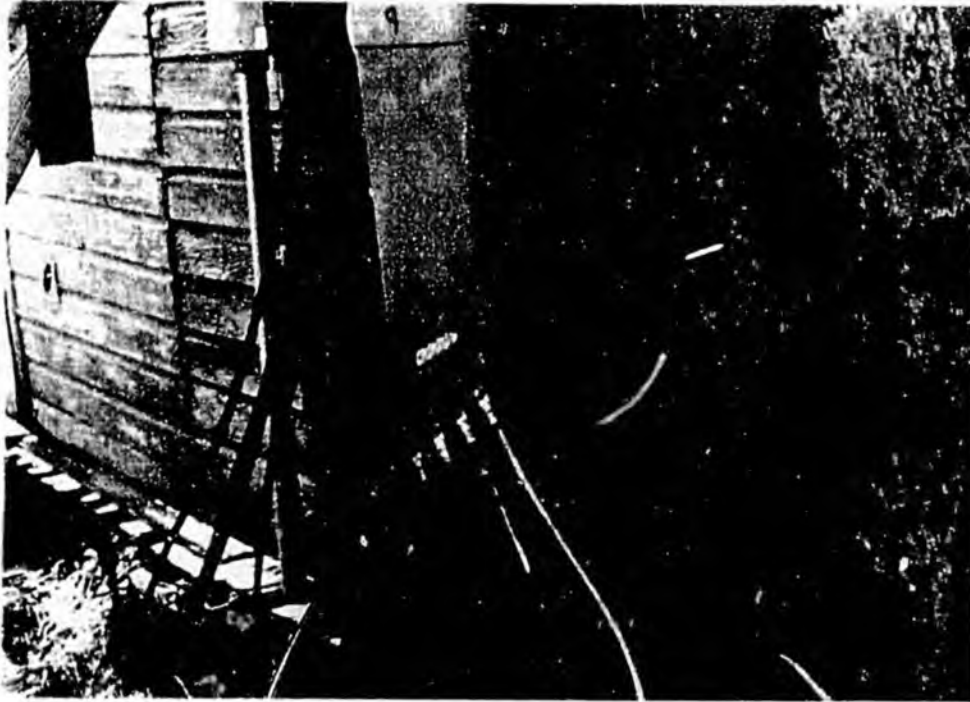
## PORT HEIDEN

- 1.) Exposed cables.
- 2.) Bare connectors without pedestal or enclosure.

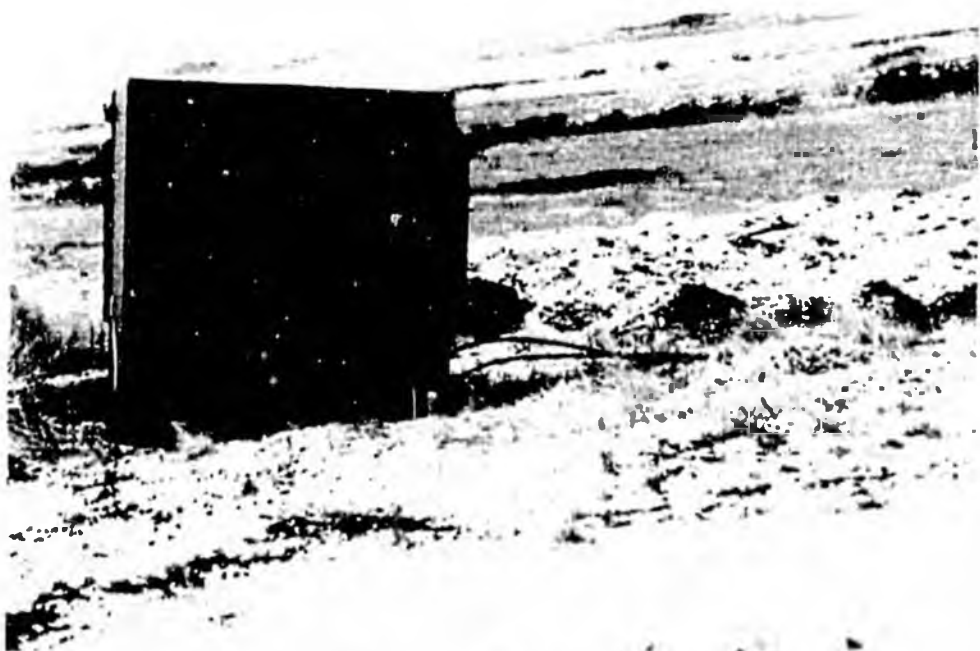


## PORT HEIDEN

- 1.) Pedestal mounted on outside wall of building.
  - 2.) Exposed live cables.
- NOTE PROXIMITY TO WATER HOSE.

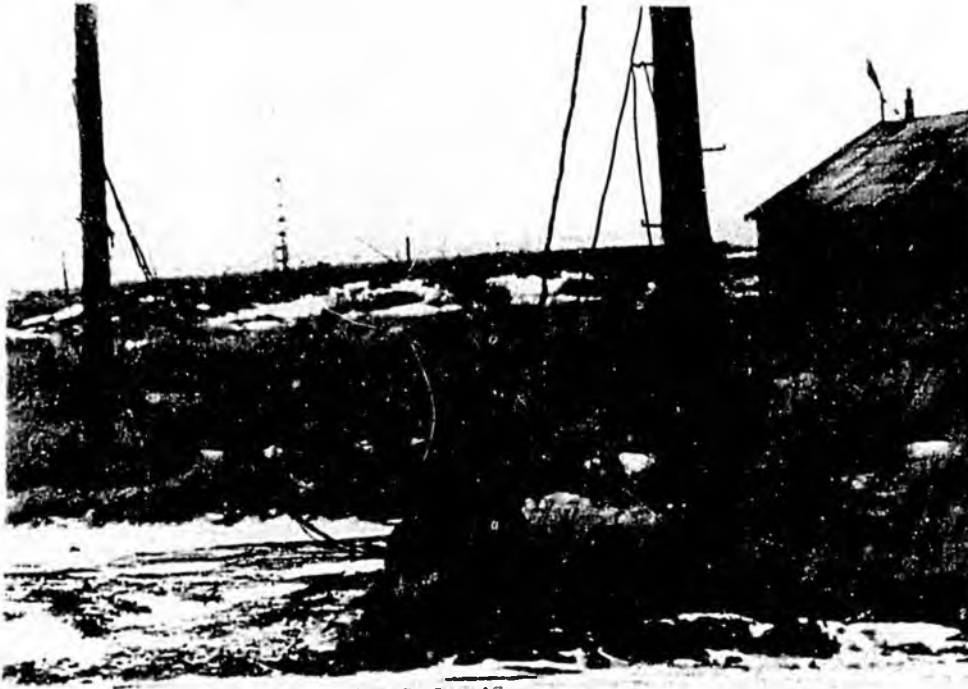


- 1.) Transformers across from school.
- 2.) Improper pad.
- 3.) Exposed primary cable.



## PORT HEIDEN

1.) Underground cable hanging from poles



1.) Open pedestal hit by vehicle in new housing area



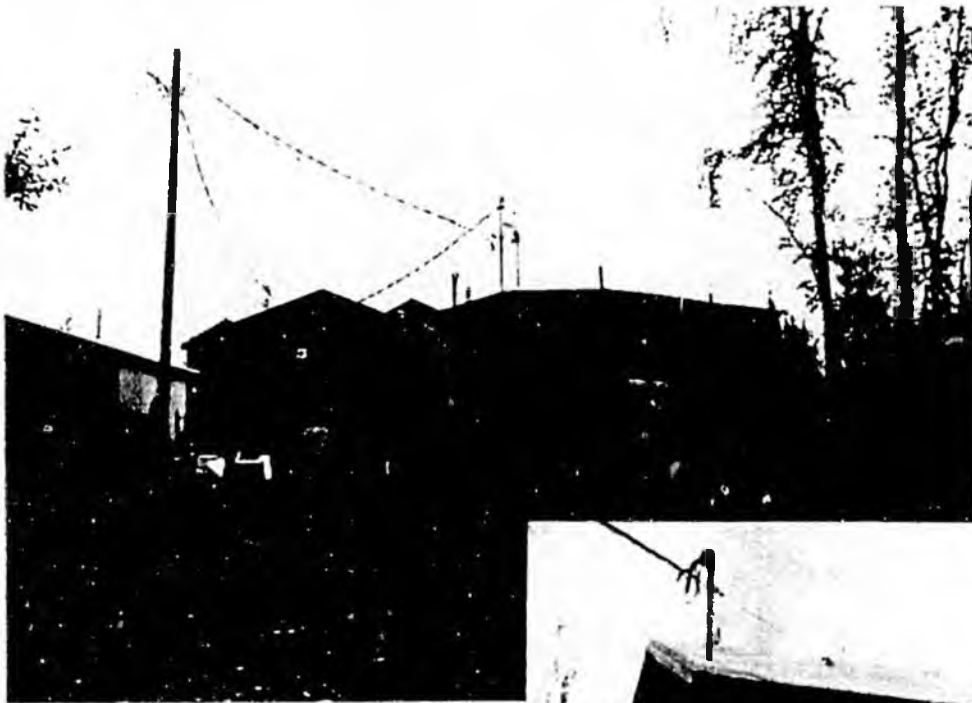
## RAMPART

### Powerhouse and Generators

Alaska Energy Authority designed, rebuilt and upgraded Rampart's powerhouse during 1990.

- 1.) The powerhouse was relocated due to oil spillage which was contaminating the well water.
- 2.) Oil soaked floor
- 3.) Foundation collapsing
- 4.) Poor generator maintenance causing other problems.

BEFORE



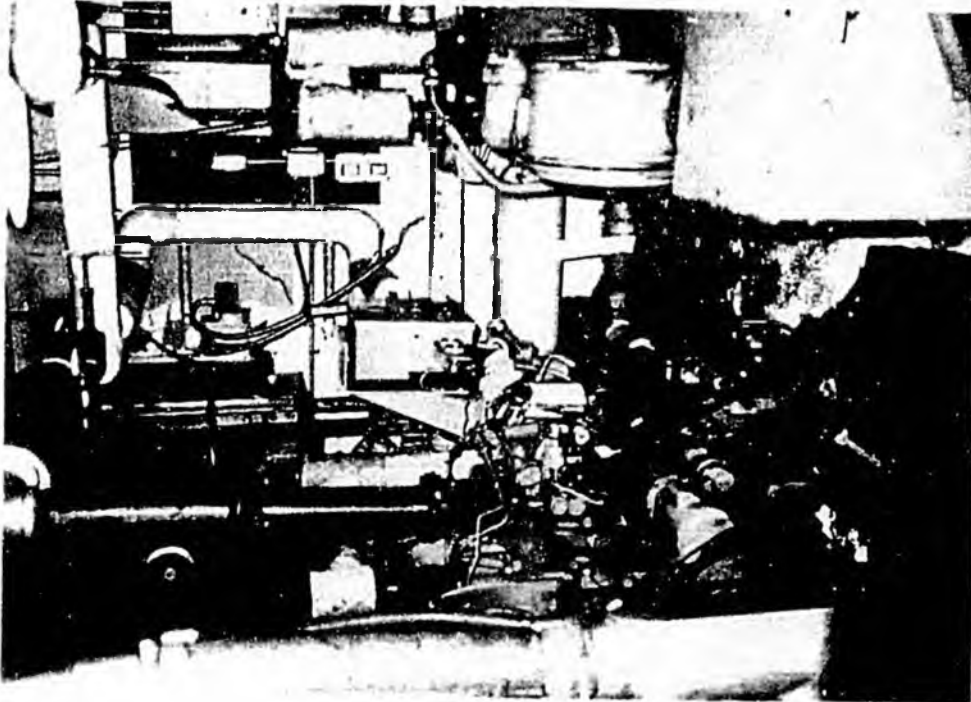
AFTER



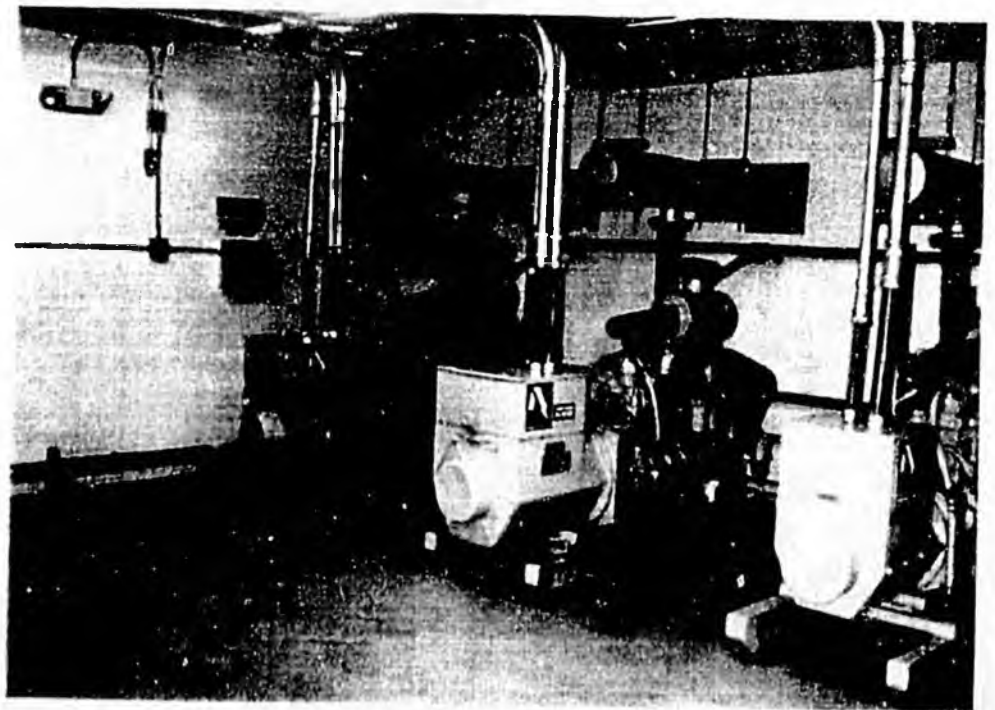
# RAMPART

## Powerhouse and Generators (Continued)

BEFORE



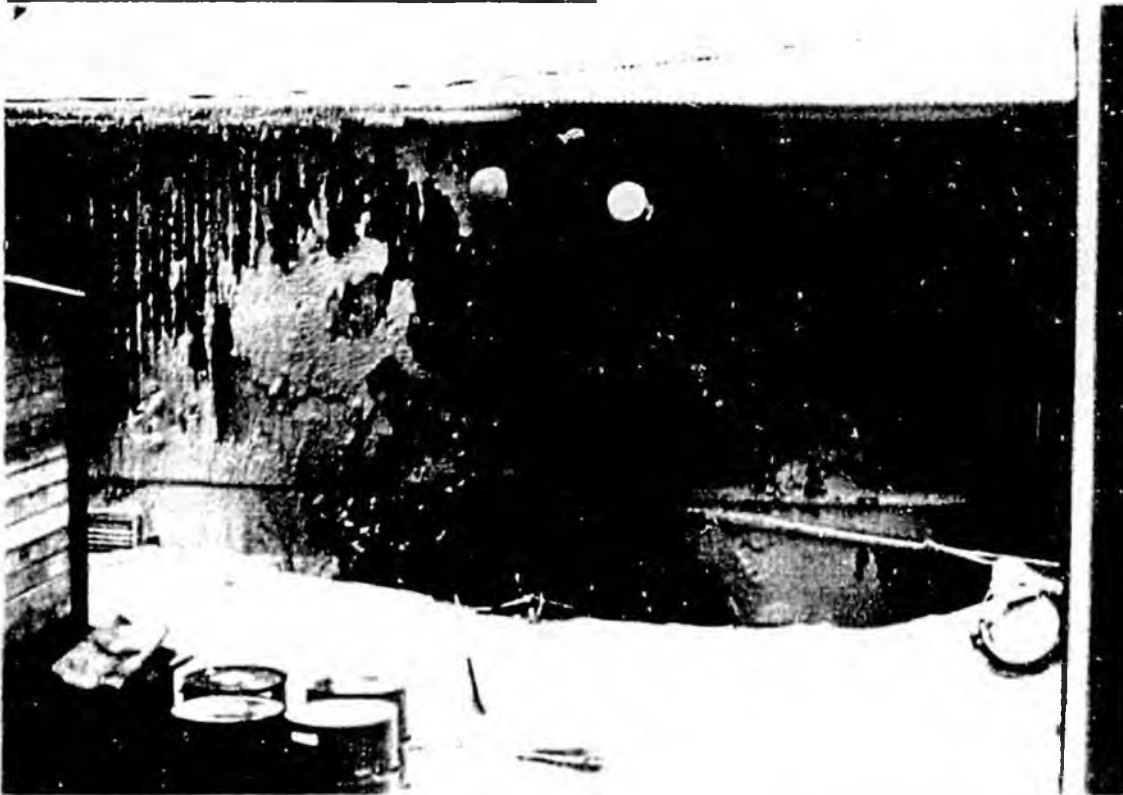
AFTER



# TETLIN

## Powerhouse and Fuel Tanks

- 1.) Improper exhaust system.
- 2.) Oil soaked floor.
- 3.) Fuel soaked floor.
- 4.) Located next to school.

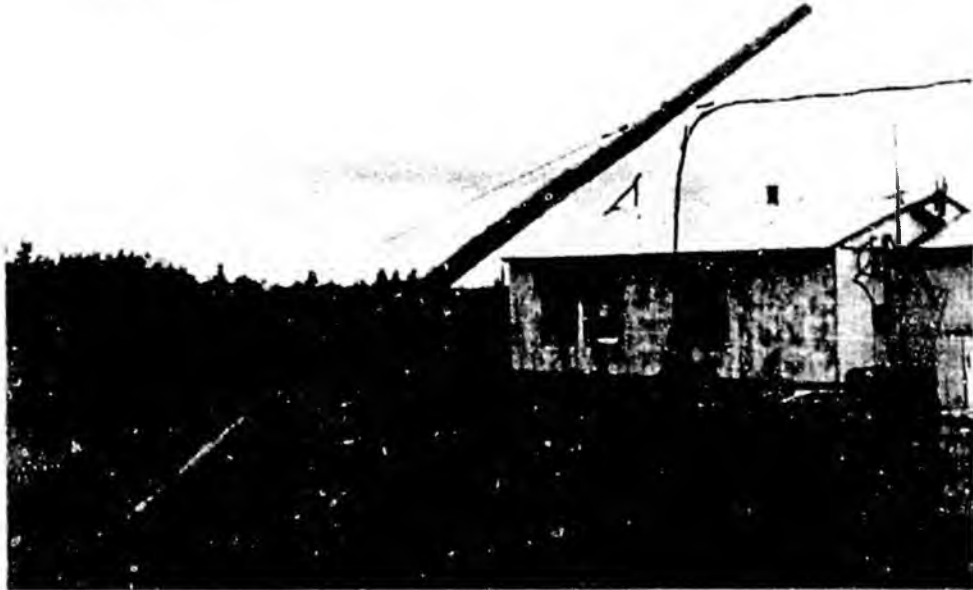


- 1.) Unstable foundation.
- 2.) No dikes.
- 3.) Leaning tanks.



## TULUKSAK

Example of severely leaning and deteriorating poles in Tuluksak's distribution system. Entire distribution system needs to be replaced.



Extremely low-hanging electric lines over and around Tuluksak residences.

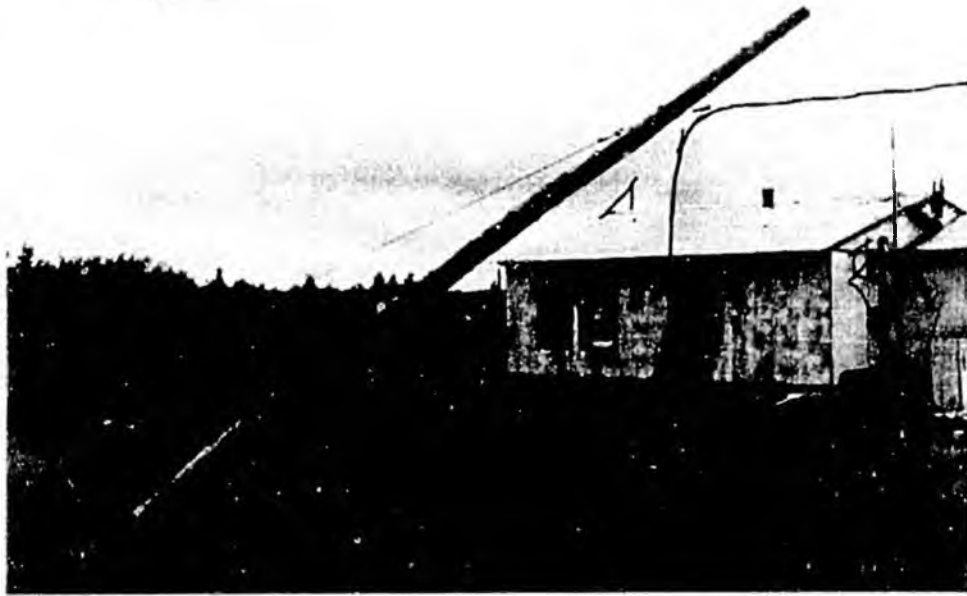


# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

## TULUKSAK

Example of severely leaning and deteriorating poles in Tuluksak's distribution system. Entire distribution system needs to be replaced.

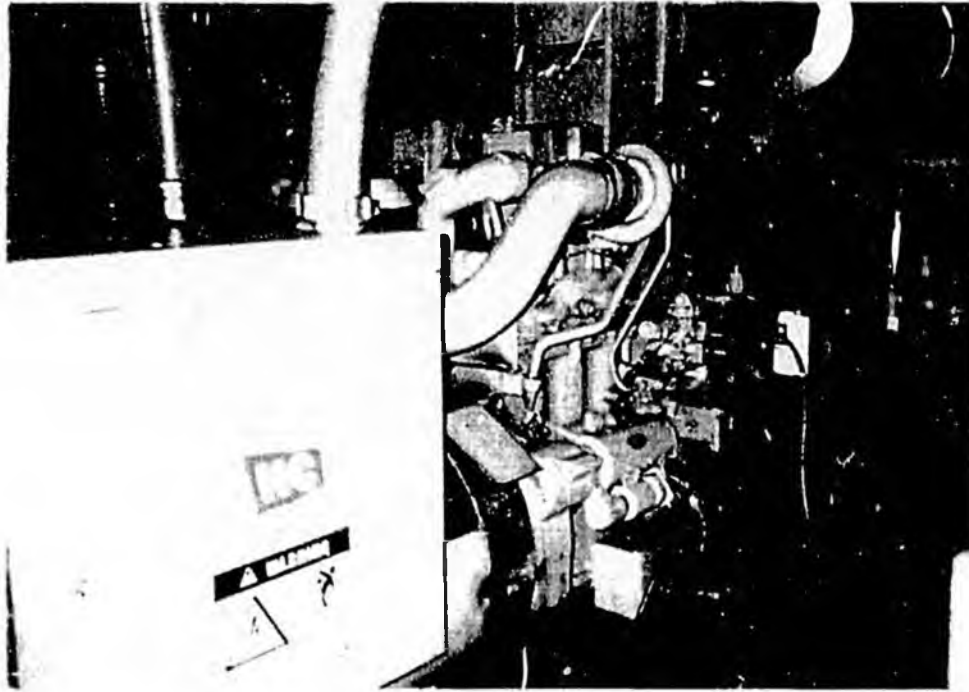


Extremely low-hanging electric lines over and around Tuluksak residences.

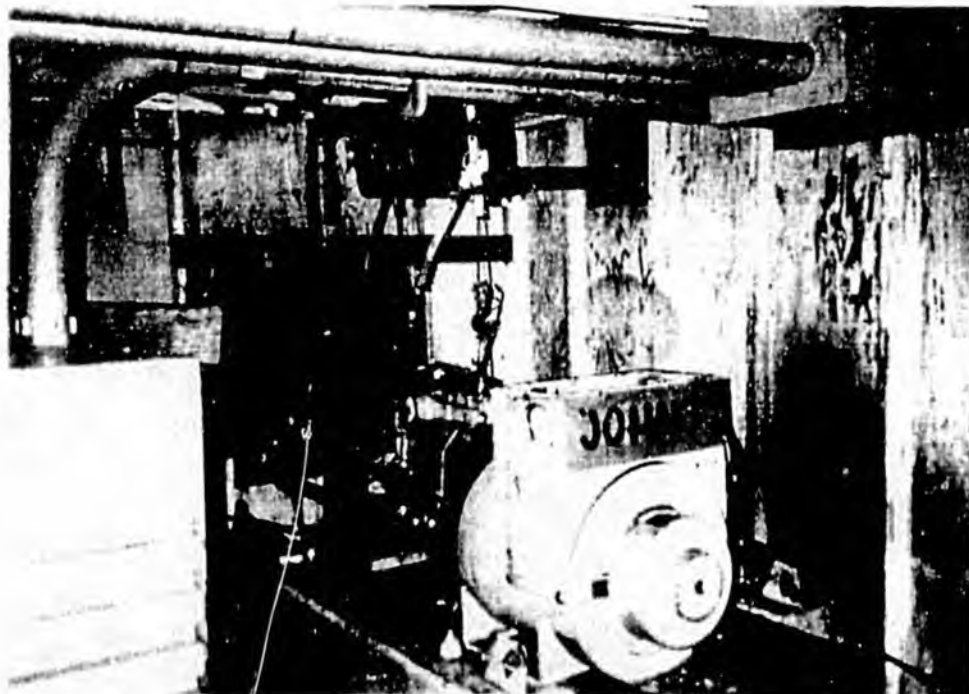


## TULUKSAK

Engine - Caterpillar 3300 Series - has numerous oil leaks along with very high hours. This engine was the only one in operation until the Alaska Energy Authority installed two new gensets. It is recommended that this unit be rebuilt as an emergency back-up unit.

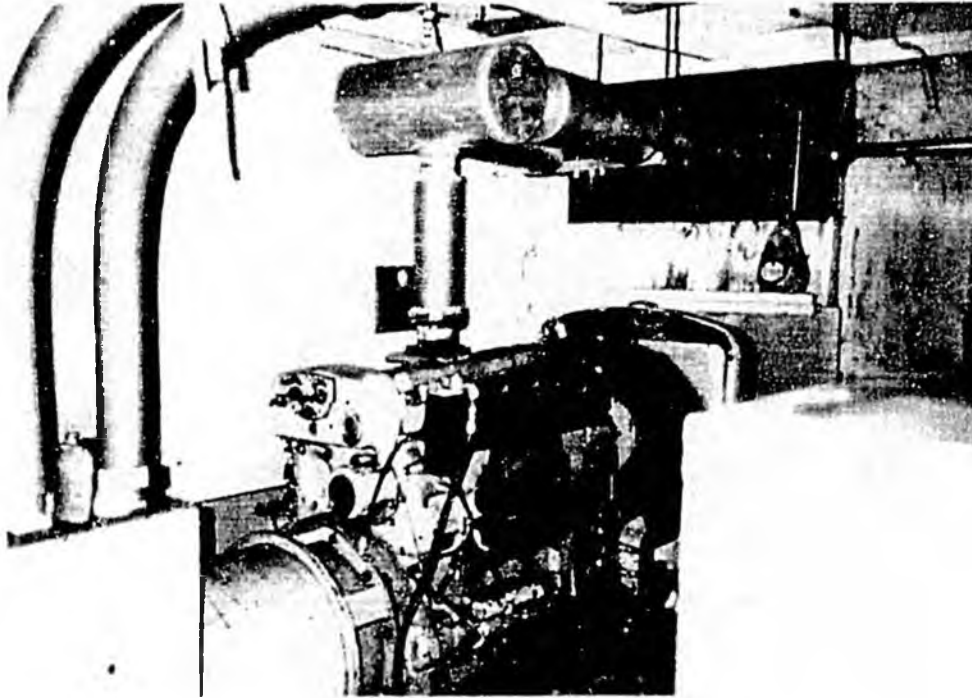


Engine - John Deere 6400 Series - was torn down for rebuild three or four years ago and never repaired. The parts from the engine were scattered about in the powerhouse.

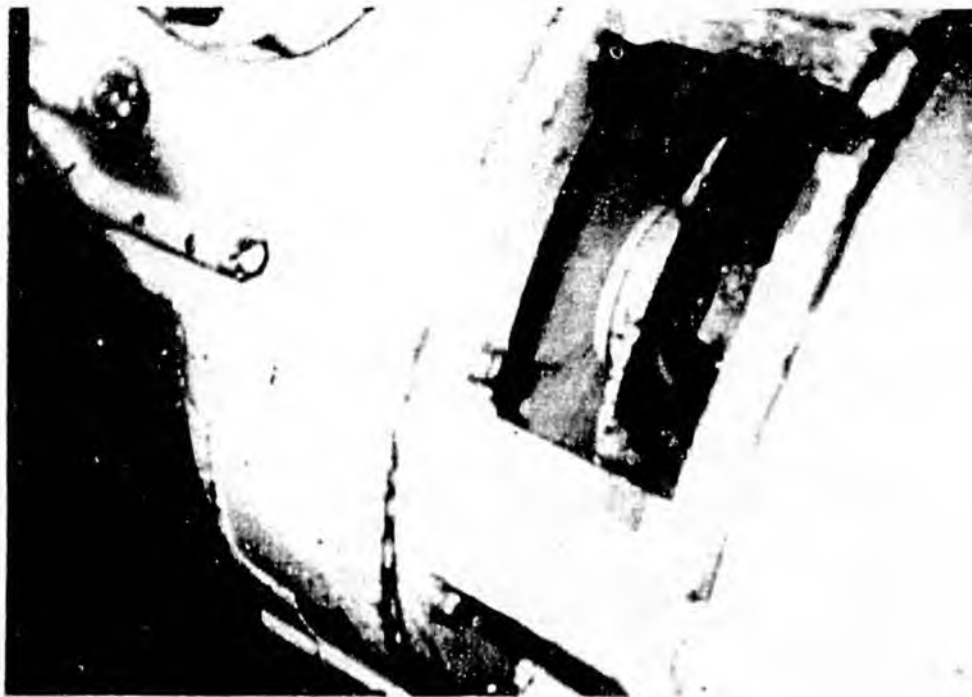


## TULUKSAK

Engine - 6-71 Detroit - has been partially torn down for two years and not repaired.

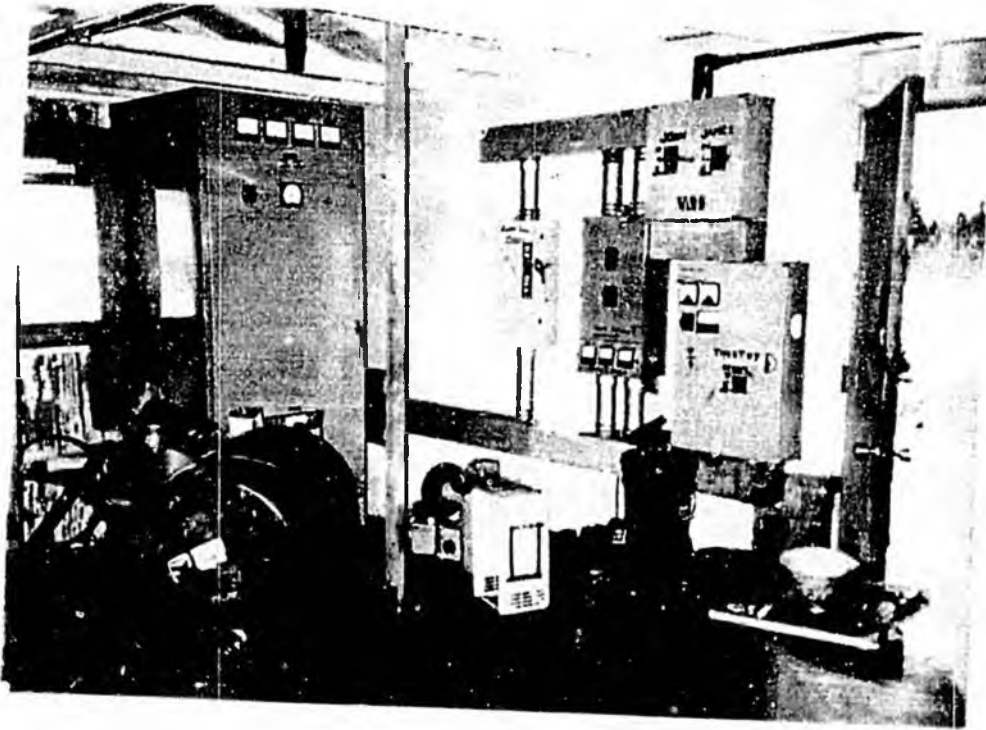


Fan shroud guard missing - caused debris to fall into the cooling fans of the generator while it was operating which caused substantial damage to the genset.



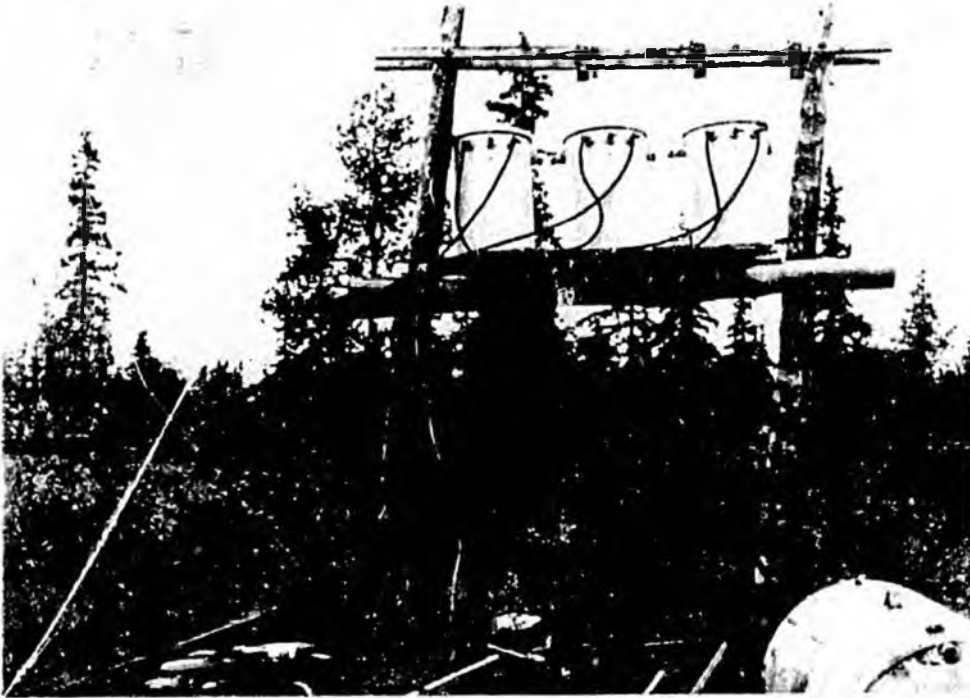
## TULUKSAK

The powerhouse is cluttered with engine parts, oil containers, oil drums, etc. Also, because of the many leaks from the generators, the floor is oil soaked.



## TULUKSAK

- 1.) Unstable and deteriorating transformer platform, needs to be rebuilt.
- 2.) Low-hanging wiring coming from powerhouse.

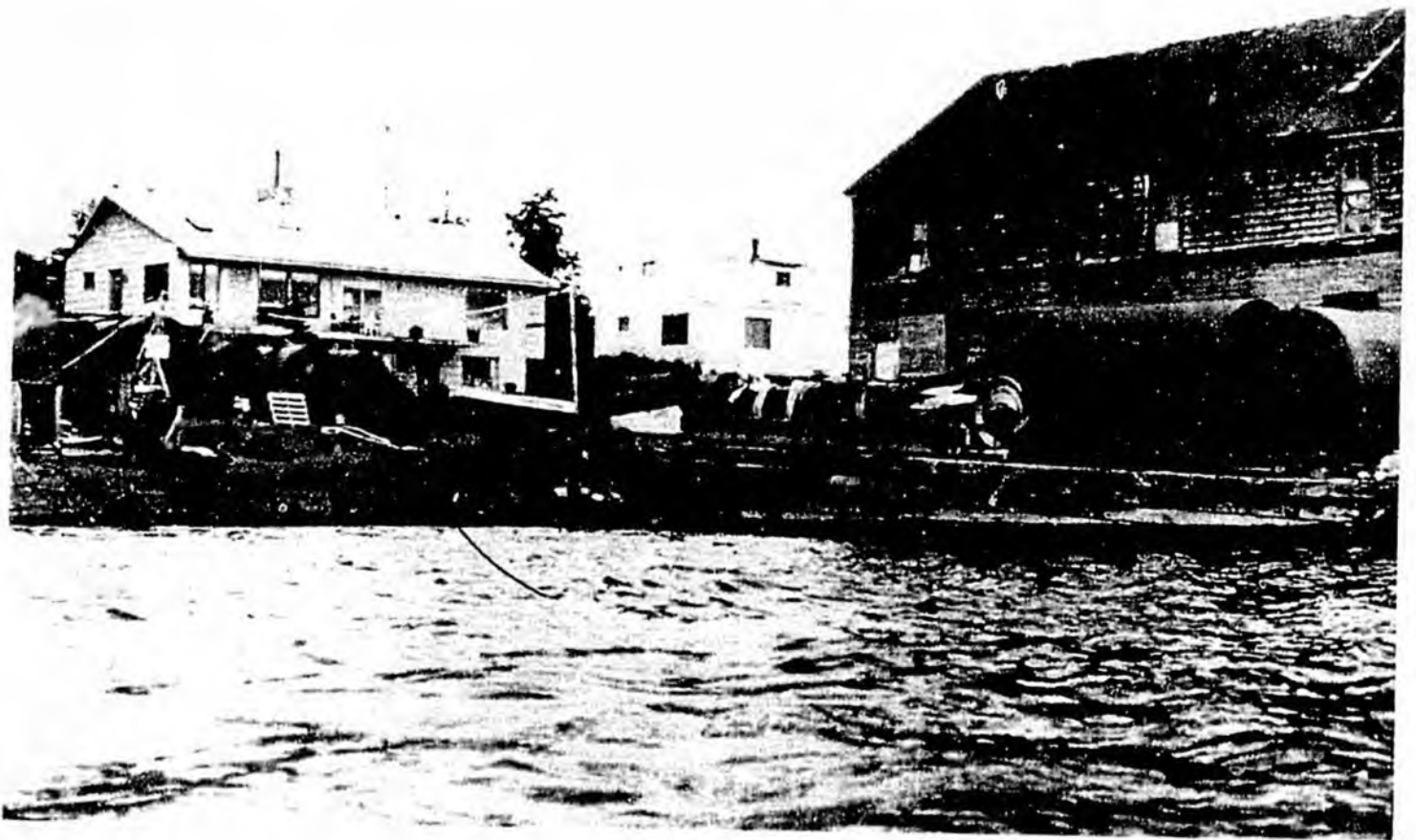


- 1.) Transformer platform accessible to children.
- 2.) Platform needs to be raised.



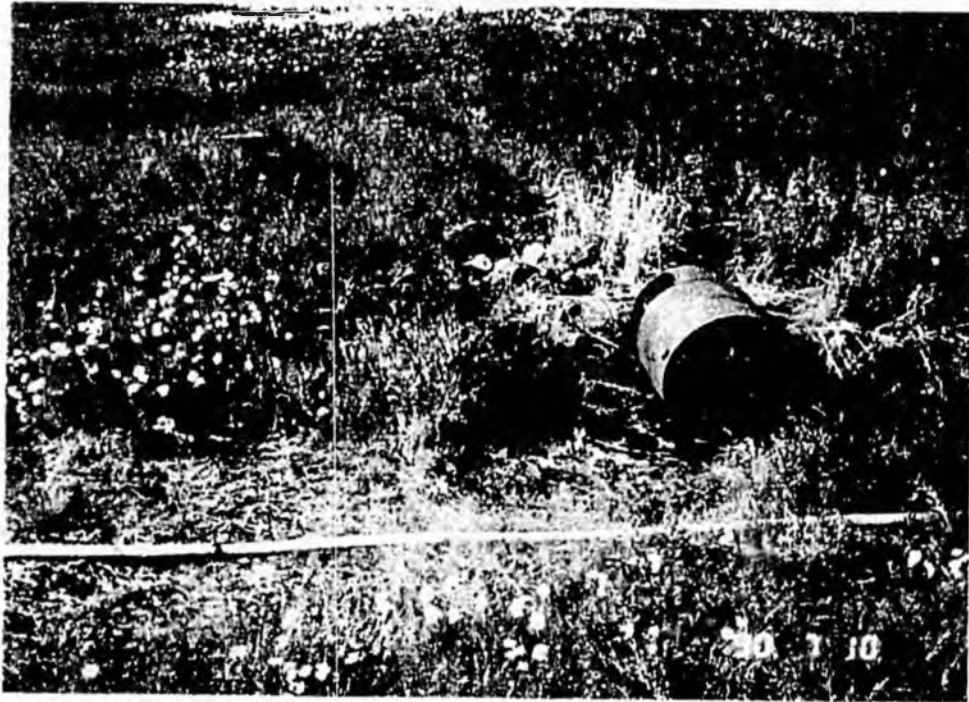
ALEKNAGIK

Udiked Fuel Storage  
Photo taken July 21, 1989

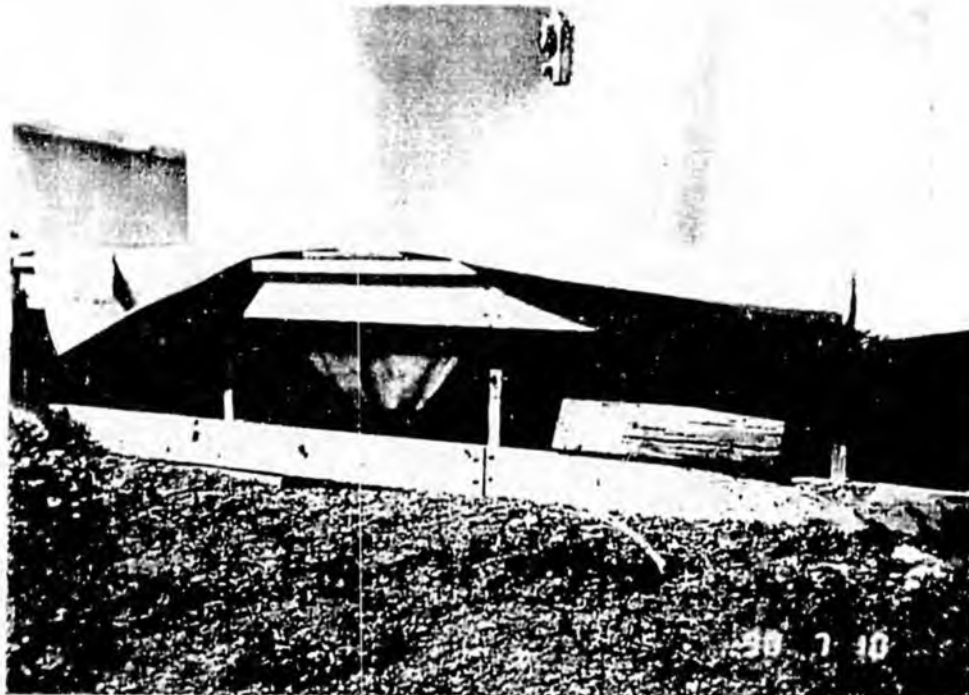


## CHEFORNAK

1.) Site of a leak in fuel transfer hose. (Hose has since been replaced with welded piping by Alaska Energy Authority.)

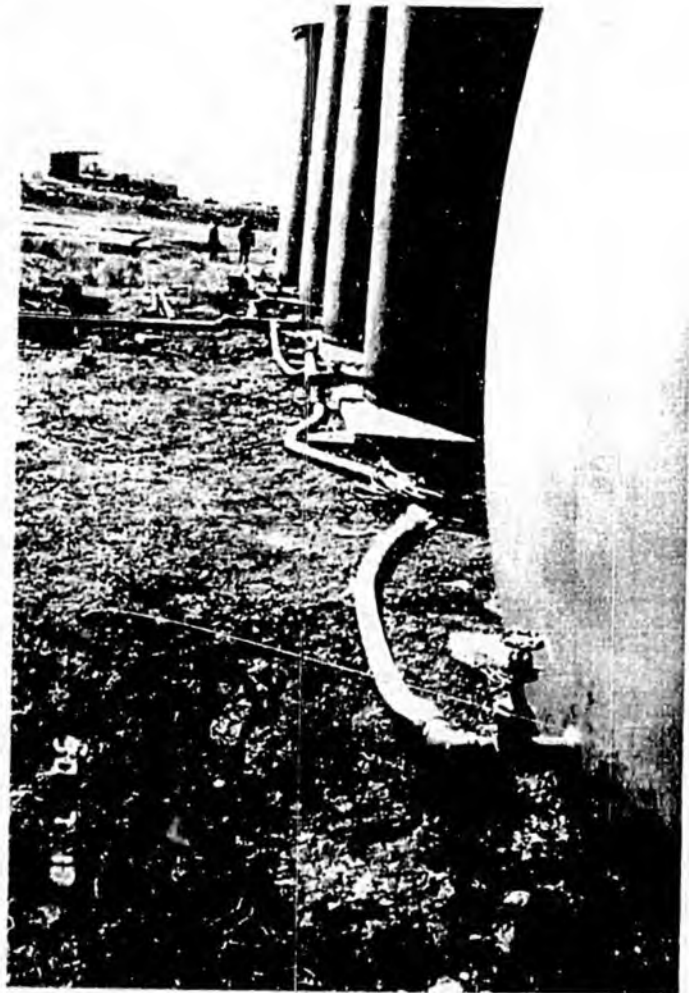
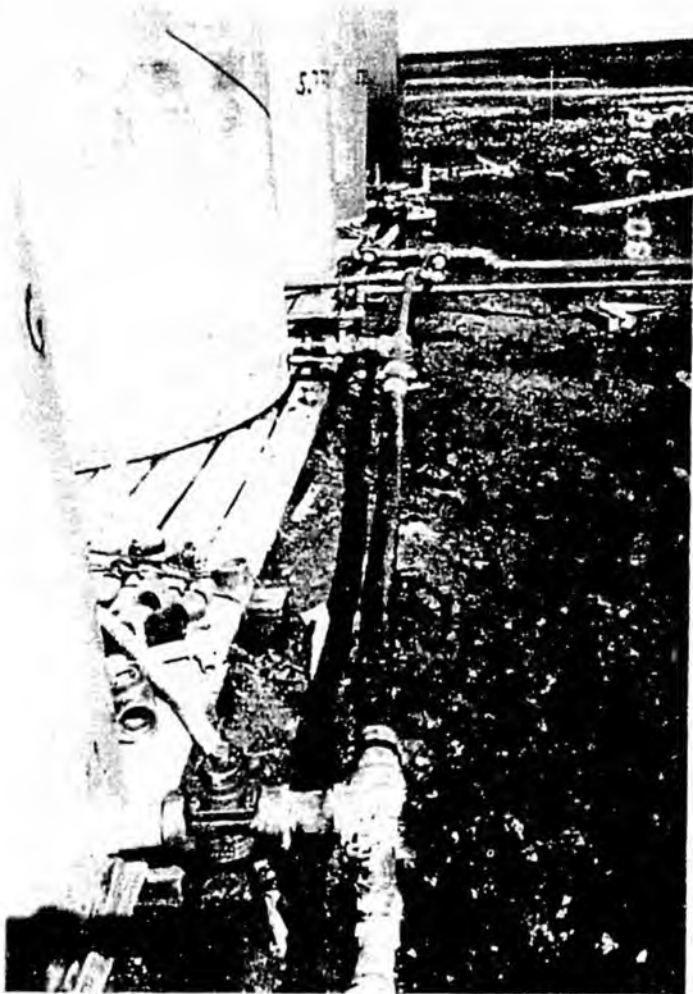


1.) An example of improper bulk fuel storage tank diking.



## CHEFORNAK

- 1.) Piping in poor condition.
- 2.) Improper tank foundations.
- 3.) No diking.



# CHEFORNAK

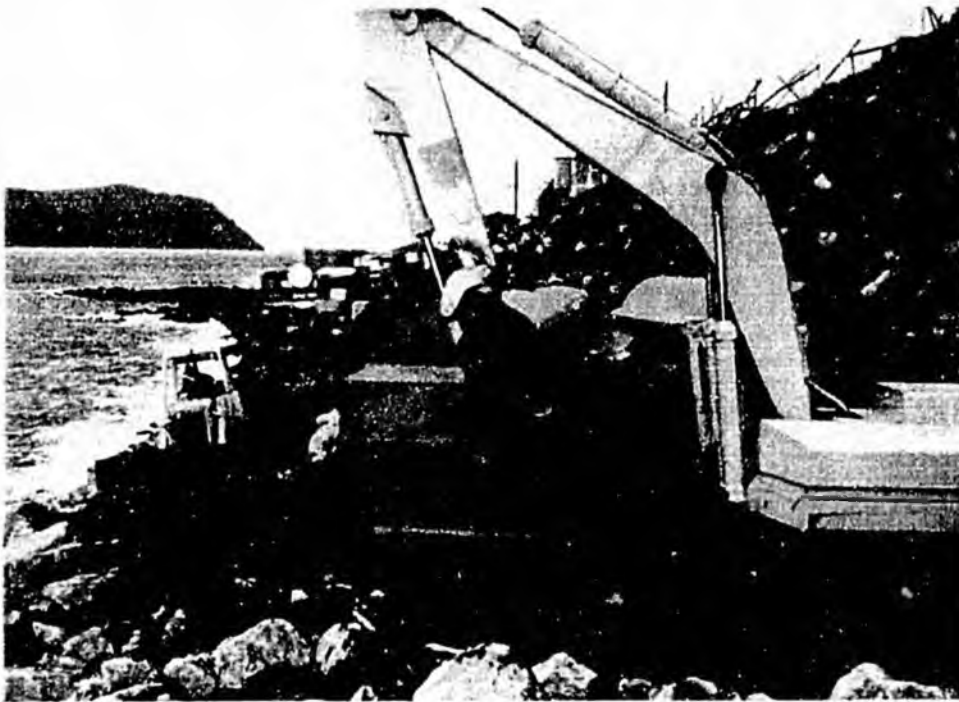
1.) Chefnak's private tanks at the riverside.



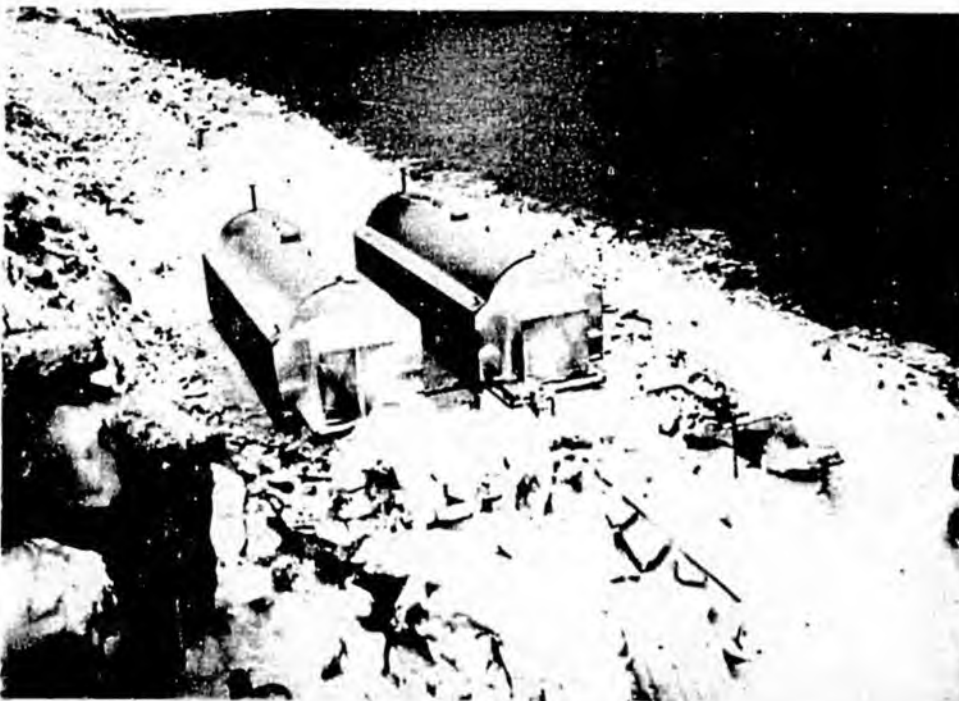
## DIOMEDE

Alaska Energy Authority provided technical assistance to the community of Diomedes with the installation of utility fuel tanks in 1990. After completion of the work, a storm created a disaster and damaged the fuel line. Restoration of fuel oil storage capacity lost to the storm and repair of damaged fuel line is now required.

1.) Installation of two 20,000 gallon double wall fuel tanks - September 1990.



1.) Fuel tanks in place - November 1990



## DIOMEDE

1.) Diomedes Disaster - November 19, 1990



1.) Damage to the daytank fuel line caused by the storm.



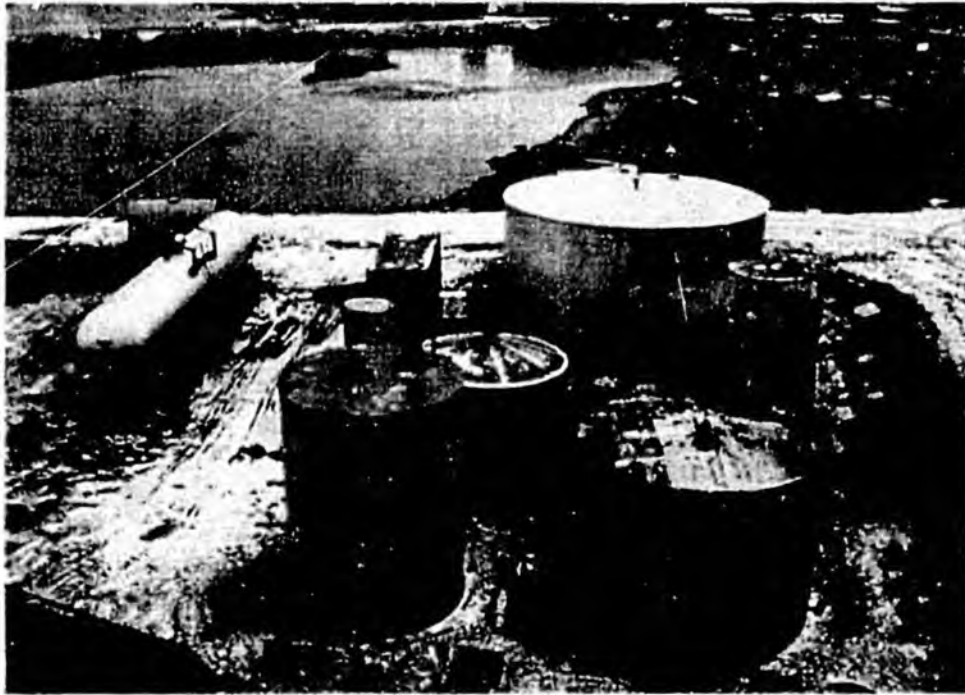
## NOORVIK

- 1.) Damaged and tilting tanks.
- 2.) No diking.
- 3.) Small stream runs thru culvert under tanks.



## UNALAKLEET

- 1.) No diking.
- 2.) Collection of mismatched tanks do not meet spacing requirements.

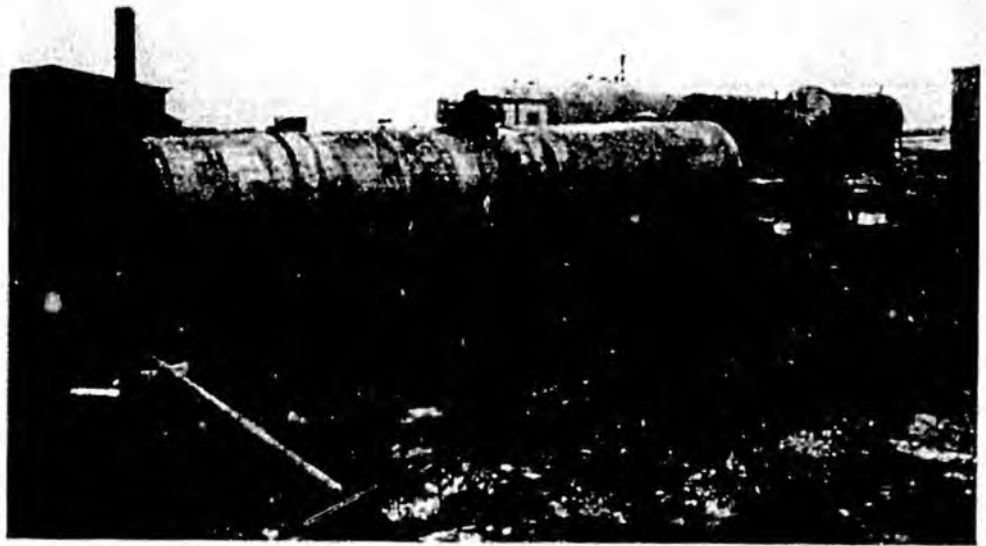


- 1.) Leaking tank connection. (Common problem in many rural fuel facilities.)



## UNALAKLEET

- 1.) Corroding tanks.
- 2.) No diking.
- 3.) Poor tank venting.
- 4.) Poor tank support.
- 5.) "Stack" at left is aeration tower being used in clean up of a 38,000 gallon gasoline spill.



- 1.) Corroding tanks.
- 2.) No diking.



HB

240

**FISCAL NOTE**

**STATE OF ALASKA**  
**1991 LEGISLATIVE SESSION**

**BILL NO.** HB 240

Revision Date: \_\_\_\_\_  
 Title: An Act relating to Unclaimed  
Property  
 Sponsor: House Labor & Commerce  
 Requestor: House Labor & Commerce

Department Affected: Department of Revenue  
 BRU: Revenue Operations  
 Component: Income and Excise Audit  
**COMPONENT SERIAL NO.** | 1 | 1 | 3 |

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>REVENUE</b>	0.0	0.0	0.0	0.0	0.0	0.0

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

**POSITIONS:**

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year impact: 0.0

**ANALYSIS:** Attach a separate page for analysis.

SEE ATTACHED

Prepared By: Carl Meyer, Chief of Appeals *Carl Meyer* Phone: (907) 465-2320  
 Division: Income and Excise Audit Division Date: March 29, 1991

Approved by Commissioner: Lee E. Fisher *Lee E. Fisher*  
 Agency: Department of Revenue Date: 4-1-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

March 29, 1991

HB 240  
FISCAL NOTE ANALYSIS  
DEPARTMENT OF REVENUE

HB 240 would add a new section to AS 34.45 pertaining to intangible property subject to the state unclaimed property provisions. Pursuant to the legislation all intangible property held by persons located both within and outside Alaska would be presumed abandoned and deemed to constitute unclaimed property subject to Alaska custody if:

1. the address of the owner is unknown,
2. the owner has not claimed the property within 3 years, and
3. the issuer of the property is this state, a subdivision of this state, or a person incorporated, organized or created in this state.

This section would not apply to property otherwise subject to Alaska custody under another section of the unclaimed property law that provides for a dormancy period different from the three year period established in the bill. The legislation would also apply to property that is considered abandoned prior to the effective date of the act but still in the possession of a holder on the effective date.

The Unclaimed Property Act provisions (AS 34.45) currently cover intangible property. However, in those situations where the address of the owner is unknown, the provisions may only authorize recovery where the holder of the property is domiciled or incorporated in the state. It is our understanding that the legislation is intended to extend the Unclaimed Property Act to brokerage firms located outside Alaska that hold dividends and interest attributable to securities issued by Alaska or Alaska corporations.

Alaska, along with 37 other states, contends that when the last known address of the owner of unclaimed property is unknown, the property should be subject to the custody of the state from which the security was issued. Delaware asserts the property is subject to the custody of the state of incorporation of the holder. New York asserts the property is subject to the custody of the state of the holder's headquarters. California, the District of Columbia, and the remaining five states assert the property is subject to the custody of the state based on the holder's commercial activity. The dispute is presently before the United States Supreme Court in Delaware v. New York and the legislation is designed to ensure that Alaska will be in a position to recover any property in the event of a favorable decision.

Assuming the favorable decision by the Court, the legislation would bring in additional revenues. However, the department cannot at this time make any reasonable estimate of the extent of those revenues.

Explanation of Proposed Amendment to  
Alaska Unclaimed Property Statute  
Providing for Recovery of Unclaimed Property

1. The Amendment is necessary to permit the State to recover the unclaimed property at issue in Delaware v. New York, No. 111 Original, pending before the United States Supreme Court.

2. Although current State law may cover dividends, interest and similar property at issue in the litigation, it does not permit recovery from most out-of-state holders when such holders did not originate the unclaimed funds and are merely intermediaries.

3. The amendment is limited to circumstances where the address of the unclaimed property owner is unknown.

4. The amendment applies only to property and situations not otherwise covered by existing State law.

5. (a) The dormancy period is three years because the New York dormancy period is three years. If this becomes a problem with the legislature, the litigation will not be undermined by modifying the three year dormancy period to conform to the traditional State dormancy period.

(b) In circumstances where the same property would be covered both by existing law and this Amendment, and there are different dormancy periods, existing law controls.

6. The Amendment applies to property held at the date of enactment, irrespective of when the property became abandoned, as well as to property becoming abandoned after enactment.

November 29, 1990

DICKSTEIN, SHAPIRO & MORIN

2101 L STREET, N. W.  
WASHINGTON, D. C. 20037  
202 785-9700  
TELEX: 892608 DSM WSH  
FAX: 202 887-0689

BERNARD NASH  
DIRECT DIAL  
202 828-2209

VIRGINIA OFFICE  
8300 BOONE BOULEVARD  
SUITE 800  
VIENNA, VIRGINIA 22182  
703 847 8180

NEW YORK OFFICE  
598 MADISON AVENUE  
NEW YORK, N. Y. 10022  
212 833-1800

November 29, 1990

Patty Smith  
Unclaimed Property Administrator  
Income & Excise Audit Division  
Department of Revenue  
P.O. Box SA  
Juneau, Alaska 99811-0400

Re: Delaware v. New York, No. 111 Original:  
Amendment of Alaska Unclaimed Property Act

Dear Ms. Smith:

In connection with our representation of Alaska in Delaware v. New York, we have undertaken a review of Alaska's unclaimed property statute in light of the defenses raised and legal positions taken by the various parties in the case. We have concluded that the statute should be amended to ensure that Alaska will be authorized to recover all of the property to which it is entitled.

Alaska and thirty-seven other States contend that when the last known address of the owner of unclaimed dividends or interest payments is unknown, the property is subject to the custody of the State which issued the underlying security, the State in which a political subdivision issued the underlying security, or the State in which the corporation which issued the underlying security is incorporated. Alaska and thirty-seven States reject the contention of Delaware that 100% of the funds belongs to the State of incorporation of the brokerage firm or other intermediary which is merely holding dividend or interest payments, the contention of New York that 100% of the property belongs to New York because most of the brokerage firms are headquartered in New York, and the contentions of California, five other States and the District of Columbia that the Supreme Court's prior decisions should be discarded in favor of some contrived "commercial activity" formula.

Although Sections 34.45.110, 34.45.120, and 34.45.200 of the Alaska statute cover unclaimed dividends and interest, the

Patty Smith  
November 29, 1990  
Page 2

statute authorizes recovery of unclaimed dividends and interest only in circumstances in which the holder of the dividends and interest is domiciled (incorporated) in Alaska. Because our litigation involves brokerage firms incorporated in Delaware (and therefore not domiciled in Alaska) which are holding the dividends and interest, the Alaska statute needs to be amended to authorize recovery of dividends and interest held by non-domiciliaries of Alaska, provided that the issuer of the underlying security is Alaska, a political subdivision of Alaska, or a corporation incorporated (domiciled) in Alaska. Section (a) of our proposed amendment provides this necessary modification.

Section (b) of our proposed amendment ensures that the amendment applies only to property not otherwise covered by the Alaska statute, and is necessary for the rare case where a brokerage firm incorporated in Alaska is the holder of the unclaimed property.

Section (c) of our proposed amendment provides that the amendment also applies to property that became abandoned prior to enactment. This provision is necessary to cover property unlawfully taken by New York in past years.

As you also will note, the amendment shortens the dormancy period for unclaimed property covered by the proposed section to three years. This provision is important because the dormancy period of New York is three years. A longer dormancy period for Alaska would allow New York to retain custody of the property for several years after judgment. Although the disparity in dormancy periods will not prevent Alaska from eventually obtaining the unclaimed property, we recommend adoption of the three year dormancy period.

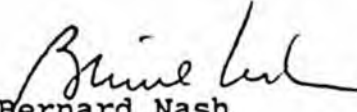
Copies of the recommended amendment and an explanation of the amendment are enclosed for your convenience. We also are providing the materials to Attorney General Douglas B. Baily. Because of the sensitive nature of this amendment to the pending litigation, please try to limit publicity and discussion with other States.

During the most recent legislative session, nine states adopted our proposed amendment into law. We expect all of our clients to adopt this amendment in the next legislative session.

Patty Smith  
November 29, 1990  
Page 3

Please call me if you have any questions, or if you believe it would be helpful for me to communicate with any of your legislative or executive branch officials.

Very truly yours,

  
Bernard Nash

BN:fgd  
Enclosure  
cc: Hon. Douglas B. Baily

HB

245

HOUSE COMMITTEE REPORT

(7)

Date Referred: April 12, 1991

FURTHER REFERRALS:

State Affairs  
Finance

Date of Committee Action: 4-23-91

The LABOR AND COMMERCE Committee considered:

SSHB 245

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 245

STATE PROCUREMENTS

"An Act relating to publications produced by state agencies and to the procurement of property, property interests, and services, including the services of employees, by certain public entities."

RECOMMENDATIONS:

be replaced with

CSHB 245 (L+C)

the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact \_\_\_\_\_

fiscal note(s) \_\_\_\_\_

zero fiscal note Administration

zero fiscal note(s) \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>[Signature]</i>	<input checked="" type="checkbox"/>				
<i>[Signature]</i>	<input checked="" type="checkbox"/>				
<i>[Signature]</i>	<input checked="" type="checkbox"/>				
		<i>[Signature]</i>			

*[Signature]*  
CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. CSSSHB 245 (L&C)

Revision Date: \_\_\_\_\_  
Title: An Act relating to publications produced by State agencies and to . . .  
Sponsor: Choquette  
Requestor: House, Labor and Commerce

Department Affected: Administration  
BRU: General Services  
Component: Purchasing

COMPONENT SERIAL NO. 

6	0		
---	---	--	--

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
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
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

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
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

POSITIONS:

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

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.)

Section 7 is placed in the general provisions section of the statute. Sponsor indicated it should apply to Invitations to Bid (ITB) and Request for Proposals (RFPs). We foresee no significant fiscal impact on our procurement activities as long as Section 7 applies only to ITBs and RFPs. If it applies to all purchases there would be a significant fiscal impact to all agencies.

Prepared by: Robert J. Link *Robert J. Link*  
Division: General Services

Phone: 465-2250  
Date: 4/25/91

Approved by Commissioner: Millett Keller *Millett Keller*  
Agency: Administration

Date: 4/20/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. SSHB 245

Revision Date: \_\_\_\_\_ Department Affected: Administration  
 Title: An Act Relating to Publications BRU: General Services  
 Produced by State Agencies and to ... Component: Purchasing

Sponsor: Choquette

Requestor: \_\_\_\_\_

COMPONENT SERIAL NO. 

6	0		
---	---	--	--

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	*	*	*	*	*	*

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)

See attached for explanation of \*.

Prepared By: Robert J. Link *Robert J. Link* Phone: 465-2250  
 Division: General Services Date: 4/15/91  
 Approved by Commissioner: Millett Keller *Millett Keller*  
 Agency: Administration Date: 4/15/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

## SPONSOR SUBSTITUTE FOR HOUSE BILL 245

### Fiscal Note Attachment

Section 7 will have a fiscal impact on agencies. The 1989 procurement report indicated that 138 bids and Requests for Proposal were lost to non-Alaska vendors. The losses can be divided into two basic categories. In some cases, Alaska bidders responded but their prices were high enough that the 5% Alaska bidders preference had no effect. In the other cases there were no Alaska bidders. We do not have the information to determine the numbers of each case. If one assumed that Alaska bidders bid but had high prices, the fiscal impact to agencies during the period 1/88 to 7/89 would have been at least \$475,000 (5% of the price of bids). If one assumed that there were no Alaska bidders, the fiscal impact would have been the cost of reissuing 138 bids and Requests for Proposal, approximately \$28,000. This does not include any costs due to delays. The actual fiscal impact would have been somewhere in between. There is no way to accurately calculate the amount of any future fiscal impact or the agency it would impact.

Alaska State Legislature  
House of Representatives



INTERIM  
3111 C Street  
Anchorage, Alaska 99503  
(907) 561-2032

SESSION  
P.O. Box V  
Juneau, Alaska 99811  
(907) 465-2995

Representative Dave Choquette

April 15, 1991

To: Representative David Finkelstein  
Chair, Labor and Commerce

From: Representative Dave Choquette 

Re: SS for HB 245, an act relating to publications produced  
by state agencies and to the state procurement of  
property and services

It is with great pleasure that I have introduced the Sponsor Substitute for HB 245, an act relating to publications produced by state agencies and to the state procurement of goods and services. I have titled this bill the Make-it-in-Alaska bill because it is aimed at changing state procurement practice to enable Alaskans to have a fair and equitable chance at competing for state work.

SS for HB 245 is one arm of my attempt to get Alaskans to do business with other Alaskans. The average for the number of times money changes hands in the state of Alaska is 2.5. The national average for the number of times money changes hands before leaving a state is 7.8. Alaska's economic condition is directly affected by the level to which Alaskans look in state for the services and goods they require. Included in that formula is the level to which the state government also looks in state for the goods and services they require and does business with Alaskan firms. SSHB 245 addresses this end.

The legislation has seven key components. It aims at increasing the share of work going to Alaskans by: ★

a. obliging procurement officers in each government agency ★

★ ★

★ ★

to provide Alaskan suppliers, manufacturers, and providers of service desiring to compete for state contract work with sufficient notice when the agency is procuring a service or good they are capable of providing;

b. requiring procurement officers to add to the amount of each bid the administrative costs that would be incurred by the state; including the additional costs that result from the geographical location of the bidder;

c. providing that state agencies must first solicit inside the state for construction contracts, procurement orders, and employees;

d. allowing procurement officers to structure a purchase order so that Alaskan bidders are capable of competing for the work;

e. requiring that all state publications be printed within the state when practicable;

f. providing that a bid is not responsive to a procurement request unless the bidder has made reasonable attempts to utilize goods and services available in the state; and

g. amending the subcontractor section of the procurement code to require apparent low bidders and offerors to identify the subcontractors they plan on utilizing for the contract; and requiring these subcontractors to have a valid Alaskan registration if applicable.

Thank you for your prompt attention to this bill. I will enjoy working with your committee throughout its review. A sectional of the bill follows.

## Sectional Analysis of SS for HB 245

Section 1 lays out the proposed findings and purposes of this Act. The legislation is in response to the damage done to the state's economy when state agencies go outside for services and goods they are readily available in state. The aim of this legislation is to foster an environment where the state government, as a market participant, has improved access and ability to contract with Alaska businesses.

Section 2 amends the existent subcontractor paragraph of the procurement code. In addition to the requirement that the apparent low bidder submit a list of the subcontractors they propose to use in the performance of the contract, it requires the subcontractor to have a valid Alaskan business license and to be registered with the state if so required by AS 08.18, a statutory section which relates to construction contractors.

Section 3 requires each procurement officer to provide public notice of the invitation to bid to every Alaskan contractor registered with the state who provides the supplies or services the agency is procuring.

Section 4 requires a procurement officer evaluating a bid to consider all administrative costs that may be incurred by the state for performance of the contract if the contract was awarded to that bidder. Administrative costs are defined as additional costs resulting from the geographical location of the bidder or bidder's source of supplies.

Section 5 is an attempt to address the action of Alaska offerors in the competitive sealed proposal process (Generally, the competitive sealed proposal section of the code applies to the procurement of professional services). It requires the apparent low offeror to submit a list of the subcontractors they propose to use in the performance of the contract and requires the subcontractors to have a valid Alaskan business license, and to be registered with the state if so required by AS 08.18. If a subcontractor does not have a valid Alaskan business license, the offeror is required to replace the subcontractor with one who had a valid Alaskan license at the time the proposal was opened.

Section 6 provides that state solicitation of professional services may be exempt from the procurement code if the service is to be performed in an area outside the state, and if it requires knowledge of the customs, procedures, and rules of the area.

Section 7 addresses the in-state solicitation of contracts. It requires the procurement officer of each agency to first solicit in-state for the procurement of goods and services. An agency may solicit out of state if it determines in writing that:

a. at least two competitive sources for the contract are not located in the state; or

b. if after 21 days of in-state solicitation the agency has not received a responsive and responsible bid or offer.

Section 8 provides leverage to state agencies to design procurements in a way that fosters participation by bidders or offerors in Alaska. The agency may accomplish this end by reducing in size or otherwise restructuring the request so it can be handled by Alaskan firms.

Section 9 defines what makes a bidder or offeror responsive to a procurement request. A bidder or offeror is not responsive unless they make reasonable attempts to utilize goods and services located in the state. They are required to provide the procurement officer with notice of how they are using local goods and services. If they are not using those goods and services, they are required to provide the procurement officer with an explanation of why they are not being used (See attached legal analysis for difficulties this section may face as a result of the privileges and immunities clause of the United States Constitution).

Section 10 requires an agency to first solicit in-state for employees unless the personnel officer determines in writing that they have solicited in state for four weeks and have been unable to find a qualified individual. This section does not apply to the executive or legislative branch if the governor or legislative budget and audit committee respectively determine in writing that it is unlikely they will find a qualified individual in the state.

Section 11 requires that state publications, including those of the University of Alaska, be produced at a facility located in the state when practicable. The publications are to be designed in a way that promotes simplicity, low cost, and maximum use of printing facilities in the state.

Section 12 repeals two section of the printing provisions of the code to reflect the changes made in Section 11.

## DIFFERENCES BETWEEN HB 245 AND SS FOR HB 245

The Sponsor Substitute reflects attempts to make the bill more effective. The changes are a result of my conversations with various government agencies and businesses affected by the provisions of the bill. The changes are as follows:

1. It removes the requirement that each state agency devise a master list of Alaskan businesses, manufacturers, providers of services, and in turn leaves this requirement in the hands of the Department of Administration.
2. It deletes Section 9 of the original bill which required contracts over \$25,000 to be awarded through the competitive bidding process. After discussion with government agencies, it was determined best to leave bids between \$25,000 and \$100,000 subject to the limited procurement bidding process, because Alaskan firms are generally awarded these bids anyway.
3. It removes the definition of subcontractor and leaves it for agency determination.
4. It removes the requirement that all state publications be published in facilities located in the state and adds the exception that this be done only when practicable. This change responds to the needs of government agencies whose publications generally cannot be produced in-state. Such publications include those written in foreign languages, and the production of large-scale Alaska maps.

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 245 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES CHOQUETTE, Gruenberg, Baker, Barnes, Carney, B.Davis, C.Davis, Donley, Ellis, Finkelstein, Foster, Gonzales, Grussendorf, Hanley, Hudson, Ivan, Jacko, Kubina, Larson, Leman, Lincoln, Mackie, MacLean, Martin, M.A.Miller, M.W.Miller, Moyer, Parnell, G.Phillips, R.Phillips, Sharp, Taylor

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to publications produced by state agencies and to the procurement of  
2 property, property interests, and services, including the services of employees, by certain  
3 public entities."

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

5 \* Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

6 (1) the state needs to develop and maintain a strong, stable, and prosperous economy  
7 based on private investment;

8 (2) the existence of a strong and healthy free enterprise system is directly related to the  
9 well-being and competitive strength of Alaskan businesses and to the opportunity for Alaskan businesses  
10 to have free entry into the business market and to grow and expand;

11 (3) the use of products manufactured, grown, or produced in Alaska strengthens,  
12 stabilizes, and diversifies Alaska's economy;

13 (4) when governmental agencies purchase and use out-of-state products and services, they  
14 reduce job-creating investments and limit the growth of the economy of Alaska;

1 (5) when bid documents for public contracts do not specify the use of available Alaskan  
2 products, comparable out-of-state goods are usually purchased instead, and these purchases result in a  
3 loss of revenue in the state and weaken Alaska's economic base;

4 (6) contracts are frequently awarded to out-of-state firms, even though Alaskan suppliers,  
5 manufacturers, and providers of services are more accessible and responsive to the needs of Alaska's  
6 business community than their out-of-state counterparts;

7 (7) there is a need for Alaska to examine its purchasing practices in order to ensure that  
8 state agencies support Alaskan businesses by making every reasonable effort to identify available  
9 Alaskan goods and services and to foster bidding by local businesses and labor forces;

10 (8) state agencies should consider the administrative costs of contract awards in the  
11 evaluation of bids;

12 (9) before advertising outside Alaska for goods and services and employees, state  
13 agencies should conduct a search in Alaska for persons and organizations that can provide needed goods  
14 and services;

15 (10) state agencies should only look outside Alaska for goods and services if they have  
16 provided notice of the procurement in Alaska.

17 (b) The legislature declares that the purpose of this Act is to foster a procurement process where  
18 Alaskan businesses obtain a fair proportion of Alaska's total procurement contracts by providing Alaskan  
19 businesses with a fair, equitable, and competitive bid process.

20 \* Sec. 2. AS 36.30.115(a) is amended to read:

21 (a) Within five working days after the identification of the apparent low bidder, the  
22 apparent low bidder shall submit a list of the subcontractors the bidder proposes to use in the  
23 performance of the contract. The list must include the name and location of the place of business  
24 for each subcontractor and evidence of the subcontractor's valid Alaska business license. A  
25 bidder for a construction contract shall also submit evidence of [EACH SUBCONTRACTOR'S]  
26 registration under AS 08.18 for each subcontractor that is required to be registered under  
27 AS 08.18. If a subcontractor on the list did not have a valid Alaska business license and, if  
28 required by AS 08.18, a valid certificate of registration under AS 08.18 at the time the bid was  
29 opened, the bidder may not use the subcontractor in the performance of the contract [.] and shall  
30 replace the subcontractor with a subcontractor who had a valid Alaska business license and, if  
31 required by AS 08.18, a valid certificate of registration under AS 08.18 at the time the bid was

1 opened.

2 \* Sec. 3. AS 36.30.130(a) is amended to read:

3 (a) The procurement officer shall give adequate public notice of the invitation to bid at  
4 least 21 days before the date for the opening of bids. If a determination is made in writing that  
5 a shorter notice period is necessary for a particular bid, the 21-day period may be shortened. The  
6 determination shall be made by the chief procurement officer for bids for supplies, services, or  
7 professional services. The determination shall be made by the commissioner of transportation  
8 and public facilities for bids for construction or acquisition of property for the state equipment  
9 fleet. Notice shall be published in the Alaska Administrative Journal. The time and manner of  
10 notice must be in accordance with regulations adopted by the commissioner of administration.  
11 In addition, the procurement officer shall provide the notice to every contractor located in  
12 the state who is on the list established under AS 36.30.050(a) and who provides the supplies,  
13 services, or professional services that the agency is procuring. When practicable, except as  
14 prohibited by AS 36.30.875, notice may include

15 (1) publication in a newspaper calculated to reach prospective bidders located in  
16 the state;

17 (2) notices posted in public places within the area where the work is to be  
18 performed or the material furnished; and

19 (3) notices mailed to all active prospective contractors on the appropriate list  
20 maintained under AS 36.30.050.

21 \* Sec. 4. AS 36.30.150(a) is amended to read:

22 (a) Bids shall be unconditionally accepted without alteration or correction, except as  
23 authorized in AS 36.30.160. The procurement officer shall evaluate bids based on the  
24 requirements set out in the invitation to bid, which may include criteria to determine acceptability  
25 such as inspection, testing, quality, delivery, and suitability for a particular purpose, and which  
26 must include consideration of administrative costs. The criteria that will affect the bid price  
27 and be considered in evaluation for award must be objectively measurable, such as discounts,  
28 transportation costs, administrative costs, and total or life cycle costs. The invitation to bid  
29 must set out the evaluation criteria to be used. Criteria may not be used in bid evaluation if they  
30 are not set out in the invitation to bid. In this subsection, "administrative costs" includes the  
31 additional costs that result from the out-of-state geographical location of the bidder or the

1 bidder's source of supplies, including costs for transportation, communications, and per  
2 diem.

3 \* Sec. 5. AS 36.30.210(a) is amended to read:

4 (a) A request for competitive sealed proposals must contain the date, time, and place for  
5 delivering proposals, a specific description of the supplies, construction, services, or professional  
6 services to be provided under the contract, and the terms under which the supplies, construction,  
7 services, or professional services are to be provided. The request must require the offeror, no  
8 later than five working days after the proposal that is the most advantageous to the state is  
9 identified, to list subcontractors the offeror proposes to use in the performance of the contract.  
10 The list must include the name and location of the place of business for each subcontractor, the  
11 work to be subcontracted to each subcontractor, and evidence of the subcontractor's valid Alaska  
12 business license. If a subcontractor on the list did not have a valid Alaska business license  
13 at the time the proposal was opened, the offeror may not use the subcontractor in the  
14 performance of the contract and shall replace the subcontractor with a subcontractor who  
15 had a valid Alaska business license at the time the proposal was opened. An offeror for a  
16 construction contract shall also submit evidence of the offeror's registration under AS 08.18 and  
17 evidence of registration for each listed subcontractor who is required to be registered under  
18 AS 08.18.

19 \* Sec. 6. AS 36.30.850(b) is amended by adding a new paragraph to read:

20 (23) contracts to be performed in an area outside of the country and requiring  
21 knowledge of the customs, procedures, rules, or laws of the area.

22 \* Sec. 7. AS 36.30 is amended by adding a new section to read:

23 Sec. 36.30.875. NOTICE OF CONTRACTS. An agency may not provide notice outside  
24 of the state for a procurement until the agency has provided notice inside the state. In this  
25 section, "provide notice" includes sending an invitation to bid or a request for proposals to a  
26 person who has not requested the invitation or request, and advertising.

27 \* Sec. 8. AS 36.30 is amended by adding a new section to read:

28 Sec. 36.30.905. DESIGN OF PROCUREMENTS. (a) To the fullest extent practicable,  
29 a state agency shall design procurements in a way that fosters participation by Alaska bidders or  
30 offerors.

31 (b) If a proposed procurement is too large to be performed by Alaska bidders or offerors,

1 and if the procurement officer determines that Alaska bidders or offerors generally would be  
 2 capable of performing the procurement if the procurement were reduced in size or otherwise  
 3 restructured, the agency that is proposing the procurement shall divide or otherwise structure the  
 4 procurement so that it can be performed by Alaska bidders or offerors.

5 (c) In this section, "Alaska bidders or offerors" means persons who qualify as Alaska  
 6 bidders under AS 36.30.170(b).

7 \* Sec. 9. AS 36.30 is amended by adding a new section to read:

8 Sec. 36.30.960. USE OF LOCAL GOODS AND SERVICES. A bidder or offeror shall  
 9 provide the procurement officer with an explanation of how the bidder or offeror proposes to use  
 10 supplies and services from businesses located in the state, including a description of the  
 11 components of the contract and the address of each subcontractor the bidder or offeror will use.  
 12 If a bidder or offeror is not using supplies and services from the state for a part of the contract,  
 13 the bidder or offeror shall provide the procurement officer with an explanation why they are not  
 14 being used.

15 \* Sec. 10. AS 39.25 is amended by adding a new section to read:

16 Sec. 39.25.165. OUT-OF-STATE SOLICITATION OF EMPLOYEES. (a) Except as  
 17 provided in (b) of this section, a state agency, including the division of personnel, may not solicit  
 18 outside the state for <sup>Am. Conceptual</sup> ~~an~~ <sup>sufficiently qualified individuals</sup> individual to fill a position as a state employee unless the commissioner  
 19 of administration determines in writing that the agency has actively solicited in good faith in the  
 20 state during the four-week period that followed the date when the agency began soliciting for the  
 21 position and has been unable to find <sup>Sufficiently qualified</sup> ~~an~~ individual who is qualified for the position. *just phat is final*

22 (b) The prohibition in (a) of this section does not apply if the governor makes a written  
 23 finding that the state agency is not likely to be able to find an individual who is qualified for the  
 24 position by soliciting in the state.

25 (c) In this section,

26 *include*  
 → (1) "position" *means* a position in the classified service; *PX + X exempt*

27 (2) "solicit" includes advertising, initiating contact with an individual, and sending  
 28 a copy of an employment vacancy notice to an individual who has not requested the notice;

29 (3) "state agency" means a department, institution, board, commission, division,  
 30 authority, public corporation, or other administrative unit of the executive branch, but does not  
 31 include the University of Alaska.

1 \* Sec. 11. AS 44.99.200 is repealed and reenacted to read:

2           Sec. 44.99.200. PRODUCTION OF PUBLICATIONS. The publications of a state  
3 agency, including the University of Alaska, shall be produced at a facility located in the state  
4 when practicable. The publications shall be designed to promote simplicity, low cost, and  
5 maximum use of printing facilities located in the state.

6 \* Sec. 12. AS 44.99.210 and 44.99.230 are repealed.

# DIVISION OF LEGAL SERVICES

## LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

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Court Plaza, Room 500  
Mail Stop 3101

### MEMORANDUM

April 23, 1991

**SUBJECT:** Constitutional issues in proposed CSSB 245 (L&C)

**TO:** Representative David Finkelstein, Chair  
House Labor and Commerce Committee  
Attn: Catherine

**FROM:** Theresa L. Bannister *TB*  
Legislative Counsel

This memo accompanies the draft that you requested for CS~~B~~ 245 (L&C), a bill relating to state procurement. Please be aware that two of the provisions in the draft raise constitutional issues.

1. **FIRST PROVISION.** The first is the change made by this CS to sec. 4 of the bill. The change is the addition of "out-of-state" before "geographical" in the definition of "administrative costs".<sup>1/</sup> The change requires different treatment for in-state bidders and out-of-state bidders to the extent it limits consideration of administrative costs to an out-of-state geographical location.

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<sup>1/</sup>The section reads as follows:

\* Sec. 4. AS 36.30.150(a) is amended to read:

(a) Bids shall be unconditionally accepted without alteration or correction, except as authorized in AS 36.30.160. The procurement officer shall evaluate bids based on the requirements set out in the invitation to bid, which may include criteria to determine acceptability such as inspection, testing, quality, delivery, and suitability for a particular purpose, and which must include consideration of administrative costs. The criteria that will affect the bid price and be considered in evaluation for award must be objectively measurable, such as discounts, transportation costs, and total or life cycle costs. The invitation to bid must set out the evaluation criteria to be used. Criteria may not be used in bid evaluation if they are not set out in the invitation to bid. In this subsection, "administrative costs" includes the additional costs that result from the out-of-state geographical location of the bidder or the bidder's source of supplies, including costs for transportation, communications, and per diem.

This provision could be challenged as violating the privileges and immunities clause of the U.S. Constitution<sup>2/</sup> to the extent that the section discriminates against natural persons who are nonresidents. Although the state is given certain leeway in preferring its own, this leeway is not unlimited. The question boils down to whether this provision falls within this leeway. This provision may significantly affect out-of-state bidders because it may significantly increase their bids. This change would result in an increased preference for residents. There does not appear to be a reason other than economic protectionism for only considering these costs when the bidder or the bidder's supplier is located outside the state. A bid from an in-state bidder or the use of an in-state supplier may also have significant administrative costs if the bidder or supplier is located in a remote part of the state. The outcome of a challenge on this point is unclear.

2. SECOND PROVISION. The second problem is contained in sec. 9. This section in the proposed CS also raises a constitutional privileges and immunities issue.<sup>3/</sup> Section 9 raises the issue to the extent that the section tends to discriminate against natural persons who are nonresidents.

The section attempts to motivate bidders and offerors to use resident supplies and services by requiring bidders and offerors to explain how they propose to use resident supplies and services in the contract. The bidders and offerors must also explain why they are not using resident supplies and services.

As stated earlier, while the state is given certain leeway in preferring its own residents in its own contracts, this leeway is not unlimited. The issue boils down to whether requiring these explanations falls within this leeway. On the one hand, the requirement does not establish a specific preference or a penalty for not using resident supplies and services. On the other hand, it applies to every contract and may establish a preference for residents, depending on the circumstances of the situation. The section does not indicate how the results of this requirement are to be applied and could have a very broad application, particularly when considering proposals, since the evaluation of proposals leaves more discretion to the agency. The potential for a broad, discretionary application that would screen out reasons who don't use state products and service (or have a good reason for not doing so)

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<sup>2/</sup>U.S. Constitution art. IV, sec. 2, cl.1.

<sup>3/</sup>For your information, the version of sec. 9 in SSHB 245 also raises a privileges and immunities issue. The problem with the version in the proposed CS is much less severe than that in SSHB 245.

Representative David Finkelstein

April 23, 1991

Page 3

may outweigh the state's proprietary interest. The outcome of a challenge on this point is unclear.

If I can be of further assistance, please advise.

TLB:pl:gc  
91-291.plm

Enclosure

# DIVISION OF LEGAL SERVICES

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### MEMORANDUM

March 15, 1991

**SUBJECT:** Constitutionality of responsiveness criteria (W.O. 7LS0819/G)

**TO:** Representative Dave Choquette  
Attn: Joan

**FROM:** Theresa L. Bannister <sup>TB</sup>  
Legislative Counsel

This memo accompanies the most recent draft of your bill addressing the state's procurement of goods and services.

Please be aware that the responsiveness criteria in sec. 12 of the bill raises a constitutional issue. Section 12 could be challenged as violating the privileges and immunities clause of the U.S. Constitution to the extent that the section discriminates against natural persons who are nonresidents.

The section attempts to motivate bidders and offerors to use residents over nonresidents by ~~requiring~~ reasonable efforts to use state residents to the basic bidding qualification of responsiveness. ~~This is significant because if a bidder or offeror is not responsive, the bidder or offeror cannot obtain the contract. The amount of the bid or offer would not be considered.~~ \*

While the state is given certain leeway in preferring its own residents in its own contracts, this leeway is not unlimited. The issue boils down to whether requiring "reasonable" efforts falls within this leeway. On the one hand, it does not establish a specific preference. On the other hand, it could have a very broad application based on how the procurement officer applies it. ~~The potential for broad, discretionary application may outweigh the state's proprietary interest.~~

In conclusion, sec. 12 is subject to challenge based on the privileges and immunities clause of the U.S. Constitution, but the outcome of the challenge is unclear. If you would like further research done on this issue, please advise.

Regarding secs. 4 and 7, since the term "subcontractor" now includes a "manufacturer", do you want the manufacturer to have an Alaska business license even if the goods are produced out of state? That is required by this draft.

If I may be of further assistance, please advise.

TLB:lmb  
91-079.lmb

Enclosure