

ALASKA

LEGISLATURE

COMMITTEE FILES

1991-1992

8672

7572

SENATE

LABOR

&

COMMERCE

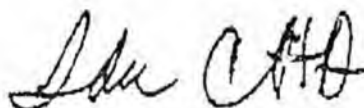
January 22-92

Ida, and Martha CHA, CHP
Box NME
Nighthute, Ak 99690

To: Governor Hickel,

Our week-off's are important to us, because we can spend more time with are families, and loved ones at home, and the CHA-P wouldn't be stress out from work. If we didn't have any week-off's we would start to forget what we need to do, because we didn't have are week-offs, and we'd have short temper. We use our week-offs to take time, and relex at home, and not worry about work. Besides we need week-offs to do our chores.

Thanks for your time
Ida CHA

A handwritten signature in cursive script that reads "Ida CHA".

City of Toksook Bay

TOKSOOK BAY CLINIC
NELSON ISLAND
TOKSOOK BAY, ALASKA 99837
(907) 427-7712

1-23-92

I want to be exempt because my week off is very important to me because I get to spend with my family after being away at work for two weeks. My wk-off is very important to me to because i get to catch up on my housework. We do not have easy life in village because we mostly do everything by ourself like getting heat for house - poach water and dump honey buckets in designation area. We dont have services to provides us for someone to do for us all those things, besides that its stress relieving for us from work.

I use my week off to catch up on all the work that i have to do at home and get to stay with my family too.

So please exempt us from overtime law.

Henry Friday float CHP,
Toksook Bay

City of Toksook Bay

1-23-92

TOKSOOK BAY CLINIC
NELSON ISLAND
TOKSOOK BAY, ALASKA 99837
(907) 427-7712

I am a health aide from Toksook Bay.
I want to be exempt so I can continue
to have my week-off. My week-off is very
important to me because this is the time I get
to get some of my stress off from work.

When I have my week off I spent my
time with my family and that's also the
time when we catch up with so many
things we have to do. Some of our assistance
hunting and some catch up work with the
scale, fish, berry picking and so on.

If we stop having our week-off we will be
stressed and burned-out. I have worked before
we had our week-off. So many health aides
have burned out. And we don't want that
to happen to us.

We mostly work over time seeing patients, waiting
for Dr. to call back, do home visits after working
hours, even see patients during weekends, and
we don't get paid for overtime. I would
very much would like to continue to have
my week-off.

Anna R. John, C.H.A.
Toksook Bay

City of Toksook Bay 1-23-92

TOKSOOK BAY CLINIC
 NELSON ISLAND
 TOKSOOK BAY, ALASKA 99637
 (907) 427-7712

1) I want to be Exempt so I can continue to get my week off. I like my week off because that's when I can do the things I have to do. I don't want to work without my week off because I know I'll get burned-out. Being a health aide is not an easy job. There's a lot of worrying, thinking & grief. That's why I want exempt so that I can continue to have my week off. I don't think any health aide can last long on the job without that week off.

2) My week off is very important to me because that's the time I get to do the things I have to do & like to do. I work 6 hrs a day Monday thru Friday for 3 wks & get my week off. During those 3 wks I work on people with different health problems. When I work on people who are very ill I get worried my mind really does a lot of thinking. Children that are ill make me worry, I think about their parents. I get calls at night & early morning hrs. When I get called I go. When I work for 3 wks busy I get stressed. That's why my week off is very important to me.

3) I use my week off to be with my family, to hunt, check fish traps, other traps, get firewood. I love to hunt on my week off when the weather lets me. But can't go every day because I'm stuck at work. I love working as a health aide for my community. I can write & write & write about what I do on my week off. **I THANK GOD THAT WE HAVE THE WEEK OFF THAT WE HEALTH AIDES REALLY NEED VERY, VERY MUCH.**

Thank you
 James B. Moses City
 TOKSOOK BAY

CITY OF TOKSOOK BAY
TOKSOOK BAY CLINIC
NELSON ISLAND
TOKSOOK BAY, ALASKA 99637
(907) 427-7712

1-23-92

I want to Exempt because my week-off is very important to me because it helps me in so many ways and it worth getting it.

My week off is very important to me because it gives me relieve from the stress I had in work and it gives me time to recuperate, working as a health care is very difficult + being burned doesn't help us working, getting our week off helps a whole lot from burning out, cause being burned out is like walking in the dark don't know where your going.

I use my week off to spend more time with my family + it makes my family happy to be around there mom. Kids needs to spend time with there mom + it helps me to catch-up what I missed. Also I get to catch up on house hold work + things I need to do it helps alot during Spring + Summer time cause at that time we start working on seal + fish + we get to work on them before they get spoiled.
SO PLEASE EXEMPT US FROM OVERTIME LAW

Julia Street
Toksook Bay

City of Toksook Bay

1-23-92

TOKSOOK BAY CLINIC
NELSON ISLAND
TOKSOOK BAY, ALASKA 99897
(807) 427-7712

① I am a Certified Community Health Aide Practitioner from TOKSOOK Bay. I want to be exempt, because it helps me in so many ways, and ~~is~~ is worth in so many different ways.

② My week off is real important to me, because it relieves me from stress, and prevents me from getting burned out from work. Nevertheless, it makes me feel more relaxed, and be less stressed for the next 3 weeks I have to work, instead of being burned out from work and stressed from worrying about so many things like e. weather, patients, and ~~unexpected~~ unexpected emergencies, and trying to meet all of the patients needs like I used to do in the past years before we ever got our week-offs. Now that we get our week-offs it has ~~clearly~~ helped us and has made a big difference from our past lives.

③ I use my week off by spending more time with my family or visiting relatives. It also helps me catch up on all my chores. ~~Also~~ Spending time with my family is good, and I look forward to having my week off, because I hardly get to spend as much time as I want to with my family since I work 6 hours a day and were always ~~on~~ on call 24 hours a day for emergencies. Some days we hardly spend a night with our family, because we have to either escort our patients in or watch our patients for the whole night till the planes arrive in the morning with the weather permitting. I am so proud and very grateful for the week-offs we get. ~~because~~ I ~~can~~ even thank God for week offs we get, because every Health Aide in the Delta deserves a week off which is worth a whole lot. I also love ~~to~~ my job even though it maybe a stressful job, and I ~~love~~ like taking care of our people in our village.

Thank You,
Dessie Abner C.H.A.

ANVIK CLINIC
P.O. BOX 50
ANVIK, ALASKA 99558-0050
(907) 663-6334

January 23, 1992

The Honorable Governor Walter Hickel
State Capitol
P.O. Box A
Juneau, AK 99811-0101

Dear Governor Hickel:

I am writing to you regarding the overtime law which Community Health Aides are exempt from.

We do not receive overtime regardless of the overtime we put in after regular hours and during weekends. This all balances out with our week off time with pay.

During some instances we work during our week off if there is an emergency and the other CHA needs assistance. Our week off gives us time to review and educate ourselves using the Community Health Aide Manual without interruptions.

We encourage you to support exempting the CHA's from the overtime law. For this is very important to all CHA's.

Thank you for your time and consideration regarding this matter.

Sincerely, *Marsha Jerue*

ANVIK CLINIC

Marsha Jerue
CHA

MJ:rr

**Kodiak
Area
Native
Association**



71402
CHA

402 Center Avenue
Kodiak, Alaska 99611
Phone (907) 486-5721

To: JANA Larsen KANA Regional Health Director
From: Lauren J. Salamone KANA CHAP Manager
Harvey Baker KANA CHAP Instructor Coordinator
Date: January 23, 1992

As you know, Kodiak Area Native Association CHAP Program strongly supports Governor Hickel's Legislation for Exempt Status for our Community Health Aides.

Representing KANA will be the following CHAP employees available to discuss this issue via telephone today:

Harvey Baker CHAP 907-454-2414 home
Stella Stanley CHAP 1-286-2215 work
1-286-2414 home

Julie Rowland CHAP 1-454-2414 home

Also, Valen Rife CHA Larsen Bay will be faxing you & Myra a letter of support.

Thank-you for all your efforts.

Lauren

Jan. 23, 1992

To: Paul Furse

This letter is in support of the governor's bill for Community Health Aide's.

Currently, I am working as a health aide in Larsen Bay. My work hours are 6 hours a day in the clinic and on call hours are 24 hrs a day, 7 days a week etc. Have you heard of "Burnout"?

I prefer the compensatory time because of having to deal with the stressful situations that arise in my position as a CHA. We need changes made desperately for this reason.

Thank you for your time and service.

Sincerely,

Valen Reft - CHA

Larsen Bay, Ak.

Emmal Cleve

Emmal, Rte 9958
Box 945-1511

from CHP/Pres, Beverly, Dan
Barney & Maggie

Bill & Alice Hattingsham

Dear

Excuse Nickel,
it is important for all the CHP/As
to be on each of each and once a
month. Because having me will get off
help. We have read from all print
showed (see) also from our trial
and having contact from our job.
Doing a CHP/As is not easy, because
many of us have family of our own
and wife's well being are not
getting smaller each year, they are
getting bigger, in the near future they
will increase more.

Having a week off helps us to have
rest. Be with our own family, Beas
project with your own family is for
a week is good you will think
is that you is a change. Also helps us
to be work at home, saving, clean
making good need, shorting. Most, important
not your whole being.

Fixed from time to time as we

1-23-92

11:34 AM

This letter is to support Exempting CHA's from the overtime law, and to encourage Governor Diehl and the State Legislature to support us.

Being the Health Aide is very stressful job, and the workload gets heavy at the end of day, that's why we are asking for your support to continue our work-off as it was before.

Ever since the week-off started couple years ago, Health Aides that I talked with are less stress and working more harder than before, and we have less burn-out CHA's, that's why its important for us.

We have used our week-off for couple years, and in our village, we take 3 who on and 1 wk. off, and its working very well.

We are asking for your support and the State Legislature, because if this week off continues, it will surely brighten our lives and the rest of the people.

Thank-you for your support

Sincerely Health Aides
Thomas J. Andrew
Julia Witchell
Nunapitchuk, Ak 99641

2482/1 WAF 55:11 241 200009 02 20041
FAXED TO JUNEAU

1-23-92

To
Governor Hickel and
the state Legislature

From:
Ruth M Ewan CHP
6044
Napaskiak, Clinic
Napaskiak, AK 99559

The reason why ^{we} want want to be exempt, is that we have tough times at our villages with our jobs, it is very stressful and many of us work 24 hrs a day, twice or three times a week. That is why our week off is very important to us, that is how we get our stress and depression off, we get to stay with our family and friends for a wk, and still we work with emergencies on our week off, we never exactly be off we still see patients.

Thank-you
very much
Ruth M Ewan CHP
Napaskiak Clinic
Napaskiak, AK 99559

January 23, 1992

To: Paul Fuhs
Lori Naughtenham
Myra Munson

From: Nancy Dull, CHP
Gloria Hanson, CHA
Fevronia Neketa, CHA

Re; Week off for CHA'S

Dear: Mr. Fuhs, Ms. Naughtenham, and Ms. Munson

We are Health Aides from New Stuyahok. We work for Bristol Bay Area health Corporation. We often get calls after Clinic hours either from people who are sick or emergencies. It's better for us to have extra time off, - like every 3rd. week off than to get paid for the extra hours that we work. We need that time off to get away, be with our families or for subsistence time. As in the past when health aides did not get any time off at all, it increase the number of health aides that quit because of burn out or stress.

It will also save the government money when it does not have to pay more money to hire new health aides, after a health aide quit because of burn out and stress.

We will not last long as a Community Health Aide in New Stuyahok or anywhere else if we lose our time off. Please reconsider this matter very carefully before you take away our week off

Sincerely,

Nancy Dull Chp
Gloria L. Hanson - ChA
Fevronia Neketa ChA

January 23, 1992

To: Paul Fuhs
Lori Naughtenham
Myra Munson

From: Nancy Dull, CHP
Gloria Hanson, CHA
Fevronia Neketa, CHA

Re; Week off for CHA'S

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It will also save the government money when it does not have to pay more money to hire new health aides, after a health aide quit because of burn out and stress.

We will not last long as a Community Health Aide in New Stuyahok or anywhere else if we lose our time off. Please reconsider this matter very carefully before you take away our week off.

Sincerely,

Nancy Dull Chp
Gloria L. Hanson- Cha
Fevronia Neketa Cha

TOGIAK HEALTH CLINIC

P.O. Box 128

TOGIAK, AK 99678-0128

(907) 493-5511

January 23, 1992

From: Sirena Alakayak, CHA
Togiak Health Clinic
P.O. Box 128
Togiak, Alaska 99678

ATT: *Laurie Naughterkam*

Re: Health Aide Schedules

Hi! My name is Sirena Alakayak and I am a Health Aide from Togiak Clinic. I work for Bristol Bay Area Health Corporation. I get calls from people in the village when the clinic is closed when they are sick, I also have to take care of emergencies 24 hours a day.

It's better for me to have extra time off like every 3rd week, then to get paid for the extra time I work. I can use the extra time for subsistence use, be with my family because I have an infant son at home or to get away from the village for a while because when I'm working I have to sit by the phone constantly without doing anything else. Having extra time off is better for me then getting paid overtime.

Thank-you.

Sincerely,

Sirena Alakayak

Sirena, Alakayak, CHA

SA/cac

cc: ftle
Sirena Alakayak



NORTON SOUND HEALTH CORPORATION

P.O. BOX 906
NOME, ALASKA 99762
(907) 443-3311

74-
244

November 12, 1991

Myra Munson
Suite 700
900 West Fifth Avenue
Anchorage, AK 99501

Post-It™ brand fax transmittal memo 7671		# of pages 1
To Myra Munson	From Shirley Daniels	
Co.	City NSHC/VHS	
Dept.	Phone # (907) 443-3283	
Fax # 272-8332	Fax # 443-3139	

Dear Ms. Munson:

This letter is in regards to whether CHA/P's should be considered exempt or non exempt.

NSEC has 49 filled CHA/P positions 26 of 49 were surveyed or 53%. 14 for non exempt, 9 for exempt and 3 undecided. 14 voted to remain non exempt due to the following reasons:

1. NSHC does not give compensation for overtime worked under exempt.
2. CHA/P's like the extra income.
3. Currently CHA/P's work over 40 hours per week.

Marion Aukon 1-2
Janice Walunga 2
Grace Ongtowsruk 2
Vivian Obruk 3
Arlene Saccheus 2

Irene Aukongak 1-2
Henrietta Wilson 3
Geraldine Nixsik 2
Mary Jane Merculief 3

Lucy Apatiki 2
Ella Agibinik 3
Millie Lee 3
Lennard Adams 2

The following voted for exemption:

Carolyn Noongwook
Bobby Kava
Sally Agloinga

Karen Iya
Karen Waghiyi
Norma Kavuirlook

Jesse Cologergen
Martha Keyouktuk
Diane Acoman

The following were undecided:

Orpha Oozevasuk

Martha Abouchak

Sally Olanna

I hope this has helped. Any questions please feel free to call me at 443-3282.

Thank you for your time

Sincerely,

Shirley Daniels

Shirley Daniels, Director
Village Health Services

cc: Ray Herrera, Dr. Eva Gregory, VHS file

BRISTOL BAY AREA HEALTH CORPORATION

P.O. BOX 130 • DILLINGHAM, ALASKA 99576

(907) 842-5201 or (907) 842-5202

114.00
received
10-16-91

October 11, 1991

Ms. Myra Munson
Law Offices
Sonosky, Chambers, Sachse, Miller and Munson
229 Fourth Street
Juneau, Alaska 99801

Dear Ms. Munson:

Listed are the names, addresses and telephone numbers of three Health Aides from the Bristol Bay Area Health Corporation who support the Wage and Hour Legislation that would make the Health Aides exempt:

Shirley Nielsen, Kokhanok Bay 99606 Phone #282-2203

Jennie Tunguing, Koliganek 99576 Phone #596-3431

Sirena Alakayak, Togiak 99678 Phone #493-5511

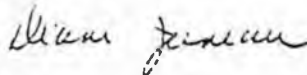
All of the telephone numbers are the village clinic numbers, the health aides should be at the listed number between 9 a.m. and 3 p.m.

One health aide out of 8 that I spoke with said that she would rather be paid overtime, since she never managed to get her scheduled days off unless she actually left the village, she was:

Sue Arce, Iliamna 99606 Phone #571-1383

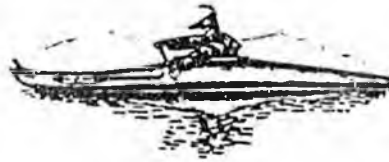
Thanks for all of the good work!

Sincerely:



Diane Juneau, CHAP Director
BBAHC

**Kodiak
Area
Native
Association**



received
10-24-91

402 Center Avenue
Kodiak, Alaska 99615
Phone (907) 486-5725

October 22, 1991

Myra M. Munson
Law Offices of Sonosky, Satche, Miller & Munson
229 4th. Street
Juneau, Alaska 99801

Dear Ms. Munson,

First, I would like to apologize for not getting you the information you requested earlier. Because of some last minute details I have not been able to get a list of Health Aides together.

The following are CHA/P's from our area that would support the exempt status of CHA's.

Judy Simeonoff, CHA - Akhiok	phone 836-2230
Valen Reft, CHA - Larsen Bay	" 847-2208
Stella Krumrey, CHP Old Harbor	" 286-2205
Dorothy Pestrikoff, CHA - Old Harbor	" 286-2205
Julie Rowle, CHP - Port Lions	" 454-2275
Sally Hill, CHA - Port Lions	" 454-2275

Our other Health Aides probably have a positive attraction to the exempt status but for various reasons would be easily swayed by different proposals. These are their names.

Mary Reft, CHP - Karluk	phone 241-2228
Joyce Smith, CHP - Ouzinkie	" 680-2265
Love Chichenoff, CHA - Ouzinkie	" 680-2265

Since the initial teleconference we have had resignations from Health Aides and currently several positions are vacant.

Again, in closing, I apologize for not having this information to you sooner.

Sincerely,

KODIAK AREA NATIVE ASSOCIATION
Kelly Simeonoff, Jr., President

Harvey H. Baker, RNC ANP
CHAP Instructor/Coordinator

HHB/mr

Serving the communities of: Akhiok • Karluk • Kodiak • Larsen Bay • Old Harbor • Ouzinkie • Port Lions

S B

4 2 7

Alaska State Legislature



3111 C STREET, SUITE 550
ANCHORAGE, ALASKA 99503
(907) 561-7615

While in Juneau
STATE CAPITOL
JUNEAU, ALASKA 99501-1182
(907) 465-3818

SENATOR
ARLISS STURGULEWSKI

Senate

MEMORANDUM

March 12, 1992

TO: Members, Senate Labor and Commerce Committee

FROM: Senator Arliss Sturgulewski *AS*
Senate District F

Since 1986, the "Made in Alaska" program has provided valuable recognition and authentication to products made in the state. The program has grown over the years and now thousands of different products display the familiar mother bear and cub symbol. "Made in Alaska" currently is an informal program through which the Department of Commerce and Economic Development grants a permit to qualifying applicants so that this registered trademark can be affixed to their products.

SB 427 places the "Made in Alaska" program into statute. It presently is without the weight of statute, unlike the "Silver Hand" program, which identifies authentic Alaska Native handicrafts. Adding "Made In Alaska" to statute would place it on an equal footing with "Silver Hand." SB 427 amends the law so that all products made in the state can be recognized under law as made in Alaska.

The bill also makes some changes in the penalties for the unauthorized or improper use of "Silver Hand" symbol and applies those same penalties to improper use of the "Made in Alaska" symbol as well. The bill repeals the never utilized "Silver State" program. The "Silver State" program was originally intended to do what "Made in Alaska" has so successfully done. It is logical that "Made in Alaska" replace "Silver State" in law.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. SB 427

Revision Date: _____

Department Affected: Commerce & Econ. Dev.

Title: An Act relating to Products Made in
Alaska

BRU: Economic Development

Sponsor: Sturgulewski/Pearce

Component: _____

Requestor: Sturgulewski

COMPONENT SERIAL NO.

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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	35.0	35.0	36.5	38.0	39.5	41.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	35.0	35.0	36.5	38.0	39.5	41.0
CAPITAL						
REVENUE FUND RESOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND	35.0	35.0	36.5	38.0	39.5	41.0
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	35.0	35.0	36.5	38.0	39.5	41.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS (Attach a separate page if necessary.)

SEE ATTACHED

Prepared By: James E. Wiedeman, Development Specialist

Phone: 563-2165

Division: Economic Development

Date: 2/24/92

Approved by Commissioner: Glenn A. Olds

Agency: Department of Commerce & Economic Development

Date: 2.26.92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legls. Ofc., and Impacted Agency(ies).

FISCAL NOTE - SB 427

ANALYSIS:

There are no personal services or travel costs associated with this bill.

Contractual for FY 93:

Printing: \$ 7,500

Cost of printing a one-year supply of tags and stickers:

Silver Hand Tags and Stickers	\$5,000
Made-In-Alaska Stickers (FY 93, TF 95 and FY 97)	\$2,500

Brochures, Posters, Other Printed Materials: \$ 7,500

Marketing and Advertising: \$20,000

This will consist of advertising to inform the public of the program and to encourage the public to buy Alaskan products. May include print and TV ads, pamphlets, PSAs on radio and TV, etc.

Total for FY 93 \$35,000

The funding levels in Contractual for FY 95 through FY 98 reflect anticipated cost increases in general.

SB 427: "An Act relating to Products Made in Alaska."

The department strongly supports the passage of this bill. It accomplishes three program objectives:

1. it gets the Made-In-Alaska program into statute;
2. it makes some minor changes in the existing Silver Hand statutes; and
3. it repeals the "Silver State" program which has been inactive since the establishment of the Made-In-Alaska program.

The purpose of both the Silver Hand and the Made-In-Alaska program is twofold:

1. to provide a way to identify Alaska products; and
2. to act as a marketing tool to encourage the purchase of such items, both in-state and for export.

The proposed legislation has been desired by the department for some time and will be a positive step in expanding the promotion of Alaskan products, arts and handicrafts.

At the present time, the Made-In-Alaska program has 1,401 certified logo users for over 4,000 different Alaska made products. The program has enthusiastic producer support and excellent public acceptance. The state support expressed by placing this program in statute will enhance public acceptance and will translate into an increased sales of Alaskan products. Having the program in statute will also afford greater protection against misuse of the logo by increasing the department's enforcement capabilities.

The Silver Hand program has proven an effective marketing tool for ethnic Native Alaskan arts and handicrafts. The changes recommended in the bill are basically housekeeping in nature and reflect present day regulatory climate and market conditions.



Glenn A. Olds, Commissioner *GA*

Date: 2-26-92

**MADE IN ALASKA/SILVER HAND FUNDING HISTORY
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT**

Gov.'s FY 93

Made in Alaska/Silver Hand	5.0
Increment for in-state promotional programs	20.0

FY 92

Made in Alaska/Silver Hand	5.0
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FY 91

Made in Alaska	40.0
Silver hand	5.0

FY 90

Made in Alaska	40.0
Silver hand (reactivated)	5.0

FY 89

Designated grant to Make it Alaskan Inc. (for assistance on Made in Alaska Program)	25.0
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Pre FY 89

No funding appropriated. MIA program initiated in 1986. Minimal costs paid by Office of Enterprise.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. CSSB 427

Revision Date: 3/17/92

Department Affected: Commerce & Econ. Dev.

Title: An Act relating to Products Made in
Alaska

BRU: Economic Development

Component: _____

Sponsor: Sturgulewski/Pearce

Requestor: Pearce

COMPONENT SERIAL NO.

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EXPENDITURES/REVENUES: (Thousands of Dollars)

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GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	10.0	35.0	36.5	38.0	39.5	41.0

CAPITAL						
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REVENUE FUND RESOURCE:						
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FUNDING: (Thousands of Dollars)

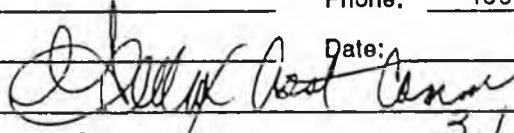
GENERAL FUND	10.0	35.0	36.5	38.0	39.5	41.0
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	10.0	35.0	36.5	38.0	39.5	41.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS (Attach a separate page if necessary.)
SEE ATTACHED

Prepared By: Tom Lawson, Section Chief Phone: 465-2017
 Division: Economic Development Date: _____
 Approved by Commissioner: Glenn A. Olds 
 Agency: Department of Commerce & Economic Development Date: 3.17.92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., and Impacted Agency(ies).
Page 1 of 2

FISCAL NOTE - SB 427

ANALYSIS:

There are no personal services or travel costs associated with this bill.

Contractual for FY 93:

Printing: \$ 7,500

Cost of printing a one-year supply of tags and stickers.

Silver Hand Tags and Stickers \$5,000
Made-In-Alaska Stickers \$2,500

Brochures, Posters, Other Printed Materials: \$ 7,500

Marketing and Advertising: \$20,000

This will consist of advertising to inform the public of the program and to encourage the public to buy Alaskan products. May include print and TV ads, pamphlets, PSAs on radio and TV, etc.

Total for FY 93* \$35,000

The funding levels in Contractual for FY 95 through FY 98 reflect anticipated cost increases in general.

*Note: The FY 93 Governor's Budget Request includes \$25,000 for the Made-In-Alaska and Silver Hand programs. As a result, only \$10,000 is requested in FY 93 via this fiscal note.

S B

4 2 9

S.B. 429

Hello, My name is Robert Maxwell, I am the Executive Director of Interior Weatherization, Inc. We provide weatherization services to residents of the Fairbanks North Star Borough, the road system east to Delta Junction and south to Cantwell. In that capacity I am here to support the funding of weatherization programs proposed in S.B. 429.

As a board member of the Alaska Association of the Energy Efficiency Industry, I am also here to support the funding of other energy efficiency and conservation programs proposed in S.B. 429

The Associations' proposal that you have received should be viewed as a State Energy plan that we have provided free of charge in the hope that we can turn around the current situation that needlessly drains millions of dollars annually from our economy.

We feel the only shortcoming of S.B. 429 is that the amount of funding proposed for weatherization and other energy efficiency programs is not adequate.

The Energy Efficiency industry understands the current financial picture and the resulting challenges facing our decision makers. These programs represent an opportunity to invest now in order to save later. If we continue to postpone adequate funding of these programs even another year, we may be sentencing our residents to a economic handicap that will not allow us to be competitive in the world market.

These programs have both long-term and immediate economic benefits. State funding of weatherization in the railbelt area has excellent cost-benefit ratios. Jobs are created with this funding, a 1988 study by ISER showed that weatherization creates more jobs and personal income per dollar spent than any other type of capital project. The study showed that 18 jobs, of one year duration, were created for every \$1 million spent.

By funding other energy efficiency programs as well, we will enhance our existing buildings and reduce their operating costs. We will improve the health and safety of all Alaskans through these programs.

These programs will generate better more efficient quality housing and eliminate future State liability and expense like the \$90 million required by AHFC to upgrade and repair some of the repossessed homes during the last recession.

Weatherization improves substandard housing and helps prevent homelessness. The State will save money from decreased energy assistance expenses and medicare claims by providing livable and healthy home environments for the low-income.

State funding for weatherization is used in conjunction with federal weatherization funds in the railbelt area. It is only with State funding and State regulations that we can truly address the needs of Alaskan weatherization recipients.

The federal weatherization funds for Alaska are set at the same dollar amount per home and must be spent under the same regulations as if the home were located in Florida.

Federal regulations still require that we treat home-owners and renters equally when providing weatherization services.

That landlords may benefit from property improvements from weatherization at no cost to them continues to be a concern of weatherization providers.

There is currently a federal rule change procedure taking place that will allow States to mandate landlord financial participation. Heating system replacement funds under State control now require a 50% minimum landlord participation when replacing a heating system in a rental unit.

The need for a low-income weatherization in the railbelt area is illustrated by the fact that the three weatherization providers in the railbelt have hundreds of applications each year that current funding cannot serve. The majority of our 230 dwellings served last year were applicants that were either elderly, handicapped or families with children 6 years and younger.

Many of our older Alaskan clients spend over 28% of their incomes on heat alone. Add to that the cost of other utilities, medication and food and you have what you would call here a budget shortfall. Our clients call it a disaster.

Some of these individuals are the pioneers that opened up this country. They are all independent people who are not after a handout, but do not have the means to perform their own weatherization. The weatherization program can have a positive impact for these seniors on fixed incomes. After we remedied a situation that she could not take care of on her own, one client recently asked "I wonder how many people have had to abandon their homes and leave Alaska because they couldn't afford to fix their roof?" Ironically, had she been able to afford to fix it herself, she would have wasted her money on repairs that would not have fixed the problem. This is where the experience and expertise of weatherization providers becomes so important.

State energy efficiency programs are a most effective way to deal with railbelt energy issues. I recently had the pleasure of serving on Golden Valley Electrical Associations Energy Efficiency Advisory Committee. This was a large committee of 15 people with widely varied interests and perspectives from all walks of life. After many week-night meetings and a couple of long Saturdays, this committee came to a unanimous recommendation that GVEA use the existing State energy efficiency programs to accomplish electrical end-use conservation goals. The committee felt that this would be the most cost-effective way to insure quality delivery of program services.

The low-income weatherization program would be used to deliver the services to GVEA low-income residential consumers. The Energy Rated Homes of Alaska Program would be used to deliver the services to other GVEA residential consumers and the Building Energy Assistance Team would be used to implement electrical end-use conservation for the commercial consumers of GVEA. So, it would appear that even the utilities may be relying on these State energy efficiency programs to effectively deliver any electrical end-use conservation programs.

It is in the best interest of the State, the utilities and the residents of the railbelt that adequate funding for energy efficiency programs be made available under this bill. Other projects mentioned in S.B.429 do have alternative funding available to them, State energy efficiency programs do not. We cannot afford to continue to ignore the impact that a \$213 million dollar annual residential heating bill has on the residents of this State and it's economy.

I would like to thank the committee for the opportunity to testify today on these important issues. I am confident that you will do the right thing for the future of Alaskan residents.

L-*Member Files*

Senator Due Pearce
State Capitol Room 101
Juneau, Alaska 99801-1182

March 3, 1992

Dear Senator Pearce:

I certainly appreciate your sponsorship of Senate Bill No. 429. I am sure you are making a great effort to get this bill passed. We certainly hope Section 5 will not be deleted from your bill. I do believe Bill 429 will benefit not only the McKinley Village area but Fairbanks, Anchorage and the whole State of Alaska.

The State of Alaska subdivided a large portion of land and called it McKinley Village. The McKinley Village area lies directly south of the Denali National Park entrance, the NUMBER ONE tourist attraction in our State. The State sold off the lots at a very high price. This area has attracted many permanent families and businesses. It would most likely expand very rapidly if commercial power was available in the area.

The Denali Grizzly Bear Cabins and Campground has no commercial power. We must use a 38 K.W. diesel generator. We have a 20 K.W. generator for a standby back up power. In August of 1990 we had only the 20 K.W. plant and due to overloading so many times it proceeded to quit during the busy part of our season. I had to purchase the 38 K.W. at the f.o.b. Anchorage price of \$26,000.00. By the time we had it shipped and installed we had a total bill of \$28,000.00. During the summer of 1991 we had a total expense for generating electricity of \$5,581.41. This figure included diesel fuel, oil, filters, and minor parts. Because we had purchased the new generator in 1990 we had no break down costs. Our labor maintenance costs were not figured in. Perhaps the biggest problem with generating your own electricity is not the cost but the constant worry and sleepless nights watching over the whole system. When the power goes off the whole camp shuts down and the income stops. In some years during power outages we have had to refund money to our clients. Believe me, this hurts.

Last year we paid to the State of Alaska corporation taxes, vehicle registration fees, A.B.C. Board retail liquor license fee and a business license fee. If we were to get commercial power our business income would increase as would our fee payments.

With ten employees on our payroll, one must consider their impact on the Alaska economy. Two of our employees are enrolled at the U of A Anchorage. Four are enrolled at the U of A Fairbanks, one is teaching school in Anderson, one is living and working in Fairbanks and my wife and I are living in the Salcha area during the winter. There is no doubt that Anchorage and Fairbanks receive a major portion of this payroll.

As the Grizzly Bear adds new facilities each year the money spent goes directly into the Fairbanks and Anchorage economy. This year we had to bring in a Fairbanks engineer to design our two new septic systems. We hired a local McKinley Park contractor to construct these. We purchased all the material to build these systems in Fairbanks. The washed gravel was purchased from a Healy industry. We have completed another new cabin and all the material was purchased from Fairbanks. We use a local attorney from Fairbanks in any legal matters that come up from time to time. The accounting firm that does our payroll, accounts and taxes is from Fairbanks.

Our liquor store purchases are from Fairbanks wholesale distributors. Our gift shop purchases are primarily from Anchorage and Fairbanks but we buy from local and statewide artisans also. All of the grocery store items we purchase come out of Fairbanks, Palmer and Anchorage wholesalers. The vehicles and light plant generators we own were purchased in Fairbanks and Anchorage. The propane and fuels we sell and use are purchased from Fairbanks companies. Our printing needs are purchased from local Fairbanks print shops. The laundry service we use for our bed linen is supplied from Fairbanks and Anchorage. We deal with utility companies that are Alaska owned. Our banking is done in two locally owned Fairbanks banks. Our long range savings investments are done with financial houses having local offices. Our insurance, liability, auto and workmen's compensation is purchased from Alaska firms. Our retirement fund is held by a local Fairbanks firm. I could go on but I believe that I have convinced the reader that we are a locally owned business and as our business grows so does Fairbanks, Anchorage and the State of Alaska.

At the present time the number one item that keeps the Denali Grizzly Bear Cabins and Campground from expanding, as we would like to see it expand, is the lack of commercial power.

For whatever reason the passed veto actions of former State of Alaska Governors or the "do not pass" actions of former legislators, I sincerely request that when you consider the Electrification Project from Cantwell to McKinley village, that you keep in mind that this project does not only benefit the "Village" area but will also benefit Fairbanks, Anchorage and the State of Alaska. PLEASE SUPPORT SENATE BILL NO. 429

Sincerely yours,

Jack N. Reiland

Jack N. Reiland
Denali Grizzly Bear Cabins & Campground
P.O. Box 7
Denali Park, Alaska 99755

**STATE OF ALASKA
1992 LEGISLATIVE SESSION**

BILL NO. SB 429

Revision Date: _____ Department Affected: DCED
 Title: Design/Construct Railbelt Intertie BRU: AEA
 Component: _____
 Sponsor: Frank, Craft, Pearce, etc.
 Requestor: _____ COMPONENT SERIAL NO.

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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
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						
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER						
FUND SOURCE:	-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-

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Charlie Bussell Phone: 561-7877
 Division: Alaska Energy Authority Date: March 6, 1992
 Approved by Commissioner: [Signature]
 Agency: Department of Commerce & Economic Dev. Date: 3.6.92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/USR, Gov. Leg. Ofc., & Impacted Agency(ies).



ALASKA STATE
HOMEBUILDERS ASSOCIATION

March 5, 1992

The Honorable Drue Pearce
Chair
Labor and Commerce Committee
The Senate
Alaska State Legislature
Juneau, Alaska

RE: SB 429

Dear Senator Pearce:

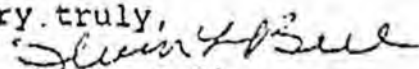
The Alaska State Homebuilders Association Board of Directors strongly supports the concept of Railbelt Energy Funds being used in part for energy conservation programs. To use this money to fund only the generation of energy without thought given to the other end of the equation -- the consumption of energy -- would seem to be less than prudently and fiscally responsible.

To maximize the responsible use of this fund, it would also seem wise to put money for energy conservation into programs that already are in place in Alaska. These programs would include Energy Rated Homes of Alaska, the Alaska Craftsman Home Program, and the weatherization program.

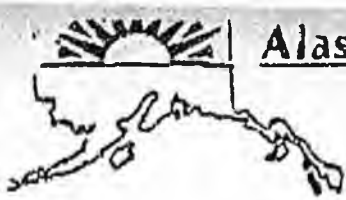
Next to the mortgage on a home, the single highest cost for owning a home in Alaska is energy consumption. The largest percentage of this cost is to heat the home. In some households, this cost can be 33% of the household's income. There are ways to cut this cost, some of them quite simple, but they all require that the builders and the homeowners become educated about the possibilities of energy conservation in the home and the ways to accomplish this. The programs mentioned above not only do this, but they do it very well, and their continued effective presence in the State of Alaska can only benefit the people of this state.

SB 429 contains \$14 million for energy conservation programs. It is important that this money be made directly available to the established energy conservation groups in this state, and that the amount itself be substantially increased to reflect the importance of this end of the energy equation. We urge the Labor and Commerce Committee to consider this carefully.

Very truly,


Steven L. Bell
President





**A PROPOSAL TO CREATE JOBS, AND FUEL ECONOMIC
DEVELOPMENT THROUGH ENERGY EFFICIENCY**

In these days when the State is faced with the need to do the same for less, and make the maximum use of every dollar it spends, we should seek out ways to make investments today that will reduce State operating costs tomorrow.

Alaskans spend \$213 million every year to heat their homes, plus another \$100 million to heat their community facilities, state buildings, offices and commercial buildings. There is a great opportunity for Alaska to make economically attractive investments in energy efficiency and permanently reduce this \$313 million drain on Alaska's economy.

INVESTMENT OPPORTUNITIES

100's of Jobs Will Be Created For Alaskans

A 1988 study by the University of Alaska's Institute of Social & Economic Research showed that state spending for energy efficiency programs such as Weatherization creates more jobs and personal income per dollar spent than any other type of capital project. ISER's study showed that 18 jobs, of one year duration, were created for each \$1 million spent.

Efficiency Will Generate Economic Development.

Millions of dollars which are now being sent outside to buy heating oil will stay in the state. Families will have more money in their budget for other expenses, creating extra benefits in their communities through an economic ripple effect. The State will also have reduced operating expenses, more money for important services like education.

Improved Buildings Will Reduce the State Operating Budget.

State operated facilities throughout Alaska are wasting millions of dollars by wasting energy. Improving the efficiency of State facilities offers one of the most cost-effective ways to reduce State spending, with no reduction of State services. Providing funding for improving community facilities in rural areas which rely on State revenue sharing will also save the State money in the long run.

The State Will Protect Its Investment In New Homes.

The State of Alaska through the Alaska Housing Finance Corporation spent \$90 million to upgrade and repair repossessed homes during the last recession. Higher quality, more durable and efficient homes will be built to last for decades, instead of a few years. Homes that are built with state funds will also be built to withstand the harsh Alaska climate for decades, instead of a few years.

P.O. Box 110021 • Anchorage, Alaska 99511

Substandard Housing Will Be Improved.

Life threatening problems such as defective heating systems and faulty wiring are repaired through the Low Income Weatherization Program every day. Other typical weatherization improvements include fixing leaky roofs, sealing cracks, replacing doors and windows and adding insulation.

Homelessness Will Be Prevented.

Extending the usable life of homes and making substandard housing livable, increases housing availability, especially for low income Alaskans. Fixing life threatening problems also prevents low income families from having to abandon their homes and becoming homeless.

Programs Vital to the Housing Industry Will Be Maintained.

Professional home builders rely on the residential efficiency programs for training required by the State to obtain a contractor's license. They also use the programs to meet the State's energy efficiency standard for new homes and to obtain financing incentives offered by national mortgage programs.

A New Permanent Fund.

A penny saved is a penny earned, as the old maxim goes. Although energy savings through a comprehensive efficiency effort can be measured in millions of dollars a year, not pennies. Those energy savings amount to a new Permanent Fund for Alaska, paying annual dividends to families and reducing the state and local communities' operating budgets.

**PROPOSED RAILBELT ENERGY FUND ALLOCATION FOR
ECONOMIC DEVELOPMENT THROUGH ENERGY EFFICIENCY**

Low Income Weatherization	\$16 million
State/Institutional Facilities Efficiency Upgrade	\$10 million
Ongoing Residential & Business Energy Efficiency Programs	\$ 8 million
Regional Housing Authority Efficiency Upgrade of New Homes	\$ 3 million
Grants to Utilities for End Use Conservation	\$ 2 million
	<hr/>
TOTAL:	\$39 million

Alaska State Legislature

STEVE FRANK

119 N. Cushman, Rm. 213
Fairbanks, Alaska 99701
(907) 452-3421



While in Juneau
P.O. Box V
Juneau, Alaska 99811
(907) 465-3709
Capitol Rm. 417

Senate

MEMORANDUM

TO: Senator Drue Pearce, Chair
Senate Labor & Commerce Committee

FROM: Senator Steve Frank

RE: Hearing Request for SB 429 - Appropriating monies for electrical interties, energy conservation and electrification purposes

DATE: February 19, 1992

I am writing to request a hearing on Senate Bill 429 in the Labor & Commerce Committee at your earliest convenience.

This Legislation would appropriate funds in the following ways:

- 1) \$90,000,000. to construct the Kenai/Anchorage and Healy/Fairbanks 138 KV transmission lines with the utilities matching costs 50/50
- 2) \$7,000,000. as grants to electric utilities for electrical end-use conservation programs
- 3) \$10,000,000. to capitalize the electrical service extension fund
- 4) \$5,000,000. for Low income weatherization
- 5) \$2,000,000. for Ongoing residential and business energy efficiency improvement programs
- 6) \$2,500,000. for electrification of McKinley Village

While not all inclusive, I have attempted to take a comprehensive approach to use of the Railbelt energy fund.

Thank you for your consideration.

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
P.O. BOX WF
JUNEAU, ALASKA 99811
PHONE (907) 465-3795

MEMORANDUM

DATE: February 13, 1992

TO: Senator Steve Frank

FROM: Nancy J. Slagle *MS*
Fiscal Analyst

SUBJ: Railbelt Fund Balances

Your staff has asked for the current balance of the Railbelt Intertie Reserve. According to the Division of Finance, the balance of the Intertie Reserve is as follows:

110,661,478	AKSAS Balance
<u>580,106</u>	December Interest (not yet posted)
111,241,584	Actual Balance

The interest accruing to the Intertie Reserve has been running over \$500,000 a month. The January interest computations are being developed now and should be posted by Finance within the next two weeks.

The available balance of the Railbelt Energy Fund remains at \$2,566,000.

Additional project costs will be financed with revenue bonds to be repaid by the participating Railbelt electric utilities.

The existing line between Anchorage and the Kenai Peninsula runs around the end of Turnagain Arm via Clirdwood and Portage. It is subject to wind and avalanche induced outages, and does not have a good reliability history. The proposed new line would provide a second connection between Anchorage and Soldotna via an alternative route that includes a submarine crossing of Turnagain Arm. The new line would improve reliability, increase transmission capability, and improve access to Kenai Peninsula generating resources. Anchorage and Fairbanks will begin to import power from the Kenai Peninsula after completion of Bradley Lake and are therefore especially concerned that the proposed transmission improvements take place. The existing single line connection does not meet prevailing industry standards of transmission reliability.

The proposed new line between Healy and Fairbanks plus associated electrical equipment would increase the transmission capability between Anchorage and Fairbanks while substantially reducing transmission losses. In addition, the new line combined with the planned 50 MW coal plant at Healy would result in a substantial reliability improvement in the Fairbanks area. Instead of acquiring most of its power over a single line from Anchorage area plants over 300 miles away, Fairbanks would obtain most of its power over two lines from 100 miles away. Further, the increase in transmission capability will enable Fairbanks to meet its full power requirements without reliance on expensive, local oil-fired generation.

CP1

ADDITIONAL
EXPLANATION
FORM

AGENCY Dept. of Commerce & Economic Development

BRU Alaska Energy Authority

COMPONENT _____

FY 93

Page 2 of 2

Revised Date 1-17-92



Alaska Energy Authority

A Public Corporation

February 11, 1992

Mr. Rick Solie
c/o Senator Steve Frank
P.O. Box V
Juneau, AK 99811

Re: Railbelt Intertie Cost Escalation

Dear Mr. Solie:

In the Railbelt Intertie Feasibility Study, issued by the Alaska Energy Authority (AEA) in March 1991, construction cost estimates for the proposed Railbelt intertie projects were presented in January 1991 dollars as follows:

Soldotna-Anchorage 138 kV ("Enstar" route)	\$75.1 million
Soldotna-Anchorage 138 kV ("Tesoro" route)	\$84.1 million
Healy-Fairbanks 138 kV (incl. SVS additions)	\$77.6 million

Your request today was for AEA to suggest a reasonable escalation factor for expressing these costs in 1992 dollars. A revised estimate based on updated quotations for major cost components would be good to have but would require some resources to produce. A rough escalator is less desirable, but at least provides some recognition for the general magnitude of cost inflation.

We first consulted the Handy-Whitman Index of Public Utility Construction Costs for the Pacific Region. For the category entitled "Total Transmission Plant," the following cost indices were reported:

July 1990	308
Jan. 1991	304
July 1991	314

Although these indices are reported every 6 months, the January 1992 index is not yet available. The figures shown above indicate that the average cost of transmission plant in the Pacific region declined slightly between July 1990 and January 1991, but increased by 3.3 percent during the 6 months between January 1991 and July 1991. If

Mr. Rick Solie
February 11, 1992
Page 2

the second half of 1991 mirrored the first half, escalation for the year following our January 1991 intertie cost estimates would be about 6.6 percent. These indices are volatile, however, and it is hard to guess what the pattern may be for any given 6 month period.

For comparison, we do have the U.S. Consumer Price Index (CPI) reported by month through December 1991. The increase in the CPI between December 1990 and December 1991 was 3.1 percent.

The foregoing suggests that the intertie costs expressed in January 1991 dollars should be increased by at least 3.1 percent to convert the price level to January 1992 dollars. However, there are two reasons to suggest using a somewhat higher escalation factor:

- 1) Although the Handy-Whitman index for "total transmission plant" moves unevenly, the increase for the first six months following January 1991 was 3.3 percent, and the following six months might show another increase.
- 2) If the revised price level is stated as "1992 dollars," rather than "January 1992 dollars," then an additional 6 months of escalation should be added to the estimate (essentially making it a "mid-1992" price level).

Recommendation

To convert the intertie cost estimates from January 1991 to "January 1992" dollars, escalate the figures presented in the March 1991 report by 3.5 percent.

To convert the intertie cost estimates from January 1991 dollars to "1992" dollars (i.e. mid-year), escalate the figures presented in the March 1991 report by 5.0 percent.

Sincerely,



Richard Emerman
Senior Economist

cc: Charlie Bussell



Alaska

Rural

Electric

Cooperative

Association, Inc.

703 W. Tudor Rd., #200
Anchorage, AK 99503
(907) 561-6103
FAX (907) 561-5547

MEMO TO: Representative Mike Navarre

FROM: David Hutchens *DH*
Executive Director

DATE: December 26, 1991

SUBJECT: Proposed Electric Energy Conservation Program

This is in response to your suggestion that the utilities examine energy conservation alternatives and propose a realistic program.

Structure of Program

The simplest, most cost effective approach would be for the administrative agency receiving the appropriation to provide reimbursement to utilities for their direct cost in making grants or giving rebates to consumers for electric energy conservation measures. If the utilities are given flexibility in shaping and administering these programs to fit their service areas, they are willing to absorb their costs of administering these electric energy conservation programs.

Funding Level

The railbelt utilities estimate they could effectively use \$5 million in this program over the next three to five years. If this program is expanded statewide, an appropriation of \$6.3 million would be needed to make the same amount of funds available per consumer.

Allocation

Funds should be allocated to electric utilities eligible to participate in the program on the basis of their number of consumers. Any funds allocated to a utility which has made no effort to the money after two years should be reallocated to the participating utilities. Again, this allocation should be made on the basis of the number of consumers served.

Administration

The funds would be appropriated to a state agency -- preferably the Alaska Energy Authority -- which would implement the program with regulations and monitor the use of the grant funds. We hope this agency would establish in its regulations a list of allowable electric energy conservation measures which would qualify. The regulations should also state the limitations. For example, we recommend that the funds only go through utilities certificated by the APUC in the service area (either the railbelt or the whole state), and that any grants to individual consumers exceeding \$250 must require an investment by the consumer in the conservation measure of at least 20%.

We envision a process which could work at minimal cost by having the program parameters known in advance and applications for funds within the utility's allocation has uses within those guidelines would

receive automatic approval. The administrative agency would need to monitor the program to make certain the expenditure was properly made, but on a cost reimbursement basis that should be quite simple.

Eligible Conservation Measures

Essentially any electrical energy and use conservation measure the utility is willing to sponsor and which is reasonably believed to have a "payback" in benefits at retail electric rates within five years should be allowed. The following lists are programmatic conservation measures we would support:

RESIDENTIAL ELECTRIC ENERGY CONSERVATION MEASURES

- Storage Water Heating
- Water Heater Blanket
- High Efficiency Lighting
- High Efficiency Refrigerators
- Low Flow Showerheads
- Duct and Pipe Insulation
- DLC of Water Heaters
- Energy Efficient Washers and Dryers
- High Efficiency Freezers
- Automatic Controls
- Window Treatments
- Insulation
- Load Management Thermostats
- Programmable Controllers
- Dual Fuel Heating System
- Ceramic Heat Storage
- Heat Recovery Water Heaters
- Energy Efficient Cooking Appliances
- Security Lighting
- Infiltration Control Measures
- Slab Heating
- Storm Windows and Doors
- Add-on Heat Pumps
- High Efficiency Air Conditioner
- Task Heating
- Zoned Resistance Heating
- Passive Solar Design
- Solar Domestic Water Heating
- Groundwater Source Heat Pump
- High Efficiency Air Source Heat Pump
- Room Heat Pump
- Ground Coupled Heat Pump
- Daylighting
- Active Solar Space Heating

COMMERCIAL/INDUSTRIAL ELECTRIC ENERGY CONSERVATION MEASURES

- Efficient Building Envelope
- Energy Efficient Street Lighting
- Energy Efficient Lighting Fixtures
- Energy Efficient Lighting Lamps
- Energy Management Systems
- Commercial Refrigeration

AEA will begin making grants from the Fund during October, 1991. Based on the approximately \$29 million in grant requests from eligible electric utilities and potential public to be served, we anticipate no remaining FY92 grant monies to carry over into FY93. Because of the limited funding made available for grants during FY92 and the large number of eligible applications to be considered, the FY93 appropriation level of the Electrical Service Extension Fund is requested at \$10 million.

CP1
ADDITIONAL
EXPLANATION
FORM

AGENCY Dept. of Commerce & Economic Development

BRU Alaska Energy Authority

COMPONENT _____

Page 2 of 2

Revised Date _____

FY 93

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

Rural Development Division

ENERGY PROGRAMS
333 W. 4TH AVE., SUITE 220
ANCHORAGE, ALASKA 99501-2341
PHONE: (907) 269-4500
FAX: (907) 269-4520

February 18, 1992

Richard Solie
Office of Senator Frank
P.O. Box V
Juneau, AK 99811

Dear Mr. Solie,

This is in response to your request for information on the Department of Community and Regional Affairs' energy efficiency programs and an analysis of the conservation and demand-side programs contained in House Bill 77. You also asked me what services would be provided if allocations contained in the bill are appropriated as well the effect of reducing or increasing these levels.

It is appropriate that in investigating the potential uses for the railbelt energy funds demand-side options are considered. Studies have shown that energy efficiency is very practical and economically attractive. Let me cite from some of the numerous studies of energy programs conducted by state agencies and independent sources:

- * The University of Alaska's Institute of Social and Economic Research found that state spending for energy efficiency programs such as weatherization creates more jobs and personal income per dollar outlay than any other type of capital project.
- * Jack Kreinheder, Senior Policy Analyst for the Governor's Office of Management and Budget projected: "A comprehensive energy efficiency program could yield a 20-30 percent annual return on the funds invested-two to three times the earnings rate of the Permanent Fund."
- * BusinessWeek magazine reported that in the lower 48 investments in consumer rebates for demand-side measures nets a 11.2% return on investment.
- * In Fairbanks, the integrated resource plan developed for Golden Valley Electric Association (GVEA) by CH2M HILL concluded that "conservation appears to be the least cost resource available to GVEA."

In looking for means to reduce electrical costs for consumers it is also appropriate to address space heating. A recent study by the University of Alaska found that in 1990, Alaskan's who heated their homes primarily with electricity spent over \$50.3 million for heat. This figure does not reflect the costs of homeowners who use electric space heaters as a supplemental heating source.

I have addressed the programs in the order they are contained in the proposed legislation.

LOW INCOME WEATHERIZATION

Program that has been in existence since 1977 and funded with a combination of state and federal funds. This program differs significantly from other energy assistance programs in that it permanently upgrades the assisted families' homes to reduce energy waste instead of subsidizing energy use. It makes the most cost-effective improvements to homes of low income families. Priority is placed upon senior citizens and the handicapped. Fiscal Year 1992 funding for the program: \$2 million in state funds through the capital budget and \$1.8 million in federal funds. This results in over 1,400 households from Ketchikan to Point Lay receiving assistance. This is no way meets the demand for the program. The 1992 Comprehensive Housing Affordability Strategy completed by the Alaska Housing Finance Corporation found: "Weatherization programs both federal and state funded are helping lower income Alaskans lower their energy costs. These programs too lack adequate funding for the depth of need." In Fairbanks, inadequate funding resulted in 109 eligible families who applied for the program this year not being served.

The \$7 million proposed in House Bill 77 would basically maintain the program at its current level for a period of three years. Such an appropriation would result in over 2,600 households receiving assistance to reduce their heating bills. \$10 million allocated to the program could expand the program to meet the current demand or be used to extend the program for five years at its present level of support. An appropriation at this level would result in over 3,700 households receiving assistance. Any appropriation less than \$7 million would reduce the period of time that the program would be supported through the appropriation. In its budget planning the Department of Community and Regional Affairs believes the program can effectively use \$10 million in state funds over three years.

INSTITUTIONAL FACILITIES

OMB Staff Proposal

The State of Alaska spends millions of dollars annually in its operating budget paying heating and electricity bills for state and local facilities. The Office of Management and Budget estimates that it is realistically possible to reduce the utility bills on state facilities by \$8 to \$10 million per year. Mr. Kreinheder of that office estimated that achieving this level of savings could require investing approximately \$25 - \$35 million over a period of years. He also estimated that an appropriation in the range of \$2 - 5 million range would allow "substantial reductions in energy costs to be achieved fairly quickly." I have attached a copy of a memo from Mr. Kreinheder in which he outlines how a state facility energy demand-side management program could work.

Rural Capital Projects Retrofit Program

The Department of Community and Regional Affairs manages a program aimed at rural community facilities. The program offers energy audits of facilities, lighting improvements, heating system tune-ups and increases in insulation levels. Pilot projects enabled expanded use of the facilities while reducing energy costs by over 35%. The program works with the community in identifying the need for the work, uses local labor and is matched with local funds. The program has been supported with one time only federal court oil overcharge settlement funds which will soon be depleted. Other funding is essential to keep this highly successful program operating. In its capital budget planning the Department estimated the program needed a \$5 million appropriation for a three period.

GRANTS TO UTILITIES FOR END-USE CONSERVATION PROGRAMS

I understand that the utilities have developed a working group to develop a proposal for the use of funds in this area. The Department of Community and Regional Affairs brought the concept of demand-side planning to the public's attention through a conference held in 1987 and has worked with utilities ranging from Chugach Electric Association to the Copper Valley Electric Association in developing demand-side plans and undertaking demand-side conservation programs.

ONGOING RESIDENTIAL AND BUSINESS ENERGY EFFICIENCY PROGRAMS

The Department of Community and Regional Affairs offers a comprehensive approach for improving the quality and energy efficiency of housing in Alaska. This effort features market driven efforts through a public/private partnership with the state's housing industry. Program elements include:

- * ENERGY RATED HOMES OF ALASKA - Private/public partnership sponsored by the Department of Community and Regional Affairs. It is a nationally recognized innovative market driven program that assists Alaskans to afford higher quality, energy efficient homes through uniform rating of homes according to their energy efficiency.

Use by the Private Sector: (1) The program is viewed by the state's housing industry and financing agencies as being integral to the current housing market, (2) Used by homebuyers to determine the energy efficiency of homes they are purchasing and receive credit in the mortgage loan for an energy efficient home, (3) To allow the rolling in the costs of upgrading the energy efficiency into the mortgage loan when purchasing an existing home. (4) Provides recommendations to homeowners on cost-effective ways to upgrade current home and receive financial assistance in undertaking the improvements.

Institutional Use: (1) Used by the Alaska Housing Finance Corporation and FHA to determine whether a newly built home complies with the state minimum energy efficiency standard. (2) Used by regional housing authorities across the state to determine the most cost-effective energy upgrades for substandard HUD homes.

The program has been also funded with one time federal oil overcharge settlement funds which will soon be depleted. Other funding is vital to keep this highly successful program operating.

- * ALASKA CRAFTSMAN HOME PROGRAM - Nationally recognized non-profit organization funded through the Department that teaches the latest building technology for northern climates. Program developed standard for the optimum energy efficiency for the state. Homes built to the program's voluntary standard cost 60-80% less to heat. The program is seen as the option of choice for home building industry to meet training requirement for state licensing.
- * HUD INITIATIVE - Partnership with the federal government to improve quality and energy efficiency of homes financed through FHA and public housing. Through memorandums of agreement between HUD and the Department of Community and Regional Affairs the initiative features: agreement that all new housing financed through HUD will comply with state's energy efficiency standard, crediting of home's energy efficiency in FHA

mortgages, and a major retrofit program for substandard rural housing.

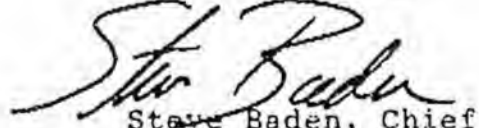
The Department also offers a program to assist small businesses in becoming more competitive through energy efficiency, the Business Energy Assistance Team. The program offers energy audits of businesses and rebates to make cost-effective improvements recommended by the audit.

The \$3 million contained in House Bill 77 for these programs would continue the programs for another three years. In preparing its 1993 capital project request the Department concluded that a one-time investment of \$5 million for these programs over three years would be required to fully incorporate energy efficiency into the housing market.

I have not been able to uncover the specific purpose of the \$2 million in House Bill 77 for grants for energy efficiency improvements under AS 37.05.316 or AS 37.05.317. In discussions with staff and others who were involved with drafting the bill I found that there was a general intent to allocate \$5 million for ongoing energy programs administered by the Department of Community and Regional Affairs. After reviewing the language in House Bill 77 this could not be done with the current wording. If this is the goal it would be better to consider shifting the \$2 million into the ongoing energy improvement programs line item.

I hope that this letter provides the information that you were looking for. For your information I have enclosed copies of research completed by the Institute of Social and Economic Research on the job creation of energy efficiency programs and what Alaskan's spent in 1990 to stay warm. If you need additional information please give me a call at 269-4632.

Sincerely,


Steve Baden, Chief
Energy Programs

Enclosures

cc: Edgar Blatchford, Commissioner
Robert L. Brean, Director

MEMORANDUM

State of Alaska

Office of the Governor
Office of Management and Budget
Office of the Director

TO: J. Shelby Stastny
Director
Office of Management & Budget

DATE: February 7, 1991

FROM: Jack Krøinhøder *JK*
Senior Policy Analyst

PHONE: 465-3568

SUBJECT: Capital Budget Funding to Reduce Energy Costs

Summary and Recommendations

The State of Alaska spends in excess of \$40 million per year on energy for State buildings, vehicles, and the Power Cost Equalization program. Improving the efficiency of State energy use offers one of the most cost-effective ways to reduce State spending, with little or no impact on public services. As you know, nearly every State program has a constituency which makes it difficult to cut spending. The only benefactors of wasteful State energy use are the power companies and the oil dealers, and they can't really complain about the State making its operations more efficient.

A comprehensive energy efficiency program could yield a 20-30 percent annual return on the funds invested—two to three times the earnings rate of the Permanent Fund. Previous State efforts to reduce energy costs, with limited exceptions, have been sporadic at best, and examples of wasteful energy use in State facilities are common.

Accurately estimating the potential for State energy savings will require detailed surveys of each facility or program, but my research suggests that reducing energy use by 20-25 percent, or \$8 to \$10 million per year, is a realistic long-term goal. Achieving this level of savings could require investing approximately \$25 - \$35 million over a period of years.

Recommendation: An energy efficiency fund. There are several alternatives for financing energy efficiency improvements; however, the approach which would provide the greatest overall savings to the State is to capitalize a revolving fund for energy efficiency investments. This approach has been successfully used by the State of Washington since 1986. This is how the fund would work:

- The energy efficiency fund would be capitalized with an initial non-lapsing appropriation.
- A relatively small amount of money from the fund would be used to survey State facilities to determine the most cost-effective projects.
- State agencies would borrow money from the fund to make energy efficiency improvements.

- One portion of the annual energy savings would go to the general fund, a second portion would be retained by the agency (and could be used for deferred maintenance or additional energy projects), and the third portion would repay the loan to the fund over a period of years. When the loan is repaid, this third portion of the savings would revert to the general fund.
- Additional energy-saving projects would be financed from repayments to the fund until no other cost-effective efficiency opportunities could be identified, at which time the fund balance could be reappropriated for other purposes.

The amount required for the initial appropriation to the fund depends naturally on funds available and on how rapidly we want to reduce the State's energy bills. An appropriation in the \$2 - 5 million range would allow substantial reductions in energy costs to be achieved fairly quickly. An appropriation of less than \$1 million would take many years to finance the full range of energy-saving opportunities available, and an alternative financing approach might be more effective in this case.

The State's Current Energy Use

As noted above, an accurate assessment of the potential dollar savings from improving the energy efficiency of State facilities will require surveys of each facility. But the fact that little has been done to reduce energy consumption in most facilities since they were built, combined with the experiences of other states and Alaska's cold climate, suggests that the potential savings are large. My research indicates that there appear to be few other state governments in which energy efficiency and costs have as low a priority as in Alaska — an ironic situation given our climate and the high cost of energy in many areas of Alaska.

Examples of inefficient State energy use are widespread, most visibly in the lighting of State buildings. Lighting typically is responsible for more than 50 percent of the power bills for office buildings. Incandescent lighting is common in the hallways, lobbies and stairwells of State buildings, when fluorescent lighting could reduce this lighting cost by more than 75 percent. Some hallways are lit much more brightly than office areas, indicating that little or no attention has been given to appropriate lighting levels. The Municipality of Anchorage and two of the largest Anchorage hotels have been able to cut their power bills significantly through lighting improvements. Other types of energy use are not as visible, but may well offer comparable savings potential.

Why have these large energy savings in State buildings been mostly ignored? There are several reasons:

- The responsible agency managers have placed a low priority on reducing energy costs. To be fair, in many cases more pressing problems have prevented these managers from having the time to deal with energy costs.
- As indicated by the major backlog of deferred maintenance needs across the state, most managers of State facilities have not had the staff or budget resources

to keep up even with routine maintenance needs, much less make improvements to their facilities. Even if a building manager identifies a potential improvement with a payback of only two years, most maintenance and operations budgets simply don't have sufficient funds to pay for such improvements.

- The technology for improving energy efficiency has changed rapidly over the last five to ten years, and is not well-known in Alaska.

Alternative Approaches

An energy efficiency fund is not the only way to finance energy-saving projects. Financing methods which have been successfully used by other states include:

- The sale of revenue bonds, with the bonds repaid from energy savings. California has sold over \$65 million in energy efficiency bonds.
- Third party financing, also known as energy performance contracting. Under this approach, vendors install energy-saving equipment at no up-front cost to the state, in exchange for a portion of the energy savings over a period of years. Many states and the federal government have used this approach.
- Lease purchase arrangements. This is a variation on third party financing, which also avoids the need for an up-front cash outlay to finance projects.

If insufficient funds are available in the capital budget to establish an energy efficiency revolving fund, I recommend that we pursue one or more of these financing alternatives. However, all of these options have their price: the State would have to give up a significant portion of the energy savings to repay the revenue bonds, the third party financier, or the equipment lessor. Using a portion of the FY 91 revenue surplus to establish an energy efficiency fund would provide much higher net dollar savings to the state.

Please let me know if you have any questions or need additional information about this proposal.

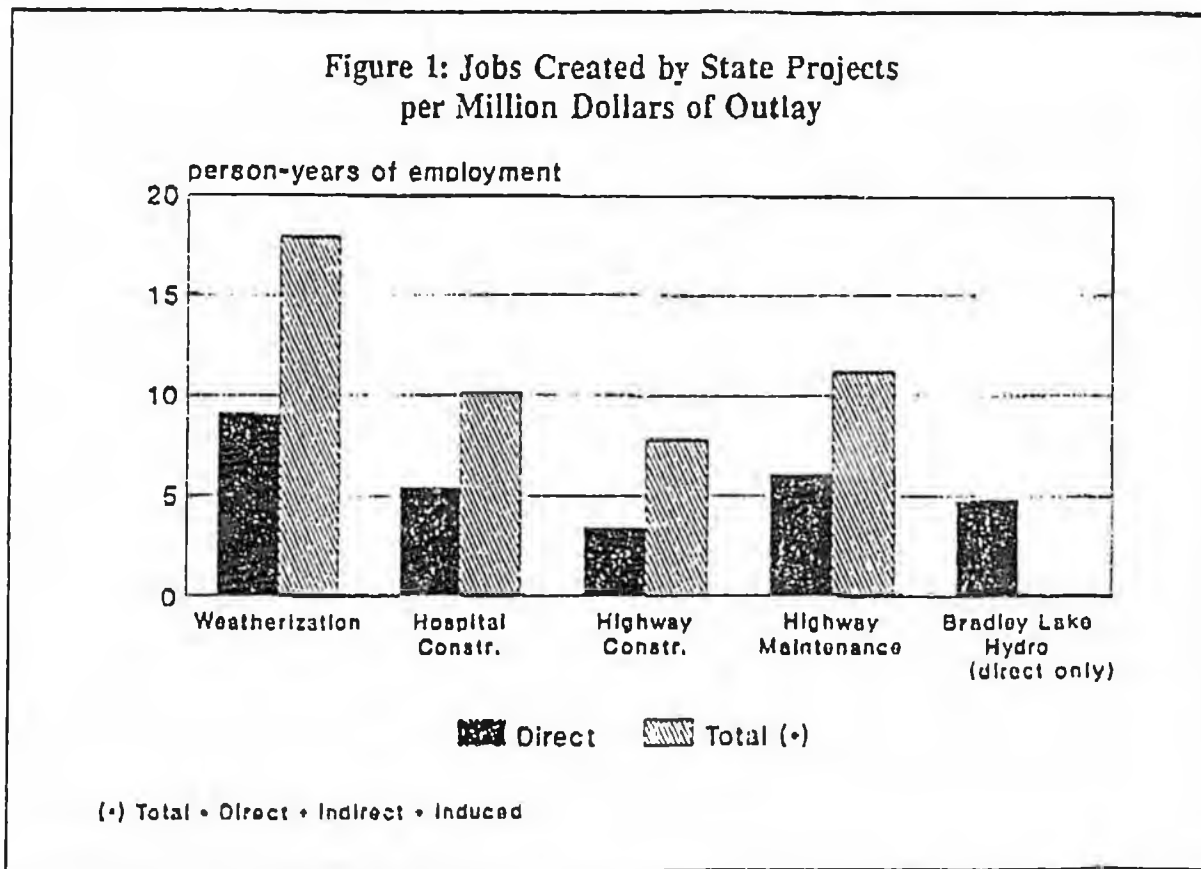
Jobs and Income from Energy Efficiency Programs

Steve Colt

Institute of Social and Economic Research, Anchorage, Alaska

State spending on low-income weatherization projects creates more jobs and personal income per dollar of outlay than any other type of capital project of which we are aware. During the installation phase, the weatherization program generates jobs and personal income at all levels of the Alaska economy: Villages, regional centers, and urban areas all benefit. These jobs and income come from *direct* use of labor, from *indirect* jobs in the transportation, air freight, and trade sectors, and from the *induced* respending of project-related wages. In addition to the one-time effects from the installation phase, the program provides a sustained economic boost to local residents in the form of reduced energy bills.

Installation Phase. During the installation phase, an expenditure of \$1 million on weatherization creates the equivalent of 18 full-time jobs lasting one year and boosts Alaska personal income by \$500,000. Even though the program is targeted towards rural areas, the urban economy receives most of the economic stimulus from the installation phase.



Recurring Savings. After installation is complete, program participants enjoy a sustained drop in their energy bills. These savings are spent and re-spent throughout the Alaska economy. As a result, there is a *sustained* annual increase in personal income of about \$143,000 for every million dollars of original program expenditure. Most of this ongoing benefit accrues to local residents.

As table 1 table shows, weatherization projects create almost three times as many direct jobs as highway construction and almost twice as many as the Bradley Lake hydroelectric project. This result is not surprising, given the labor-intensive nature of the weatherization process and the relatively low wages paid to even the skilled labor employed.

Table 1: Comparative Economic Impacts of \$1 Million of State Outlays

Project Type	Alaskan Jobs Created (person-years)		Personal Income Generated (Thousand \$)		Data Source
	Direct	Total ^(a)	Direct	Total ^(a)	
Weatherization	9.0	17.9	281	500	(1)
Hospital Construction	5.4	10.2	252	381	(2)
Highway Construction	3.3	7.8	216	347	(2)
Highway Maintenance	6.0	11.2	371	524	(2)
Bradley Lake Hydro	4.8	NA	NA	NA	(3)

(a): Total = Direct + Indirect + Induced
Source numbers refer to references cited at the end of this summary

Summary of Impacts. Table 2 summarizes our estimates of both installation phase and recurring economic impacts from a \$1 million weatherization expenditure targeted toward a rural village. The four columns show our estimates of where the employment and income is actually generated. Although the program analysed here is targeted for a rural area, significant employment and income is generated in the regional and urban economies, since these areas supply skilled labor, materials, and freight services to the project effort.

Table 2: Economic Impacts of a \$1 Million Expenditure on Weatherization

Project Impacts	Local	Regional	Urban	State
Personal Income (\$)				
Direct	27,879	0	252,658	280,537
Indirect	11,952	50,024	54,160	116,136
Induced	3,846	10,972	92,376	103,349
Total Project Personal Income	43,678	60,996	399,195	500,022
Employment (person-years)				
Direct	1.5	0.0	7.5	9.0
Indirect	0.6	1.7	2.3	4.6
Induced	0.2	0.5	3.7	4.2
Total Project Employment	2.4	2.2	13.5	17.9
Recurring Personal Income				
Direct	136,834	0	0	134,834
Induced	13,020	21,395	5,281	39,697
Displacement	(11,732)	(9,354)	(10,134)	(31,219)
Total Recurring Personal Income	136,122	12,041	(4,852)	143,311

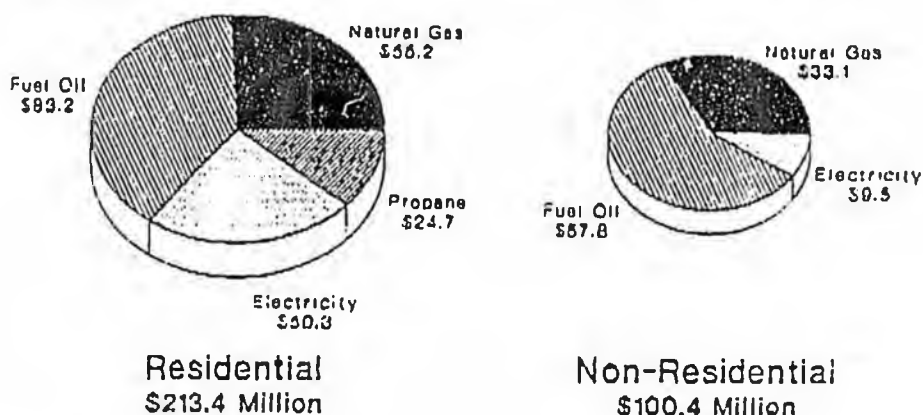
References:

- (1) Colt, Steve, 1989. *Income and Employment Impacts of Energy Efficiency Programs*. ISER Working Paper 89.2. UAA Institute of Social and Economic Research, Anchorage Alaska.
- (2) Goldsmith, Scott, 1982. *Assessing the Economic Impacts of Capital Expenditures*. UAA, Institute of Social and Economic Research, Anchorage Alaska.
- (3) Letter of 8 December 1989 from David Ebert, Bradley Lake Project Manager, AEA, to Steve Colt.

The Cost of Staying Warm: Alaska's 1990 Heating and Hot Water Bill

Alaskans spent about \$314 million for heat and hot water in 1990. Households paid two thirds of the bill --about \$213 million-- while businesses and governments paid over \$100 million.

Alaska's 1990 Heating and Hot Water Fuel Bill: \$314 Million

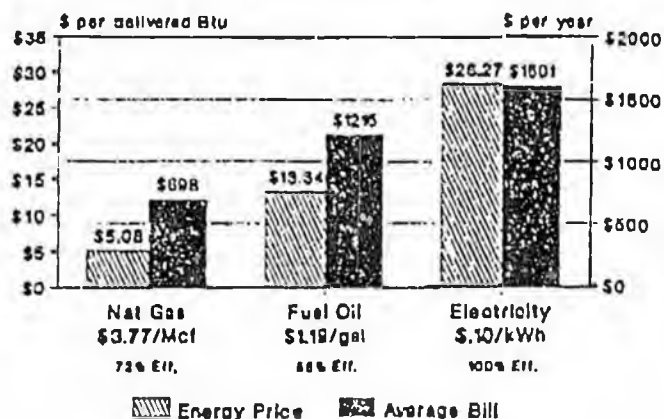


Residential Use. About 42 percent of Alaska's 188,000 households heat with natural gas. The gas they burn accounts for 57 percent of total residential heating and hot water energy use, but only makes up 26 percent of the residential bill. That's because gas is so inexpensive--only about 1/3 the cost of oil and 1/6 the cost of electricity for equal amounts of delivered heat. Electricity provided only 5 percent of residential heat and hot water, but accounted for 24 percent of the total bill.

Business and Government Use. The residential heating bill is twice the size of the nonresidential bill largely because there is twice as much floor space in houses as there is in business and government buildings. Heating energy costs *per square foot* appear to be about the same: roughly 87 cents per square foot in houses and 90 cents per square foot in nonresidential buildings.

Cost per Household. An Alaskan household using gas spends an average of about \$700 per year for heat and hot water. Electric heat users pay more than twice that: over \$1600 per year on average. These statewide averages conceal a great disparity in heating bills. An apartment dweller using gas in Anchorage might pay as little as \$400 per year. A homeowner in Fairbanks using oil could pay five times as much--more than \$2000 per year for a 2400 square foot home.

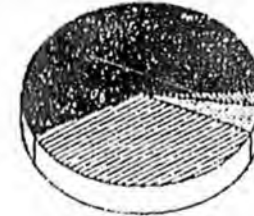
1990 Energy Prices and Average Heating and Hot Water Bills



Alaska's 1990 Heating and Hot Water Bill

Source	Amount	Units	Cost \$ Million	Consumption in Trillion Btu
Natural Gas	24,827,000	Mcf	88.3	25.6
Fuel Oil	118,529,481	gallons	140.9	16.0
Electricity	629,480,597	kWh	59.8	2.1
Propane	528,780	bottles (100#)	24.7	1.1
Wood & Coal	*unknown*			small (< 1)
Total State of Alaska			313.0	44.9

Natural Gas 57%



Propane 2%
Electricity 5%

Fuel Oil 35%

Residential Consumption

Source	Amount	Units	Cost \$ Million	Average Price	Households using fuel for primary heat	Avg Use per Household	Avg Cost per Household
Natural Gas	14,652,380	Mcf	55.2	3.77 \$/Mcf	79,000 42%	185 Mcf	\$698
Fuel Oil	69,953,639	gallons	83.2	1.19 \$/gal	68,000 36%	1,022 gal	\$1,215
Electricity	521,522,781	kWh	50.3	0.10 \$/kWh	24,000 13%	16,593 kWh	\$1,601
Propane	528,780	bottles (100#)	24.7	46.68 \$/Bottle	10,000 5%		
Wood & Coal	*unknown*		*unknown*		7,000 4%		
Total			\$213.4		188,000 100%		\$1,135

Business and Government Consumption

Source	Amount	Units	Cost \$ Million	Average Price
Natural Gas	10,174,620	Mcf	33.1	3.26 \$/Mcf
Fuel Oil	48,575,842	gallons	57.8	1.19 \$/gal
Electricity	107,957,816	kWh	9.5	0.09 \$/kWh
Total			\$100.4	

Notes and Data Sources: Mcf = Thousand cubic feet = 1,030,000 Btu. kWh = kilowatt-hour = 3413 Btu. 1 gallon oil assumed to average 135,000 Btu.

Oil and electric prices are sales-weighted statewide averages. Gas price includes customer charge.

Data sources include: 1990 US Census (Population and Households), AK Dept. of Revenue (Oil Consumption),

Enstar Co. (Gas consumption), AK Energy Authority (Electric Consumption), ISER 1987: Forecast of

Electricity Demand in Alaska Railbelt (end-use breakdowns, market share, floorspace), DHSS Energy Assistance Program (Oil prices).

Prepared by Steve Colt, UAA Institute of Social and Economic Research, 1/30/92.

generate power at a much higher cost than that enjoyed by their neighbors (competitors). This funding would result in more equitable costs of power for this entire area, enhance tourism based on economic development, improve the quality of life, and move one step closer to electrification of this important highway area.

CP1

ADDITIONAL
EXPLANATION
FORM

AGENCY Dept. of Commerce & Economic Development

BRU Alaska Energy Authority

COMPONENT _____

FY 93

Page 2 of 2

Revised Date 1-17-92

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STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. SB 432

Revision Date: 3/4/92 Department Affected: Commerce & Economic De
 Title: An Act relating to regulation of providers of certain information services BRU: Alaska Public Utilities Commission
 Sponsor: Senator Zharoff Component: _____
 Requestor: _____ COMPONENT SERIAL NO.

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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE	0	0	0	0	0	0
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
FUND SOURCE:						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Don Schroer Phone: 276-6222
 Division: Alaska Public Utilities Commission Date: 3/4/92
 Approved by Commissioner: [Signature]
 Agency: Commerce & Economic Development Date: 3-13-92

SB 432 "An Act relating to regulation of providers of certain information services."

(see attached)

STATE OF ALASKA

ALASKA PUBLIC UTILITIES COMMISSION
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

WALTER J. HICKEL, GOVERNOR

1016 WEST 6TH AVENUE
SUITE 401
ANCHORAGE, ALASKA 99501
PHONE: (907) 276-6222

March 4, 1992

Senator Fred Zharoff
P. O. Box V
Juneau, Alaska 99811
FAX: 463-3043

Dear Senator Zharoff,

The Commission welcomes the introduction of legislation to deal with the emerging pay-per-call industry and supports the basic consumer protection goals embodied in SB 432.

However, the Commission notes that SB 432 raises a number of issues that may require some fine tuning to avoid possible federal preemption by either the Federal Communications Commission or Federal legislation that is currently in conference committee.

In addition, the Commission supports the development of a pay-per-call information industry that sells its service to willing, knowledgeable, and legally competent buyers. At the same time, households and businesses must have reasonable and effective means to protect against the abuses of their telephone service. It appears to us that the balance between these interests is best struck by allowing telephone subscribers free, first time blocking of the "900#'s" where it is technically available. The "reverse blocking" proposal embodied in SB 432 not only raises federal preemption issues and but also creates a significant barrier to the development of legitimate businesses in this area by forcing them to overcome a great deal of customer inertia to access their market.

We would encourage you to review the enclosed draft language which attempts to address the federal preemption issues and offers an approach to customer blocking that appears to be the emerging trend in the nation. It is also consistent with the proposed regulations which have been issued for public comments.

Please call if we can be of any further assistance in this matter.

Sincerely,



Don Schröer
Chairman

Enclosure

Florida Offers Health Insurance to Children

Florida is trying something new to make medical care available to children not covered by health insurance. A demonstration program, called Healthy Kids, will enable school children to be policyholders of free or low-cost health insurance.

The program will be available to all children up to age 19 who are enrolled in selected school districts and who are not currently covered by health insurance. Preschool-age siblings can also be included on the policy.

Premium subsidies will be available to children eligible for the National School Lunch Program. Students who receive free meals will be entitled to free insurance, while those receiving reduced-price meals will pay only about one-quarter of the premium.

An essential part of the program will be to educate parents about the importance of regular preventive care. The insurance covers the periodic physical examinations recommended by the American Academy of Pediatrics and the American College of Family Physicians. Doctors and nurses also may be brought to the schools to perform examinations if children aren't receiving their immunizations and checkups.

The program is a result of the Healthy Kids Act, a 1990 Florida law that established a non-profit corporation to improve health services to children. In October 1990 the Florida Healthy Kids Corporation received a \$7 million grant from the federal Health Care Financing Administration to establish as many as four demonstration sites for the program over four years. State funds also support the

program.

The first test site will be the Volusia County school district, where approximately 7,000 of the district's 48,141 public school children are eligible for insurance subsidies.

Administrators expect the program to be under way in Volusia County by September, and they hope to expand it to other school districts before the end of the next school year.

The impetus for the Healthy Kids Act was evidence that Florida's children

were not receiving adequate medical care. Preschool children were not being immunized, and measles cases had increased 290 percent over several years.

One reason children don't obtain medical care is lack of insurance. A study of Florida families showed that uninsured people go to the doctor less often than do insured people, and they are more likely than the insured to be in poorer health. The hospital stays of uninsured children were found to be twice as long as those of insured chil-

dren. In spring 1990 it was estimated that 500,000 children in Florida (27.7 percent) were not covered by health insurance.

A 12-member board chaired by the state insurance commissioner supervises the corporation's activities. Board members are appointed by the governor and the education and insurance commissioners. The Department of Health and Rehabilitative Services Medicaid program will oversee claims administration and will collect data on participants.

900 Numbers Under Scrutiny

With calls to "900" numbers last year topping 1 billion, legislatures and utility commissions across the nation are examining these services, also called audiotext or pay-per-call. Such services — perhaps as many as 10,000 nationwide — provide consumers with a wide variety of information and entertainment, from sports scores to ski conditions to employment leads. Calls are billed to the caller at an average charge of \$3.30 per minute, but the rate for some is much higher. It is the charges, as well as evidence of deceptive marketing practices by some 900 providers, that are prompting state and federal governments to impose restrictions.

California was the first state to enact pay-per-call legislation; its law requires price disclosure and a delayed time period during which callers can disconnect without charge. This year Virginia passed a law mandating disclosure of price and content of programs, delayed

timing for charges and itemization of charges on customers' bills. Other states have established procedures to protect callers, including customer blocking of 900-type calls, prohibiting disconnection for non-payment of 900 charges and special standards for child-oriented services. Who will pay the costs of providing such safeguards has been the subject of deliberations in a number of state utility commissions.

The federal government is also examining the issue. Legislation is pending in Congress, and the Federal Communications Commission has proposed rules to govern interstate 900 services. In 1990 the Federal Trade Commission (FTC) filed its first complaints involving 900 services; these and subsequent FTC actions focus on deceptive advertising and on services aimed at children.

Many local and long distance telephone companies that carry pay-per-call services have also adopted

guidelines to protect their customers. These include price caps for child-oriented programs, requirements for an introduction to the program, price disclosure and delayed timing for charges. Some companies also offer blocking of calls to some or all pay-per-call services.

A working group of attorneys general from nine states looking at consumer fraud in the 900 industry recently issued a report calling for a national set of standards and recommending adoption of federal policy that would not pre-empt additional protections by states.

States are also concerned about information gathered from consumer calls to both 800 and 900 numbers, and how it is used. Because current technology can automatically identify callers' numbers and link them to data bases of more personal information, there is concern about the implications of these practices for consumers' privacy.



Investment Adviser Equity Markets

Senator Pearce
State Capitol
Room 101
Juneau, Alaska, 99801-1182

03/20/92

Dear Senator Pearce;

I am writing in reference to Senate Bill No. 432 regarding the regulation of providers of certain information services. I have spent almost four years, and a considerable amount of money, developing a highly sophisticated computerized investment advisory service that will be offered worldwide via 800 and 900 number services. I anticipate completing research and development later this year, with the idea of beginning the marketing effort in the early part of 1993. Being a lifelong Alaskan, one of the exciting parts of the whole effort has been the idea of a native Alaskan leaving the state to acquire an education from a topflight business school, and to come back and engage in a successful entrepreneurial business activity that not only employs many Alaskans, but generates an export product based upon information, a non-depleting asset.

This week I was informed about S.B. 432, and to my dismay I can only conclude two things. If it is passed in its present form, I will not only have to abandon any idea of setting up the business enterprise in Alaska, but I would not even be able to offer the service to any Alaskan resident, regardless of where I locate. I know to a lay person not familiar with the economics of such services, trying to protect the consumer from questionable services, S.B. 432 on the surface, looks quite reasonable. In fact for many of the information services it may be appropriate. Unfortunately, I am afraid that the results of this bill would throw the baby out with the bath water.

In addition, currently, for many reasons, 900 termination does not even exist in Alaska. What I mean by that is that any caller outside of Alaska cannot call a 900 number and access an information source resident in Alaska. Currently any such calls are actually directed elsewhere such as Nevada. This is primarily due to logistics and economics. One of my goals however has always been to locate my entire business in Alaska. Fortunately, in recent discussions with Alascom, they expressed a willingness to establish a terminal relation with the other national carriers and have it based here in Alaska. This is a first for them, and is primarily because of the legitimacy, credibility, and volume potential of this project. Critical to the success of basing the project in Alaska is a supportive environment. This is because we have many things working against us, even from a telecommunications economics framework.

I would be happy to work with you and your staff to try and come up with something we can

Stock Recommendations, Evaluations, and Simulation Services
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Ph. (907) 345-7696 FAX (907) 345-0902



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all live with. My only hesitancy is that we have not completely designed the final product yet, and probably won't have it refined for several more months. I can also offer to let you see the project in its current state during your next trip to Anchorage, keeping in mind that it is of a highly proprietary nature. I hope we can work this out so that I don't have to abandon my plan to establish a new industry for Alaska. I urge you to work towards the creation and success of economic enterprise, something I know you feel is critical to all Alaskans. Please let me know how I may be of assistance.

Sincerely;

A handwritten signature in black ink, appearing to read "David Gottstein", written over a horizontal line.

David Gottstein

President

Dynamic Research Group

cc: Senator Kerttula

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1992 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Commerce & Economic Development
 Title: An Act limiting authorized expenses for BRU: Occupational Licensing
pull-tab activity.... Component: Administration and
Investigations (0357)
 Sponsor: Senators Collins, Pearce
 Requestor: Senate Labor & Commerce COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	155.3	155.3	155.3	155.3	155.3	155.3
TRAVEL	10.0	10.0	10.0	10.0	10.0	10.0
CONTRACTUAL	45.0	45.0	45.0	45.0	45.0	45.0
SUPPLIES	5.0	5.0	5.0	5.0	5.0	5.0
EQUIPMENT	30.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	245.3	215.3	215.3	215.3	215.3	215.3

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE	245.3	215.3	215.3	215.3	215.3	215.3
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
OTHER - GF/PR	245.3	215.3	215.3	215.3	215.3	215.3
TOTAL	245.3	215.3	215.3	215.3	215.3	215.3

POSITIONS:

FULL-TIME	3.0	3.0	3.0	3.0	3.0	3.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	.0

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary)
SEE ATTACHED

Prepared By: John N. Hansen, Jr., Gaming Program Manager  Phone: 465-2581Division: Occupational Licensing Date: 04/21/92Approved by Commissioner: Glenn A. Oids Agency: Department of Commerce & Economic Development Date: 4-21-92

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

FISCAL NOTE ANALYSIS
SB 436

OPERATING EXPENDITURES

<u>Position</u>	<u>Range</u>	<u>Cost</u>	<u>Subtotal</u>
<u>Personal Services:</u>			
Investigator III	18	\$ 57.7	
Revenue Auditor III	18	\$ 57.7	
Occupational Licensing Examiner I	12	\$ 39.9	
			\$ 155.3
<u>Travel:</u>			
Investigator III		\$ 5.0	
Revenue Auditor III		\$ 5.0	
			\$ 10.0
<u>Contractual:</u>			
Office Lease Space		\$ 20.0	
Printing and Communications		\$ 25.0	
			\$ 45.0
<u>Supplies:</u>			
Daily operating supplies		\$ 2.0	
Investigator III		\$ 1.0	
Revenue Auditor III		\$ 1.0	
Occupational Licensing Examiner I		\$ 1.0	
			\$ 5.0
<u>Equipment: (One-time costs)</u>			
Investigator III		\$ 10.0	
Revenue Auditor III		\$ 10.0	
Occupational Licensing Examiner I		\$ 10.0	
			\$ 30.0
TOTAL COST			<u>\$ 245.3</u>

Position Title Revenue Auditor III		No. of Positions 1	Range / Step 18A	Barg. Unit GGU
Time Status PFT	Staff Months 12	Location AWA		Election District
TYPE OF EXPENDITURE		Amount	Justification	
Salary		42.0	<p>This position will plan, organize and complete audits of permittees, operators, distributors and vendors. The position will also provide technical assistance to permittees, operators, distributors and vendors, and provide information to inquiring persons regarding statutes and regulations. In addition, this position will assist the investigator(s) when necessary.</p> <p><u>Impact to Division/Program if position is NOT filled:</u></p> <p>Because of the numerous number of permittees and licensees, the expanse of the state, and the limited funding for travel purposes, many audits could not be done, thus, reducing the net proceeds due to the state.</p>	
Benefits		15.7		
Premium Pay				
Other				
Total Personal Services		57.7		
Travel		5.0		
Contractual				
Commodities		1.0		
Equipment		10.0		
Other				
Total Cost		73.7		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I A Receipts	1007			
CIP Receipts	1061			
Other - GF/PR	1005	73.7		

**Request For
New Position**

AGENCY Commerce & Economic Development

BRU Occupational Licensing

COMPONENT Administration

FY 93

Page 4 of 5

Revised Date:



DT: March 3, 1992

TO: Senator Collins
 Senator Pearce

FR: Robert D. Thomas 

RE: SB No. 436

I applaud your efforts to provide legislative support for the DC&ED's new charitable gaming regulations. Without legislation, such as that embodied in SB 436, the authority of the department to implement regulations will continue to be questioned. I suggest consideration of the following amendment to SB 436 which could ameliorate some opposition.

"Section 2. AS 05.15.187 is amended by adding a new subsection to read:

(h) Pull-tabs may be sold by mechanical and electromechanical vending dispensers approved by the department.

Section 3. AS 05.15.180 (a) is amended to read:

(a) Except as provided in AS 05.15.100(b) and AS 05.15.187(h), this chapter does not authorize"

Changing the effective minimum guaranteed payment to permittees from 15% to 40% of adjusted gross income will obviously cause hardship on a number of operators who are accomplishing good things for some permittees. A way to offset this negative hit to operators, and at the same time benefit permittees conducting their own activities, would be to allow vending machine use for dispensing pull-tabs. Ticket dispensers reduce labor costs. Vending machines are currently not allowed because of language in the current statute (05.15.187), which I believe was intended to prevent slot machines and video gambling machines from entering the state.

Card stock vending machine use has grown rapidly throughout the nation for both gambling and nongambling products. These dispensers have absolutely no connection with the "game" being dispensed, they simply dispense a number of cards to match the money deposited. These are very different from slot machines and video games which can be adjusted to control the pay-out percentage, odds, prize levels and game formats. In addition to labor savings and enhanced accounting of sales, dispensers eliminate one of the human elements in the sale of pull-tabs, therefore, eliminating one source of possible manipulation. For reasons of accountability, security, and protecting the public, I believe that dispensers should be the only method allowed for retail sale of pull-tabs, however, I realize that may not be realistic.

My conversations with John Hansen, DC&ED, lead me to believe that at least the regulating arm of the administration would support statutory changes to allow use of dispensers for pull-tabs. Please call if you have questions.

cc: John Hansen, DC&ED
 Chris Clark
 Bill Miles

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STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET DIVISION OF BUDGET REVIEW

MAR 19 1992

WALTER J. HICKEL, GOVERNOR

POUCH AM
JUNEAU, ALASKA 99811
PHONE: (907) 465-3568

March 19, 1992

The Honorable Drue Pearce
Chairman
Senate Labor and Commerce Committee
State Capitol
Juneau, Alaska 99801

Dear Senator Pearce:

Yesterday Senate Bill 454, relating to the new salary schedule for state employees who are not members of a collective bargaining agreement, has been referred to your committee for its consideration.

The legislation amends the salary schedule in AS 39.27.011(a) to reflect the 3.57 percent salary adjustment. This statute governs the salary schedule for non-covered employees; the salary level for covered employees is governed by their bargaining unit's collective bargaining agreement and is not in statute. As a result, in order to extend the same COLA adjustment to non-covered employees, it is necessary to amend this statute.

More specifically, the legislation does the following:

Section 1. Amends the statutory salary schedule to reflect the 3.57 percent adjustment. This schedule covers legislative and executive-branch employees not covered by a collective bargaining agreement;

Section 2. Provides the same increase to permanent and temporary employees of the judicial and legislative branches and to exempt permanent and temporary employees of the executive branch. This section also covers the salaries of other officers, such as commissioners, judges, legislators and the ombudsman;

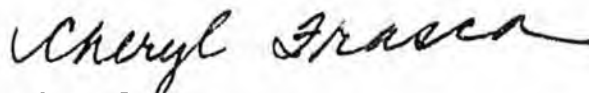
Section 3. Provides that University of Alaska employees not covered by a collective bargaining agreement are entitled to a salary increase in accordance with the compensation policy of the Board of Regents.

Section 4. Provides that this Act is retroactive to January 1, 1992.

Section 5. Provides an immediate effective date.

If I can provide any additional information, please let me know.

Sincerely,

A handwritten signature in cursive script that reads "Cheryl Frasca". The signature is written in dark ink and is positioned above the typed name and title.

Cheryl Frasca
Director

cc: Commissioner Nancy Usera
J. Shelby Stastny
Paul Fuhs