

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

7968 HOUSE LABOR & COMMERCE

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1 example, we don't have enough rate design proceedings. And
2 it's the absence of complaints in some particular area that
3 could indicate that there is a problem, that we haven't
4 looked at it sufficiently enough. Truly, it was a question
5 that I was --

6 COMMISSIONER O'TIERNEY: No, I understand that.

7 MS. WHITE: -- asking what's the reason.

8 COMMISSIONER O'TIERNEY: I was just -- actually, I was
9 guessing, but I was attempting to sort of correlate
10 Commissioner's Carter's statistical rendering with your theme
11 to see if they were kind of in the same --

12 MS. WHITE: They were in the same ballpark --

13 COMMISSIONER O'TIERNEY: -- ballpark.

14 MS. WHITE: -- but not on the same base.

15 COMMISSIONER O'TIERNEY: But I wasn't attributing them
16 to you, you know, so --

17 UNIDENTIFIED FEMALE SPEAKER: And if I could expand a
18 little bit. (Indiscernible) part of what you were saying --
19 and I'm not advocating (indiscernible). But I think part of
20 the comments this morning was, people are intimidated to come
21 to proceedings. They can't take off work, they don't have
22 time. It's like, if -- do I want to pay a fifteen-dollar
23 parking ticket or do I want to take off work and go challenge
24 it. People just would rather pay the rate. But if they had
25 a group who was speaking for them, we might have more

1 complaints. And I think that's part of what was being said,
2 so when you look at the numbers, you can -- it can be -- you
3 can look at them two ways.

4 COMMISSIONER CARTER: Well, and, you know, I think that
5 Mr. Kempel brought up a good point. A lot of these
6 utilities have membership -- member -- what do you call them,
7 MACs.

8 UNIDENTIFIED MALE SPEAKER: MACs.

9 COMMISSIONER CARTER: Have MACs for that purpose, to go
10 to those boards and tell the boards what they think and
11 what's wrong. And I don't see -- I've been around this state
12 for many, many years, and I've not known many bashful people
13 when they've got things on their mind.

14 CHAIRMAN SCHRÖER: Any other comments? Are we ready to
15 vote? Everybody understand the motion? All in favor of the
16 motion say aye.

17 COMMISSIONER ORNQUIST: Aye.

18 COMMISSIONER HANLEY: Aye.

19 COMMISSIONER O'TIERNEY: Aye.

20 COMMISSIONER CARTER: Aye.

21 CHAIRMAN SCHRÖER: Opposed? Motion carries. Is there
22 anything else to come before this meeting? Mr. -- oh, we got
23 to have another motion here. Make a motion to adopt the
24 fiscal note, please. Somebody.

25 COMMISSIONER CARTER: I make a motion, Mr. Chairman, to

1 adopt the fiscal note that's been distributed to us --

2 CHAIRMAN SCHRÖER: And forward to the Legislature?

3 COMMISSIONER CARTER: And forward it to the
4 Legislature.

5 CHAIRMAN SCHRÖER: Do I have a second?

6 COMMISSIONER O'TIERNEY: I'll second that, and I have
7 one question. And for Bob or for counsel. Is it clear
8 determination that this would require an entire -- the
9 entirety of an Assistant Attorney General? I mean --

10 MR. LOHR: No, that's not clear. Each of these is an
11 estimate on my part of what would be involved.

12 COMMISSIONER O'TIERNEY: As opposed to, you know, just
13 the torso of one or one-third of one?

14 MR. LOHR: The brain of one. It -- it's hard to be
15 exact about those things.

16 COMMISSIONER O'TIERNEY: For the legs or --

17 MR. LOHR: But there's a tendency in the preparation of
18 fiscal notes to start low and have them whittled lower in the
19 process and end up with zero fiscal notes for things which
20 impose substantial financial burdens on the Commission. And
21 there's a pattern of that occurring over the years, where we
22 end up just having to absorb new duties, new responsibilities
23 without adequate funding. So is there a bias toward the
24 optimistic on those estimates; I believe there may be on the
25 elements listed. However, there may also be things that I

1 haven't thought of or covered, in terms of items that need to
2 be there. So I believe on balance, it's a reasonable
3 approach toward the fiscal note, based on what I can estimate
4 at this time.

5 But can I say for sure that it is one entire additional
6 attorney equivalent at the Department of Law; no, I can't say
7 that. I based this on the proportion of the current
8 reimbursable service agreements, so it would be based on
9 current rates, dividing that and adding essentially one-
10 third, or one additional component which would be equivalent
11 to a full-time attorney, plus associated legal secretarial
12 support. It's -- looking at the RSA would -- between this
13 Commission and the Department of Law as the base, and then
14 adding one full-time equivalent attorney to that.

15 **COMMISSIONER O'TIERNEY:** Well, my -- the point of my
16 question's just -- I just want us to be honest about the
17 numbers, and obviously, I think that includes some -- you
18 know, informed sense of experience with how numbers are put
19 together and what shrinkage or expansion, you know, is
20 involved in the process.

21 **CHAIRMAN SCHRÖER:** Right, or line loss.

22 **COMMISSIONER O'TIERNEY:** But -- or line loss, yeah. I
23 guess that's it, line loss. But in any event, that's the
24 point. Just -- I wouldn't -- I certainly don't support some
25 sort of, you know, puffery in terms of -- by way of kind of

1 an indirect advocacy one way or another, so I just want it to
2 be a -- an honest number.

3 COMMISSIONER HANLEY: Mr. Chairman.

4 CHAIRMAN SCHRÖER: Commissioner Hanley.

5 COMMISSIONER HANLEY: Mr. Lohr, I guess -- would it be
6 your intention then to -- on a separate sheet, to perhaps
7 define what you are including under contractual? I --

8 MR. LOHR: Yes, I can --

9 COMMISSIONER HANLEY: I guess I think that would be
10 helpful.

11 MR. LOHR: -- elaborate under the -- on the analysis,
12 which summarizes it in briefest form, and try to make it more
13 clear as to what the component assumptions are.

14 COMMISSIONER HANLEY: I think that would be helpful.
15 I think all fiscal notes are certainly estimates, as you have
16 indicated. I guess one of -- my experience has been that the
17 greater the opposition the higher the fiscal note. And then
18 for agencies that were very much in support of a piece of
19 legislation, sometimes when you recognize there was going to
20 be a fiscal note, you get a zero. But that was kind of the
21 games they play in Juneau. And so --

22 COMMISSIONER O'TIERNEY: Or in the hinterlands,
23 depending --

24 COMMISSIONER HANLEY: But, you know, so I guess my
25 point is simply to -- you know, I think your analysis is

1 good. And certainly it's an estimate. And I think that
2 certain -- just to define, you know, or to list what you have
3 under contractual would be helpful so that it isn't perceived
4 by anyone in Juneau that we're trying to discourage,
5 encourage, or anything else; that, you know, this is the
6 estimate of what we perceive would be our expense if that CUB
7 legislation were enacted.

8 COMMISSIONER O'TIERNEY: Thank you. That's exactly my
9 point. I mean, needs to be --

10 COMMISSIONER HANLEY: Yeah.

11 COMMISSIONER O'TIERNEY: -- sufficiently defensible.

12 COMMISSIONER HANLEY: Yeah, that we're not trying to
13 increase, decrease --

14 COMMISSIONER O'TIERNEY: Doesn't mean it can't be
15 wrong.

16 COMMISSIONER HANLEY: Just our best estimate, and it's
17 an estimate and, you know, based on what we perceive would be
18 the responsibilities of this Commission if we had a CUB.

19 CHAIRMAN SCHRÖER: Did I have a second for that motion?

20 COMMISSIONER O'TIERNEY: Yes. I was the second.

21 CHAIRMAN SCHRÖER: Are you ready to vote? All in favor
22 of the motion say aye.

23 COMMISSIONER ORNQUIST: Aye.

24 COMMISSIONER O'TIERNEY: Aye.

25 COMMISSIONER HANLEY: Aye.

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COMMISSIONER CARTER: Aye.

CHAIRMAN SCHRÖER: Opposed? Motion carries. Now is there anything else to come before this meeting? If not, we'll go off the record. And thank you, folks. It's been quite a meeting.

(Proceedings adjourned)

I certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter.

Jessica A. Welch

Notary Public in and for Alaska
My commission expires: 12-13-94

AkPIRG seeks stronger voice for consumers

By LISA SCAGLIOTTI
Daily News business reporter

The Alaska Public Interest Research Group plans to knock on 60,000 doors this summer in an effort to give consumers a stronger voice in decisions affecting electricity, water, natural gas and telephone service and other utilities.

AkPIRG plans to send several dozen staffers and volunteers into nearly 30 Alaska communities this summer from Ketchikan to Kodiak to Fairbanks.

Representatives of the consumer watchdog group this week announced their campaign to drum up support for legislation sponsored by several Anchorage and Fairbanks Democratic representatives.

House Bill 295 calls for the creation of a Citizens' Utility Board that would address utility rate issues as well as general policies such

as conservation and energy planning.

Alaska utilities are regulated by the Alaska Public Utilities Commission, a quasi-judicial body. The proposed legislation envisions the consumer board as a regular participant before the commission, other state and local agencies and the legislature.

Alaska is one of seven states without a state-funded consumer entity to oversee utility policies. But that's only been since 1991 when Alan Mitchell, the state's lone utility consumer advocate, quit after two years on the job. He was contracted by the state for \$50,000 a year.

For nearly a decade before that, AkPIRG held the state contract for about \$100,000 a year. But the legislature cut the group's funding after AkPIRG ranked lawmakers by their votes on

consumer issues.

The new proposal would not mean a new contract for AkPIRG. Instead, the bill would establish a statewide nonprofit consumer corporation — the Citizens' Utility Board. It would be funded for the first year with about \$50,000 in state money and later through membership dues of about \$5 each. Residential utility customers would be eligible for membership.

Rep. Kay Brown of Anchorage, one of the bill's sponsors, said the board's goal would be to speak up for consumers in utility matters that most people don't have time or expertise to follow.

"We want to be sure consumers do not get the short end of the stick," she said.

Supporters of the measure cited rate increases by power companies and billing practices of telephone companies as examples of where the group could get involved.

Mitchell, now owner of an energy and computer consulting firm in Anchorage, said a consumer advocate group is needed, especially to balance lobbying in Juneau.

"The utilities are spending all kinds of money down there to lobby for their interests and there's no kind of counterbalance on the consumer side," he said.

ADVOCATE

The Quarterly Newsletter of the Alaska Public Interest Research Group (AKPIRG)

Fall 1993, Vol. 17, No. 3

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Citizen's Utility Board Develops a Focus and Momentum

This summer Kathleen Hurtubise and Sarah Locke directed a canvass of more than 15,000 Alaska homes to survey problems with utilities throughout the state and gathered 3,000 letters of support for a freestanding citizens utility board which, armed with appropriate technical backing, can take on utility abuse in complex regulatory and legislative hearings. Hurtubise and Locke found many different utility problems that varied immensely from place to place. They returned to Anchorage with suggested amendments to the bill already introduced by State Representative Kay Brown. All was not black on the utility front. Some communities felt well served by electrical cooperatives and municipal utilities. However, most consumers felt disempowered by the technical process of rate-making and overwhelmed by utility lobbyists and political contributions.

Several major issues emerged from these thousands of door step meetings with fellow Alaskans. Concern with the changes in Alaska's telephone system as the old arrangement between ALASCOM and American Telephone and Telegraph gives way to head to head competition tops the list. What will be the impact on the cost and breath of service? Will Alaska be on the Information Highway as this new market arrangement emerges or will it become a technological backwater? The State of Alaska House of Representatives Telecommunications Task Force invited Steve Conn, Executive Director of AkPIRG, to testify at an Anchorage hearing this August regarding the development and restructuring of the Alaska telecommunications industry.

The development of an Alaska CUB, encouraged by AkPIRG as a bipartisan endeavor, appears to be an idea that emerged at the precise moment when serious concerns by Alaskans about their telephone rates and service will bubble to the surface.

"This is a lucky coincidence for us", said Conn, "since bipartisan support is essential if the bill is to pass and be signed."

Digging for Radioactive Secrets- Should Alaska be interested in Contamination of Its Public Lands and Wildlife?

AkPIRG and Ralph Nader's Essential Information Unit have provided the Northwest Arctic Borough and members of surrounding villages with thousands of previously classified government documents on secret radioactive experimentation in Northern Alaska during the Cold War Era. Walter Russell, the Inuit planning director of the Northwest Arctic Borough, has used the documents to press for further disclosure of the quantities, location and use of radioactive materials on lands now under the jurisdiction of the federal Department of the Interior as well as land and waters transferred to the state and to Alaska Natives under the Claims Settlement Act. He has also demanded an accounting from the University of Alaska-Fairbanks for its involvement and rallied Congressional support for further investigations.

When radioactive material was discovered last fall at Cape Thompson in Northwestern Alaska on the old Project Chariot site, an official prejudgment was trumpeted by both state and federal agencies that the experiment involved minuscule radioactive material and never posed an environmental risk. After an outcry by the resident Eskimo population, a clean up was arranged, it was said by officials, to assuage an unnecessarily nervous Eskimo population

Commentary

Editorial

Alaska's trade bridge to Asia

On the cover of one of its recent international editions, Time Magazine illustrated growing U.S.-Asia trade with a series of bridges connecting North America to the various East Asia growth centers. It was gratifying to us that Time's illustrators depicted one bridge to Asia from Alaska. Time's cover story was on the high profile Asia Pacific Economic Summit in Seattle, where President Clinton hosted leaders of major Asian trading partners in a largely symbolic, but still significant, conference on trans-Pacific trade. A new Pacific trade organization may be largely show-biz (most experts agree we are many years away from a Pacific Common Market or even a NAFTA-type, regional open-trade area,) but the president's initiative in organizing the Seattle conference demonstrates a keen interest in Asian trade affairs within the Clinton administration. That's good for Alaska.

As the bridge on Time Magazine's cover suggests, Alaska's location atop key North Pacific air and sea routes puts us in a strategic position to benefit from growing trade across the Pacific. The significance of the fast-growing Asian economies is not yet fully appreciated. Japan, suffering its first recession, is maturing economically. But South Korea, Taiwan, Hong Kong, Thailand and Malaysia are growing fast. China's eastern provinces are growing at almost explosive rates, and this may be the rising tide that is lifting the entire region. Alaska has long participated in East

Letter to the Editor

Citizens Utility Board must be independent

Dear Editor:

Why a Citizens Utility Board in Alaska? Even if Alaskans knew their rights as utility consumers on matters like deposits, service charges and billing procedures (They don't), had advocates at every hearing on rate hikes and rebates (they don't), the story of the Mother of All Bells entering the Alaska market should set off alarms. Hearings by the House Telecommunications Task Force left endless questions in the air about the future quality and cost of telecommunications, interactive services linking telephones, computers, fax and television in our state and even the future of competition.

Whether Alaska will be on the telecommunications highway or stranded as a backwater is a complex issue to be played out in countless future federal and state filings and hearings. Without an independent CUB, started by the state but then

funded by members, with expert staff backup, consumers will get what is best according to the Big Boys' view of things. Their high paid lobbyists killed off two previous state funded consumer utility advocates because each did its job. Those battles will seem like child's play compared with future fights over intrastate, interstate and international rates not to mention needed human and capital investment.

The CUB, proposed in House Bill 295, needs bipartisan support. Telecommunications is critical to economic development and government service. AkPIRG urges you to get your lawmakers involved in making the bill suitable for you and them.

Unlike AkPIRG Follies, this is no laughing matter.

Stephen Conn
Executive Director

New integration unites services

By Tom Peters

In 1981, Du Pont bought oil company Conoco, in one of the last-gasp attempts to control an industry's supply chain. Fearing another oil embargo, the chemicals giant wanted to ensure a constant supply of raw material to fuel the insatiable appetite of its downstream-products operation.

Today, old-fashioned backward integration--the

plane's cabin, within hours," Business Week writes. And in May 1995, when the first Boeing 777 rolls off the production lines, "its owners will be able to rearrange a plane within hours, configuring it with one, two or three classes to fit the market at the time." In Japan, marketing pundits label this a shift from "just-in-time to just-for-you."

6. Wraparound services. Have you seen the new Starkist tuna cans, called "Charlie's Lunch Kit"?



AKPIRG

ADVOCATE

The Quarterly Newsletter of the Alaska Public Interest Research Group (AKPIRG)

Spring 1993, Vol. 17, No. 1

P.O. Box 10-1093, Anchorage, AK 99510

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AKPIRG FIGHTS FOR FAIR AND REASONABLE UTILITY RATES

APR 19 1993

AkPIRG is now leading a campaign to establish a Citizen Utility Board (CUB) in Alaska. The CUB would be a citizen funded program designed to assist and represent consumers before the state regulatory commission (Alaska Public Utility Commission). Essentially, a Citizen Utility Board would provide consumers with a professional staff to advocate for fair and reasonable rates.

Why is a Citizen Utility Board needed? Rate and service decisions are based in large part on the advocacy each affected party brings before the commission. The commission, after exploration of all the evidence, determines where the public interest lies and makes its recommendations for rates.

This process requires reasonably well-matched advocates: proponents for both the utilities and the consumers. Without significant financial resources, legal training and expert witnesses, consumers cannot effectively intervene. As a result, telephone, electric and refuse rates, in Anchorage alone, have increased 30% over the past ten years.

On the other side, utilities are completely able to mobilize these resources to state their positions effectively. A Citizen Utility Board will arm ratepayers with the expertise they currently lack and permit consumers to effectively advocate for their rights.

AkPIRG understands it will never match the amount of funds the utilities have to defeat the establishment of a Citizen Utility Board in Alaska; however, AkPIRG has something more effective: YOU, the ratepayers! We are now in the process of organizing members of AkPIRG and key citizen groups to form a powerful, effective grass-roots support base. This backing will enable AkPIRG to persuade the legislature to act swiftly to establish a CUB in Alaska.

GOOD NEWS ON CONSUMER PROTECTION

The Fair Business Practices (FBP) unit of the Department of Law has survived the first round of budget negotiations in the House Finance Law Subcommittee. Governor Hickel proposed \$571,400.00 for this section in FY94. The subcommittee has approved this amount and has passed it on to the House Finance Committee. While this is a good start, the budget still funds the FBP unit at a level that severely hampers its effectiveness. The FBP unit handles the enforcement of both consumer protection and anti-trust laws. At this time, there is only one attorney assigned to the unit. This severely reduces the number of cases that can be effectively enforced.

Representative Ed Willis, I-Eagle River/Chugiak, is drafting an amendment to the FBP budget that would add two investigators to the unit, one each in Anchorage and Juneau. The amendment would also include intent language directing the Department of Law to work with UAA and AkPIRG in establishing an intern program using UAA students to screen calls and assist with intake.

At the time of this writing, the proposed budget is still in committee and AkPIRG is closely watching its progress.

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

ALASKA PUBLIC UTILITIES COMMISSION

1016 WEST 6TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99501-1963
PHONE: (907) 276-6222
FAX: (907) 276-0160

February 10, 1994

In reply refer to: Consumer Protection
File: C-94-025

Jim Scholl
P. O. Box 22297
Juneau, Alaska 99802

Dear Mr. Scholl:

We have received your letter dated January 30, 1994, regarding BC-Cable Company, Inc.'s (B-C Cable) programming change which affected Tier I and Tier II service.

The Commission's jurisdiction regarding B-C Cable is limited to the regulation of rates for basic service only, and does not extend to other programming or service offerings. Therefore, we regret that we are unable to provide any assistance concerning your complaint.

Nonetheless, a copy of your letter is being forwarded to B-C Cable for its consideration and response.

Sincerely,

ALASKA PUBLIC UTILITIES COMMISSION



Agnes E. Giles
Consumer Protection and Public Information

cc: Jerry Parker, General Manager
B-C Cable Company, Inc.
3161 Channel Drive, Suite 1
Juneau, Alaska 99801

Senator Jim Duncan
Alaska State Legislature

Representative Bill Hudson
Alaska State Legislature

Representative Fran Ulmer
Alaska State Legislature

C-94-025

30 JAN 94

AK PUBLIC UTILITIES COMMISSION

RECEIVED
A. J. G. C.
91 FEB -3 PM 2:19

TO WHOM IT CONCERNS:

ALASKA CABLE NETWORK, THE LOCAL TV CABLE COMPANY IS CHANGING TBS FROM TIER I SERVICE TO TIER II SERVICE. THIS SCREWS US OUT OF THE WINTER OLYMPICS UNLESS WE PAY AN EXTRA \$35/MO FEE AND A \$20 INSTALLATION FEE! CAN THEY DO THAT WITHOUT YOUR BLESSING? PLEASE LET ME KNOW. THANKS FOR YOUR EFFORTS.

THANKS AGAIN,

J. Schell

465 4499 DAYS 364 2847 EVENINGS

Jim Schell PO Box 22297, JUNEAU AK 99802

(cc: FRANKLIN, BILL HUDSON, Jim DUNCAN)

Testimony of Joel Rothberg

Thank you for the opportunity to present this testimony in support of House Bill 295. For four years I was the staff attorney for the Alaska Consumer Advocacy Program. In that time I came to appreciate how strong the need is for a citizen utility board.

Utilities have an enormous economic and social impact upon the daily lives of consumers and upon society as a whole. We could not function without them. That impact is about to expand exponentially in telecommunications. Consumers will be given an increasing variety of information sources from which to choose. At the same time, growing commercial overlap among telecommunications companies will break down the boundaries of service providers. Cable companies and long distance and local carriers will compete to prove the same services.

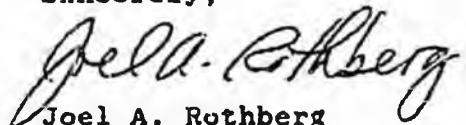
Anyone acquainted with utility issues acknowledges that often they are incredibly complicated. Even those with the technical background necessary to understand the issues must spend years studying them, as I did, before they are comfortable with them.

If consumers are to make informed choices about utility services they must have available to them an instrument whose sole function is to interpret for them what utilities are doing and speak for them in forums where utility issues are decided. Without a citizen utility board consumers do not have that instrument. No other institution can perform this function: not the APUC, not the utilities, not the media.

That value of a citizens utility board of course is not limited to the benefit it gives consumers. The insight it can provide will be useful to the APUC, utilities, the legislature, and municipal authorities. For years ACAP promoted the concept of competition in the provision of long-distance services. At times it was the only proponent of the idea in APUC proceedings. Today we have competition, and there is no argument but that we are the better for having it.

I urge the legislature to pass this bill, which will give consumers the voice they need at no cost to the state, to utilities, or to customers, except those who choose to support it.

Sincerely,


Joel A. Rothberg
3433 Tarwater, No. 2
Anchorage, Alaska 99508
(907)277-6711

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 295

Revision Date:	Dept. Affected: Revenue
Title: <u>Create Citizens' Utility Board, Inc.</u>	BRU: <u>Permanent Fund Dividend</u>
Sponsor: <u>BROWN, B. Davis, Siton, Nordlund, Davies, Finkelstein</u>	Component: <u>Permanent Fund Dividend</u>
Requestor: <u>House Labor and Commerce Committee</u>	COMPONENT SERIAL NO. <u>9 8 1</u>

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE FUND SOURCE:	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ -0-

ANALYSIS:

New Alaska Statute sections 42.50.040(a), (c) and (d) as contained in Section 1 of this legislation would require the Department of Revenue to include in the Permanent Fund Dividend application booklet literature regarding the Citizen's Utility Board. This information could be a "card, leaflet, envelope or a combination". There would be no direct cost to the PFD program because new AS 42.50.040(c) would require the Corporation to reimburse the PFD Division for the all "reasonable incremental costs, above the normal mailing and handling costs, incurred by the department in complying with this section". However, the addition to the PFD application booklet of any information not directly relevant to PFD program eligibility and application requirements increases the likelihood of applicant misunderstandings and errors in the PFD application process. To the extent that this occurs, there will be an indirect adverse impact on the administration of the dividend program.

Prepared by: <u>Thomas C. Williams</u> <i>Thomas C. Williams</i>	Phone: 465-2323
Division: <u>Permanent Fund Dividend</u>	Date: 02-08-94
Approved by Commissioner: <i>[Signature]</i>	Date: <u>2/9/94</u>
Agency: <u>Department of Revenue</u>	

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HB 295, CITIZEN'S UTILITY BOARD

Sectional Analysis

Section 1.

A non-profit corporation known as the Citizen's Utility Board is established. All residential utility customers, 16 years and older, who pay an annual membership fee of at least \$5 are members.

The purpose of the corporation is to represent the interests of all utility customers before the Public Utilities Commission, other regulatory agencies, legislative and other public bodies.

The corporation may not sponsor, endorse or support a political candidate or party. The corporation is granted standing in legal proceedings and civil actions in which it participates and may be granted by the court a right to participate in civil action, proceeding or appeal of regulatory decisions in which it did not participate.

An informational enclosure soliciting membership in the corporation may be prepared by the CUB and included in the Alaska Permanent Fund Dividend application mailing.

Public utilities are prohibited from taking retributive action against members of the CUB.

An 11 member Board of Directors is elected by the CUB on the basis of proportional representation from the state's four judicial districts.

The board of directors employs an executive director to manage and report on the activities of the CUB.

A fine of \$10,000 is provided for any employee, director or agent of the CUB who violates the conflict of interest provisions.

Terms are defined.

Section 2.

Court rule change allowing the CUB to intervene in administrative hearings.

Section 3.

The first board of directors (before the first election) are appointed by the Governor from a list provided by the Speaker of the House, the President of the Senate and the minority leaders of both bodies.

HB 295, Citizen's Utility Board

Sponsor Statement

Alaska utility customers need and deserve a voice in utility rate matters. Yet, under the current system where utilities are regulated by the Alaska Public Utilities Commission, citizens cannot participate effectively. Utility issues are complex. The time and expense required to participate preclude citizens from speaking out when their interests are affected. The APUC, a quasi-judicial regulatory body, hears mostly from lawyers representing the utilities, and not from consumers, when making decisions.

A Citizen's Utility Board (CUB) would give consumers a voice and a better chance to protect their interests.

In the past, Alaska had a state-funded "consumer advocate." The state contracted with independent representatives to monitor utility issues from a consumer perspective and represent consumer interests before the Alaska Public Utilities Commission.

HB 295 would:

- **establish a Citizens' Utility Board, Inc., as a private nonprofit corporation.** People would become members of the CUB by contributing an annual membership fee. Memberships would be solicited with an enclosure in each Permanent Fund Dividend application.
- **empower the CUB to represent and promote the interests of the residential utility consumers of the state.** The CUB could address utility rate issues for electricity, water, natural gas, and telephone services as well as general policies (such as conservation and least-cost energy planning).

- **set up an elected Board of Directors of 11 members** to manage the CUB. Seats on the board would be apportioned among judicial districts based on the number of members in the CUB from each district. [In the first election, the seats would be apportioned as follows in each judicial district: first (Juneau), 2 members; second (Nome), 2 members; third (Anchorage), 4 members, and fourth (Fairbanks), 3 members.]

- provides that members of the board of directors would serve **staggered terms of three years** without compensation (except reimbursement for actual and necessary expenses). Certain persons are not eligible to serve as a director (e.g., an employee of a public utility or of the APUC).

- require the CUB board to hold **regular board meetings** at least once every three months and to hold an annual membership meeting. Meetings must be **open** to the public.

- provide for an **initial board** of directors of 11 members, each to be appointed by the Governor and to serve a one-year term. Legislative leaders would submit names to the Governor, and he would be required to appoint some of the members from those lists.



AKPIRG

ALASKA PUBLIC INTEREST RESEARCH GROUP

Post Office Box 10-1093 / Anchorage, Alaska 99510

(907) 278-3661 FAX (907) 278-9300

Testimony prepared for the House Labor and Commerce Committee in Support of HB 295, establishment of a Citizens Utility Board
March 3, 1994
Stephen Conn, Executive Director, Alaska Public Interest Research Group

AkPIRG supports passage of HB 295, a bill which would provide for the establishment of a member funded and technically supported consumer advocate, an advocate independent from the influence of utility advocates and utility regulators at the state and federal levels.

Before AkPIRG undertook its campaign to remove Alaska from the list of a mere seven states that lacked an independent utility advocate for consumers, it tested the idea by visiting nearly 30,000 Alaska homes to assess the needs of Alaska consumers. From this effort came thousands of letters which were distributed to Alaska lawmakers during the summer and during the legislative session. It also sought to learn from the experience of two previous consumer utility advocates funded by state government who had performed effectively until their funding was cut.

AkPIRG found widespread support for an independent advocate and statewide board that was membership funded. While issues varied, captive rate payers voiced concern regarding the future of telecommunications in the state. This same concern was expressed in the probing examination by member legislators and others who chose to sit in on hearings of the House Telecommunications Task Force this past summer.

All of Alaska awaits the outcome of secret negotiations between ALASCOM and A T and T. There is no question that vital issues will emerge that require steadfast consumer monitoring and advocacy.

Will Nationally Averaged Rates for interstate and intrastate calls be maintained? Regulatory mandates and not market forces will induce this result. mandates induced by vigorous and skilled consumer advocacy at the state and federal levels.

Will the major players move forward to provide Alaska with broad band access along with changes in satellite technology so that the same benefits enjoyed by people and institutions in urban Alaska will be available in more rural areas? The answer to this question will affect the levels and cost of many state services for years to come? Will we find ourselves on the Information Highway or the Information Dirt Road?

Our examination of the current regulatory process suggests that the "consumer" commissioners appointed to the APUC, whether or not they are in fact pro-consumer, have no legal authority to reach beyond the record to build up a case for consumers. In formal cases, broad classes of consumers need legal and technical assistance. When they have it, they can be helpful to themselves and the commission.

The informal process at APUC may be fine for individual cases with an APUC staff that continues to demonstrate a pro-consumer bias, but formal cases affecting many people require expertise to meet the skilled expertise of utilities and their attorneys.

When consumers are active participants in the regulatory process, commissioners are not left wondering what new information might be brought into the record. When utility advocates are participants in proceedings, they get results for the captive rate payor. The APUC responds to vigorous consumer advocacy as in the Juneau cable rate inquiry. As the recent Anchorage Refuge inquiry suggests, external pressure gets an official inquiry that does not otherwise occur.

I have asked the former director of the Alaska Consumer Advocacy Program to share his experiences with you. I understand that a second Alaska consumer utility advocate has also written to the committee. In addition I have asked a national expert on Citizens Utility Boards and directors of CUBS in other states to share information with you. They will speak both to the work and need for consumer advocates who are independent of state funding.

Please offer HB295 to concerned citizens who want equal participation in decisions that will seriously affect Alaska's economic future and who are willing to pay for that right.

Thank you.

ALASKA PUBLIC UTILITIES COMMISSION

ADN 3/2/94 - At Chu

Utility watchdog necessary

The slow response of the Alaska Public Utilities Commission to evidence that Anchorage

personal menservants to

HB

300

HOUSE COMMITTEE REPORT

(7)

Date Referred: May 6, 1993

FURTHER REFERRALS:

Judiciary
Finance

Date of Committee Action: 2/24

The LABOR AND COMMERCE Committee considered:

HB 300

HOUSE BILL NO. 300

LIABILITY: COMMERCIAL RECREATION ACTIVITY

"An Act relating to civil liability for commercial recreational activities; and providing for an effective date."

RECOMMENDATIONS:

be replaced with CS HB 300 L+C

the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): _____ (Dept)

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal impact _____

fiscal note(s) _____

zero fiscal note Admin.

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Bruce Woster</i>	✓				
<i>James R. ...</i>	✓				
<i>Edo ...</i>	✓				
<i>Bill Hudson</i>	✓				

Bill Hudson

CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 300

Revision Date: _____
Title: An Act relating to civil liability for commercial recreational activities. . . .
Sponsor: House Labor and Commerce Committee
Requestor: House Labor and Commerce Committee

Department Affected: Administration
BPUJ: Risk Management
Component: Risk Management
COMPONENT SERIAL NO. 71

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL EXPENDITURES	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

CHANGE IN REVENUES ()	0	0	0	0	0	0
------------------------	---	---	---	---	---	---

FUNDING SOURCE: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
OTHER						
TOTAL	0	0	0	0	0	0

Estimate of any current year (FY 94) cost: \$ 0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: J. Brad Thompson, Director
Division: Risk Management

Phone: 465-5723
Date: _____

Approved by Commissioner: Nancy Bear Usara
Agency: Department of Administration

Date: 2/17/94

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Official Business

Alaska State Legislature

State Capitol
Juneau, AK 99801-1182

SPONSOR STATEMENT CS HB 300(L&C)

An Act Relating to Civil Liability for Commercial Recreational Activities

The Adventure Travel Society estimates that adventure travel and ecotourism segments of the travel industry are growing at a rate of 20% a year. The economic contributions of Alaska's wilderness based tourism, while undocumented, are undoubtedly important. AWRTA estimates that there are over 2,000 natural resource dependent tourism businesses in Alaska. Although few of these businesses employ upwards of 50 people, many are small, supporting or contributing to the income of only a few families. They are, however, Alaskan-based and vital to local employment. Unlike larger recreational outfits, these businesses keep their dollars in Alaska. They purchase their goods here, employ local residents, remain in-state, and spend the dollars they make here, thus providing both economic diversity and stability to many communities.

Many of these small businesses, however, are facing an uncertain future due to the high costs associated with insurance premiums and operation of such businesses. In order to encourage the continuance and survival of increasingly popular outdoor recreational activities, some kind of structure is needed to assure that both operators and participants become knowledgeable of, and assume, responsibility for inherent risks. House Bill 300 was introduced to establish the responsibilities of persons who operate and participate in commercial recreational activities. HB 300 in no way relieves recreational businesses/operators from liability. It simply establishes a framework that may help in the litigation process by stating that the state has recognized your responsibilities and sends the message that steps have been taken to educate both the operator and participant as to these responsibilities. While insurance premiums are based on many factors, including one's history of claims, similar legislation in Colorado has had the effect of lowering insurance premiums 15 to 20 percent.

HB 300 establishes a balance of responsibility between operators and participants, without diminishing the responsibility of either party.



P.O. Box 1353
Valdez, AK 99686
Phone: 907-835-4300
Fax: 907.835.5679

February 9, 1994

Honorable Bill Hudson
Alaska State Legislature
State Capitol (MS 3100)
Juneau, Alaska 99801-1182

Dear Representative Hudson:

I am writing to you on behalf of the Alaska Wilderness Recreation and Tourism Association's members to request that you schedule HB 300 An Act Relating to Civil Liability for Commercial Recreation for hearings and move it out of your committee.

This bill establishes the responsibilities of tour operators and participants. It increases the safety of commercial recreational activities through better preparedness on the part of tour operators to respond to a medical situation and increased awareness by trip participants of the inherent risks. The bill reduces the likelihood of frivolous suits which are becoming a significant problem in the industry elsewhere. At AWRTA's annual meeting last year, a representative from AWRTA's group insurance company gave several examples of insurance scams that "tourists" are running in other states.

Other states, including Wisconsin and Colorado, have passed similar legislation. It has resulted in significant reductions in insurance premiums. Insurance premiums in Alaska are extremely high for small tour operators. Our own company, Alaska Wilderness Sailing Safaris, pays about \$10 a day per person in insurance costs for guests to walk in the Chugach National Forest. This is in addition to our insurance for the time they spend sailing. For Alaskan commercial recreation businesses to remain competitive price-wise with other states, we must have comparable insurance rates.

On behalf of our 230 business members, I encourage you to pass this bill out of committee as soon as possible.

Sincerely,

Nancy R. Lethcoe

RE: HB 300

2-14-94♡

Please help small, local recreational businesses by supporting this bill.

Two huge worries we have are:

- 1) The tremendous cost of commercial liability insurance
- 2) The constant worry about being sued

We are not organized in a high profile way because our energies are focused on operating our businesses. So please consider our needs.

Melda J. Osgood

JON & NELDA OSGOOD
TUTKA BAY LODGE
P.O. BOX 960
HOMER, ALASKA 99603



USA 19

Rep. Bill Neason
Alaska State legislature
State Capitol
Juneau, AK 99801-1182



Marine Adventure Sailing Tours

Representative Bill Hudson
Chair, Labor and Commerce Committee
Alaska State Legislature
State Capital Building
Juneau, Alaska 99801-1182

February 16, 1994

Dear Bill:

There are, this session, a few bills floating around the legislature in which I am interested. As one of your constituents, I thought you would like to know my thoughts on them. I offer also whatever help I can give to you and your staff regarding these actions.

HB 300 "An Act relating to civil liability for commercial recreational activities; and providing for an effective date."

This bill may be uninteresting to many in the times of such fiscal distress, but to me and many other operators of commercial outdoor businesses, this is a desirable action. I do not believe that it will reduce our insurance costs much, but it will offer more protection to us in the case of some legal action. I have been operating for 12 years and have never had an accident, but the possibility always exists.

In my business, I use an informational form which reads very much like HB 300. It simply advises my clients that Alaska can offer some difficult challenges and that if there is any doubt about anything, they should hire a guide. As a concessionaire for the Glacier Bay National Park, I am advised by NPS to have a release (enclosed) which reads again like HB 300. The U.S. Forest service also requires guiding insurance and since most of Southeast is in the Tongass, HB 300 could be quite influential on the USFS regulations.

I won't go on about this, but instead urge you to hear the bill and move it out of committee before the rush of other matters befalls you. I don't see any opposition to the bill as it is currently written and I expect a zero fiscal note. This is not a tort reform bill, but rather the recognition that Alaska still has a wild and wonderful outdoors.

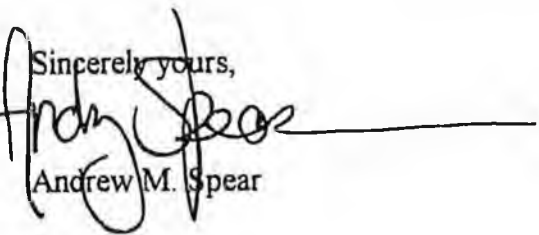
HB 238/SB215 Funding for the Oil and Hazardous Substance Release Response Fund (470 Fund)

I'm sure you know my sentiments on these actions, but I will ask your assistance in keeping the "470 Fund" intact. During my time as the manager of the ADEC Oil Pollution Control Program, I found that small oil spills are by far a more serious problem than is recognized by the public and their representatives. When the *Exxon Valdez* hit the skids, I was introduced to the devastation of both the natural environment, and the very fabric which holds together our local communities. Any defunding and de-emphasis on the prevention and control of oil pollution is a false economy. Take a minute and recall some of the telephone calls you got during the *Exxon Valdez* disaster. I shudder when I do.

Finally as I write this infrequent letter, I must address again a defunding issue: the ATMC. You know that I am a small operator, but that I live and participate in my local community. I spend just about everything here and believe that I help make Alaska a better place. There are many others like me, but because we are small, spending \$5,000 for an ad in a national magazine is a heavy burden. There is little out there to help us compete in a very competitive market, but one thing that does help is the ATMC. I get more business from the "Alaska Planner" than from any other source. Please do not defund us any more. At least, see if we can maintain programs that keep our businesses here rather than favor large, foreign flag operations. If the Governor want's to find some money, maybe he can sell the road to Cordova or perhaps save a little aviation gas and stop the wolf kill. I'm feeling the pinch from the wolf kill boycott so I don't need to take another blow by way of a defunded ATMC. I've said enough.

Thank you for your attention and patience. I will come in to talk to Linda about HB 300 and perhaps we can meet as well. In the mean time, my best to you and your staff. Say hello to Lucy and keep up the good work.

Sincerely yours,


Andrew M. Spear

- NO NEED TO ANSWER, Bill.

Copy AWARTA

JUST WORKING ON
A NEW ONE.

DRAFT

INFORMATION, BILL OF RIGHTS and TERMS

The purpose of this document is to set out the terms and conditions of liability for persons on the sailing vessel *ADVENTURESS* and its auxiliary equipment as operated by Andrew M. Spear who is also the owner of the vessel or his staff. This document does not relieve the owner from operating the vessel in a reasonable manner and does not remove your right to protection from acts of gross negligence. However, The *ADVENTURESS* is a sailing vessel and like most sailing vessels, it has numerous lines, wires, deck fittings and other obstacles which can be dangerous. As with all boats, it rolls, pitches and yaws and while under certain points of sail, it leans considerably. In addition, the *ADVENTURESS* is equipped with a small outboard powered inflatable tender boat. Because this is a light and fast vessel, it provides even greater risks. Life jackets should be worn at ALL TIMES when using this boat. Passengers who use this boat, do so entirely at their own risk. Should you rent, request or bring your own kayaks, MAST will not be liable for

The above conditions are to be expected and by being a passenger on this vessel you are accepting these elements of risk. It is also made clear here that:

It is set out here that the owner of this vessel is not in any way liable for accidents resulting from actions of passengers either to themselves or to other passengers. By way of example such actions include:

1. Injury caused by leaving the vessel without direction from the operator; eg. jumping onto the dock, jumping into the water and jumping into another boat.
2. Burns caused by hot foods or beverages
3. Accidents caused by intoxication
4. Tripping, slipping and falling except where the operator is grossly negligent
5. Rope burns or other line handling injuries
6. Accidents caused by Alaska's different fish and wildlife or the passenger's attempts to catch or photograph them. It is also recognized that passengers unfamiliar with the way of boats present considerable risk to the owner/operator and to the vessel and that risk is accepted, however, passengers will be expected to act in a reasonable manner and will be responsible for injuries and damages they may cause deliberately, by gross negligence or actions of malicious intent. Finally, as passengers, you should be familiar with:

1. The location and operation of all lifesaving equipment,
2. The emergency procedures, and
3. The location and operation of fire extinguishers.

IF YOU DO NOT KNOW, ASK.

I have read and understand this notice _____

VISITOR'S ACKNOWLEDGEMENT OF RISK
(SAMPLE)

I recognize that there is an element of risk in any adventure, sport or activity associated with the outdoors. I am also fully cognizant of the risks and dangers inherent in _____ (activity(s)). Knowing of the inherent risks, (may include specific risks) dangers and rigors required of said activity(s), I certify that I am and my family, including minor children are fully capable of participating in the said activity(s). Therefore, I assume full responsibility for myself, my family, including minor children for bodily injury, death and loss of personal property and expenses thereof as a result of my negligence or the negligence of my family participating in said activity(s) except to the extent such damage or injury may be due to the negligence of _____ (concessioner). I further understand that _____ (concessioner) reserves the right to refuse any person it judges to be incapable of meeting the rigors and requirements of participating in _____ (activity(s)).

Name of Participants:

Self _____

Spouse _____

Minor Children _____

I have read, understand and accept the terms and conditions stated herein and acknowledge that this agreement shall be effective and binding upon the parties during the entire period of participation in the said activity(s).

Parent/Guardian _____

Customer Signature _____

Date _____

It is also understood that due to the unavailability of liability insurance that (concessioner) does not have such coverage and in the event of an accident resulting in bodily injury, death or loss of personal property (concessioner) ability to compensate me or members of my family may be limited.

NOTE: Form may be modified to provide for the signature of each individual member of a group.

INSURANCE AND INDEMNITY

1. GENERAL

The Concessioner shall save, hold harmless, defend and indemnify the United States of America, its agents and employees for losses, damages or judgments and expenses on account of fire or other peril, bodily injury, death or property damage or claims for bodily injury, death or property damage of any nature whatsoever, and by whomsoever made, arising out of the activities of the Concessioner, his employees, subcontractors, or agents under the contract. The types and amounts of insurance coverage purchased by the Concessioner shall be approved by the Secretary.

At the request of the Secretary the Concessioner shall annually, or at the time insurance is purchased, provide the Secretary with a Statement of Concessioner Insurance and Certificate of Insurance as evidence of compliance with this section and shall provide the Secretary thirty (30) days advance written notice of any material change in the Concessioner's insurance program hereunder.

The Secretary will not be responsible for any omissions or inadequacies of insurance coverages and amounts in the event the insurance purchased by the Concessioner proves to be inadequate or otherwise insufficient for any reason whatsoever.

2. PUBLIC LIABILITY

The Concessioner shall provide comprehensive general liability, or protection and indemnity, insurance against claims occasioned by actions or omissions of the Concessioner in carrying out the activities and operations authorized hereunder. Such insurance shall be in an amount commensurate with the degree of risk and the scope and size of such activities authorized herein, but in any event, the limits of liability shall not be less than the following amounts per occurrence covering both bodily injury and property damage:

<u># of passengers</u>	<u>Minimum Amount</u>
Up to 6	\$ 300,000 per occurrence
7 - 12	500,000 " "
13 - 20	1,000,000 " "
21 - 50	1,500,000 " "

If claims reduce available insurance below the required per occurrence limits, the Concessioner shall obtain additional insurance to restore the required limits. An umbrella or excess liability policy, in addition to a Comprehensive General Liability Policy, may be used to achieve the required limits.

From time to time, as conditions in the insurance industry warrant, the Secretary reserves the right to revise the minimum required limits.

All liability policies shall specify that the insurance company shall have no right of subrogation against the United States of America or shall provide that the United States of America is named an additional insured.

The Concessioner shall also obtain the following additional coverages at the same limits as required for Comprehensive General Liability insurance unless other limits are specified below:

- (1) Outfitters and Guides (if shore excursions are planned)
- (2) Liquor Liability (if liquor is served)
- (3) Product Liability (including food)
- (4) Alaska Statutory Workers' Compensation
- (5) Auto Liability (if autos are used in the park)

Sugar Loaf Bakery's
Importing Inc
P.O. Box 10
Healy, AK 99743-0010
907 433 2402

Rep Bill Hudson
Alaska State Legislature
Rm 531100
Juneau, AK 99801-1182

Rep. Bill Hudson

We implore you for your help
in getting HB 300 Civil Liabilities for
Commercial Recreation Activities - before the
House Judiciary and passed.

We give horseback tours north
side of Denali Park milepost 245 at
Healy, AK. This past '93 season some
2600 tourists rode with us for one
to two hrs. This insurance
coverage cost \$8700⁰⁰. This year '94
season coverage will be for approx-
imately \$12,000⁰⁰ for about 5200 clients
we have been doubling for 5 yrs.
I'm afraid to be sued for "frivolous
actions" on the part of Client riders.
Last year was our first year of profit
\$406⁰⁰. We employ 8 to 12 people
for May to September. We pay \$23,000⁰⁰
in wages this past season.

We pay \$1141 - Comp insurance,
\$1500⁰⁰ in vehicle client liability, and
\$15,000 - horse feed, \$22,500 for 15 head of
horses, \$1360⁰⁰ land use + CD, \$500⁰⁰ in
transporter, land use fee, Business license.

This is not the expenses of the
business. This is paid out before the
doors open.

The first ride could be the last in the client decides to sue

This past season a train car manager rode a "comp ride" (free) the horse bolted from Bear Steer. She fell, broke 2 fingers, went in her heels, became well, crushed the same fingers, billed our insurance some \$4800 - This included, cat scan, XRC, urine tests, x-rays, therapy and office calls. The insurance is still pending. No safety or negligence ^{error} cited.

Another client boarded her horse while waiting to leave, ^{rough} her horse took a step forward, she panicked, pulled hard, back backing the horse till finally he tripped over a small bush, dropped his hip, she slipped off, after losing ^{her} balance. "No harm done," she said, asked for a different horse, made the ride (How signed guest book) This is the only way to see Alaska close up and left.

She rode the train to the Cruise Ship took a plane home to Iowa. From the moment she boarded the train she deteriorated badly becoming restricted to a walker only. She sued for medical bills, therapy, gardner, housekeeper, and pain, loss of income. She is a professional writer & gave gardening seminars.

Lucky for us, we had a vet check ^{4 days earlier} of the horses. All received shots and

were in good shape as well as well-
 mannered mounts ^{the} ~~the~~ said they
 were ill prepared conditioned, poorly
 trained. By this time she also
 said she was backed off. Our
 help had been non-existent and
 that Princess Tour had not paid
 attention to her complaints.

We've had 5 yrs of quality, professional
 service for Princess Tour clients.
 We strive for safety first, we
 give a safety talk, horsemanship talk
 and information regarding possibilities
 for an accident if you ride. We pull
 no punches in case some one is
 afraid or wants to change their
 mind we encourage them
 not to go for the ride.

We generally have been treated
 fairly but every bushel has a
 "bad apple". We love showing off
 Alaska by horseback. But still
 we feel "threatened" by the frivolous
 lawsuit we need this bill passed
 for our protection so we don't
 have to give up the idea of
 giving rides, over site trips,
 3 day + 5 day trips. Please protect us...

If you have any questions,
 please call - - 907 683-2402
anytime
 Phyllis Atchley

Sugar Leaf Packing, Transport.
Inc

2-13-94

P.O. Box 10

Healy, AK 99743-00

Jeanette James
Alaska State Legislature
MS 31100
Juneau, AK 99801-1182

Ms. James,

I implore you to please help get Bill
HB 300 Civil Liabilities for Commercial
Recreational Activities before the House
Judiciary and passed.

We give horseback tours beside
Denali Park line on the Healy side,
milepost 245. We gave over 2600 rides
last summer for one and two hours.
We paid \$8700⁰⁰ for liability coverage
from Cathcart Insurance.

Still we are "always on guard"
for that one frivolous lawsuit that
could ultimately wipe us out of
business.

We have a very good safety record.
Still one person has sent all their
medical bills, for 6 months, to be
paid by our insurance. She fell
off a horse that bolted from the scent of
a bear. She was riding Comp (free)
from Greysine to learn about the trail
ride. She was a rail car manager.
She broke 2 fingers in the fall. They
healed & she crushed them later
doing something else. The matter
is pending at this time. She
was 38 yrs old.

another lady client mounted a horse and was waiting for her guide to mount along with 3 other members of her family. She was 65 yrs. She was going to ride because the other members wanted to ride. Her horse moved a step, she panicked, in spite of being asked to let up on the reins, she pulled back hard, continuing to pull. She caused the horse to back up until he tripped one foot on a bush. This caused that hip to drop on the horse unbalancing the lady, she slipped off & onto the ground upon her hip.

She was helped up and asked for a different horse. We obliged. She made the one hour ride. Stationary pen "this was the only way to see Alaska" up close. By the time she had returned home by rail, cruise ship & plane to Iowa. She was unable to walk without a walker & was suing us for a gardener, horse keeper, pain medication all due to the one hour ride, falling off the horse. She was a gardener, writer & seminar gardener. She had a condition that had deteriorated. Our insurance is handling the matter.

She had become unable to do seminars. She said the horses were in poor condition, poor mannered, and she had been poorly treated by Sugar Loaf employees and Princess Tour. We are lucky we had gotten the horses vet checked, and their condition was very good. The amount of riders testified to the quality of rides and guest treatment. Safety is number one in our company. We have been in business 5 yrs with Princess, and in horse business for 9 yrs. We are a reputable business.

We give safety and information talks prior to each ride for information, horsemanship and to give each guest a chance to "back" out gracefully should they choose to do so.

Generally, we are treated fairly by most customers. We like "showing off" Alaska by horseback but still feel threatened by "frivolous" suits by a few "bad Apples".

We feel we have to watch our backs all the time.

We employ 8 to 12 employees every summer, May to September. Approximately \$3,000⁰⁰ payroll.

it costs \$1,141⁰⁰ for workmens
comp, \$1,261⁰⁰ for liability for
clients in our vehicles and
this summer our liability for
client riders will be about
\$12,000⁰⁰ or more for coverage.

Horse feed \$15,000⁰⁰

Horses - 15 22,000⁰⁰

land use + CD 1360⁰⁰

licenses 500⁰⁰ (transporters
business, land use
tax)

all of this before we open
the door for business... a business
that could be closed instantly
by one large suit.

We work 16 hrs a day
every day and have yet to
profit but this could be the year
we do. We've incorporated
the business.

We would greatly appreciate
your help with \$300. At
least there would be a lite
at the end of the tunnel.

This has been like Russian
Roulette still now.

Sincerely

Thylls A. Stickle
Office manager
Rick Stickle Jr.

any questions? - 907-683-2400
Owner

Printed On Recycled Paper



Dear Representative Hudson -

We urge you to schedule HB300 regarding civil liability for commercial recreation.

Fax - 465-6790

The bill would serve to reduce insurance costs for operators, a very high cost for us all. Other states have passed similar legislation with good results.

Moving the bill out of committee would do great service to small tourism companies in Alaska.

Thank you for listening,
Dave Thomas President

P.O. Box 389 • GIRDWOOD, AK 99587

DIRECT: 907-783-2928 • OUTSIDE ALASKA: 800-534-8730 • WITHIN ALASKA: 800-478-4100

FAX: 907-783-2150

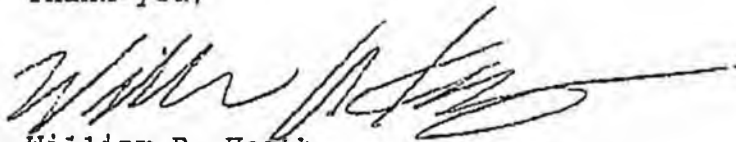
Kenai Peninsula Hike'n'Lunch Tours
203 Pamela Ct.
Kenai, AK 99611
(907) 283-8010

February 21, 1994

Dear Representative Bill Hudson, Chairman House Labor and
Commerce Committee:

It has recently been brought to my attention HB 300 Civil
Liability for Commercial Recreation Activities is in the
committee you chair and furthermore I learn it will be going
up for a hearing on February 24th. I wish to say I strongly
support this bill because it clarifies my obligations to my
clients and will probably reduce my liability insurance
cost. Please help the Tourism Industry's small businesses
by moving this bill through your committee.

Thank-you,



William D. Heath
owner, Hike'n'Lunch Tours

Post-It™ brand fax transmittal memo 7871		# of pages	1
To	HLTC	From	Job LIO
C#	Written testimony	Co.	for HB 300
Dept.		Phone #	
Fax #		Fax #	



GLACIER BAY SEA KAYAKS

P.O. BOX 26
GUSTAVUS, ALASKA 99826
(907) 697-2257

15 February 1994

Representative Bill Hudson
Alaska State Legislature
State Capitol
MS 3100
Juneau, AK 99801-1182

Dear Representative Hudson:

I am writing on behalf of HB 300 Civil Liability for Commercial Recreation Activities, and to let you know that our company supports this bill.

It's my understanding that this bill will help establish the responsibilities of both the people who operate the commercial activity and those that participate in it. In so doing, it's the intent of this bill to reduce uncertainty regarding the legal responsibility for injuries that may result from participation in such activities.

The passage of this bill could dramatically reduce insurance premiums for recreation businesses in Alaska, where profit margins are often borderline anyway due to the seasonal nature of the recreation industry in this state. Further, this bill would help to mitigate the effects that out-of-state accidents have on our insurance premiums. It would clearly reduce the number and amounts of out-of-court settlements.

I urge you give this bill high priority and to schedule a hearing to move this bill out of committee and on to the House Judiciary.

Thank you for your swift attention on this matter.

Sincerely,

Kara Berg
Glacier Bay Sea Kayaks, Inc.



GLACIER BAY SEA KAYAKS

P. O. Box 26
GUSTAVUS, ALASKA 99826
(907) 697-2257

15 February 1994

Representative Jerry Mackie
Alaska State Legislature
State Capitol
MS 3100
Juneau, AK 99801-1182

Dear Representative Mackie:

I am writing on behalf of HB 300 Civil Liability for Commercial Recreation Activities, and to let you know that our company supports this bill.

It's my understanding that this bill will help establish the responsibilities of both the people who operate the commercial activity and those that participate in it. In so doing, it's the intent of this bill to reduce uncertainty regarding the legal responsibility for injuries that may result from participation in such activities.

The passage of this bill could dramatically reduce insurance premiums for recreation businesses in Alaska, where profit margins are often borderline anyway due to the seasonal nature of the recreation industry in this state. Further, this bill would help to mitigate the effects that out-of-state accidents have on our insurance premiums. It would clearly reduce the number and amounts of out-of-court settlements.

I urge you give this bill high priority and to schedule a hearing to move this bill out of committee and on to the House Judiciary.

Thank you for your swift attention on this matter.

Sincerely,

Kara Berg
Glacier Bay Sea Kayaks, Inc.

Afognak Wilderness Lodge

SEAL BAY, ALASKA 99697

CATERING TO ADVENTUROUS VACATIONERS • PHOTOGRAPHERS • FISHERMEN • HUNTERS

Radio Phone Contact: (907) 486-6442
FAX: (907) 486-2217

ROY & SHANNON RANDALL
Owners & Operators

FAX: 465-6790

February 21st, 1994.

*Honorable Bill Hudson,
Alaska State Legislature,
State Capitol [MS 3100]
Juneau, AK 99801-1182*

Dear Representative Hudson,

We request that you schedule HB 300 for hearings and move it out of your committee. Alaska's multitude of small "Mom & Pop" businesses are already under tremendous financial burdens to maintain both quality and all legal permits, insurances, etc. and we would like our Alaskan legislators to be more on our side as Wisconsin & Colorado legislators have helped their constituents.

Many thanks, in advance, for your consideration.

Condiially,



*Roy & Shannon Randall,
Afognak Wilderness Lodge.*



Clearwater Outdoor Services

Peter R. Buist - Registered Guide/Outfitter

P.O. Box 71561 - Fairbanks, Alaska 99707

(907) 457-7189

February 14, 1994

Representative Bill Hudson
State Capitol
Juneau, AK 99801-1182

RE: HB 300 - Civil Liability for Commercial Recreation
Activities

Dear Representative Hudson:

It is my understanding that this bill is currently in your Labor and Commerce Committee. I would appreciate your consideration for an amendment to this bill to include the more traditional Alaskan "supervised commercial outdoor recreation activities," namely hunting, fishing and dogsledding.

I support the concept of the bill, but wish the eco-tourism folks would be a little more fair in their scope. Hunting guides have far more problems with insurance requirements, even though they seem to be killing fewer tourists than the rafters and kyakers!

Thank you.

Sincerely,

Pete Buist
Registered Guide-Outfitter #477



February 15, 1994

Linda Giguere
Legislative Aide

Dear Linda,

Per our phone conversation yesterday, I want to put a few thoughts in writing regarding HB 300.

This bill is important to me because I know that many people living in the villages want to start small-scale tourism businesses but are stopped, in part, by the high cost of insurance. Anything the legislature can do to relieve or remove this obstacle to rural tourism development would be greatly appreciated by many people.

I am currently working for the City Council of a small Interior Athabaskan village to develop their village as a tourism destination. Several residents there want to start small tourism operations. Insurance costs are inhibiting some of these potential businesspeople. They know the dangers of bush excursions and the terms of HB 300 would suit the kind of clients and activities they want to have.

I hope that you can hold a hearing on HB 300 during this session and move out of committee to a successful vote on the floor. Thank you for your time, attention, and energy on this crucial piece of legislation.

Sincerely,

David Cornberg, Ph.D.
General Manager
LOCAL WORKS, Inc.
P.O. Box 82631
Fairbanks, AK 99708

488-7328

February 15, 1994

Honorable Bill Hudson
Chairman, Labor & Commerce Committee
ALASKA STATE LEGISLATURE
State Capitol
Juneau, Alaska 99801-1182

Dear Bill:

We are pleased that your committee is taking comment on HB 300 and that this legislation may move forward.

The legislation would create a fair playing ground for both operators and clients. If adopted as law, HB 300 would alleviate the vast majority of nuisance suits while still allowing parties, injured due to an operators negligence, to recover damages. Attached is a form signed by our Mendenhall River Float clients. Although it states "All personal articles are taken at the participants own risk", we pay for thousands of dollars in cameras and camcorders dropped in the river each year. HB 300 would reduce the likelihood of our having to defend against such claims.


In 1982 a tree fell on one of our clients while on the Whiting River, south of Juneau. It took eight years and tens of thousands of dollars to defend against the subsequent claim for what is certainly an inherent risk of being in the Tongass National Forest. After passage of HB 300 such a claim would likely be dismissed, reducing a substantial burden on the court system and saving Alaska operators and their investors significant resources.

We recommend one change to HB 300. That the word "basic" be replaced by the word "reasonable" or "appropriate". There is a first aid certification of "Basic First Aid". In some cases (real back country trips) Basic First Aid would be insufficient, while in other circumstances (road side, i.e. sightseeing), it would be a burdensome requirement. CPR is the current industry standard for most pedestrian experiences.

We encourage the passage of this legislation and if you feel it appropriate, would be pleased to testify before your committee or later in Judiciary or Finance.

Thank you for your support Bill. It is much appreciated.

Sincerely,


Robert M. Dindinger
President



Reducing Risks

The safety and enjoyment of Alaska's outdoor activities depends on how risk management techniques are used to identify and reduce hazards. Both trip leaders and participants need to become "risk managers." Risk management starts with awareness of hazards and development of an operating method that incorporates safe personal and business practices.

Three primary causes of accidents are: 1) failure to provide or obtain adequate information and/or warning about the inherent hazards involved in the activity; 2) failure to provide or obtain proper or advance instructions about how to prevent or respond to hazards; and 3) failure to make the injured party and other participants feel truly "cared about."

Safety should be an integral part of planning for a trip. Prior to a trip discuss possible health and safety problems such as water, weather, insects, health problems, injury, and one's physical condition. Both back-country operators and clients should have current first aid and CPR skills, recent medical checkups, and carry their own first-aid/medicine kit.

Most operators expect guests to sign a Release of Liability form. Release forms do not take away the rights of guests to sue. They help clients to stop and think about the risks and their obligations to be careful and responsible participants.

Prior to departure, wilderness operators generally check participant's gear to make sure it will meet anticipated trip demands. They also provide a pre-trip orientation and safety briefing. Basic points covered include: 1) introduction of the staff; 2) introduction to the activity and any inherent dangers, 3) demonstration of equipment and check-out on ability to use it, 4) review of the medical situation, and 5) question and answer session.

By working together, operators and clients can assure a safe and outstanding Alaskan wilderness experience.

Group Liability Insurance Available

The high cost and limited availability of insurance for back-country tour operators, hunters and lodges remains a major concern and limiting condition on the development of new businesses. AWRTA membership enables business members to obtain group outfitter & guides insurance through Cathcart, Ltd. For additional information on insurance, contact Julie at Cathcart Ltd. 907-258-6240.

Liability Insurance Legislation

AWRTA requested Rep. Fran Ulmer to submit to the Legislative Drafting Committee a copy of Wisconsin's 1992 Liability Limits legislation. While not depriving client's of their right to sue, the legislation provides some relief to land owners and tour operators by establishing that participants must assume responsibility for their own actions. Current Alaskan rates are very high. AWSS, for example, expects to pay \$7.90/client hour in insurance premiums for guests to walk in the National Forest. Passage of the Wisconsin Bill resulted in a 20% decline in insurance rates.

As part of its campaign to push for passage of a similar bill, AWRTA is seeking funding for a lobbyist.

Announcing the PAW Fund

The "Protect Alaska's Wildlife Fund" has been established for the Alaskan recreation and tourism industry to support wise management of Alaska's wildlife. The fund is managed by the Alaska Conservation Foundation, an Alaskan based organization, with tourism and wildlife professionals on the Board. No funds will be used to support tourism boycotts. Alaska Discovery has announced that it will contribute \$3 to the fund for each of its clients booked on their multi-day trips. AWRTA members to make contributions. For information or to make donations contact: Alaska Conservation Foundation, 430 W. 7th Ave. Suite 215, Anchorage, AK 99501. 907-276-1917.

Consumer Evaluation of Ecotourism

At the 3rd World Congress on Adventure Travel and Ecotourism (Whistler, B.C.), The Ecotourism Society presented preliminary information on its green evaluation program for nature tourism services. Their survey of tour operators indicated a high level of agreement on how an ecotourism program should be defined and evaluated. Six points emerged: 1) operators should contribute directly to local environmental and social causes and offer their visitors an opportunity to contribute; 2) operators should provide clients with information on local environmental issues; 3) local accommodations (lodges, hotels, campsites, fixed campsites) should have a low impact on the local environment; 4) local residents should be employed as staff in the field and office; 5) training should be provided to the local people; and 6) group sizes should be limited.

Only 60% of the tour operators surveyed currently provided information on local environmental issues. The recommendation was that balanced presentations by local citizens with diverse viewpoints should be encouraged.

On local hiring of guides, it was felt that although visitors want tour guides indigenous to an area, often "local" guides are not local to the area visited. In addition, tour operators must balance their obligations to provide a safe, educational trip against hiring untrained local people.

Finally, there is a divergence of opinion on whether groups should be limited in size arbitrarily or whether group size should be based on the number of participants to leaders, the sense of crowding, and the effects on the environment, such as trail erosion, level of noise, disturbance of wildlife.

The Ecotourism Society expects to have its consumer evaluation forms ready for trial use in the spring of 1993. If you would like to comment on their program or participate, you can write: Megan Epler Wood, The Ecotourism Society, P.O. Box 755, N. Bennington, VT 05257.

RE: HB 300

2-14-94

Please help small, local recreational businesses by supporting this bill.

Two huge worries we have are:

- 1) The tremendous cost of commercial liability insurance
- 2) The constant worry about being sued

We are not organized in a high profile way because our energies are focused on operating our businesses. So please consider our needs.

Nelda J. Osque

HB

301

HOUSE COMMITTEE REPORT

(7)

Date Referred: March 23, 1994

FURTHER REFERRALS:

Finance

Date of Committee Action: 4/05/94

The LABOR AND COMMERCE Committee considered:

SSHB 301

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 301

BAN SALE OF SOME STUDDED TIRES AND STUDS

"An Act prohibiting the sale of certain studded tires or the sale of certain studs to be installed in tires; and providing for an effective date."

RECOMMENDATIONS:

be replaced with CS HB 301(L+C)

the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): _____ (Dept)

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal impact _____

fiscal note(s) DET / 01

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Brian D. Porter</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>		<input checked="" type="checkbox"/>	
<i>[Signature]</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>		<input checked="" type="checkbox"/>	
<i>Dee Hudson</i>	<input checked="" type="checkbox"/>				

Dee Hudson

 CHAIRMAN'S SIGNATURE

FISCAL NOTE

Revision Date: Department Affected: DOT&PF
 Title: Ban Sale of Some Studded Tires and Studs BRU:
 Sponsor: Hanley Component:
 Requestor: Component Serial Number:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	<4,000.0>	<4,000.0>	<4,000.0>	<4,000.0>	<4,000.0>	<4,000.0>
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING:	<4,000.0>	<4,000.0>	<4,000.0>	<4,000.0>	<4,000.0>	<4,000.0>
CAPITAL	0	0	0	0	0	0
REVENUE FUND SOURCE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

1002 FEDERAL RECEIPTS	<2,600.0>	<2,600.0>	<2,600.0>	<2,500.0>	<2,600.0>	<2,600.0>
1003 GF MATCH	<360.0>	<360.0>	<360.0>	<360.0>	<360.0>	<360.0>
1004 GF	<1,000.0>	<1,000.0>	<1,000.0>	<1,000.0>	<1,000.0>	<1,000.0>
1005 GF/PROGRAM RECEIPTS	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL FUNDING:	<4,000.0>	<4,000.0>	<4,000.0>	<4,000.0>	<4,000.0>	<4,000.0>

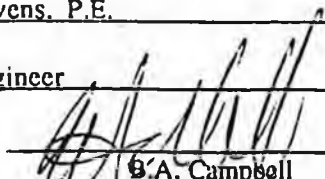
POSITIONS

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 (FY94) impact: <\$4,000.0>

ANALYSIS: (Attach a separate page if necessary)

DOT&PF estimates that stud wear of highway pavements creates annual pavement replacement or repair costs of approximately \$4,000,000. While not providing additional funding to DOT&PF, the bill will allow better use of existing Federal Aid Highway funds.

Prepared by: Schuyler J. Stevens, P.E.
 Division: Chief State Engineer
 Approved by Commissioner: 
 Agency: Department of Transportation and Public Facilities

Phone: 465-6977
 Date: March 18, 1994
 Phone: 465-3901
 Date: March 22, 1994



*Department of Transportation
and Public Facilities*

POSITION PAPER

BILL NO: HB 301

APPROVED: 

TITLE: Ban Sale of Some Studded
Tires and Studs

DATE: March 22, 1994

This bill provides a restriction on the type of tire studs to be sold in Alaska. The requirements for maximum stud weight follow current research experience and legislation in Northern Europe, which found the stud weight to be a factor in preventing wear.

DOT&PF recommends that the bill be amended by adding an additional requirement for a stud hardness no greater than 64 Rockwell C that will further reduce the damage from studs on paving materials to a tolerable level.

The department is very concerned over the wear to pavements due to rutting. Some rutting is attributable to shoving under excess loading, however, most is due to studded tire wear. Research in Europe, Midwestern U.S., and Alaska has proven studs are the major cause of rutting.

For Further Information contact J.K. Ginger Johnson at 465-3904.



Representative Mark Hanley **Alaska State Legislature**

MEMORANDUM

DATE: March 23, 1994

TO: Representative Bill Hudson
Chairman, Labor & Commerce

FROM: Representative Mark Hanley *MH*

RE: Sponsor Substitute for House Bill 301: "An Act prohibiting the sale of certain studded tires or the sale of certain studs to be installed in tires; and providing for an effective date".

This memo is to respectfully request that you schedule Sponsor Substitute for HB 301 for a hearing. SSHB 301 passed out of Transportation March 22nd.

SSHB 301 would require the use of lightweight studs in Alaska starting in 1998. Use of lightweight studs could reduce pavement wear by 50% without compromising the performance benefits of studded tires. This would seem to be a "win-win" situation.

Studded tires have a negative side effect on our roads in the form of increased pavement wear to a point where safety is compromised and the need for road maintenance is increased. They cause between \$133 and \$266 in pavement damage per vehicle per 40,000 miles of travel. Pavement wear and costs associated with wear are not the only problem. Grooves worn in pavement create the potential for vehicle loss of control especially during wet or icy conditions.

The direct value of the pavement worn away amounts to \$10 to \$15 per studded tire, however, repairing ruts normally requires that the pavement across the lane from the ruts be extracted. This increases the repair costs to about \$40 to \$50 per studded tire.

Lightweight studs are now being used in Northern Europe and are expected to cut pavement wear rates in half. The lightweight studs compare favorably in performance tests against standard studs and consist of tungsten carbide tips seated in aluminum or plastic bodies. I believe Alaska should move in this direction.

Your prompt attention to this matter would be greatly appreciated.

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 301
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES HANLEY, Finkelstein

Introduced:

Referred:

A BILL

FOR AN ACT ENTITLED

1 "An Act prohibiting the sale of certain studded tires or the sale of certain studs
2 to be installed in tires; and providing for an effective date."

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

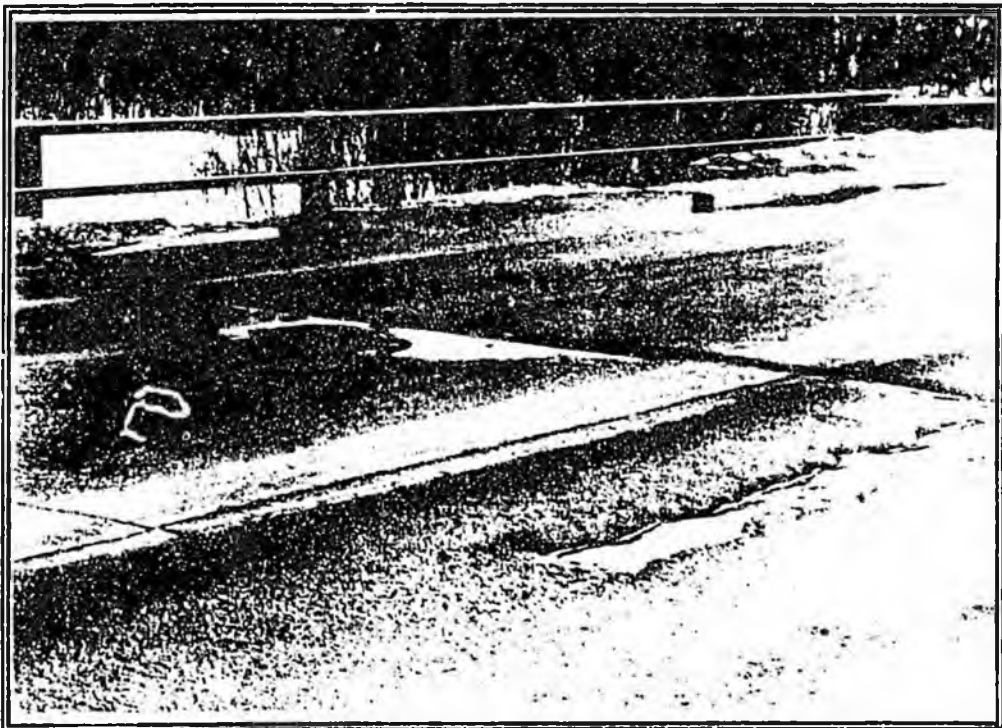
4 * Section 1. AS 28.35.155 is amended by adding a new subsection to read:

5 (c) A person may not sell a studded tire or sell a stud for installation in a tire
6 if the sale is conducted as a part of the person's business and the stud being sold or
7 a stud used in the studded tire has a weight greater than (1) 1.3 grams if the stud is
8 sold for use or is used with a tire that has a tire rim smaller than 17 inches; or (2) 2.0
9 grams if the stud is sold for use or is used with a tire that has a tire rim equal to or
10 greater than 17 inches. In this subsection, "business" has the meaning given in
11 AS 43.70.110.

12 * Sec. 2. This Act takes effect July 1, 1998.



Studs have worn through the top pavement layer ($2'' \pm$) along lines spaced equally with car wheels.



Pavement ($2'' \pm$) on bridge has been stud worn to concrete.



HIGHWAY USERS FEDERATION OF ALASKA

P.O. BOX 20700 ANCHORAGE, ALASKA 99502-0688

October 24, 1991

The Honorable Dave Choquette
House of Representatives
P.O. Box V
Juneau, Alaska 99811

Dear Representative Choquette:

After reviewing the cost and safety impacts of using studded tires, it appears the problem is more severe than previously thought.

A Department of Transportation and Public Facilities (DOT/PF) memorandum indicating tire pavement damage at \$12 per tire, per 30,000 miles, is seriously in error due to oversight of practical pavement repair methods. Previous figures reported by DOT/PF's Commissioner Turpin, in the \$133 to \$266 range per vehicle per 40,000 miles, appears more nearly correct.

Safety aspects of better winter traction from studs may be somewhat offset by warm season vehicle hydroplaning in water-filled, stud-worn grooves (I have personally experienced this). Also, inconvenience and cost of temporary pavement repairs (\$20,000 per lane mile), or resurfacing (\$60,000 per lane mile) is a factor.

Present studs have a MOH's scale hardness of perhaps $8\pm$ and literally grind softer asphalt aggregate, with a hardness of $6\pm$, in an action similar to a grinding wheel on steel. The softer material is removed in direct proportion to the number of passes.

The development of harder studs from once used softer steel studs is apparently the problem. Mild steel has a MOH's hardness of $5\pm$ which more nearly matches pavement aggregate hardness. Steel studs are effective, but also tend to wear more and may not last the life of a tire.

Investigation into replacing studs shows that redrilling and restudding a tire in Anchorage costs \$20 per tire and is effective.

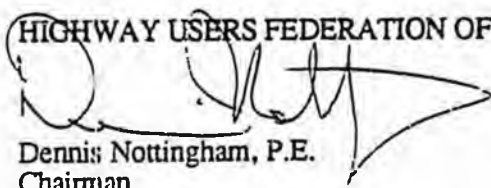
An average of \$200 pavement damage from two studded tires over the tire life does not compare favorably with a \$40 restud charge. For each 100,000 vehicles, an economic pavement loss of \$5 million per year from stud use seems probable.

It appears the only solution to the costly practice of using studs is to limit stud hardness, if elimination of stud use is not possible.

We hope this information will be of use to you.

Sincerely,

HIGHWAY USERS FEDERATION OF ALASKA


Dennis Nottingham, P.E.
Chairman

DN/dj/89072

DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES

3132 CHANNEL DRIVE
JUNEAU, ALASKA 99601-7698
PHONE: (907) 465-2951
TEXT TELEPHONE: (907) 465-3652
FAX: (907) 465-2450

ENGINEERING & OPERATIONS STANDARDS

August 3, 1993

Representative Mark Hanley
716 West 4th Avenue
Anchorage, Alaska 99501

Subject: Studded Tires
& Stud Types

Attn: Kip Knutson

File: 2552

AUG 09 1993
Dear Mr. Knutson:

I am responding to your call and our discussion on July 21st regarding the advisability of requiring a tire stud type with a hardness of 6.5 on the Moh hardness scale. You should be aware that the Moh scale is intended only for scratch hardnesses of crystals of minerals and not for metals. As such, it was constructed by determining what mineral would scratch other minerals. I understand that typical steels range from about 5.5 to 6.5. However, tire studs require a carbide center pin which is probably around 7 or 8 on the Moh scale. Studs of only steel would wear quickly and not work as ice gripping studs at all; I doubt that any such are even manufactured. The alternative I suggest for reducing pavement wear is the use of lightweight studs, as are now being required in Northern Europe. Mr. Bo Simonson of Sweden's Road and Traffic Research Institute advised that use of aluminum or plastic bodied studs will be expected to cut pavement wear rates in half. Samples of lightweight European type studs are enclosed, along with typical steel studs from a local tire shop. Legislation requiring such lightweight studs would require that the maximum stud weight be set at 1.3 grams for cars and at about 2.0 grams for large trucks (tire rim sizes of 17" or greater).

As we discussed, our pavement rut measurements from start to end of the winter seasons have shown a pavement wear rate of 0.1 to 0.2 inches per million studded tire passes. The direct value of the pavement worn away amounts to \$10 to \$15 per studded tire during its useful life. However, repairing the ruts normally requires that we mill or remove and replace the pavement across the entire lane to the bottom of the ruts. This increases the pavement repair costs to about \$40 to \$50 per studded tire. These costs may substantially reduced by lightweight studs.

The best wear data we have from pavement rut measurements is from Juneau. It is summarized by my memo of 6/13/91 (copy enclosed). However, in the Anchorage area good data comes from our pavement study site on the Glenn Highway just north of Eagle River. At that location the maximum rut depth is now about 0.9" after 10 years of service. The wear rate has been about 0.10" per million studded tire passes and the pavement loss from wear has been 19 tons per lane per mile per million passes.

As a final comment, the few studded tire use counts we made this past winter indicated large increases in studded tire use over the 1990 levels, which is disturbing from a pavement life standpoint. Juneau studded tire usage levels in March were 35% higher than in 1990, while Anchorage usage was up by 55%.

I hope that these figures will be of help to you. Also, we are just initiating a study of the comparative wear resistance of our different paving mix types. Within the next few months we hope to have some additional information from the wear testing machine being developed under that study. If you need further information on our rutting research work, please call me at 465-6956.

Sincerely,



David Esch
Research Applications Engineer

Enclosures

cc: R. D. Shumway, Chief Engineer
Eric Johnson, Pavement Management Engineer, Stwd. Materials

Washington lawmakers seek a \$25-per-tire fee on studs

By JOSEPH TURNER
McClatchy News Service

TACOMA, Wash. — State lawmakers have tried to outlaw road-damaging studded tires for most of the past 20 years, and they came close a few years ago.

But on the day the ban came up for a vote in the state House, fate intervened. It snowed.

And as supporters of the ban drove down the freeway from Seattle to the state capital in Olympia — slipping and sliding along the way — they started changing their minds.

"The gods were trying to tell us something," said George Walk, who sponsored the bill as chairman of the House Transportation Committee in the late 1980s. "It was going to be a close vote anyway. So when it started snowing outside, we were ready to give up."

Walk let the bill die without a vote.

This year lawmakers are taking a different tack. Instead of trying to ban studded tires, they want to impose a tax of \$25 per tire.

Senate Transportation Committee members approved the special stud tax in Senate Bill 5151 last week; the full Senate is expected to vote on the bill this week.

"We might not have to raise the gas tax so much if we'd do something about studded tires," said Rep. Shirley Winsley, R-Fircrest, this year's bill sponsor. "If people are going to insist on using studded tires, they should be willing to pay a small fee."

Small fee?

"Oh, jeez," said Richard Nordness, director of the Washington State Tire Dealers Association. "People can't afford to put that much money into tires.

NORTHWEST

"A good snow tire costs \$50 to \$60. Most dealers charge \$9 or \$10, plus labor, to put the studs on. With a \$25 tax ... you're talking pretty close to \$100.

"It's insane, really," he said. "Putting such a high tariff on them has the same effect as a ban."

That's the point, said Sen. Larry Vognild, chairman of the Senate Transportation Committee.

Highway officials estimate studded tires cause about \$25 million damage a year to the highway system. The studs gouge into asphalt and concrete roadways. Pavement supposed to last 14 years gets chewed up years earlier.

Historically, the studded tire debate has pitted Western Washington lawmakers against their Eastern Washington counterparts. It's a question of differing climates.

In the slushy snows west of the Cascades, a studded tire is no help. And on wet

or dry pavement, studs can radically reduce traction, said Ron Maulsby, public affairs manager for Good-year Tire and Rubber Co. in Akron, Ohio.

"The only time we recommend a studded tire is where you're in part of the country where ice is covering the road for days or for months at a time," Maulsby said. "Metal studded tires will provide 40 percent better traction on compact snow and ice."

Nordness disputes the amount of damage caused by studded tires, especially since they've been equipped with a softer metal stud.

"It has not been proven that studded tires do that much damage to the road," he said. "Those same kinds of ruts show up in Florida and other states where studs are outlawed.

Heavy trucks get some of the blame for rutted highways.

"If we have to go back to the old days of using chains, we're going to see a lot more damage," Nordness said.



NOTICE

The first clinic of the Alaska Baseball Umpires Association is scheduled for Tuesday, March 16th at 7:00 p.m. at Ptarmigan Elementary School, 888 Edwards Street.

TRAINING BEGINS FOR NEW UMPIRES.

For more information call Allen Smith,
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MEMORANDUM


State of Alaska
Department of Transportation & Public Facilities

TO: Jeffery C. Ottesen
Director, E&O Standards
Headquarters

DATE: June 13, 1991

FILE NO: 64217

TELEPHONE NO: 474-2471

FROM: David C. Esch, P.F. 
Senior Research Engineer
Statewide Research

SUBJECT: Studded Tires

A copy of the attached letter from Commissioner Turpin to Legislator Curt Menard on the subjects of studded tires use and pavement wear has come to my attention, and some new data I have just processed may be of interest.

Studded tire use and roadway rutting in Alaska have been the subject of a research study now nearing completion. I have processed Juneau pavement wear data at the Juneau-Douglas bridge, the Douglas Island "Breeze-In" crosswalk, and the Mendenhall Loop pedestrian over-crossing. Pavement wear rates were calculated based on total studded tire passes estimated from stud usage counts and monthly and annual traffic counts. Results were very consistent between sites, as shown in Table I.

Total Stud Passes by 4/4/91 (Millions)	Location	Wear per Million Passes		
		Wear Rate (inches)	Wear Area (inches) ²	Tons/Lane/Mi.
5.37	On J.D. Bridge	0.148	9.31	23.9
5.37	Before J.D. Bridge	0.134	9.92	25.5
3.87	Douglas Road	0.122	9.08	23.3
5.84	Mendenhall Loop	0.102	7.56	19.3

The 4th column, showing the worn area in square inches is the cross-sectional area worn away in both ruts of one lane at our measurement sites. These results show our wear rates to be much less than quoted in previous literature. These figures convert to pavement losses of 10 to 14 metric tons per kilometer, rather than the 50 to 100 tons quoted in the letter to Representative Menard. This, in turn, converts to a cost for replacement of the worn away pavement of about \$12.00 per studded tire if the tires are used for 30,000 miles. A suitable solution may be to tax studded tires at \$12.00 each at the point of sale.

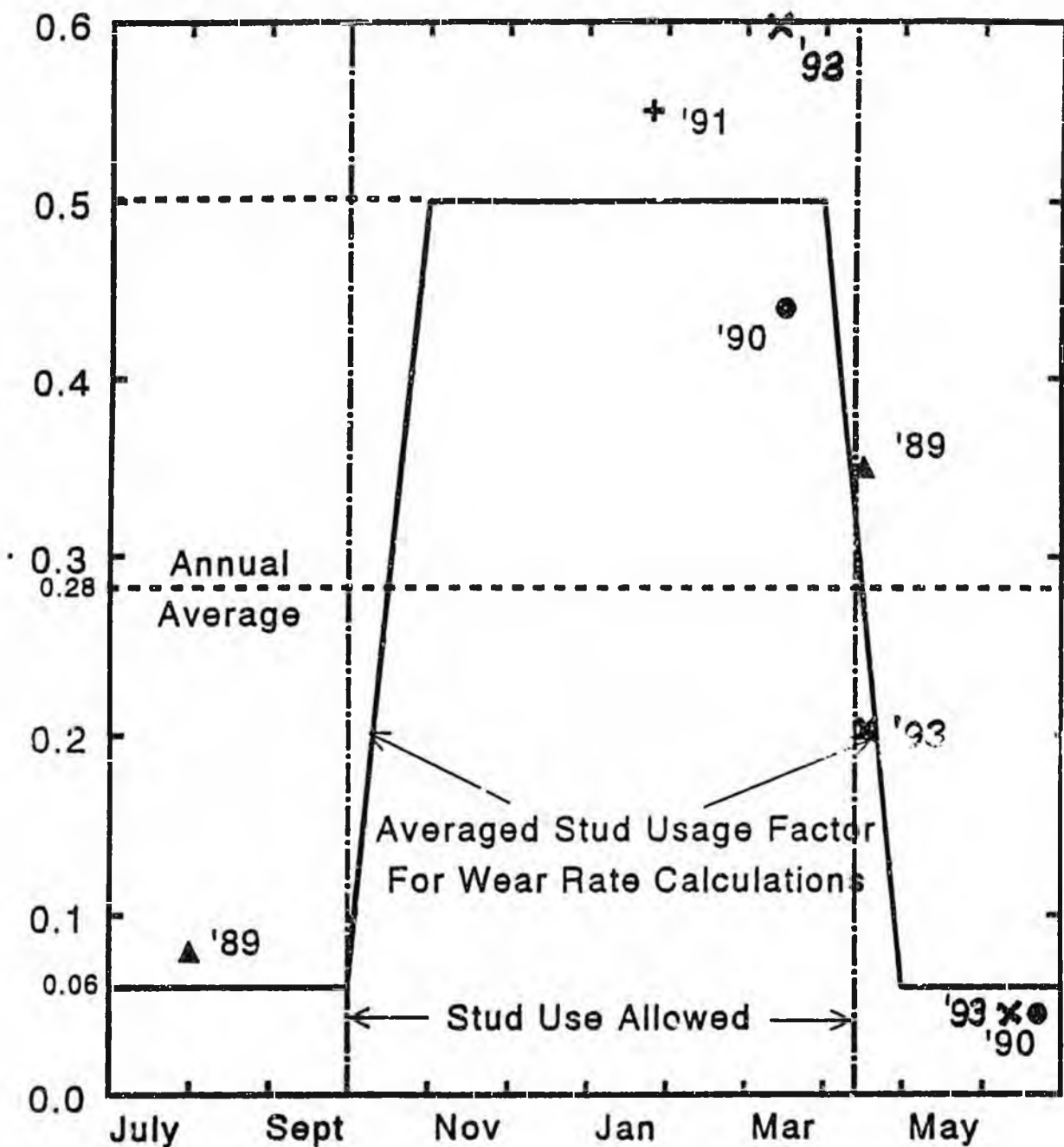
Our Juneau rut data has provided some very interesting conclusions. By measuring rut depths on and off of the Juneau-Douglas Bridge we found essentially the same rut depths developing over the bridge deck concrete as over a crushed gravel subgrade. The approaches and the bridge itself were paved with the same AC mix. This tells us that subgrade deformation is not a cause of the pavement rutting, and that our interpretation of the rutting as wear-related is correct.

Our measurements before and after the 1990-91 winter tell us that rut depths increase much more rapidly in winter than in summer, due to the much higher wintertime usage of studded tires and also to some spinning of the tires when roads are icy. Table II summarizes our measured wear rates over various time periods.

TABLE II: Juneau Area - Seasonal Rut & Wear Measurements				
Site	Period Covered	Dates Covered	Wear Rates inches/million Stud Tire Passes	
S. Douglas	8 Summers + 7 Winters	10/81 to 4/89	.112	
	2 Summers + 1 Winter	4/89 to 10/90	.099	
	1 Winter	11/90 to 4/91	.265	
Mendenhall Loop	7 Summers + 6 Winters	9/82 to 4/89	.105	
	2 Summers + 1 Winter	4/89 to 10/90	.094	
	1 Winter	11/90 to 4/91	.090	
J. Douglas Bridge	8 Summers + 7 Winters 2 Summers + 1 Winter 1 Winter	10/81 to 4/89	<u>On Bridge</u>	<u>Off Bridge</u>
		4/89 to 10/90	.145	.133
		11/90 to 4/91	.127	.150
Juneau Average Values	8 Summers + 7 Winters 2 Summers + 1 Winter 1 Winter	Up to 4/89	0.124	
		4/89 to 10/90	0.118	
		11/90 to 4/91	0.168	

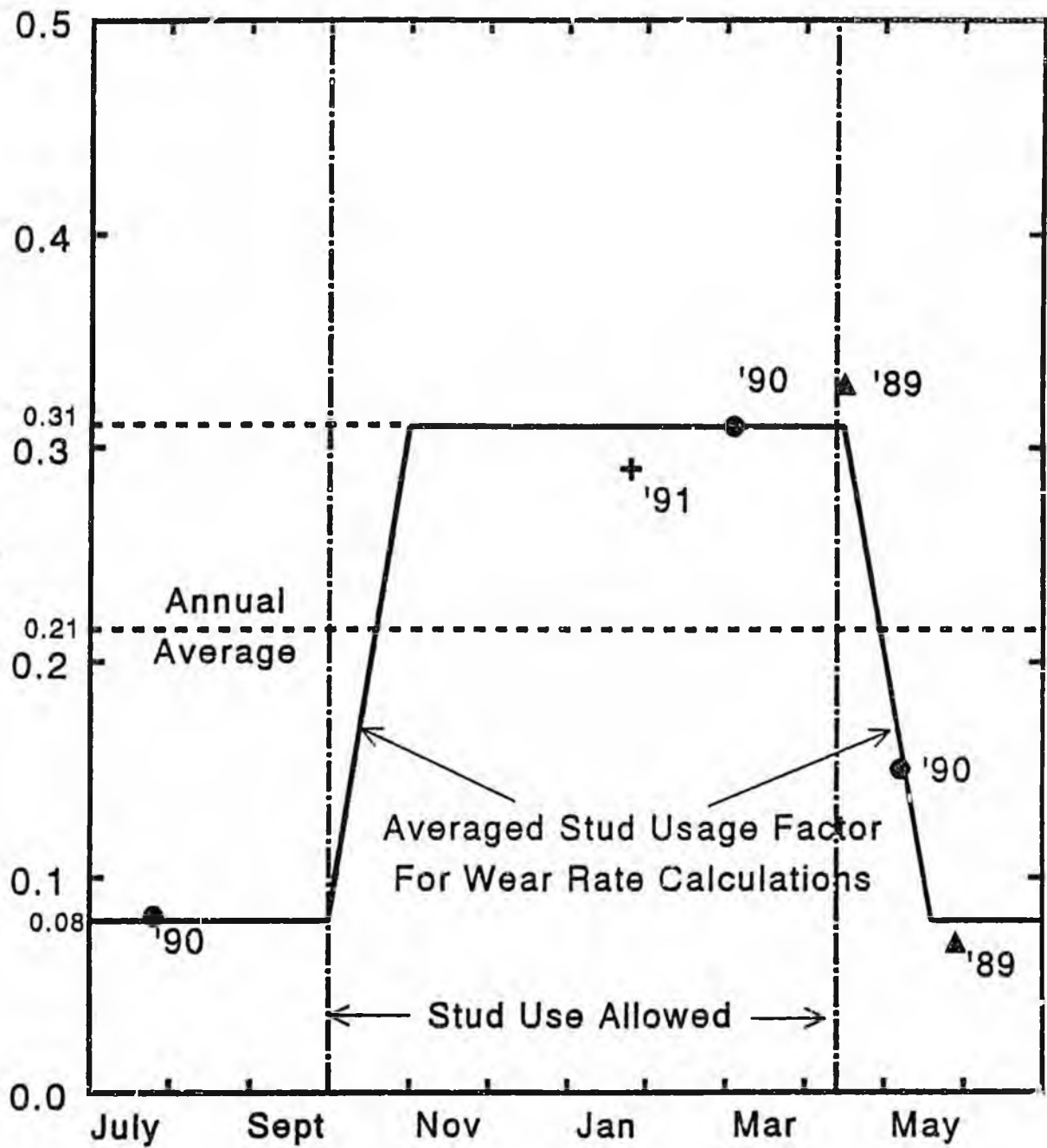
My overall conclusion is that essentially all of the pavement rutting in Juneau is due to studded tire wear, and that about 10% of the total rutting comes from stud use during the "No-studs-allowed" season of the year. The higher winter time wear rates for the first and third sections listed may be because they are in light acceleration or braking areas, while the Mendenhall Loop site has a more constant speed aspect.

Studded Tires per Vehicle Pass
(one wheelpath)



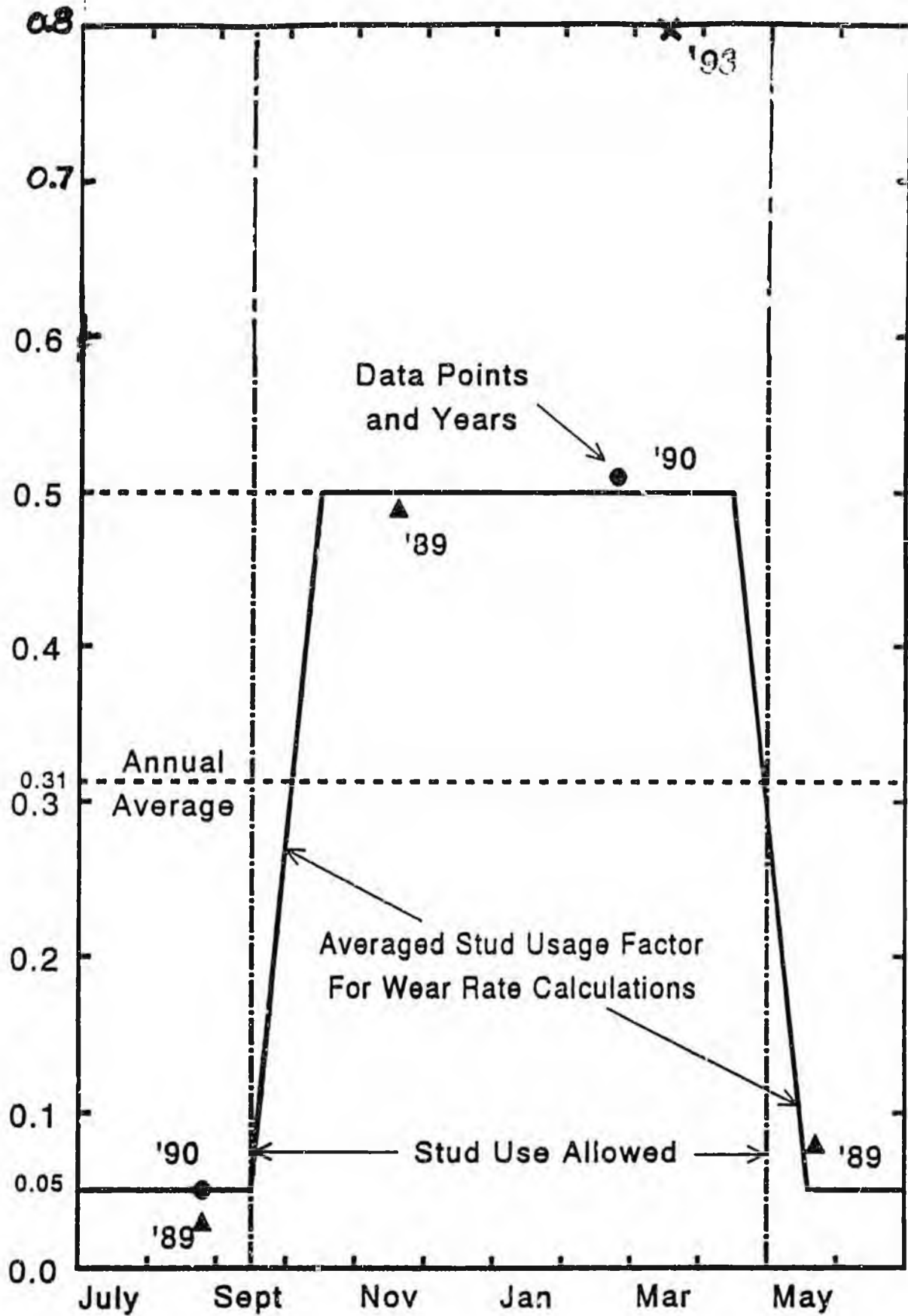
Seasonal Studded Tire Frequency Pattern
Juneau, Alaska

Studded Tires per Vehicle Pass
(one wheelpath)



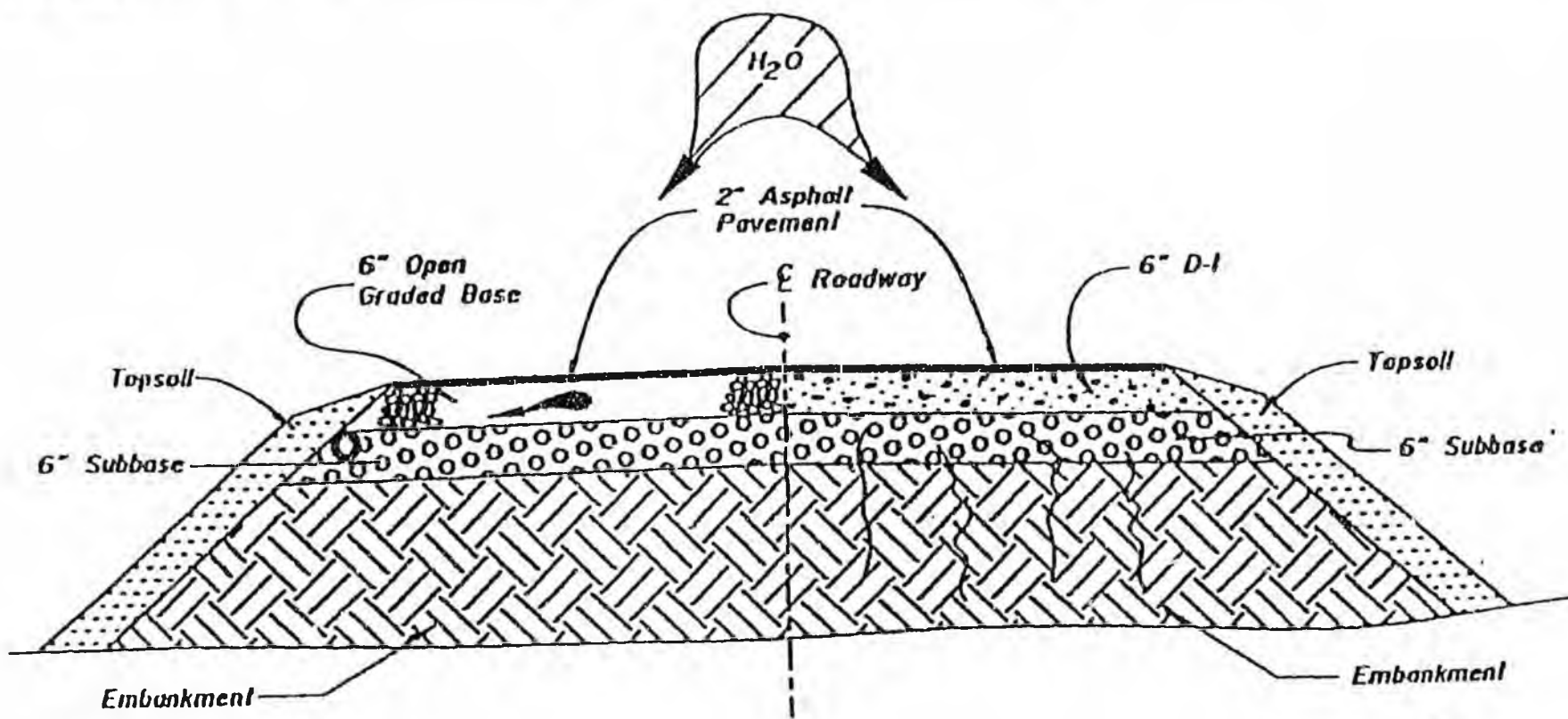
Seasonal Studded Tire Frequency Pattern
Fairbanks, Alaska

Studded Tires per Vehicle Pass
(one wheelpath)



Seasonal Studded Tire Frequency Pattern
Anchorage, Alaska

Alaska Department of Transportation & Public Facilities



OPEN GRADED BASE

Sieve Designation	Percent Passing ¹ by Weight
1"	100
3/4"	75-100
1/2"	60-70
3/8"	35-65
No. 4	0-0
No. 8	
No. 40	
No. 200	

¹2-3% Asphalt

TYPICAL CROSS-SECTION

D-1

Sieve Designation	Percent Passing by Weight
1"	100
3/4"	70-100
3/8"	50-80
No. 4	35-65
No. 8	20-50
No. 40	5-30
No. 200	0-5

Studded Tire

Estimate of the Pavement Damage of A Set of 4 Studded Tires

Weight of Lost Asphalt Concrete* (metric tons)	Distance traveled (kilometers)	US Tons lost per 1,000 Miles	Cost per Ton Asphalt Concrete (US tons)	Allied Costs**: Assume 50% of AC Cost	Cost per 1,000 Miles of Stud Tire Use	Cost for Life of Set of Studded Tires (4)***
50	1,000,000	0.09	\$35.00	\$17.50	\$4.66	\$186
100	1,000,000	0.18	\$35.00	\$17.50	\$9.31	\$373

* From a paper presented at the XIVth World Road Congress, Prague, Czechoslovakia, 1971, based on research in Sweden.

** Allied costs include engineering, mobilization and demobilization, and preparation.

** A set of tires is assumed to have a 40,000 mile life.

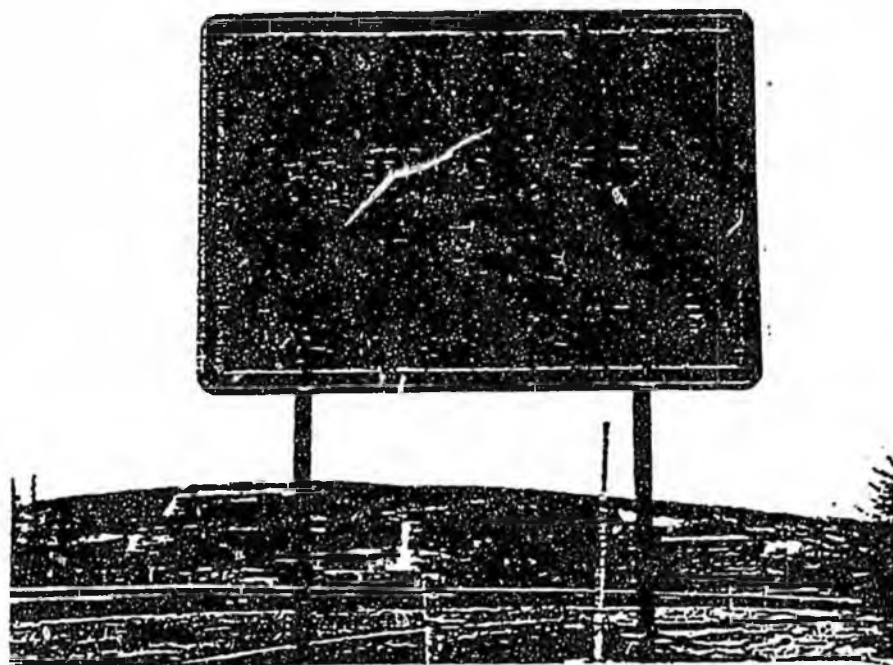
Prepared by Engineering and Operations Standards Division, Alaska DOT&PF, April, 1991

WHEEL TRACK RUTTING DUE TO STUDDED TIRES

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STATEWIDE **DOT & PF** RESEARCH

Wheel Track Rutting Due to Studded Tires

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16. Abstract This is the second of a series of reports which deals with wheel track rutting in asphalt pavements. Specifically, this report is concerned with the extent of rutting due to studded tires. Significant findings include: 1) Very little research has been done since 1980 in this area, with the exception of work in the Scandinavian countries. 2) Many agencies continue to prohibit or restrict the use of studded tires. 3) Very little new information on percent of vehicles using studded tires or on tire wear studies was available. 4) Factors affecting wear rates were defined. 5) The consequences and benefits of using studded tires were identified.					
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1.0 INTRODUCTION

1.1 Background

The use of studded tires has long been recognized as improving traction in highways during the winter months when the roads are often icy. However, they also have been shown to increase road wear on both asphalt and portland cement concrete pavements. This report has been prepared to document the use and effects of studded tires, particularly in terms of producing wheel track ruts.

1.2 Objectives

Specific objectives of this report are to:

- 1) Quantify the use of studded tires in countries throughout the world. This includes data on

- Percent of vehicles using studded tires
- Characteristics of the studs (size and number)
- Time periods that studded tires are permitted

This information is summarized in Chapter 2.

- 2) Summarize the results of road wear studies (field and test track) in each of the following areas

- Mechanism of pavement wear
- Rate of pavement wear
- Factors affecting the wear rate

These results are presented in Chapter 3.

- 3) Identify the consequences/benefits of using studded tires such as

- Increased pavement maintenance to repair ruts, etc.
- Increased safety problems due to splash and spray

These results are presented in Chapter 4.

1.3 Scope of Work

In order to accomplish the stated objectives, two major work activities were undertaken. These included:

- 1) A computer literature search (TRIS). Many of these publications were reviewed and evaluated in the preparation of this report.
- 2) A survey of agency practices. A survey form (see Appendix A) was developed and mailed to 30 highway agencies, 11 Canadian provinces and territories, and 4 foreign countries (Norway, Sweden, Finland, and West Germany). The responses to the survey are given in Appendix B.
- 3) A telephone survey of selected tire manufacturers to identify the types and number of studs currently being used. These results are summarized in Appendix D.

2.0 STUDED TIRES PRACTICES

The data presented in this chapter is the result of an extensive literature review, the survey of selected transportation agencies, and selected calls to studded tire manufacturers. Information was obtained from various agencies in the United States, Canada, and Europe.

2.1 Use of Studded Tires

The results of the survey were used to provide an indication of use of studded tires throughout the United States, Canada and abroad. The results indicate the following agencies permit their use:

United States	Canada	Europe
Alaska	New Brunswick	Sweden
California	Nova Scotia	Norway
Colorado	Quebec	Finland
Connecticut	Saskatchewan	
Delaware		
Idaho		
Indiana		
Iowa		
Kansas		
Maine		
Montana		
Nebraska		
New Jersey		
Nevada		
New York		
North Dakota		
Oregon		
Pennsylvania		
Rhode Island		
South Dakota		
Utah		
Vermont		
Washington		
Wyoming		

It should also be noted that in all cases where studs are permitted, so are chains.

2.2 Percent of Vehicles With Studs

The results of the survey did not provide much useful recent information on use of studded tires. In fact, only a few agencies provided an estimate for current usage. Therefore, heavy reliance was placed on results from the literature (pre-1980) since the actual usage rates are virtually unknown in the USA and Canada.

Historical data on the percent usage by vehicle type (cars and trucks) of studded tires in the United States and abroad is given in Table 2.1. As noted, many states do not allow studded tire use, while usages as high as 60% or more have been reported by the states of Alaska, Montana, and Vermont (TRB, 1975).

Sweden reports that 60% of all vehicles use studs, while 90-95% of cars and 30-60% of trucks use studded tires in Finland (Huhtala, 1978). Provinces in Canada reported usage rates on cars as low as 20-25% and as high as over 50% (Smith & Schorfeld, 1971).

The percentages of use on two versus all four wheels are generally unknown except for Scandinavia and Alaska. In certain countries, the use is mandated on all four wheels if studs are used on any wheel. This is to increase safety as well as acceleration.

A recent survey of studded tire usage in Alaska is given in Table 2.2. As indicated, studded tire usage varies seasonally as well as between years and locations. However, it can be seen that wintertime usage (through March) by light vehicles is between 20 and 35% with roughly one-third of these vehicles being four-wheel drive.

2.3 Characteristics of Studded Tires

As indicated in Figure 2.1, a typical studded tire is essentially a normal winter or all-season tire with studs embedded in the tread. Typical specifications for passenger car studded tires are given in Table 2.3.

Although there were many types of studs found in the literature, all have similar components. These consist of a pin (typically tungsten carbide) surrounded by the stud housing or body (typically steel), which has a flange at its base to hold the stud in the tire tread. Figure 2.2 illustrates the four basic stud types that have been used in the past, while Table 2.4 summarizes the characteristics of each type. Conversations with tire manufacturer/distributor personnel revealed that only the Controlled Protrusion (Type I) stud is currently used in the U.S. The principal reason is that as the stud housing or body wears, coinciding with the tread

Table 2.1. Historical data on the use of studded tires.

Agency		% of Vehicles with Studs	Reference
Canada	Ontario	32	Smith, 1971
	Manitoba	20-25	Smith, 1970
	Quebec	50	Smith, 1970
	Maritime Provinces	50+	Smith, 1970
	Ottawa	48	Smith, 1971
United States	Alabama	1	NCHRP Syn. 32
	Alaska	61	
	Arizona	1	
	Arkansas	1	
	California	NA	
	Colorado	30	
	Connecticut	25	
	Delaware	18	
	Florida	NA	
	Georgia	NA	
	Idaho	27	
	Illinois	12	
	Indiana	10	
	Iowa	25	
	Kansas	7	
	Kentucky	12	
	Maine	NA	
	Maryland	NA	
	Massachusetts	32	
	Michigan	12	
	Missouri	14	
	Montana	60	
	Nebraska	38	
	Nevada	6	
	New Hampshire	30	
	New Jersey	20	
	New Mexico	NA	
	New York	30	
	North Carolina	2	
	North Dakota	32	
	Ohio	20	
	Oklahoma	1	
	Oregon	10	
	Pennsylvania	28	
	Rhode Island	NA	
	South Carolina	3	
South Dakota	40		
Tennessee	NA		
Texas	0		
Vermont	60		
Virginia	10		
Washington	35		
West Virginia	10		
Wisconsin	20		
Wyoming	35		
Finland	Cars:	90-95	Lampinen, 1988 Huhtala, 1978
	Trucks:	40	
Sweden		60	Keyser, 1970

Table 2.2. Recent counts of studded tire usage in Alaska

Survey Date	Total Vehicles	Studded Tires (one side)	Studs per Vehicle Pass	% Vehicles w/Studs		% 4WD Vehicles
				On Some Tires	On All Tires	
a) Fairbanks						
4/18/89	250	81	0.324	28.0	12.4	24.8
5/22/89	319	23	0.072	6.6	0.63	24.0
3/2/90	583	182	0.312	20.4	10.8	34.1
5/7/90	820	121	0.148	11.0	4.10	33.2
7/16/90	1228	101	0.082	5.45	2.77	35.4
1/23/91	1385	402	0.290	19.3	9.75	43.4
b) Anchorage						
5/17/89	1766	143	0.081	6.4	1.7	—
8/21/89	1892	63	0.033	2.9	0.4	—
11/16/89	2361	1142	0.484	36.8	11.5	—
2/14/90	2076	1043	0.502	35.0	14.4	—
8/20/90	2339	112	0.048	3.8	0.9	24.3
c) Juneau						
4/12/89	993	348	0.350	24.8	9.3	32.5
8/1/89	352	28	0.080	6.2	1.7	30.0
3/15/90	1187	512	0.431	30.8	12.1	32.7
6/25/90	1119	40	0.036	2.9	0.45	35.3
1/25/91	650	345	0.531	40.6	16.9	40.6