

ALASKA LEGISLATURE COMMITTEE FILES 1999-2000 8672

9902 HOUSE LABOR & COMMERCE

TO: THE LABOR LAW COMMITTEE,

I HAVE BEEN EMPLOYED WITH UNITED AIRLINES FOR 10 1/2 YEARS. PER MY EXISTENCE WITH UNITED, THE TRADE POLICY WAS; ALL EMPLOYEES ARE ELIGIBLE TO TRADE HIS OR HER SHIFT, HOURS OR DAYS TO ANY OTHER QUALIFIED EMPLOYEE. THE PERSON TRADING THE SHIFT WOULD RECEIVE NO PAY AND THE EMPLOYEE WORKING THE SHIFT WOULD RECEIVE STRAIGHT TIME PAY. THIS IS IN UNITED AIRLINES REGULATIONS ON TRADES. I WAS ABLE TO MAKE A LIVING AND CAREER WITH UNITED DUE TO THE TRADE POLICY. IT TOOK ME 9 YEARS TO RECEIVE FULL TIME, HOWEVER WITH THE TRADES I WAS ABLE TO WORK 40 HOURS A WEEK. THE FLEXIBILITY WITH TRADES IS A WIN-WIN SITUATION. UNITED AIRLINES WINS, DUE TO RELIABILITY OF THE EMPLOYEE AND LESS OVERTIME IS PAID. THE EMPLOYEE CAN TRADE HIS OR HER SHIFT AWAY AND IF DESIRED, AND CAN MAKE UP THE HOURS THE FOLLOWING WEEK.

SOMETIME IN 1997, UNITED AIRLINES EMPLOYEES WERE ASK TO RESEARCH THE TRADE POLICY, THEY CAME UP WITH TRADES WILL BE BASED ON STATE LAW. SOME STATES ARE VERY FLEXIBLE WITH THE LABOR LAWS, AND SOME LIKE ALASKA ARE FIRM. UP TO THIS POINT WE ARE NOT ALLOW TO TRADE, WE CAN SWITCH SHIFTS IN THE SAME WEEK ONLY.

THIS HURT ME IN A PERSONAL WAY. IN MAY 1997, MY FATHER WENT INTO THE HOSPITAL IN PA. FOR OPEN HEART SURGERY. I HAD ONLY 2 HOLIDAYS LEFT, WITH COMPLICATIONS WITH MY FATHER I WAS THERE FOR 8 DAYS. DUE TO NO TRADES THE COMPANY HAD TO PAY OVERTIME, AND I LOST PAY FOR 4 DAYS. IF WE COULD TRADE, I WOULD HAVE TRADED ALL MY DAYS AND MADE UP FOR IT THE NEXT WEEK. THIS WOULD HAVE BEEN A WIN-WIN SITUATION.

I HOPE YOU WILL UNDERSTAND THAT THE TRADE POLICY IS A VERY IMPORTANT PART OF AN EMPLOYEE OF UNITED AIRLINES AS WELL IT IS FOR UNITED AIRLINES. I DO NOT FEEL THIS INHIBITS THE STATE IN ANYWAY. I HOPE YOU WILL ALLOW US TO RESUME THE TRADE POLICY LIKE WE HAVE DONE BEFORE. I DO APPRECIATE YOU ALL LISTENING TO ME.

SINCERELY,

LENORE TORNETTA ANCHORAGE CUSTOMER SERVICE

Lenore Tornetta

*12029 Buttermilk wy
Eagle River, AK
99577*

Dist 25

To whom IT may concern:

I AM A UNITED AIRLINES EMPLOYEE FOR ABOUT 2 1/2 YEARS. I WORK 40 HOURS A WEEK AS A FULL TIME PERMANENT EMPLOYEE. MY WAGES ARE ABOUT \$8.50 AN HOUR WHICH IS NOT ENOUGH TO MEET ALL MY FINANCIAL NEEDS.

SOME TIME LAST YEAR, OUR COMPANY TOLD US THAT OUR TRADE POLICY CHANGED DUE TO THE ALASKA LAW. AS A RESULT, I COULDN'T GET MORE HOURS TO BALANCE MY BUDGET, SO NOW I AM FORCED TO LOOK FOR A SECOND JOB TO MAKE ENDS MEET.

I HOPE THAT THIS TRADE POLICY COULD BE CHANGE TO WHAT IT WAS BEFORE, SO THAT PEOPLE LIKE ME CAN GET MORE HOURS OF WORK WITHOUT HAVING TO WORK FOR A SECOND COMPANY.

THANK YOU FOR ATTENDING TO MY REQUEST.

Victor Romero

Dist 21

Victor A. Romero
1415 Garden St.
Anchorage, AK 99508

HB

62

(7)
Date Referred to Committee: March 19, 1999

FURTHER REFERRALS:

Finance

Date of Committee Action: April 9, 1999

The LABOR AND COMMERCE Committee considered:

HB 62

HOUSE BILL NO. 62

ALASKA PUBLIC UTILITIES COMMISSION

"An Act relating to the Alaska Public Utilities Commission; and providing for an effective date."

recommends it be replaced with the following committee substitute CSHB 62 (URS) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) _____ fiscal note(s) _____
 zero fiscal note(s) _____ zero fiscal note(s) Commerce

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<u>Nancy Rokelby</u>	✓			
<u>[Signature]</u>	✓			
<u>[Signature]</u>	✓			
<u>[Signature]</u>	✓			
<u>[Signature]</u>	✓			

CHAIR'S SIGNATURE Nancy Rokelby 4-9-99

Alaska State Legislature

REPRESENTATIVE
GENE THERRIALT

Mailing Address:
119 N. Cushman, Suite 101
Fairbanks, Alaska 99701
(907) 488-0857
Fax: (907) 488-4271



While in session
State Capitol
Juneau, Alaska
99801-1182
(907) 465-4797
Fax: (907) 465-3884

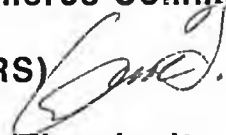
House District 33

House Of Representatives

REQUEST FOR HEARING

MAR 25 1999

To: Representative Norm Rokeberg, Chairman
House Labor & Commerce Committee

Subject: CS House Bill 62 (URS) 

Sponsor: Representative Gene Therriault

Date: March 25, 1999

I would like to respectfully request a hearing for CSHB 62 (URS) in the House Labor & Commerce Committee.

The Alaska Public Utilities Commission is set to expire June 30, 1999 under AS 44.66.010, Termination of state boards and commissions. If the Legislature does not act to extend the Commission, it would have one year, until June 30, 2000, to conclude its affairs. The CS for House Bill 62 (URS) will extend the Commission for another two years.

Alaska State Legislature

REPRESENTATIVE
GENE THERRIAULT

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Fax: (907) 465-3884

House District 33

House Of Representatives

House Bill 62

“An Act extending the termination date of the Alaska Public Utilities Commission until June 30, 2001; and providing for an effective date.”

Sponsor

Representative Gene Therriault

Sponsor Statement

Under AS 42.05 and 42.06, the Alaska Public Utilities Commission regulates public utilities by certifying qualified providers of public utility and pipeline services. It is designed to ensure that utilities provide safe and adequate services and facilities at reasonable rates. The five-member Commission also determines the eligibility and the per kilowatt-hour support for electric utilities under the Power Cost Equalization program (AS 42.45).

The Alaska Public Utilities Commission is set to expire June 30, 1999 under AS 44.66.010, Termination of state boards and commissions. If the Legislature does not act to extend the Commission, the APUC would have one year, until June 30, 2000, to conclude its affairs.

The CS for HB 62 (URS) was amended to extend the Commission for two years instead of four to allow the legislature to re-visit the Commission's progress toward addressing several problems identified through the public hearing process. I support this change.

In addition, the title was tightened from “An Act relating to the Alaska Public Utilities Commission; and providing for an effective date” to “An Act extending the termination date of the Alaska Public Utilities Commission until June 30, 2001; and providing for an effective date.” I do not support this amendment. The purpose of the sunset provision is to allow the Legislature the ability to evaluate the performance and efficiency of state commissions. Numerous issues were raised during hearings in the bill's first committee of referral that I believe warrant further attention. It is the Legislature's responsibility to identify those issues and arrive at a consensus on solutions before extending the life of the commission. By ushering separate sunset legislation through that does not address the commission's shortcomings, the Legislature runs the risk of maintaining the seriously flawed status quo.

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. CSHB 62

Revision Date/Time (Note if correction) _____ Dept. Affected _____
 Title Alaska Public Utilities Commission BRU AK Public Utilities Commission
 Component APUC Operations
 Sponsor Rep. Therriault
 Requester Com.on Util. Restructuring, Labor & Commerce Component Serial No. 346

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
CS						
1037 GF/Mental Health						
Other 1110 APUC Rcpts	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY99) cost: 0.0

POSITIONS

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

The zero fiscal note, has attached to it the summary of the Governor's FY2000 request for the Commission of \$4699.2 The Commission anticipates this level of funding would continue from FY 01-FY 05, in the event that the Commission's sunset date is extended.

Prepared by _____ Phone 263-2112
 Division APUC Date/Time 3/18/99 12:28 PM
 Approved by Commissioner Deborah Sedwick *[Signature]* Date 3/18/99
 Agency Alaska Dept. of Commerce & Economic Development

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Component Detail
Department of Commerce and Economic Development

Component: APUC Operations
BRU: Alaska Public Utilities Commission

	FY1998 Actuals	FY1999 ABS Conference Committee	FY1999 Authorized	FY2000 Adjusted	FY2000 Governor	FY1999 Authorized Vs FY2000 Governor	
71000 Personal Services	2,628.2	2,839.9	2,850.8	3,287.0	3,287.0	436.2	15.3%
72000 Travel	51.3	35.0	35.0	35.0	35.0	0.0	0.0%
73000 Contractual	1,084.3	1,525.2	1,961.4	1,600.9	1,300.9	-660.5	-33.7%
74000 Supplies	71.9	62.5	62.5	62.5	62.5	0.0	0.0%
75000 Equipment	16.2	13.8	13.8	13.8	13.8	0.0	0.0%
76000 Land/Buildings	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	3,851.9	4,476.4	4,923.5	4,999.2	4,699.2	-224.3	-4.6%
Funding Sources :							
1110 APUC Rcpts	3,851.9	4,476.4	4,923.5	4,999.2	4,699.2	-224.3	-4.6%
Positions :							
Permanent Full Time	46	46	46	55	55	9	19.6%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

March 12, 1999

Representative Bill Hudson,

Both Commissioner Alyce Hanley and myself are astounded with the direction that HB 62 reauthorizing the Public Utilities Commission has taken. The proposed amendment deleting the requirement for legislative consent to remove a Commissioner is an unconscionable abdication of legislative authority. It will absolutely politicize the Commission, and is simply bad politics. Why would a Republican Legislature empower a Democrat Governor to remove members from a Commission, the majority of whom are Republicans?¹ The reasons that I have heard are that there is squabbling and inefficiency, and that one Commissioner has serious legal problems. The squabbling and inefficiency is because we have a Chair who was appointed by a Democrat Governor, and an Executive Director who is a political crone of the Governor. They disregard the will of the Commission if it doesn't fit their political agenda or their own selfish interests. As for Ornquist and his legal problems, this is a serious situation, but there are provisions that provide for removal, and besides, he has pledged to resign if he is convicted.

The solution to making the APUC run more efficiently is to have a chair who reflects the majority will of the Commission rather than one who promotes his own self interest. This can be accomplished by supporting the amendment offered by Rep. Rokeberg to change AS 42.05.020 from "the GOVERNOR shall designate one member of the commission as chairman..." to "the COMMISSION shall designate one member of the commission as chairman ..." I have spoken with Pam Finely at legislative legal counsel regarding the legality of the amendment, after brief review, she saw no constitutional or legal impediments.

The party in power needs to promote and empower people of like philosophy. To abdicate power to those of another party is contrary to the principles of the representative electoral process. In this particular case, if the Commission is allowed to appoint its own Chair, it is likely that since a majority of the Commissioners are Republicans that the Commission would appoint a Chair that reflects the republican philosophy. Please support this amendment.

Tim Cook, Commissioner

¹ When Knowles tried to remove me from the Commission, he counted on the legislature not intervening, and that I could not afford the legal fees. If the law is changed, Knowles will come after anyone that disagrees with him, because the legislature will have no basis for intervention, and the legal fees will be even greater because the standard is less clear.



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Anchorage, Alaska 99507
(907) 349-2400
Fax (907) 349-1858

December 9, 1998

Mikunda, Cottrell & Co.
3601 "C" Street, Suite 600
Anchorage, Alaska 99503

RE: Audit of the Alaska Public Utilities Commission and Request for Assistance

Gentlemen:

Thank you for the opportunity to present my view on how the operation of the Alaska Public Utilities Commission might be improved.

The enclosed was presented to the legislature during the prior sunset review. It remains timely because none of the problems outlined therein have been addressed. In fact the problem of ex-par-te contact between Commissioners and staff has become more pervasive as the work load of the APUC increases. While there is no suggestion that either the Commissioners or their staff are not well meaning and ethical people, the structure of the existing commission, in and of itself, creates the problem.

The suggested restructuring of the APUC would allow for an improved advocacy for the public interest and a much more fair environment for the utilities to make their case.

Please feel free to contact me if there are any questions.

Sincerely,

Jack H Rhyner
President

THE ALASKA PUBLIC UTILITIES COMMISSION

A New Structure

In the course of the sunset review of the Alaska Public Utilities Commission (APUC), two facts became clear: There is a continuing need for the existence of the Commission and there is a need to change the manner in which it operates. This white paper will discuss the APUC's mission and its organizational structure.

Mission:

There is a need to focus on the mission statement of the APUC as laid out in statute. There are two basic functions to be served by the APUC. One is to protect the public interest; the other to assure the continued viability of the utilities.

In the case of the former, the APUC should have the mandate of assuring that utility rates are just, fair and reasonable. In the process of carrying out this mandate, they must determine appropriate rate of return, either on an industry or an individual company basis. To do so, they must make a determination of the costs of providing service, establish what is used and useful in rate base and be assured that management practices are prudent.

The latter function is equally important. If utilities are not financially viable, then service will be eroded and if carried to the absurd, service could become unavailable. It is in the public interest to protect the viability of the utilities.

As the APUC carries out these two functions, it must be mindful of the appropriate economies. They must, in other words, accomplish these two mandates by use of the most efficient and economical means possible to assure that the cost of regulation is not a major contributor to the cost of service. It is in neither the public interest nor that of the utilities for the staff of the APUC to engage the utility in a proceeding, the cost of which is ten to twenty times more than the cost or rate in question within that proceeding.

Structure:

There is a need to address the structure of the APUC using the Federal Communications Commission (FCC) as a model. Restructuring the APUC in this manner will provide for a more efficient operation and eliminate certain inequities which now exist.

The current structure of the Commission has staff moving back and forth in two roles. On the one hand, they are often party to dockets, representing the public interest. On the other hand, they serve in an advisory capacity to the Commission. To put the situation into context, the Commission serves as a quasi judicial body. Allowing the staff to move back and forth as both party to and advisors to the Commission in the same docket is much the same as allowing either

the plaintiff or defendant in a legal proceeding to advise the judge on his final decision, rather than just presenting evidence for the record.

Utilizing the FCC model, that portion of the staff designated as representative of the public interest would be established separate from the Commission itself. This "Staff" would serve under the direction of the commission's executive director and would be party to dockets as appropriate. Their participation in dockets would be as an autonomous party and they would be subject to the same rules regarding ex parte contact with the Commission as are other parties to dockets.

The commissioners, on the other hand, should have personal staff, as well as their own counsel, to assist them in research, writing orders and, in general, filling an advisory role.

As commissioners serve in the role of judges, they should not launch investigations or open dockets on their own motion. They should not issue notices of inquiry or engage in writing regulations. These functions should be the sole purview of "Staff".

The designated seats concept should be eliminated. The designated seats (accountant, legal and engineering) originated in the early days of statehood when the Commission was a part time body with no staff. In those days, it was necessary to have an engineer, a lawyer and an accountant on the Commission because they had no staff with such expertise. The two consumer seats were added in the mid seventies in the mistaken belief that the three assigned seats were charged with representing their special vocational interests. The fact is that the commissions must be neutral judges and should not be representing any special interest group. Under the structure outlined above, "Staff" would represent the public interest. To further emphasize the separation of "Staff" and the Commission, it must be clearly understood that the executive director will be in charge of the "Staff". *The "Staff" positions must be designated as exempt to allow the hiring of truly qualified people in these positions, who can be held accountable for the quality of work they produce.*

Doing away with the assigned seats on the Commission will also require language to make it clear that candidates for the Commission must be professional with some knowledge of utilities. There must also be a restriction which allows no more than one commissioner from anyone vocation.

Included here are examples of organizational structures.....

Current Operating Authority:

As a final note, one other amendment to current statute is proposed. AS 42. 05. 141(1) must be amended to eliminate the language "...the powers of the commission shall be liberally construed to accomplish its stated purpose." This language has become one of the most obvious barriers in relating to the Commission. The commissioners and the staff have used this language to offer differing interpretations of regulations and statute on a case by case basis.

The phrase has also allowed the Commission to state that it does not set precedent. Both utility management and the general public are placed in a precarious situation when they are unable to rely on past decisions of the Commission to determine proper conduct in relation to any particular issue because the Commission feels free to develop differing interpretations to similar conditions on a case by case basis. As a quasi judicial body, the Commission must be held accountable to its own decisions and interpretation.

DISTRICT OF COLUMBIA PUBLIC SERVICE COMMISSION

Office - 450 5th Street, NW, Washington, DC 20001, Area Code (202) 626-5100

Commissioners appointed by the Mayor and confirmed by the Council for four-year staggered terms.

Jurisdiction: Electric (private); gas (private); telephone; radio common carriers; telegraph; enforcement of blue sky laws; securities.

COMMISSIONERS

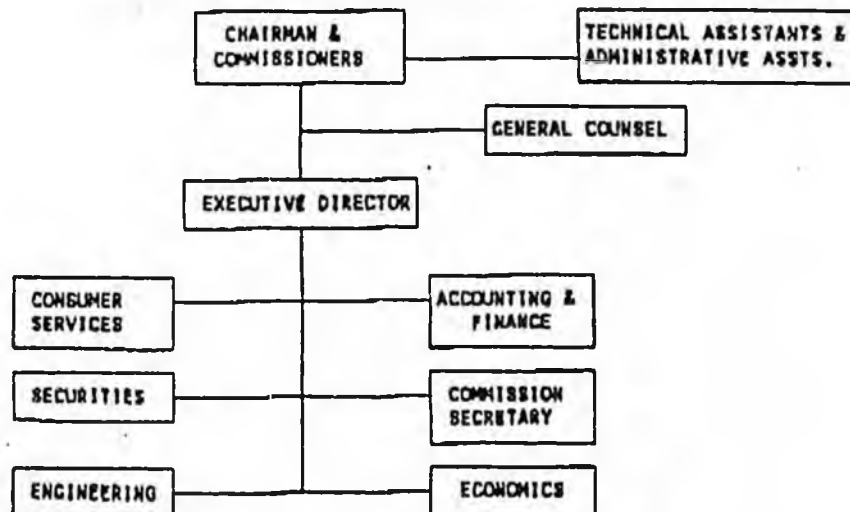
Patricia M. Worthy, Chairperson, 626-5110: Democrat; born May 28, 1944, in Fort Benning, Georgia; Brooklyn College (BA), Howard University (JD); private law practice, Deputy Assistant Secretary for US Department of Housing and Urban Development (1977-80), Adjunct Professor at Howard University Law School, Chair of Washington Metropolitan Area Transit Commission; assumed Commissionership August 1, 1980, current term ends June 30, 1991.

Wesley H. Long, Commissioner, 626-5125: Democrat; born May 6, 1932, in Boston, Massachusetts; University of Michigan (BA in Math, MA and PhD in Economics); Economics Professor at Bowdoin College (1963-66) and at Pennsylvania State University (1966-71), US Department of Commerce (1971-80) with final position as Deputy Director of Office of Industrial Economics; assumed Commissionership March 30, 1980, current term ends June 30, 1990.

Belva Newsome, Commissioner, 626-5114: Democrat; born August 7, 1952 in Wilmington, North Carolina; Duke University (BA Political Science/Black Studies), Georgetown University Law Center (JD, LL.M.); private law practice, Chairperson of DC Rental Housing Commission (1985-89); assumed Commissionership December 15, 1989, current term ends June 30, 1992.

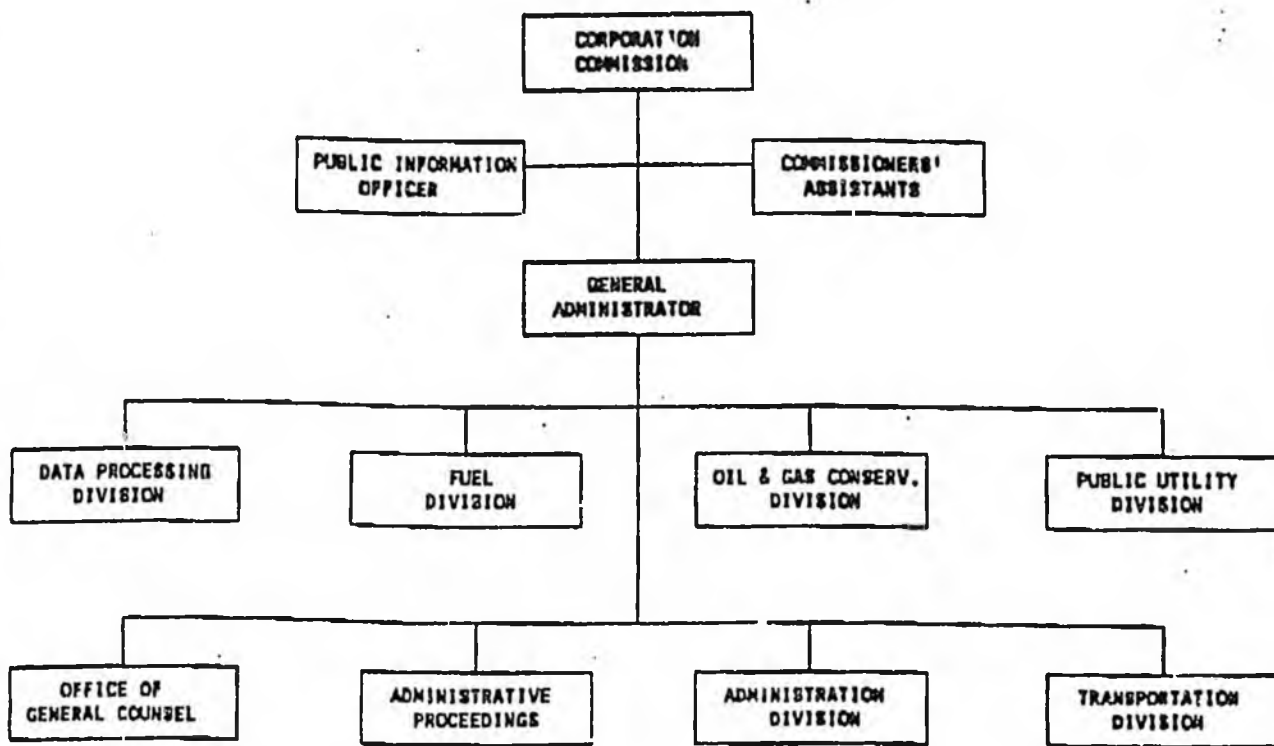
Name of Division	Number of Personnel	Name of Division Head
Office of the Chairman	5	Patricia M. Worthy
Office of the Commissioner	3	Ruth Hankins-Nesbitt
Office of the Commissioner	3	Wesley H. Long
Office of the General Counsel	18	Howard C. Davenport
Office of the Executive Director	9	James E. Kerr
Office of the Commission Secretary	8	Mary B. Jordan
Office of Consumer Services	5	Vivian A. Jordan-Webb
Office of Economics	6	Dr. Phylcia Fauntleroy
Office of Engineering and Pipeline Safety	5	Richard D. Huriaux
Office of Accounting & Finance	11	Norman Reiser
Office of Securities	6	James Whitescarver, Jr.
TOTAL	79	

ORGANIZATION CHART



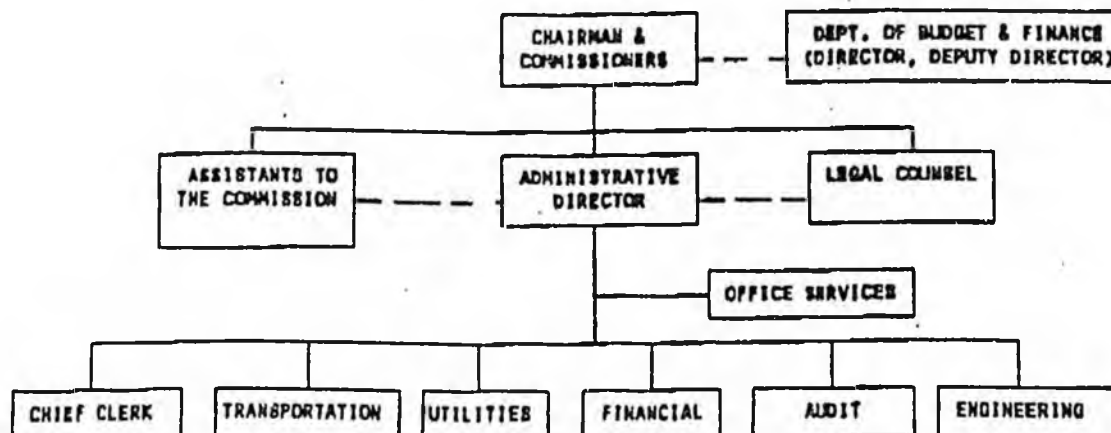
OKLAHOMA CORPORATION COMMISSION
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ORGANIZATION CHART



HAWAII PUBLIC UTILITIES COMMISSION
(Continued)

ORGANIZATION CHART

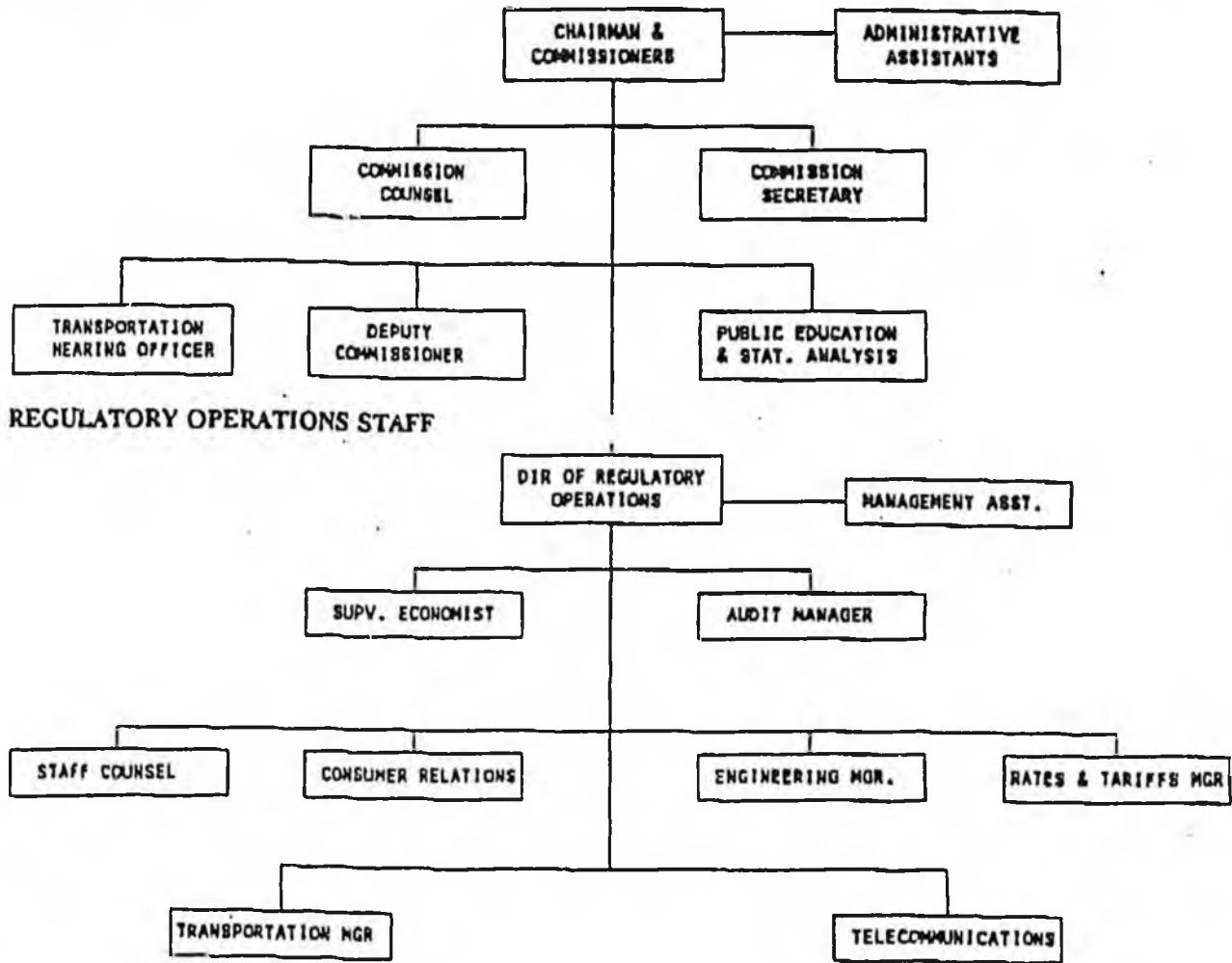


NEVADA PUBLIC SERVICE COMMISSION
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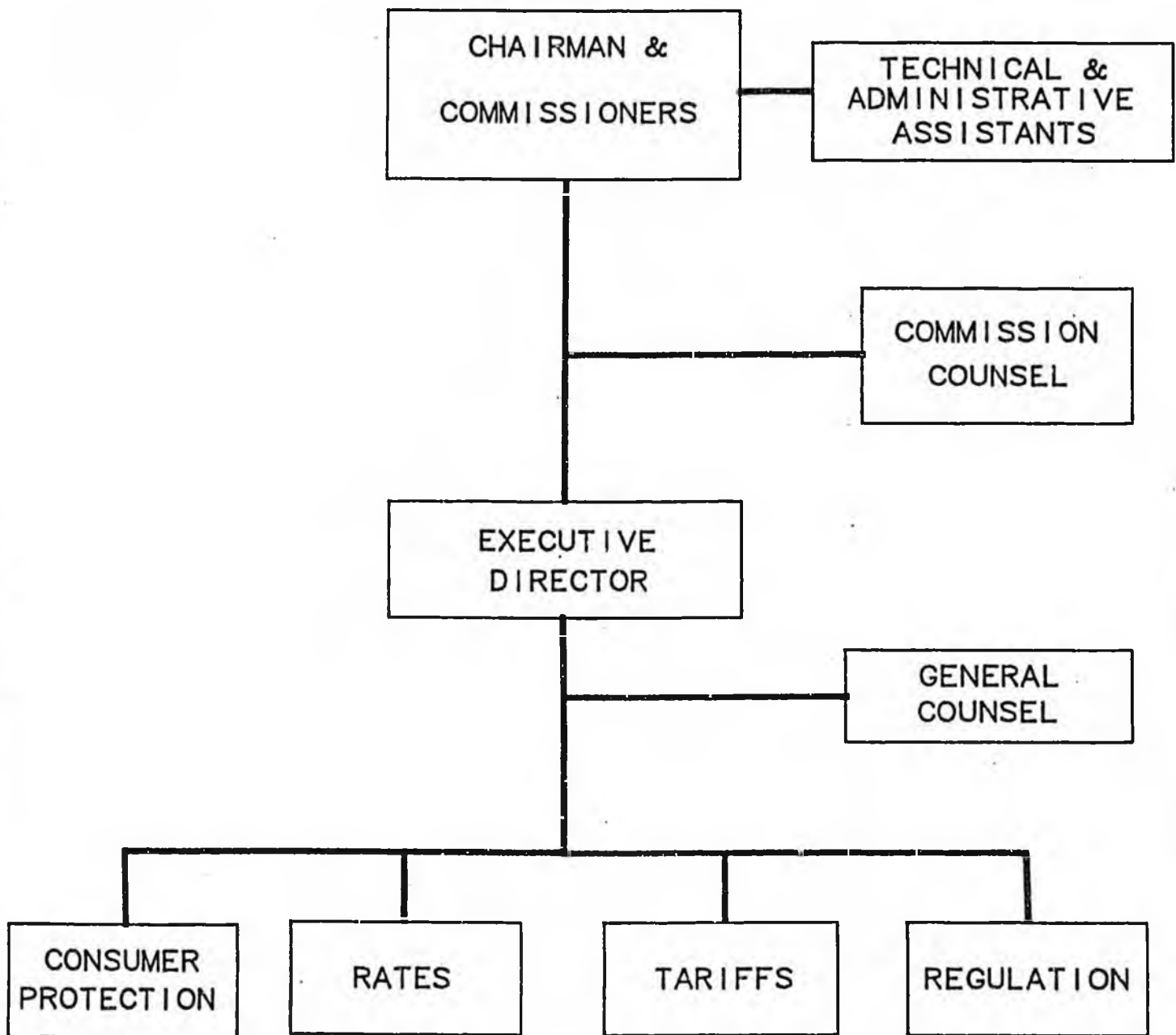
ORGANIZATION CHART

Effective December 31, 1989

POLICY STAFF



PROPOSED
ORGANIZATIONAL CHART
STATE OF ALASKA



REPORT ON THE ALASKA PUBLIC UTILITIES COMMISSION

by

David W. Wirick
Vivian Witkind Davis, Ph.D.
Douglas N. Jones, Ph.D.

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Website: www.nrri.ohio-state.edu

October 1998

This report was prepared with funding provided by the Alaska Public Utilities Commission. The views and opinions expressed herein do not necessarily state or reflect the views, opinions, or policies of the National Regulatory Research Institute, (NRRI), the National Association of Regulatory Utility Commissioners (NARUC) with which the NRRI is affiliated, or NARUC member commissions.

INTRODUCTION

While claims of dramatic change and great challenge in a field are usually an exaggeration, that is probably not the case where the subject is the regulation of public utilities. Current developments in industry organization, technology, customer expectations, and attendant public policy are altering the provision of most utility services in fundamental ways. Intimately related to all this are the state public utility commissions as both responders to necessary change and initiators of constructive change. These roles often center around changes in mission, process, and timeliness. In electricity, gas, telecommunications and, to a lesser extent, water, the changes taking place are changes in kind and not just degree. Most importantly to state public utility commissions, the introduction of market forces and competition into the utility industries may substantially supplant the need for continuing, comprehensive, and traditional public utility regulation.

As each state public utility commission undertakes an effort to transform itself to meet the demands of this emerging environment, it is often useful to begin the process with a self-assessment to identify the major issues involved, the necessary timing of change, staff attitudes about change, and potential impediments to change. Such a self-assessment also presents an opportunity for commission staff to provide input into the direction of commission change.

After several preliminary discussions in early spring, the National Regulatory Research Institute (NRRRI) was invited in May to submit a proposal "To Assist the Alaska Public Utilities Commission (APUC) in an Organizational Self-Assessment As

It Undertakes Efforts Toward Large-scale Change." A contract for this work was subsequently entered into, and the onsite team visit took place over the period June 17-22, 1998.

To accomplish this self-assessment, NRRI staff interviewed sixteen Alaska PUC staff, the five Commissioners, and four former employees, and asked the interviewed staff to complete a short assessment instrument. The results of the overall NRRI inquiry are contained in this report. Part I of the report describes the assessment instrument and presents the results obtained by its application. Part II of the report presents NRRI findings by major subject component. For each component, the NRRI draws some conclusions and offers accompanying observations. Part III provides summary conclusions. Specific comments received by NRRI in the interviews are included in the Appendix.

Reports of this type are inherently judgmental and subjective. In that sense they are always limited and imperfect. The task, of course, is to be fair and accurate, and we have tried to be both in our assessment. In trying to accomplish this we have avoided the extreme stances — "the sky is falling" at the APUC (it isn't) or "we have no problems" at the APUC. We have employed "discount factors" where they seemed appropriate and have only treated things that could be called recurring themes coming from multiple interviewees, thus minimizing the outlier phenomenon. We have attempted to make our frame of reference either *horizontal* comparisons, that is, differences in conditions within the APUC and with other commissions, or *vertical* comparisons, that is, differences in conditions at the APUC now as against the APUC at an earlier time. We have also avoided references to the behavior of specific individuals. It was not our purpose to evaluate individual performance; comments directed toward individuals were only included if they could be regarded as applying to the position held by the individual in some generic sense. Finally, the report is the collaborative product of the three-person team that conducted the exercise; it contains only those observations and conclusions that could be agreed to by all of the authors.

For a report to be contributory to agency self-assessment and to be useful to the leadership it must be a candid one — even if occasionally painfully so. Accordingly, while not seeking sharply pointed assessments, we have not glossed over areas of important perceived deficiencies with indirect writing. It should be said that all participants demonstrated a great deal of goodwill toward the assessment initiative and genuinely cared about an improved APUC as a place to work and contribute.

PART I

APPLICATION OF THE COMPETING VALUES MODEL

Robert Quinn of the University of Michigan has developed one typology of organizational change that may hold great promise for the analysis of public utility commissions as they undergo transformation in response to their evolving environment. His model focuses on the inherent contradictions of organizational life and is referred to as the competing values model.¹

Quinn identifies four ways of categorizing organizations and arrays them in a two-by-two grid, which is illustrated in Figure 1. In the upper right-hand quadrant (I) is the open systems approach. Organizations in this quadrant are oriented toward taking risks, excitement, and innovation. Success is measured by being on the leading edge.² An interdisciplinary team working on industry restructuring would help pull the commission in the direction of quadrant I.

In the lower right-hand quadrant (II) is the rational goal approach. These organizations tend to be achievement oriented, emphasize logical direction, and are competitive. Success is measured by acquiring resources and defeating competitors.³ As commissions confront their new environments and adapt to new market and consumer needs, they move toward quadrant II.

In the lower left-hand quadrant (III) is the internal process approach. This organization is control-oriented and mechanistic. Organizations in this quadrant are

¹ Robert E. Quinn, *Beyond Rational Management: Mastering the Paradoxes and Competing Demands of High Performance* (San Francisco, CA: Jossey-Bass Publishers, 1989).

² Ibid., 36.

³ Ibid.

hierarchical and value security and perpetuation of the status quo.⁴ Some portions of every organization are better suited to quadrant III than others. For example, commission administrative operations probably fall mostly within quadrant III.

The upper left-hand quadrant (IV) is the human relations model or the consensual or team approach. Organizations here emphasize mutual dependence and focus on feelings. They tend to value harmony and consideration of all individuals.⁵ Commissions tend to have strong internal cohesiveness, a trait which pulls them toward quadrant IV.

These quadrants represent attributes of organizations, though no organization can be fully contained in any one quadrant. For example, every organization has some functions or offices that are more hierarchical than others, and, over time, an organization may shift its emphasis from one quadrant to another. As a matter of fact, there is a tendency for organizations to drift toward quadrant III. That is not to imply that the control/management quadrant is inappropriate. The attributes contained within that quadrant are necessary for every organization, even the most innovative. What is to be avoided is excessive reliance on control and management at the expense of appropriate levels of innovation and flexibility.

Because every organization contains elements of each quadrant, a quadrangle-shaped map can be drawn for an organization. The NRRI asked the Commissioners and staff interviewed to completely assess how the APUC fits each quadrant, once to attempt to describe the APUC as it exists *now* and again to describe how they would *prefer it to be*. Eleven persons completed the questionnaire (which may limit the statistical significance of the outcome). Figure 2 shows the results of the analysis of the APUC as it exists now; Figure 3 describes the APUC as those who completed the analysis would prefer it to be.

⁴ Ibid., 37.

⁵ Ibid.

Figure 2 (the APUC as it exists now) displays the typical kite-shape expected of government agencies. The score in the control/management quadrant (III) is very high. The scores in each of the other three quadrants are much lower and nearly identical to one another. The net result is that those who completed the instrument regard the APUC as being skewed toward control, perhaps even further than could be expected of government agencies.

The quadrangle describing the APUC as respondents prefer it to be (Figure 3) is quite different. The quadrangle clearly indicates a preference for a more balanced organization, for substantially less reliance on control, for a very slight increase in reliance on the rational goal approach (Quadrant II), a tilt toward the open systems model and innovation (Quadrant I), and, most dramatically, a substantial increase in attention to the human relations model (Quadrant IV).

These results are consistent with several of the themes articulated by those interviewed. The majority of the problems identified in this report are internal to the APUC, and it is clear from the results of this analysis and the comments of many of those interviewed that substantial repairs need to be made to internal relationships if the APUC is to thrive. Though the APUC continues to serve the public and perform its established role, mitigation of morale problems and the application of leadership could go far to create better internal cohesion that is sought by many.

Figure 1

Public Organization Profile

Collaboration: Human Relations Model

- Emphasis on interpersonal relations, teamwork, participation and consensus
- Family-like
- Sensitivity to customers
- High commitment to organization
- Doing things better

IV

Creativity: Open Systems Model

- Emphasis on flexibility, risk taking, experimentation, innovation
- Success measured by being on the leading edge
- Success measured by long-term growth and new resources
- Doing different things

I

Control/Management: Internal Process Model

- Emphasis on stability, management, following procedures, policies, predictability
- Machine-like
- Pursuit of efficiency
- Incremental change

III

II

Competition: Rational Goal Model

- Results oriented, goal directed
- Emphasis on production, building a reputation, increasing productivity
- Success measured by acquiring resources and defeating competitors
- Doing things faster

Adapted from Robert E. Quinn and Jeff DeGraff, University of Michigan.

Figure 2

Commission Organization Profiles

Now

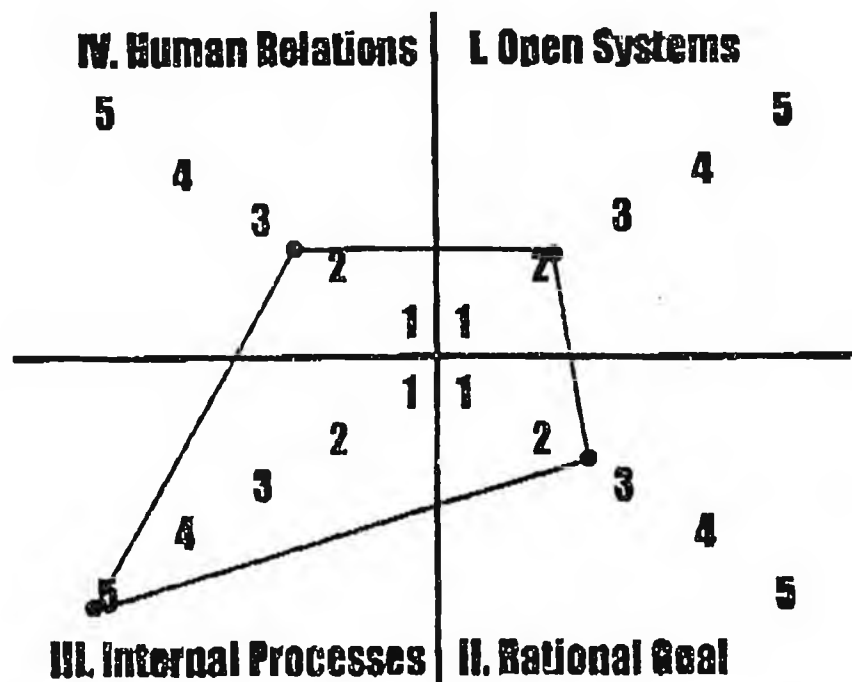
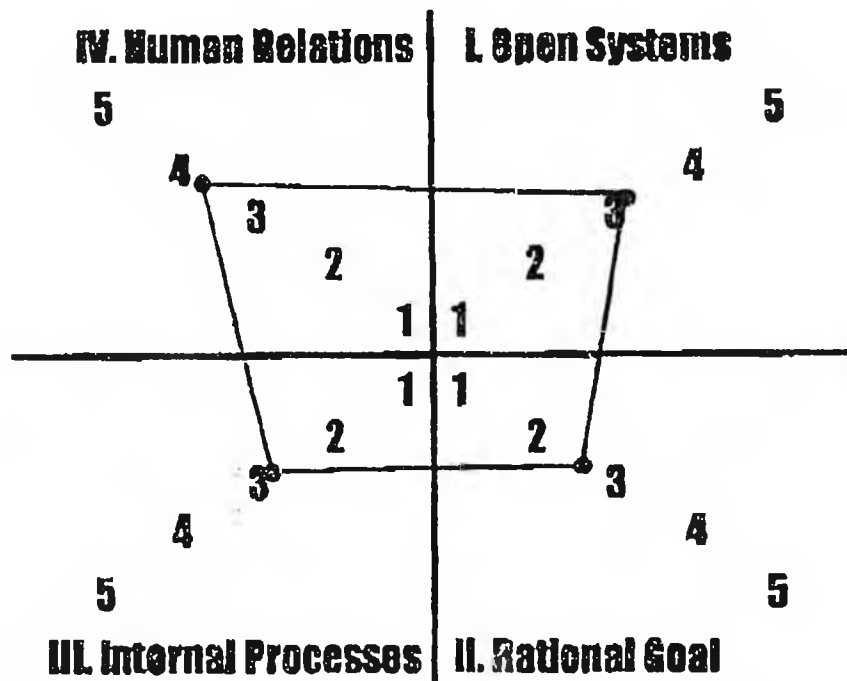


Figure 3

Commission Organization Profiles Preferred



PART II ANALYSIS OF ORGANIZATIONAL COMPONENTS

The components examined and explained in Part II are:

- General Factors Including Leadership
- Morale
- Commission Structure
- Staffing
- Management Information Systems
- Process
- External Relations
- Consumer Protection
- Information Flows/Communications

GENERAL FACTORS

Overall Commission Functioning

Observation: Though problems exist and the workload is extremely high, overall the APUC is regarded as having done a competent job of handling its responsibilities.

Despite the range and depth of problems cited by those interviewed, several of those interviewed cited the fact that APUC decisions are rarely overturned in court. Most cited the competence of the staff and its ability to focus on the real task of the Commission despite constant emergencies and a very heavy workload. Though some are concerned that current difficulties may eventually limit the ability of the APUC to do its job, there seemed to be no doubt that overall the APUC has accomplished its mission up to this point even considering the substantial increase in the APUC workload following industry restructuring.

Leadership

It is widely agreed that leadership is an important and sometimes determinative component of agency success. Small organizations comprised of highly motivated and self-directed persons sometimes do not require much leadership. Effective agency leadership is particularly desirable during a period of chum and change, like the current environment at public utility commissions, including the APUC.

Also of note in the context of multi-member public utility commissions is the fact that there are at least two kinds of "leadership" that can be examined. One is the traditional view of the chairperson as the locus of leadership, and the other (less frequently examined) is the *collective leadership* of the Commissioners. Both will be considered here.

Observation: Several opportunities exist at the APUC for the application of leadership to perceived problems.

Interestingly, the word "leadership" was not actually spoken by any of the interviewees, but a number of the perceived difficulties emphasized by them hark back to the leadership question, both from the Chairman's office and from the Commissioners as a collective. Several opportunities for asserting general leadership on big themes would seem to present themselves in the course of fixing a number of particular problems incorporated in them as reported by interviewees. One of these is improving vertical communication throughout the agency. (Reportedly, horizontal communication is adequate.) Another opportunity is to introduce and conduct a systematic training and orientation program for new personnel at all levels. (This was a deficiency identified by those interviewed.)

A third, and perhaps most important, opportunity is in dramatically clearing the docket backlog including tariff filings and devising procedures and practices that lead to prompt resolution of cases. Some amount of regulatory lag is, of course, inherent in complex filings, and users of the system are often unduly impatient. However, even allowing for this, those interviewed were critical of

unnecessary delays in case processing, of too frequent use of suspensions and extensions, and of applications taking effect by default.

Observation: Because of the structure of public utility commissions, collective leadership is required.

In the public utility commission model (1) there is a proper and sharp distinction between technical staff and commissioners; (2) commissioners are to a very great extent co-equal in responsibilities and authority (in the Alaska case there is not even extra pay for the chairperson); (3) loyalties are presumptively "upward" to the governor and not "sideways" to each other; and (4) the overall *effectiveness* of the organization hangs crucially on the willingness and ability of a majority of the commissioners to support the chairperson on issues vital to the agency *as an institution*. This last is about recognizing that the commission functions well or badly depending in good measure on whether commissioners pull together in the traces or pull apart. The argument here is that adopting the former approach allows for the very considerable benefits to the agency of collective leadership, and pursuing the latter course precludes these benefits and probably forecloses any real chance of individual leadership as well.

In the course of sustained discussions with those interviewed, several opportunities for collective leadership by the Commissioners (mostly of the "lead-by-example" variety) were identified. It is, of course, true that staff do not always know or appreciate what exactly constitutes a Commissioner's workday. However, perceptions that Commissioners do not "pull their weight" were voiced several times in interviews. Addressing those perceptions is a difficult but worthwhile task.

MORALE

Observation: The morale at the APUC appears to be low.

Given the level of turmoil and uncertainty inherent in utility industry restructuring and the extremely high workload of commissions around the nation, morale problems might be expected. Comments from quite a few, though not all,

interviewees indicate that a morale problem exists at the APUC that might exceed national norms. Fortunately, the earlier turmoil that surrounded the attempt to remove two Commission staff and the dispute over the appointment of a Commissioner were perceived by interviewees as "over and done with" and no longer a factor in morale matters.

Improving morale in a troubled organization is difficult at best. It has a chance of being achieved with the following conditions: (1) the existence and understanding of a persuasively articulated vision of the agency; (2) a wholesale "buying in" to that vision so that it becomes a shared one; and (3) a workplace demonstrably characterized by civility and professionalism, by fair treatment, and by appropriate recognition and appreciation of good performance. The task of creating this environment falls to the Chairperson *and* the collective leadership.

Happily, there is much to build upon. There are a number of pockets of real excellence and dedication within the agency, and these can be celebrated and enhanced. The Commission has a long and reputable history of service. The traditional mission of consumer protection in the sectors of the economy that most fundamentally touch the Alaskan citizenry — the utility sectors — is a high calling. Now the added mission of inducing, presiding over, and adroitly shaping the restructuring of the energy and communications sectors provides an opportunity for a new level of cohesiveness among the APUC staff. Regulatory oversight is not yet "a declining industry," but rather has an essential and particularly demanding role in the context of transformation. This sort of challenge can appeal to the best instincts of an informed and energized staff.

COMMISSION STRUCTURE

Structure refers to an organization's relatively stable activities over a period of time, often reified as an organization chart. Organizations are ordinarily structured to support well-established programs that can operate most efficiently within given boundaries. A U.S. regulatory commission structure, like that of corporations and other government agencies, has traditionally been hierarchical, with several levels of authority and numerous compartments representing cohesive activities that contribute to overall functioning. Commissions are typically characterized by a strict structural delineation between commissioners and staff, due to the quasi-judicial nature of their activities and the traditional

model of commission process that considers staff the provider of technical expertise to the commissioners as judges (the "technocratic model"). It is common to have a strong executive director who supervises technical staff. In several states the bifurcation of staff and commissioners is maintained by having two separate agencies — a commission and a public staff.

The APUC is divided into four major layers. The Commissioners and paralegals assigned to them form one level; the Hearing Examiner, Assistant Attorney General, Executive Director, Administrative Law Judge, and Associate Attorney form a second. At the third level, several paralegals and secretaries report to the Associate Attorney, and the technical staff report to the Executive Director. Six sections, representing the bulk of the commission's manpower, are supervised by the Executive Director: Engineering, Common Carrier, Finance, Tariffs, Consumer Protection, and Administration. The sections are organized by function rather than industry, with the exception of the Common Carrier section.

Observation: Administrative authority is best consolidated at commissions.

Based on the NRRI's interviews, it appears that some APUC Commissioners are too involved with administration. This involvement could inhibit their consideration of the important issues facing the commission. One way to avoid this would be to strengthen the Chairman's direction of purely administrative matters. If all Commissioners were less involved with administration, they would have time for more substantive matters, could take on substantive lead assignments, and, thereby, might improve the functioning and, perhaps, the product of the Commission.

Observation: Existing structure that combines functional and subject matter groupings seems to be appropriate to recent programmatic needs.

The APUC technical staff are organized largely by discipline (e.g., Engineering) with the exception of the Common Carrier section that has responsibility for communications-sector matters. Overall, the structure, which is duplicated at other commissions around the nation, appears to be an appropriate

one. Some interviewees remarked that the Common Carrier section holds a special status within the technical staff. But the success of the Common Carrier section in weathering and indeed mastering changes in telecommunications policy the last several years is good reason for them to be "the fair haired division," as one person we interviewed put it. The hybrid organization of sections (with both utility and functional sections) works well for commissions when combined with a team approach to assigning responsibility for cases. For the APUC, other sections need to be strengthened, rather than the Common Carrier section weakened.

Some concern was expressed that the assignment of management information systems (MIS) responsibilities to the Engineering section had the potential to overwhelm that section and to get in the way of other engineering functions.

Observation: The location of the APUC in the Department of Commerce and Economic Development encourages cooperation with allied functions.

Many state commissions stand alone as quasi-judicial agencies somewhat independent from either the legislature or executive branch. With the responsibilities of commissions being redefined, it is of particular help to the APUC to have good communications with the state functions of promoting economic development and other allied functions. At the same time, the Commission's expertise in consumer interests and in the complex field of public utilities is an important resource for the rest of the Department. Striking a balance between involvement and independence is the key.

STAFFING

Observation: Commissioners need more staff support for decisionmaking.

As the issues facing commissions become more complicated (often involving issues of market power and consumer protection) and more often involve policymaking, commissioners across the country and at the APUC will need more staff assistance. Those interviewed expressed concern that the

assignment of existing staff resources of the APUC did not give adequate attention to the advisory function. Two general options are available for providing more staff assistance to Commissioners.

First, the APUC could hire additional advisory staff or permanently assign staff to Commissioners from existing staff resources. Adding small numbers of advisory staff can be problematic because of the wide range of expertise across all utility sectors required of those staff. In a commission as small as the APUC, the permanent reassignment of staff as advisors to the Commissioners further reduces the expertise available to the advocacy function. A contrary view was expressed by at least one of those interviewed, who suggested that the permanent assignment of a staff member as an advisor to the Commissioners would substantially alleviate the problem.

Second, the APUC could adopt administrative models that allow Commissioners to have greater access to existing experts on the staff. Several states, including Ohio, Iowa, and Florida, have created models which do not impose a rigid *ex parte* wall between commissioners and technical staff. At least one of those models defines staff as "participants" in cases but not "parties." They have full, statutory discovery rights but are not subject to discovery by others. As participants in cases, staff cannot contest commission actions and cannot apply for rehearings.

Observation: Legal support of the Commission is a critical function and could be improved.

Attorneys are assigned by the Attorney General to support APUC needs. Two part-time attorneys are available. Concern was expressed, however, about the level of support provided and the potential for a conflict of interest. Given the quasi-judicial nature of most APUC actions, several of those interviewed expressed the sentiment that more legal input into case preparation would be desirable. In fact, at least one suggested that an attorney should be assigned as the team leader in case preparation. Full-time assignment of two attorneys might be desirable.

Because the attorneys assigned to the APUC do not serve either a strict advisory or advocacy role, there is the possibility in the minds of some that a conflict of interest could be created for attorneys. The same attorney who assisted with the development of the staff position could be also assigned to

represent the APUC on appeal in a situation in which the Commission decided in opposition to the staff position. A solution would be to assign one of the attorneys to the Commission staff to help craft staff positions and assign the other to provide advice to the Commissioners and to represent the Commission on appeal. This is commonly done in other commissions by the formal split between staff counsel and chief (commission) counsel. If a permanent split of the attorneys between advocacy and advisory functions would create uneven workloads between the two attorneys, they could be split on a case-by-case basis. Hearing examiners, though often attorneys, are separate from both.

MANAGEMENT INFORMATION SYSTEMS

Observation: The Commission needs improved management information systems, but increased computerization will not solve information problems by itself.

Both commissioners and staff strongly believe that systems for managing commission processes at the APUC need to be improved. Consideration is being given to hiring an outside consultant to design a computer information system for the commission. A well-designed computer system can indeed facilitate many management functions.

But Commissioners and staff expressed problems that run deeper than the technical means that are used to enable organizing, planning, and other management functions. One person at the APUC who we interviewed said, "I sometimes feel that procedures are crumbling here." Another remarked, "We're in meltdown." A computer system, no matter how elegant, cannot set priorities and cannot say what information is needed by whom, when, and in what format. The computer equipment and software available to APUC members is not directly to blame, since the Commission is commendably up-to-date on computer quality and speed. It seems likely, however, that the available technology is not being used to its greatest effect. A larger state commission has different management information needs than the APUC. So does a federal agency such as the FCC, which relies on "paper hearings" rather than a typical state commission process of oral, face-to-face hearings.

Observation: A computer information system can be developed in synchrony with other efforts to identify, analyze, and address Commission management information needs.

A concerted initial effort to reduce case backlog and identify areas where timeliness must be improved will help to clarify the needs for outside help on developing a computerized management information system. Lack of computer support or inadequate use of computers were frequently mentioned as problems. Hiring an outside consultant may be very helpful in setting up a system where, among other things, industry files cases electronically, the same information is entered only once into the computer system, and the status of cases and the text of decisions are available to every interested person in the APUC via their desktop computers. Such a system should allow management to ascertain the time it takes for each case to go through each step in the process and assess whether prioritized goals are being met. The computer system may be used as well to accomplish tasks that the commission has not attempted as yet, such as analyzing complaint filings to be able to anticipate new issues.

COMMISSION PROCESS

Observation: There is widespread concern that the APUC does not act promptly enough on cases before it.

Many APUC members referred with dismay to a lack of timeliness in decisions, a concern that staff felt was shared by the regulated industries. This problem is associated with a backlog of cases that appears to be getting worse. One person we interviewed claimed that there are 500 open dockets and that this number has doubled over a relatively short period of time. Suspension periods are routinely extended, which avoids an immediate expenditure of scarce resources but in itself takes time, thus compounding the problem. Interviewees identified a number of possible sources of slowdowns in Commission processes. One is simply an increased caseload, particularly in telecommunications. Promotional offerings in telecommunications are "coming in by the gross," we were told, at the same

time this industry expects, if anything, faster decisions consistent with a competitive environment. Filings by electric, gas, water, sewer, and garbage utilities are increasing as well.

At least one Commissioner expressed the belief that staff is generally slow in getting cases before the Commission. Particular concerns about timeliness at the staff level were the lack of speed with which documents move between the fourth and third floors and the amount of work that has to be corrected or even redone, especially order writing, which is time-consuming and duplicative. Commissioners were also faulted for a lack of timeliness, both on making needed decisions and getting them out the door when a decision has been made. More than one staff member remarked that a final order may sit on Commissioners' desks for a period of time before being signed and taking effect. More serious, perhaps, was a sense of an absence of clear priorities throughout the APUC that contributes to a crisis mentality. "We have management by emergencies," said one person we interviewed. "It feels like we're under fire all the time."

Observation: Steps must be taken as early as possible to bring the backlog under control and address the issue of speedy processing of Commission business.

The lack of timeliness and growing case backlog is a measure of impaired Commission effectiveness. Though the dramatic increase in the APUC's workload might be a contributory factor, delays in case processing were cited by many of those interviewed. Several specific problems that might impact the speed with which the APUC disposes of cases were noted. They included striking the appropriate balance between efficiency and careful maintenance of due process (some citing undue attention being paid to the maintenance of due process; others citing not enough attention), the assignment of staff including the hearing examiner, and the role of Commissioners. The sense of slipping behind is also a drag on morale and a sense of accomplishment.

The first step is to identify more clearly the nature of the backlog by industry and current status. The Executive Director may want to reinstitute meetings on the status of all current dockets. Such meetings can be used to rearticulate priorities and possibly batch similar cases, such as

telecommunications promotional offerings, for expedited treatment. The Commission may wish to consider using temporary resources to help reduce the backlog at this stage, although simply hiring permanent staff as quickly as possible in key areas may be enough.

The second step is to identify bottlenecks and other problems. A flow chart can show the actual sequence of events in Commission case processing. This will help to identify problem areas, redundancy, and unexpected complexity. It also will help to identify information needs that a computer system can be designed to address. There are several checklists in use at various points in the Commission process. These can be used to help develop a more complete, integrated understanding of the flow of events from the date a case is filed until the date on which an order goes into effect.

Particular consideration needs to be given to solving problems upstream in the Commission process. Better order writing early (which is addressed later), so that rewriting and editing do not have to be done at the end of the process, can reduce overall workload and the sense of constant emergency. It is a mistake to rely overmuch on any one person to make sure that the procedural and substantive record is adequate, especially one placed at the end of the process. The APUC should also look for areas where industry can help, for example by contributing information upon filing that the staff has routinely been taking upon itself to gather. We are not suggesting always taking short cuts where they are available. Failure to follow due process can result in as many problems downstream as failure to fully address substantive issues.

Observation: The use of streamlined administrative processes and alternative methods for hearing cases should be explored.

Several methods for streamlining case processing were identified by those interviewed. They included the issuance of one-page orders for procedural issues, an attempt to limit the number of pre-hearing conferences, allowing the hearing examiner to conduct pre-hearing conferences, better use of the paralegals, and making better use of stipulations. Other small commissions have made use of more informal processes to expedite case handling. In North Dakota, for example, informal, open meetings are held following most formal proceedings. No notice is made of these meetings although they are included

on the Commission calendar. Meetings are tape recorded. No sworn testimony is presented, but the party bringing an issue is asked to present the issue. Staff is allowed to respond. In these informal meetings, no decisions are made. If a Commission decision is required, it is held for the next formal meeting. If it is apparent that controversy will develop, the issue is sent to a hearing. According to staff, these meetings have substantially streamlined the Commission process.

More dramatically, the APUC might also consider changing the manner in which cases are heard. Currently, Commissioners hear all cases with the hearing officer in attendance as a legal advisor, though her role has been limited. Other approaches are available. In some cases around the nation, a single commissioner will hear a case; in other instances, several commissioners (less than the full commission) can hear cases. In other states, albeit typically larger ones, hearings are conducted by hearing examiners, who later present their findings to the commissioners for ratification or amendment. The commissioners must still make their decisions based on the established case record. This latter option may be appropriate for the APUC where the concern is the identification of the appropriate balance between due process and speed. This option also has the advantage of allowing commissioners to focus on policymaking and questions of industry structure and develop specific expertise.

Observation: As the work of the APUC shifts towards more policymaking and away from the kinds of fact finding embedded in traditional rate cases, the APUC may want to further explore the use of nontraditional means of making decisions.

A majority of the substantive work of the APUC has been performed through formal adjudicatory processes that emphasize due process, which includes the requirements that Commission rulings be based on the public record accumulated in the course of the proceedings and that there be a separation of functions between those who make the decisions and those who argue before them on behalf of specific positions. These adjudicatory and often confrontational processes work best in matters of retrospective fact-finding and in those cases where winners and losers can be identified. They worked well when the majority of the Commission's work was the setting of utility rates and when specific utility interests conflicted with the interests of ratepayers.

Unfortunately, they do not work as well for future-oriented establishment of policy or in finding creative or collaborative solutions to public policy problems.

Despite the fairly standard requirements that govern public utility commission adjudicatory processes, the application and design of these adjudicatory processes vary across commissions and across time. The APUC process is fairly formal and rigorous in its interpretation of *ex parte* requirements. The APUC staff are charged with presenting the staff case in adjudicated proceedings and are generally regarded as serving an *advocacy* function, a function that is particularly critical since there is no separately constituted consumers' counsel in Alaska. Other intervenors also present their views, which are entered into the case record. Those staff members who are to be separated from Commissioners are designated by memorandum for each proceeding. Staff not so designated may be used by Commissioners as resources; they are regarded as being *advisory*. This split between the staff's advisory and advocacy roles is commonly referred to as bifurcation of a commission. In some cases, the staff attempts to reach a settlement with parties prior to the presentation of a case.

As the work of the APUC shifts towards more policymaking and away from the kinds of fact-finding embedded in traditional rate cases, the APUC will need to further explore the use of nontraditional means of making decisions. Options include designating more Commission actions as "rulemaking" rather than adjudication and using more mediation, negotiated rulemaking, workshops, technical conferences, and task forces. Training in mediation for Commissioners and staff or the use of external mediators/facilitators may be useful as well.

Observation: Commission orders are perceived as being not well written and take too long to prepare and issue.

Several of those interviewed expressed strong dissatisfaction with the time required to write orders and the quality of the content of those orders. Currently, the responsibility for writing orders is fragmented among staff, paralegals, the hearing examiner, and (potentially) Commissioners. Most who commented on the training that had been provided for writing orders regarded the training exercise as a failure. Some felt that training must be on-going in

order to be effective. Some feel that paralegals lack the expertise to write good orders.

In addition to providing more training in the writing of orders, the APUC may want to consider the consolidation of responsibility for writing orders. One option is the expanded use of hearing examiners to write orders. This is standard practice around the nation and has the opportunity to create a good balance between the provision of an adequate background in orders and clear policy direction. If hearing examiners are to write the preponderance of Commission orders, more examiners would need to be added to the current one.

Observation: Additional statutory deadlines are not a preferred solution to APUC problems of timeliness.

Some APUC members suggested that because statutory deadlines are for the most part being met, perhaps the legislature should enact more. These types of guidelines are common around the nation but do little to expedite proceedings, at best serving only to force commissions to pay close attention to the prompt handling of cases. New deadlines would not necessarily help the Commission address the highest priority issues before it. Externally-set deadlines also encourage invention of ways to get around them if necessary to meet changing priorities. And the Commission, like other administrative agencies, needs flexibility to manage itself. Our suggestion is, instead, a determined, concerted effort, with the aid of an outside consultant experienced in the development of support systems for management, to improve the timeliness of case processing.

EXTERNAL RELATIONS

Observation: Maintaining a good working relationship with the legislature will be necessary to ensure that the APUC can maximize its contributions to industry restructuring.

By most accounts, the APUC enjoys a good working relationship with the legislature, aided in part by the legislative experience of two of the Commissioners. Those linkages will become increasingly important in the future

as the Commission further adopts a more legislative rather than judicial role. Commissions around the nation are increasingly recognizing that developing and maintaining good relationships with external stakeholders is critical to their emerging missions. In the past, public service commissions may have adopted a "less-attention-is-better" strategy toward the media and legislature, only responding when required. At least one comment to the NRRI indicated the belief that the APUC's legislative strategy has been largely reactive. Commissions are now recognizing that a proactive media strategy is one key to the success of consumer education.

In addition, with the movement toward deregulation some members of the public do not understand the mission of public service commissions. A proactive media strategy can assist the APUC in its efforts to inform the public about its programs and continuing roles.

CONSUMER PROTECTION

Observation: Increases in consumer complaints are beginning to strain the capacity of the Consumer Protection section.

Although everybody the NRRI interviewed who commented on the Consumer Protection section agreed that it is functioning very well, there are incipient signs of overload. The section is quite self-sufficient, while not isolated from other sections, but does receive support from other staff on particularly knotty technical complaints. Complaints on telecommunications service have increased dramatically, due to the advent of competition. Disposition of a complaint takes up to six weeks and the average time before resolution is becoming longer because complaints are not only more numerous but more complicated than in the past. Interviewees reported an increase in carrier-to-carrier complaints, which are now being treated as informal complaints but may need to be upgraded to formal ones if they continue at the current rate. Solely on the basis of the strain on the capacity of the section due to increasing consumer complaints, a case can be made for providing additional support to this section, both clerical and professional.

Observation: The overall mission of state regulators throughout the United States is shifting towards new means of consumer protection, especially through consumer education.

The major responsibilities of the Consumer Protection section, as listed in the Commission's FY 1997 *Annual Report*, are to investigate and resolve consumer complaints, disseminate information, and provide public relations support to the Commission. Although the consumer protection staff does some community outreach, the complaint load prohibits much consumer education and public relations effort.

In Commissioners' Summit conferences held under the aegis of the NRRI and NARUC, commissioners from around the United States have agreed that in the near future much of the work of public utility commissions will be directed toward protecting consumers in restructured markets and educating them. Competition cannot work well unless consumers have the information, ability, and motivation to make informed choices. A proactive media strategy is also a tool for consumer education, especially since the movement towards deregulation means that some legislators and members of the public may not fully understand the APUC's changing role. Consumer affairs, including complaint handling, consumer education, and public relations, will not be a tangential function, but a central one. Many state commissions are actively engaged in shifting towards a "consumer-centered" orientation.

Although a substantial commitment of time and energy will be required to perform effective consumer education in the short run, this need may decline over time as competition becomes the norm. The APUC may want to consider flexible, interim options to support its consumer protection section in addition to some increase in permanent positions. Consultants, temporary staff, or existing networks that already have links to consumer groups, are options that might be explored. Whatever combination of permanent staff or temporary help is chosen, the Commission will need to analyze information needs of consumers, their current level of awareness, and how they receive messages about the industries under the purview of the Commission. Preparation of appropriate literature and outreach to Alaskan communities can follow.

Observation: Since there is no separate consumer protection agency in Alaska, the Commission role is even more important than in many other states.

For electricity and gas regulation, Alaska's situation is idiosyncratic *vis-a-vis* the rest of the country, but the transition to competition is already affecting the Commission in telecommunications. Since there is no separate state consumer protection agency in Alaska, the Commission's advocacy role is even more important than in many of the states that have such a specialized agency. Both Commissioners and staff will need to be involved in recentering APUC goals on the consumer, with particular attention to residential and small business consumers. This can happen in the context of traditional concerns in Alaska for economic development through utility infrastructure and within the constraints of Commission jurisdiction. The good working relationship of the Consumer Protection section with larger utilities is commendable, as are the efforts to deal expeditiously with the carrier-to-carrier complaints the section has begun to see in telecommunications.

INFORMATION FLOWS/COMMUNICATIONS

Observation: Information needs at all commissions are becoming more complex and less easily categorized.

An efficient communications system for any organization ensures that the people who contribute to organizational results have the right information, including adequate feedback, at the right time. Coordination of information flows or communications is a management function that ensures that individuals and work groups are neither overburdened with information nor starved for this vital resource.

Both APUC Commissioners and staff interviewed by the NRRI expressed frustration with information flows and communications within the Commission and sometimes blamed each other for communications problems. While these criticisms deserve attention, it is important to place them in the context of the increasing complexity of information requirements and the increasingly uncertain, amorphous nature of the information actually available at any and all commissions in this time of regulatory transition.

In a traditional commission, staff is highly specialized not only in their tasks but in the type of information they present as testimony. Both substantive and process information are necessary to smooth commission operations. Process information includes such matters as case dockets, timetables, budgets, and assignments. Cases are developed and executed in the form of testimony (the primary substantive information) presented by all parties from their individual points of view, with a decision rendered on the evidence by the full commission. There is a presumption that the staff point of view, company point of view, and the views of other interested parties are sufficient to give commission decisionmakers the ability to decide for that particular company in that rate case. In the traditional commission organization, marked by adversarial proceedings, communication is very much on a "need-to-know" basis. If errors are to be made, the traditional commission preference is to make them on the side of too strictly limiting information flows rather than allowing too much out into the open.

The APUC, because of the state's unique energy situation, is to a greater extent than many commissions in the lower 48 still appropriately a traditional regulatory agency. But the Commission is affected by transition in the electric industry and is fully involved in restructuring of the telecommunications industry. In this time of great change, everyone at the APUC is struggling to make sense out of ambiguity. In this environment, more emphasis is needed on substantive communications about nonprogrammed activity, especially that related to initiating and establishing new programs. Process information, so essential to the efficient functioning of a traditional agency, becomes more the servant of substantive informational needs in an agency in transition. For all involved, both Commissioners and staff, the available information is likely to seem incomplete and unsatisfactory compared to earlier times.

Observation: Lateral communications within the Commission appear to be quite good.

Within the major working groups — the commissioners, technical staff, and administration — the exchange of ideas and information seems to be substantial and open. One Commissioner remarked particularly that the Chairman is very forthcoming with information.

Observation: Commissioners tend to complain that they cannot always easily acquire information from staff, while staff tend to complain that Commissioners are uninformed.

Commissioners say they find it difficult to obtain the information they need to frame issues and make decisions. One Commissioner commented that staff likes to work independently but that Commissioners need to hear the opposing viewpoints from staff. Commissioners remarked that they do not have contact with individual staff and that information is tightly controlled. Sometimes staff input may be quite technical and quantitative, without an understanding of the context of the hearing, suggested a Commissioner. One Commissioner remarked that a presentation from Alascom, set up in an effort to broaden external sources of information, provided more information "than we ever could have otherwise [gathered]."

Several staff remarked that before a hearing they do not always know the scope of the proceeding or what questions the Commissioners would like to have answered. Staff were concerned that Commissioners in some cases do not have a full understanding of the substantive information they need to make a decision and that they focus on administrative details instead. One staff member said it was disheartening to be named to brief a subject and have a Commissioner argue with the staff member from what s/he considered a superficial knowledge of the subject. Others said they believed the Commissioners rely more than they should on industry to set priorities and provide a context for their decisions. Another remarked that in their opinion Commissioners do not send information down to staff and do not know the extent of the demand they are placing on staff when they request information. However, both Commissioners and staff remarked on people at the Commission who are able because of exceptional ability and their positions in the organization to master a breadth of vital information and coordinate its use.

Observation: Commissioners and the Executive Director need to work together to improve Commissioners' knowledge of substantive utility matters.

Clearly, Commissioners need to have more information earlier about cases they will be deciding. But this is not a one-way street. It requires effort on the part of Commissioners as well as staff. In the past, commissions decided issues that were arcane but well-bounded. Today the issues are often strategic ones, but decisions still depend for their impact on complicated operational considerations. One way to help commissioner preparation on cases expected to come before them is for the Commissioners to prepare an "issues list" comprised of questions they would like answered and circulate it to staff well before a hearing. Staff might also provide Commissioners with "must read" documents, again well before an actual hearing, perhaps even before the circulation of the list of issues. Commissioners would read the documents and prepare their questions, so that they can learn what they need to know in each major case and generic proceeding.

The use of teams to create a coordinated staff viewpoint has been an efficient way to develop policy perspectives within staff and to avoid overwhelming the Commission with unnecessary analysis. In a time of increasing substantive complexity, however, there may well be greater need for presentation of conflicting and somewhat redundant data and analysis from multiple sources. In other words, it is possible to provide too much orchestration to the development of some staff positions and end up overly restricting Commissioners from access to the expertise and accumulated wisdom of staff. One way for the Executive Director and other technical staff to accomplish this might be to institute issue roundtables that include the participation of Commissioners. The use of teams among staff has done much for cross-fertilization of knowledge. With nonroutine problems, the use of roundtables, which could include industry participation as well, would broaden that team approach. Another means of enhancing understanding of current issues throughout the commission might be a series of tutorials. We caution, however, that these suggestions, if they prove of interest to the APUC, must be taken on in a structured, incremental progression, rather than all at once, so as not to impede tackling some of the other problems discussed in this report.

PART III OVERALL CONCLUSIONS

There is much to be proud of at the APUC. Despite a heavy workload, it has, by all accounts, served the public interest. There is a fear, however, that the agency cannot continue to perform its important functions without real reform. The areas most in need of attention seem to be:

Commissioner-staff and Commissioner-to-Commissioner relations, which includes issues of leadership and morale

Timeliness

The quality and speed of Commission orders

The increase in consumer complaints, the likelihood that complaints will increase further, and the implications for the adequacy of current staffing levels.

Electronic filing and management information systems.

The APUC has many competent and dedicated professionals. By focused application of their talents, the challenges facing it can surely be met.

APPENDIX

COMMENTS RECEIVED IN INTERVIEWS

OVERALL COMMISSION FUNCTIONING

In some respects, not much has changed over time at the Commission. The upcoming "sunset" review of the Commission will be important. The current level of discontent with the Commission is higher than in the past over a variety of carriers. Some utilities seek help/relief from the Commission. There is a mix of adversarial and cooperative relationships with utilities. Stakeholders are not looking for radical change.

Despite the turmoil and recent loss of staff, staff is generally doing a good job of focusing on the task. The Commission environment is characterized by constant emergencies. The workload has increased dramatically (tripled or quadrupled). There are not enough resources. There is a risk that the workload will overwhelm Commission consideration of the big picture.

The Commission is full of good people. The staff are the strength of the Commission. Staff have the feeling that the work of the Commission is important. There is an us-versus-them attitude between Commissioners and staff. Commissioners are experienced. The funding source is stable.

The foundation is crumbling. There is some inclination to adopt the status quo.

LEADERSHIP

The Commissioners are experienced. Equally important, they have significant legislative experience. The chairman especially has access to the legislature. There is bipartisan legislative experience within the Commission itself.

It was divisive to have a dispute on timekeeping in public.

I don't think the [timekeeping dispute] was particularly debilitating. I have seen some battles and some morale problems.

The staff considers it a distraction to have Commissioners who are absent.

An earlier attempt by the Governor to remove a Commissioner was in the press.

I've heard from industry that staff shows disrespect for Commissioners.

We have Commissioners who want to administer rather than do strategic planning and an Executive Director who does substantive stuff because that's where the vacuum is.

Each Commissioner has his own personality and brings some strength to the process.

It's hard to know what a problem is if you are only getting one Commissioner's opinion.

We're slow in production and do finger pointing, a common industry complaint.

We have good ability to work with industry. They don't have a difficult time getting a point across to us.

Some Commissioners are not as easy to get along with. Commissioners could be more supportive — treat people with courtesy.

Our major strength is a committed, knowledgeable staff and our major weakness is the Commissioners. They should show up for work. There is infighting. At hearings, they haven't read the filings, haven't read the staff memos with one exception.

Commissioners often come into a hearing with their minds made up.

The Commissioners don't have a sense of urgency. But there are cases where Commissioners get excited and involved. Then they make an effort.

People earning the high salaries are not accountable. The buck doesn't stop anywhere.

It's demoralizing to have staff come down with something to sign but nobody's in.

Commissioners have a total lack of appreciation for the work that has to be done. There is never a thank you from a Commissioner.

It's bad for morale to have lazy Commissioners.

All five of the Commissioners came with zero knowledge and aren't interested in working hard to learn their job.

Industry has fear of reprisals.

You can't make too much of dissatisfaction but I believe utility dissatisfaction level is considerably higher than when they had extremely knowledgeable and hardworking Commissioners.

There is a double standard for Commissioners which is wearing on staff. Former Commissioners read stuff.

The current Commissioners are not particularly technically adept. One of them is conscientious. They even do things that give worse impressions than they have to — cable TV in their offices.

There are differences of opinion partly because we have Commissioners that aren't thinking alike.

We never had a sense of where we were going. This is endemic to a regulatory commission.

Having hearings at 8:30 was impossible.

Friends in industry call and say "what's happening." They feel they're not going to be heard, that there are biases. Utilities see the place in disarray, ineffective, dysfunctional.

We don't have the feeling we have the support of Commissioners. It didn't used to be this way.

Leadership could be better but I am afraid it never will be. It could be a lot worse than we have. I'm happier now than in the past.

MORALE

Staff comes to work because they feel they're doing something worthwhile.

The people [here] are dedicated, knowledgeable and good team players.

There are lots of hard working people. People are one of our assets.

Staff are hardworking, have good experience, are committed — excellent.

There has been some loss of morale — haves and have nots on promotions.

The APUC staff is a real small group. Everybody has input and is listened to.

Morale is okay, but there is some frustration. Disputes among Commissioners [are one cause]. On the staff side there is frustration over workload and interruptions that impede scheduling. Commissioners have time lines that don't take into account the individual's workload.

[Commenting on morale]: Commissioners need to have an idea of what they are asking for.

Everybody is overworked and puts in extra hours. We're a close group — you can get assistance from other sections.

There is high stress.

Everybody is supportive. [Morale varies] section by section.

This is a sick agency. There is a distinct minority of dedicated, hard working people and they're worked to the bone. A distinct minority of people have a feeling of serving the public interest.

We have extremely high stress and tension levels, which is probably contributing to attrition. We have the lowest morale of any commission.

Low morale is leading to attrition.

There is too much focus on negatives and not enough on fixing things.

The trend is in a bad direction.

In general, employees are not treated well.

We're in meltdown.

I believe in public service — serving every consumer in the state.

The Telecommunications Act hasn't helped morale. But overall there's no inspiration to go the extra mile.

Trend is downhill quick. Philosophical view is that we will probably settle somewhere but can be in quite a bit of danger while we're going down.

Despite all the turmoil, staff is doing a good job of keeping their nose to the grindstone.

A lot of people with bad morale have left. Three to five years ago morale was worse.

Things have changed so much in the last six months that I am optimistic.

COMMISSION STRUCTURE

The Common Carrier group is the most open to calling on other sections and serving other sections.

The location of APUC in Department of Commerce and Economic Development allows good communications with allied functions. The Executive Director has bi-weekly meetings with representatives of related functions in the Department.

Staff feels they used to get more support from assistant Attorneys General. It would be helpful if the A.G.s sat down with staff to say "this is the strategy." Should attorneys be team leaders?

There is some feeling by others in the Commission that common carrier people are the "stars."

The hybrid structure works well as an allocation of resources. Resources are where the tasks are. If organized by utility sector, expertise would be tailored by sector. Structure gives flexibility because you can form teams.

It is difficult to have partially exempt staff who don't work for the Commission. The Chairman can't supervise them.

Telecommunications is the fair-haired division. They are unaccountable for their work or their errors.

The computer support function may take up too much of the Engineering Section's time, and the engineering function may suffer.

It's not the structure that's the problem. It's the people.

It would help accountability to reorganize.

The Chairman doesn't have a clear line of authority on administrative matters. Consensus is a poor way to manage a work force.

The Commission structure is not efficient. There is a high concentration of bosses to Indians. Cases mix across sectoral boundaries [implying that there are too many sections].

If the Commission were restructured, it would cause apprehension and affect morale — not that that's so bad.

The Executive Director is the person with veto power [on cases] but it is usually one lead staff person who develops a position and tries to sell it to the group.

There has always been a question of how much authority the Chairman has. There is minimal management at the Commissioner level which is sometimes good and sometimes not.

STAFFING

The process does not support Commissioners.

Commissioners can't get staff to devote time to their projects. Commissioners complain of a lack of information being received from staff.

Staff are represented by attorneys assigned by the Office of the Attorney General. The Commission can't contract for additional assistance.

The same attorney who argued the staff case may have to defend the Commission on appeal even if the Commission disagreed with staff.

Though the attorneys are very busy and not always timely, they come through in a crunch. There is not enough legal support. The Commissioners should have their own legal counsel.

The workload for attorneys may not be balanced between representing staff and filling an advisory role, but there should be a split of the two attorneys on a case-by-case basis.

The legal advice received is sound. It would be helpful to have more attorney input in case development. In the past, more support from attorneys was received.

MANAGEMENT INFORMATION SYSTEMS

I sometimes feel that procedures are crumbling here.

We have management by emergencies. It feels like we're under fire all the time.

We should get more efficiency rather than hiring more people.

We're not getting basic management information [and this harms accountability and performance evaluation].

We're in meltdown. [The problem] starts with records and finance, one of the most critical parts of the organization. We don't get filings.

Computers are good [up to date in quality and speed] and a lot is done on them. It would be nice to have electronic filings. There should be two full-time computer support staff.

There is duplication of entering information into computers. We are using computers as typewriters. We need an integrated information system. We are not at the request for proposal stage on this. It is difficult to dedicate resources to solving this problem.

The mail is slow getting from the fourth floor to the third floor. Urgent documents do not get downstairs fast enough.

It's slow to get information and documents electronically available.

Rates and Finance doesn't get mail downstairs or filings downstairs in a timely manner. We lose several days.

We have more computer tools but don't have someone to help use them.

We need a data input person. We need to create calendars so people don't miss deadlines. We need to go to electronic filings.

We have fairly reasonable computer support, though software is a problem and we need to replace [the data processing] person who left.

COMMISSION PROCESS

Procedural time lines are lacking. Current statute allows the Commission wide discretion to set deadlines. Some pipeline cases have been open since 1986. Cases are not being handled promptly. Statutory deadlines should be imposed. Time delays are the result of bad process, not a lack of resources.

The Commission isn't performing well substantively, procedurally, or timely. We have several checkoff lists [to manage processes] agency wide. Procedural tracking could be done better than it is. When a docket or tariff reaches a certain point it is sent to the third floor for further processing and it is difficult to know what's going on. Stuff gets lost. A month later it may show up. We have lots of internal procedures that aren't written down anywhere and we don't know when they change. A procedures manual would help. There is good industry support for getting the Commission the resources it needs to process cases quickly. Increased caseload is stretching resources and we are getting further behind. Deadlines are not being met. Utilities expect faster decisions under a competitive environment. Should statutory maximums for decisions be made tighter? To fix slowness we need to see where the delays are more precisely. Statutory deadlines are usually met.

Commissioners find it hard to keep track of filings, schedule, and substance as well.

It takes longer if you try to take shortcuts. We should do proper motions in the first place [talking about due process]. [There are] no priorities. [It takes] lots of work to coordinate technical staff. Prioritizing is a weakness. The magnitude of the work is a problem and the feeling that everything has the same value. How do you address backlogs? How do you meet the public interest and still simplify workflow?

Need a standard reporting process on the status of projects.

The Commission is improving on production and efficiency. There is growing participation by Commissioners in making sure once a decision has been made it goes out the door. Staff for the most part does their work on a timely basis. We now have more people who write orders so that's improving. Paralegals write them. Staff writes lots of orders, especially engineering and finance staff. The adjudication phase also takes time.

Adjudication packets are still being put together at the last minute. Often orders are approved but sit within the Commission. They have to be signed by all five Commissioners [but sit on their desks]. The Commission process is slower than before because Commissioners don't have a sense of urgency. Some issues get priority and the Commission does see to getting them done. I can get an order drafted within days and it can sit for three months on a Commissioner's desk. Circulation of an order can take months. Staff is always late.

Commissioners are not clear about their expectations of advisors; sometimes an active role is expected; sometimes it is not. More three-Commissioner panels could be employed. Procedural orders are too detailed. There is no need for multiple pre-hearing conferences. The one-page order for procedural issues is helpful.

There are not enough staff to have full staff separation in important cases. The Executive Director splits staff to provide advantage to the advocacy side. Negotiation between the Executive Director and the Commissioner managing the docket would be helpful. There is a lack of staff responsiveness to Commission desires. The first priority of staff is to provide effective advocacy; effective advisory support is secondary. The lack of a consumers' counsel means that staff must protect the public interest. Previously, staff didn't have an advisory role and were wholly advocacy. Replacement of advocacy staff or addition of advocacy staff in the middle of a process requires due-process notification. In complex cases, one side might get shortchanged and might need outside resources. The role of staff even in an advocacy role is to round out the record, not to "win" the case; it is hard for staff to understand that. Staff do not respect the process or the Commissioners. Commissioners need to hear opposing viewpoints.

The assignment of a lead staff person for case preparation is sometimes ambiguous and sometimes shifts. Much case work interaction is informal. How the primary staff person assigns duties to the other staff is unclear.

"Splitting the staff" is a major concern. Because of small staff size, splitting creates frustration among the staff. Commissioners often regard staff in an advocacy role as "the enemy." The paralegals have not helped the process, and their skills have not been fully employed by Commissioners. The paralegal experiment was a "disaster." Supplementing the advocacy staff in mid-stream has been a problem.

There are frustrations among those involved with the APUC about the time required to complete cases. There is also some perception that the Commission values form over substance. Schedules agreed to in pre-hearing conferences are not held to. Delays are caused by hidden agendas, lack of case management, lack of competence, and inadvertent delay. The delays are caused by lack of a sense of urgency on the part of Commissioners. Documents can take months to circulate among Commissioners. The process of producing orders is getting better. The increased caseload has outstripped the increase in resources; the Commission is falling further behind. Cases have increased significantly. The staff side is generally timely; the fault lies on the Commissioner side.

Some cases are procedurally defective when brought to the Commission. The Chairman assigns Commissioners to cases as Docket Managers. The quality of

pre-filed testimony and exhibits is "scary." There is some question as to who sets schedules. Some Commissioner expectations of timing are not communicated well. The Commissioner may spend too much time attempting to make the perfect case and opinion; they may need to relax in the interest of speed. The Commissioner needs to find the right balance between due process and speed.

The Commission has a fairly good record of not being overturned. In some cases, decisions should have been appealed but weren't, perhaps because parties might feel that the Commission might have been vindictive. There seems to be some unevenness in the application of due process — sometimes overly rigid.

There has been little use of alternative methods of dispute resolution (ADR). The lack of skilled staff and the governing statutes prohibit better use of ADR. Stipulations are sometimes reached after dockets are filed. In a fairly high percentage of cases, there is some stipulation. Sometimes Commissioners want a detailed overview of stipulations. Staff might be too disputative to serve as mediators.

The Executive Director leads the advocacy team and does a final review of the staff case. The Docket Manager is the day-to-day leader. All voices are heard in case development. Sometimes the Executive Director overrules staff.

EXTERNAL RELATIONS

The legislative experience of Commissioners is an asset. The Legislature has been responsive to the difference between the APUC and other agencies. The Commission is frequently asked for advice by the Legislature. The Legislature regards the Commission as a resource. The Commission has a good relationship with the Legislature. The Commission attempts to avoid lobbying. The relationship with the Legislature has been reactive except in limited situations.

The environment is more political than in the past. There is now more interaction with the Governor. Commission decisions are rarely overturned. There is now more contact with the public, which is more knowledgeable than before.

Commissioners have limited contacts with external stakeholders due to lack of time. Overall, external relations are good. Public contact is increasing and the public is now more knowledgeable. The public doesn't understand the Commission process.

Some regulated utilities might be afraid to be direct with the Commission for fear of reprisals. They are definitely frustrated by the lack of timeliness and the concern with form over substance.

CONSUMER PROTECTION

The Consumer Protection section is working well.

I'm totally satisfied with the job Consumer Protection does. I see no problems in consumer affairs [Consumer Protection]. [As a technical staff person] I get involved in lots of the complaints.

The state does not have a consumer protection agency. Consumer protection needs to be beefed up. It should be at the forefront of what we do.

There has been a dramatic increase in complaints in telecommunications. We now have three competitors in Anchorage.

The number of complaints has doubled and there are only two intake people. The section cannot do administrative stuff [because the complaint handling takes all the time]. The section was promised a half time clerk but received a one-quarter [-time clerk] instead. Disposition of a complaint takes up to six weeks. It's taking longer because complaints are becoming more complicated. Telecommunications is the majority of the complaints.

There are not enough resources and [there is] high stress. The Consumer [Protection] section should have enough resources to do what other commissions are doing in this area.

They [Consumer Protection section] keep to themselves. They get a lot of work. Complaints have risen. They do call on me [a technical staff person] for assistance, such as drafting letters. Sometimes (but rarely) I talk to consumers.

There is not enough community outreach. I would like the Consumer Protection section to do more.

A Consumer [Protection] section representative does do some outreach — visiting churches and senior groups.

The amount of time it takes the Commission to decide issues harms [the] Consumer Protection [section]. Often the Commission has to be defended for delays. Consumers may think that information is being withheld [when in fact there has not been a decision].

Commissioners should not promise results from the Consumer Protection section. Often the issues they refer are not even jurisdictional to the Commission.

The Consumer [Protection] section reports to the Commission once a month in a public meeting.

The Consumer [Protection] section does not prepare literature on the Commission.

The Commission used to be more consumer conscious. As the state becomes more deregulated it will become more important to consider consumers.

The Consumer [Protection] section has cooperative relationships with larger utilities [for complaint resolution].

The Consumer Protection section is starting to get utility-to-utility complaints, or a utility filing complaints on behalf of customers of another utility. These are now being treated as informal complaints but are typically complex issues. The APUC wants to [handle a complaint of this sort] quicker as an informal complaint but may have to bump them up to formal complaint status.

Consumer complaint processing is a slow process. It would be good to shorten the time period for a utility to respond to a complaint.

INFORMATION FLOWS/COMMUNICATIONS

The Commission arranged a presentation from Alascom in an effort to broaden external sources of information. This was successful — more information than we ever could have otherwise.

Communications among Commissioners are good. The Chairman is very informative.

Communications are fairly good: this is a small community. But sometimes the Commission has questions for staff that come out at a hearing but would be nice to know about ahead of time. It would be good to know what information they're seeking. The scope of a proceeding and Commissioner questions are sometimes not clear. I'm not sure how you'd do this effectively.

The staff is less politically aware [than Commissioners] and technical staff may respond to Commissioner concerns in numbers, without input in the context of a political situation.

There probably is some isolation for Commissioners.

We have problems with information flow. Every Commissioner who is not the Chair complains they have no idea what's going on.

Staff likes to work independently but Commissioners need to hear opposing viewpoints in staff. We don't have contact with individual [staff]. Information is tightly controlled.

External communications are limited for the Commission. The Commissioners keep getting down to details and don't have time to understand the substantive issues.

There is room for improvement on vertical communications. We are an hourglass with the Executive Director in the neck.

It's not always clear what Commissioners want. We have Commissioners who want to administer and an Executive Director who does substantive stuff because that's where the vacuum is.

Internal communications are poor.

Lack of communication [is a problem]. Lateral communications are better than vertical but lateral aren't great. If you're not working on an order it doesn't get to you. We should have electronic means to see a brief summary of an order [because there may be one related to one you are working on].

These Commissioners rely a lot on industry. They get a sense of what's important and what industry wants. Often the Commissioners come in with their minds made up. In adjudicatory hearings it's even more obvious.

Out of necessity, the Administrative division has become very close.

Commissioners do not respond to their e-mail.

We have differences of opinion partly because we have Commissioners that aren't thinking alike [aren't evenly prepared on substantive matters].

Communications are laterally good and vertically relatively cordial.

The Commission considers staff the enemy because "you're staff" or because "they know more than we do."

It is disheartening when you are named to brief the subject and they [the Commissioners] argue with you with no information.

There is not always clear direction from Commissioners about what they want [from staff advisers]. Since you don't know what they want, it is hard to prepare.

This place is a big gossip house. But you don't get communications on things you need to know and aren't told. Commissioners' information doesn't flow down. They don't know what demands they're placing on us.

Ms. Rosemary C Johnson
PO Box 770456

Eagle River AK, 99577 694-2543

Non Constituent

BILL#:

SUBJECT: UTILITIES

MESSAGE: WE HOPE THE APUC WILL BE DESOLVED BY NON-FUNDING. THE COMMISSIONERS RECEIVE EXCESSIVE SALARIES AND THE APUC ADDS TREMENDOUS COSTS FOR UTILITIES SEEKING RATE CHANGES. WITH DEREGULATION MARKET COMPETITION WILL DO A BETTER JOB AT LESS COST.

DISTRIBUTION: 60

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ALASKA VISITORS ASSOCIATION

1999 STATE LEGISLATIVE PRIORITIES

The Alaska Visitors Association (AVA) is a statewide, private, non-profit trade association representing the common interests of Alaska's tourism industry. Nearly 92 percent of AVA's 650-plus members are small Alaskan businesses. Collectively, they encompass all sectors of travel and tourism and employ more than 25,000 Alaskans.

The visitor industry is one of the most significant industries in Alaska, providing one in eight private-sector jobs. AVA urges the Alaska State Legislature and Administration to demonstrate their commitment to helping tourism realize its full potential as an employer and contributor to the state's economy. The following are priorities in accomplishing this goal.

Enact legislation that will help Alaska regain its competitive position as a visitor destination and consolidate statewide tourism organizations

Last year the Legislature approved an industry-led plan to increase private-sector contributions and consolidate the Alaska Tourism Marketing Council (ATMC), the Alaska Visitors Association (AVA), and the marketing functions of the State Division of Tourism into a single non-profit entity. However, the bill failed to receive final concurrence before the session ended. This year, AVA again supports passage of legislation provided that *all* marketing functions are offered in a fee-for-service contract with the state, as called for in the plan. To do otherwise will leave the industry unable to raise the required funds.

State funding for tourism promotions in Alaska has declined by 60 percent over the last decade, dropping the state from 7th place in state spending in 1989 to 27th in 1998; this decrease in funding corresponds with a drop in Alaska's annual rate of visitor growth from 13 percent to less than 6 percent. By increasing private-sector contributions to \$6 million through pay-to-play programs and increased contributions from businesses, communities, and cruise companies, the plan will help return Alaska's tourism marketing to a more competitive position. A transition team with representatives from ATMC, AVA, AWRTA, and the Department of Commerce has already begun work to set up the new non-profit organization should legislation be enacted.

Continue to provide core funding for destination marketing

Under the New Millennium Plan, the industry proposes increasing private-sector funds while gradually decreasing state general fund participation. While the industry recognizes that overall state funding may decrease in the face of budget shortfalls, AVA believes the state has a vested interest in maintaining core funding for tourism marketing:

- The industry's direct contributions to government (more than \$124 million in taxes and fees to state and local governments) demonstrate that funds spent on tourism promotion are a long-term investment that will come back to the state in increasing amounts.
- The state will ultimately save money through lower unemployment and decreased state social services expenditures.
- The state needs to help level the playing field as Alaska competes with other states and countries who are spending millions of general fund dollars.
- Nearly everyone benefits from tourism, although not everyone pays. From gas stations and florists to construction companies and caterers, businesses that may not contribute to tourism funding still profit from the money visitors inject into Alaska's economy.

The entire state gains by being able to compete with other destinations, creating a healthier economy with greater numbers of people employed. As businesses – even those not generally viewed as tourism-related – benefit from the dollars visitors put into Alaska's economy, the industry maintains that the state has a responsibility to assist the tourism industry with the financial burden of marketing a product which benefits all Alaskans. The New Millennium Plan calls for phasing in a decrease in state funding by 25 percent over three years, reducing the state's current general fund contribution from \$5.3 million in FY00 to \$5.0 – FY01, \$4.5 – FY02, and \$4.0 thereafter. Conversely, the private sector's contribution would increase by 300 percent, with a target of \$6 million by FY03. The base-level funding would be in the form of a fee-for-service contract with the state.

Enact legislation to reform recreation liability laws

AVA continues to support passage of legislation to decrease legal uncertainties for commercial recreation businesses and to acknowledge some level of inherent risk on the part of those participating in recreational activities. One of Alaska's major visitor draws is outdoor adventure, yet high liability insurance costs are prohibitive, especially for smaller businesses offering commercial recreation opportunities. Recreational liability reform legislation should also include indemnification for private landowners who allow a public trail across their property. Alaska is the only state in America that does not provide this indemnification.

Implement a two-year Alaska Marine Highway schedule

AVA supports changes that will allow the Alaska Marine Highway System to implement a two-year ferry schedule. According to the AMHS, the current legislative funding cycle prevents this. Visitor use of the ferry system is the primary revenue generator for the Alaska Marine Highway System, yet the lack of a two-year schedule significantly inhibits advance sales and bookings and prevents appreciable increases in revenues. When attracting visitors, Alaska must compete with adventure tours to places around the world in both cost and quality. Surveys show 60 percent of visitors coming to Alaska start their planning six to 12 months prior to departure. Tourism operators have to prepare business plans, make itinerary decisions, and develop and distribute brochures marketing their products in advance of client bookings. Under the current planning cycle, businesses and communities are unable to make these advance preparations.

Increase access to public lands

Alaska is largely composed of public lands, making access critical to tourism activities within the state. The public has a desire to engage in a variety of outdoor activities on these lands, although there is tremendous pressure to restrict further access to public lands for commercial use of any kind. The tourism industry provides an opportunity for people to participate in guided outdoor experiences they might not be able to enjoy on their own and in a manner that has a relatively low impact on the land. While AVA appreciates the initial efforts of the Alaska Land Managers Forum in focusing on tourism/public land issues such as permitting, the association encourages the Legislature to promote use of public lands for tourism and require public agencies to include tourism components in all government and public planning documents.

Address important capital budget projects

Adequate infrastructure is crucial to all of Alaska's basic industries. The association supports the concept of a fuel tax with revenues dedicated to a highway maintenance fund and the creation of a proposed state highway system funding category. AVA has also identified these transportation projects as top priorities:

- Petersville Road rehabilitation and extension to Tokositna and construction of a visitor facility
- Denali Highway hard surfacing
- McCarthy Road hard surfacing and wayside construction
- Alaska Marine Highway's continued Lynn Canal day boat service and fleet-wide vessel maintenance and safety improvements
- Parks Highway and Denali National Park Gateway road and pedestrian improvements
- Taylor Highway reconstruction and Top of the World Highway improvements from Tetlin Junction to Jack Wade Junction
- Implementation of the Southeast Alaska Transportation Plan
- Statewide system of rest and information stops
- Statewide system of snow machine trails utilizing snow machine registration fees for trail development
- Hatcher Pass road improvements and driving loop through Willow

Maintain State Park funding

AVA supports the governor's budget for State Parks. Although parks are utilized by 80 percent of residents, they are also important attractions to Alaska's visitors.

ALASKA VISITORS ASSOCIATION
phone: 907-561-5733 ☐ fax: 907-561-5727

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

ALASKA PUBLIC UTILITIES COMMISSION

TONY KNOWLES, GOVERNOR

1016 WEST SIXTH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99501-1963
PHONE: (907) 276-6222
FAX: (907) 276-0160
TTY: (907) 276-4533

February 11, 1999

The Honorable Norman Rokeberg
Alaska House of Representatives
Room 24
State Capitol
Juneau, Alaska 99801-1182

FEB 17 1999

Dear Representative Rokeberg:

I am pleased to send you the Alaska Public Utilities Commission's Annual Report to the Legislature for Fiscal Year 1998. This report summarizes the Commission's significant issues and programs for the fiscal year that ended June 30, 1998.

Shortly after the publication of this 1998 annual report, the detailed financial statistics on the public utilities and pipelines operating in the state will be available at the APUC's web site, (<http://www.state.ak.us/apuc>).

On behalf of the Commission, I hope that you will find the report to be useful and informative. If you have any questions or comments, please do not hesitate to contact me.

Sincerely,

ALASKA PUBLIC UTILITIES COMMISSION



Sam Cotten
Chairman

Enclosure

ALASKA PUBLIC UTILITIES COMMISSION

Annual Report

Fiscal Year 1998



**Alaska Public Utilities Commission
1016 West Sixth Avenue, Suite 400
Anchorage, Alaska 99501-1963**

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fax: (907) 276-0160
TTY: (907) 276-1533
web site: <http://www.state.ak.us/apuc>

**FY98 statistical data will be available at APUC's web site shortly after
the release of this printed volume.**

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

ALASKA PUBLIC UTILITIES COMMISSION

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February 5, 1999

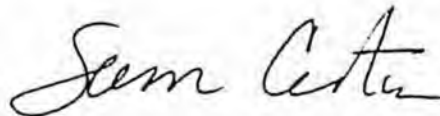
Honorable Brian Porter
Speaker of the House
and
Honorable Drue Pearce
President of the Senate

Dear Speaker Porter and President Pearce:

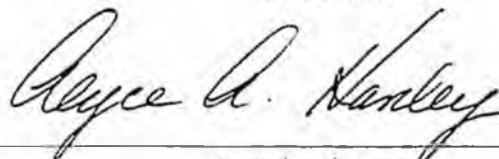
On behalf of the Alaska Public Utilities Commission, we are pleased to submit to the Alaska State Legislature the Twenty-ninth Annual Report of the Alaska Public Utilities Commission, covering the fiscal year ending June 30, 1998. This is filed pursuant to AS 42.05.211 and AS 42.06.220.

Respectfully yours,

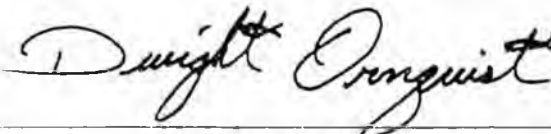
ALASKA PUBLIC UTILITIES COMMISSION



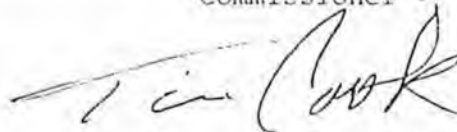
Chairman



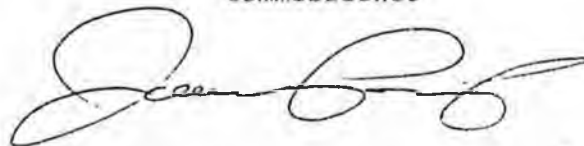
Commissioner



Commissioner



Commissioner



Commissioner

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Mission statement

The Alaska Public Utilities Commission (APUC) protects and promotes the public interest by certificating and economically regulating only qualified public utilities and pipeline carriers. It oversees the availability, affordability and quality of the utility services that are essential to Alaska's economic development.

The Commission does this by making timely decisions that balance the competing interests of various parties fairly, while keeping red tape to a minimum.

**The Commissioners of the Alaska
Public Utilities Commission**



Chairman Cotten (center) is flanked (left to right) by Commissioners Posey, Hanley, Ornquist and Cook

Message from the Chairman

The utility industries in Alaska and throughout the country are in a period of major change. Major events such as the passage of the Telecommunications Act of 1996, the several proposed pieces of federal legislation dealing with electric industry restructuring along with the restructuring experiences and experiments of states like California have combined to make industry and regulators think in new terms.

We are breaking new ground in Alaska when it comes to competition in the telephone business. In addition to competition, the ownership of the majority of the local phone lines in our state have changed hands or are posed to do so. The APUC has seen a huge increase in filings dealing with disputes, new offerings and transfer of certificate applications. The Commission has also found it necessary to write new regulations to deal with the new competitive environment as opposed to the monopoly system under which we have been operating since before statehood.

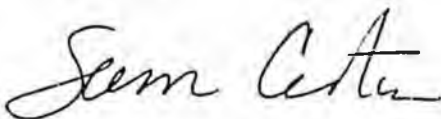
The APUC has been working closely with the State Legislature on many issues, most recently jointly awarding a contract for a study of electricity restructuring in Alaska. The Commission continues to offer its expertise as a resource to the Legislature.

The Alaska Public Utilities Commission has taken steps to improve its ability to deal with a workload that has doubled over the past five years. In addition to adding to our professional staff, the commission is putting more emphasis on training and is improving efficiency through a move toward electronic filing and other technology enhanced operations.

The consumer protection division of the Commission is one of our busiest and most important. Our consumer specialists report 706 consumer complaints, a 23 percent increase over the previous year. As one of the few consumer response sections in state government, we feel it is essential to have more resources in this area.

The number of changes in the utility and pipeline industries in Alaska and the resulting challenges presented to the Commission continue to grow. We are committed to meeting those challenges.

Sincerely,



Sam Cotten
Chairman

Biographies



**Sam Cotten,
Chairman**

Commissioner Sam Cotten was appointed by Gov. Tony Knowles on November 13, 1995, and appointed as Chair on August 12, 1996. Chairman Cotten's term ends on March 1, 1999.

Mr. Cotten owns and operates a commercial salmon seining business in lower Cook Inlet. A former Speaker of the House of Representatives and State Senator, Sam Cotten served 16 years in the Alaska State Legislature. Other public and community service has included a position as Commissioner of the Anchorage Planning and Zoning Commission, Chugiak-Eagle River Chamber of Commerce Board of Directors, Anchorage Ski Club Board of Directors, and Harry J. McDonald Memorial Center, Board of Directors. Mr. Cotten served in the U.S. Navy from 1965 through 1969, including two tours of duty in Viet Nam. Mr. Cotten and his wife Martha T. Cotten, M.D. have two sons, Sammy and Gus, and reside in Eagle River and Halibut Cove.

On November 1, 1993, Gov. Walter Hickel appointed Commissioner Alyce Hanley to one of the consumer seats of the APUC, with a term expiring March 1, 2000.

Mrs. Hanley served as Representative in the Alaska State Legislature from 1985 through 1991. She was a member of the Anchorage School Board from 1981 through 1984. In Anchorage, Mrs. Hanley has been a volunteer in numerous organizations. She was serving as a member of the Executive Clemency Commission and the Americans with Disabilities Act Advisory Commission at the time of her appointment. She is a member of the National Association of Regulatory Utility Commissioners Committee on Water.

The Hanley's, Monte and Alyce, and their five sons moved to Anchorage's Sand Lake area in 1971. Alaska continues to be home for the entire family which now includes four daughters-in-law and six grandchildren.



**Alyce A. Hanley,
Commissioner**

Biographies (continued)

Dwight Ormquist was appointed to the APUC by Gov. Walter Hickel in October 1993. Commissioner Ormquist holds the engineering seat on the Commission until his term expires on March 1, 2000.

Commissioner Ormquist is an Information Systems Engineer and has been designing, developing and implementing information and communication systems since 1975 when he graduated from the Alexandria Technical Institute in Minnesota with a degree in Computer Science. That same year Mr. Ormquist moved to Anchorage, Alaska. In 1978 he married Gena, a high school English teacher he met in Alaska. In 1985 they moved to Palmer where they currently reside with their four children, Micah (18), Danielle (15), Jeremiah (13) and Christopher (13).

Commissioner Ormquist is a member of the National Association of Regulatory Utility Commissioners (NARUC), the Institute of Electrical and Electronic Engineers (IEEE), the Alaska Department of Education Technology Task Force, and is the Vice Chairman of the NARUC Finance and Technology Committee. He also serves on the adjunct faculty of the University of Alaska/Mat-Su, and works very closely with the NARUC Staff Subcommittee on Computers promoting agency automation. He is a leader in actively promoting utility competition, in a manner that will benefit consumers, when and where possible.



Dwight D. Ormquist,
Commissioner



Tim Cook,
Commissioner

Tim Cook was appointed to the APUC in 1994. His appointment was the subject of a balance of powers debate regarding the confirmation authority of the Alaska Legislature. In August 1996, the Alaska Supreme Court ruled unanimously in favor of Mr. Cook and returned him to the APUC. His term expires on March 1, 2001.

Mr. Cook came to the APUC after serving as the Associate Director of the State of Alaska's Washington, D.C. office. While in Washington, Mr. Cook was responsible for developing and advocating State policy on environmental, fisheries, telecommunications, and energy issues. This position required Mr. Cook to develop close working relationships with the Alaska Congressional delegation, other members of Congress, and with the Executive departments.

During his tenure on the APUC, Commissioner Cook has been very active in telecommunication deregulation and competition issues. He continues to be a strong advocate of Universal Service and communications parity with the lower 48 states. Because of his interest in telecommunications he was appointed to chair the Telecommunications Committee of the Western Conference of Public Service Commissioners.

Mr. Cook is a licensed attorney. He has passed the Bar in both Texas and Alaska, and is eligible for admission in a number of other districts. He is an active member of the Bar and is involved with several professional organizations. He has also worked as an engineer on the North Slope of Alaska.

Mr. Cook worked his way through law school commercial fishing and continues to be active in that industry. His formal education includes an earned Juris Doctorate, Masters of Business Administration degree, and double Bachelors Degrees.

Tim is an active sportsman and pilot. He lives in Wasilla and is an 18-year resident of Alaska. He speaks fluent Spanish, and has extensive experience living in remote and culturally diverse areas. His wife, Dr. Alicia Martinez is a nationally recognized leader in bilingual/bicultural education. She has been a professor at George Washington University and the University of Houston.

Biographies (continued)



**James M. Posey,
Commissioner**

Commissioner James M. Posey was appointed to the consumer seat of the Commission on January 21, 1997. Prior to joining the Alaska Public Utilities Commission, he worked for the Municipality of Anchorage as the manager of the Building Safety Division, Department of Public Works. Mr. Posey retired from ARCO Alaska, Inc. in 1995 after working more than twenty years in the oil and gas industry as Land Manager, Issues Advocacy Manager, and Attorney.

He is a 19-year resident of Alaska and has been active in several community organizations. He has served on the boards for Anchorage Center for Families and Junior Achievement of Alaska. Mr. Posey is a founding member of the American Association of Blacks in Energy and currently serves on the board for Anchorage Youth Court. He served as the President of the Bayshore/Klatt Community Council for several years and is a member of the Anchorage Downtown Rotary Club.

In 1975, Mr. Posey graduated from the University of Kansas School of Law. In 1972, he graduated from Wichita State University with a degree in History. He hails from Beaumont, Texas. Mr. Posey served in the United States Air Force from 1966 to 1970.

He and his wife, Sandi, have three daughters and two sons and live in south Anchorage.

Bob Lohr has served as executive director of the APUC since 1991. He has a Masters Degree in Public Administration from Harvard University's John F. Kennedy School of Government with concentrations in Public Management and Negotiation. He earned his B.A. degree in Economics and International Relations at Swarthmore College in Pennsylvania.

Mr. Lohr has more than 22 years of experience directing, managing and advising development-oriented agencies in Alaska. From 1989 to 1990 he served as executive director of Advocacy Services in Alaska, the legal protection and advocacy agency representing persons with developmental disabilities. From 1979 to 1986 he held various positions with Rural Alaska Community Action Program Inc. (RurAL CAP), including executive director from 1982 through 1986. RurAL CAP addresses wide-ranging needs of low-income Alaskans including energy policy, child development, natural resources, alcohol/drug abuse prevention, and community development. From 1975 through 1979, he directed the Upper Tanana Development Corporation in Tok. He has also served as a consultant to human services organizations and Native corporations. Mr. Lohr is married to Celia Foley, and they have three children: Emma, Noah, and Joseph.



**Robert A. Lohr,
Executive Director**

Former APUC Commissioners

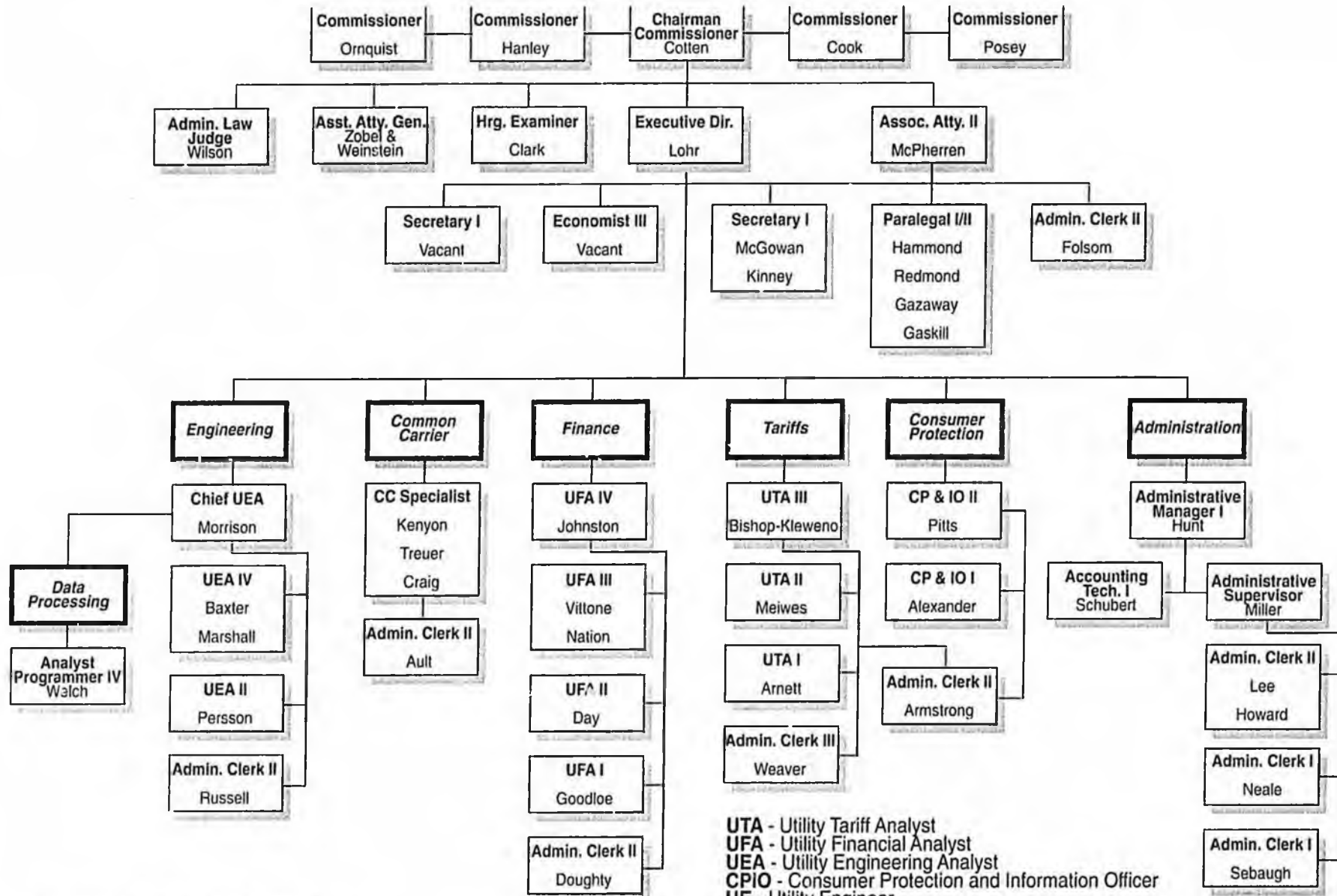
Commissioner	Dates of service
Clyde Courtnage	1960 - 1963
Charles Herbert	1960 - 1963
Karl Walter, Jr.	1960 - 1964
Joseph Fitzgerald	1964 - 1965
Maurice Chertkov	1965 - 1965
Harold Moats	1965 - 1966
T. Stanton Wilson	1966 - 1966
James R. Clouse, Jr.	1967 - 1971
Loren H. Lounsbury	1967 - 1971
John M. Stern, Jr.	1971 - 1973
James R. Hendershot	1971 - 1975
B. Richard Edwards	1974 - 1976
Gordon J. Zerbetz	1963 - 1981
Stuart C. Hall	1976 - 1983
Diana E. Snowden	1981 - 1985
Marvin R. Weatherly	1975 - 1987
Carolyn S. Guess	1975 - 1989
Louis E. Agi	1983 - 1989
Kathleen E. Whiteaker	1985 - 1990
Peter Sokolov	1987 - 1991
Don May	1990 - 1992
Susan M. Knowles	1975 - 1993
Mark A. Foster	1990 - 1993
Daniel Patrick O'Tierney	1989 - 1994
James E. Carter, Sr.	1992 - 1995
G. Nanette Thompson	1995 - 1996
Don Schröer	1991 - 1997

APUC roster (10/13/98)

Alexander, Tamara	Consumer Protection & Information Officer I
Armstrong, Mark	Administrative Clerk II
Arnett, Wendy	Utility Tariff Analyst I
Ault, Lee	Administrative Clerk II
Baxter, Donald	Utility Engineer Analyst IV
Bishop-Kleweno, Dawn	Utility Tariff Analyst III (Chief)
Clark, Patricia	Hearing Examiner
Cook, Tim	Commissioner
Cotten, Sam	Commissioner (Chairman)
Craig, Lew	Common Carrier Specialist
Day, Keith	Utility Financial Analyst II
Doughty, Balassa	Administrative Clerk II
Folsom, Hillary	Administrative Clerk II
Gaskill, Karlee	Paralegal I
Gazaway, Richard	Paralegal I
Goodloe, Toni	Utility Financial Analyst I
Hammond, Anita	Paralegal II
Hanley, Alyce	Commissioner
Howard, Tricia	Administrative Clerk II
Hunt, Diane	Administrative Manager I
Johnston, Mark	Utility Financial Analyst IV (Chief)
Kenyon, Lorraine	Common Carrier Specialist
Kinney, Sue	Secretary I
Lee, Ruthie	Administrative Clerk II
Lohr, Bob	Executive Director
Marshall, Bill	Utility Engineer Analyst IV
McGowan, Joyce	Secretary I
McPherrren, Jeanne	Associate Attorney II*
Meiwes, Jennifer	Utility Tariff Analyst II
Miller, Barb	Administrative Supervisor
Morrison, Paul	Utility Engineer Analyst V (Chief)
Nation, Parker	Utility Financial Analyst III
Neale, Pamela	Administrative Clerk I
Ornquist, Dwight	Commissioner
Persson, Brad	Utility Engineer Analyst II
Pitts, Agnes	Consumer Protection & Info. Officer (Chief)
Posey, Jim	Commissioner
Redmond, Rosemary	Paralegal I
Russell, Neci	Administrative Clerk II
Schubert, Ed	Accounting Technician
Sebaugh, Chrissy	Administrative Clerk I, Receptionist
Treuer, Phil	Common Carrier Specialist
Vittone, Mary	Utility Financial Analyst III
Weaver, Rose	Administrative Clerk III
Weinstein, Marty	Assistant Attorney General*
Welch, Bort	Programmer/Analyst IV
Wilson, Jan	Administrative Law Judge
Zobel, Ron	Assistant Attorney General*

* Employee of the Department of Law contracted to the Commission

Organizational chart



UTA - Utility Tariff Analyst
 UFA - Utility Financial Analyst
 UEA - Utility Engineering Analyst
 CPIO - Consumer Protection and Information Officer
 UE - Utility Engineer
 CC - Common Carrier

☐ - Positions funded under contract

All positions located in Anchorage.

Approved: /s/ Robert A. Lohr
 Robert A. Lohr, Executive Director

Effective date: 10/13/98

Staff responsibilities

The Commission staff is divided into six major sections: administration, engineering, common carrier, consumer protection, finance, and tariffs. The APUC employs 46 people with an FY98 operating budget of \$4,459,659.

Administration

An executive director, hired by the Commission, is responsible for directing all staff functions and serves as a liaison between staff and Commissioners, and between the Commission and the legislature. He or she is responsible for records and document management, fiscal and personnel administration and budget preparation. The executive director is aided by an administrative manager, documents processing and accounting personnel, and other clerical support staff.

Engineering

This section is responsible for certification proceedings, investigations of utility and pipeline carrier procedures and practices affecting service quality. It also reviews legal descriptions for service areas, plans for plant expansion, plant-in-service schedules, and depreciation schedules. Engineering evaluations are presented in proceedings before the Commission. The Commission's data processing function is housed in the engineering section.

Common Carrier

This section was established to develop, recommend and administer policies concerning rates, services, accounting and facilities of communications common carriers within Alaska involving the use of wire, cable, radio, and space satellites

Consumer Protection

Major responsibilities for this section include investigation and resolution of consumer complaints, public relations and information dissemination.

Finance

This section examines, analyzes and evaluates financial statements submitted for rate cases. It audits financial records of utilities and pipeline carriers and examines historical operating year data and pro forma financial adjustments made by the utilities and pipeline carriers. The Finance section provides analyses of this information in proceedings before the Commission.

Tariff

This section examines, analyzes and investigates tariff filings and presents recommendations to the Commission at biweekly tariff action meetings. Administrative functions include organizing tariff meetings as well as complying with all public notice requirements on tariff filings and maintaining current master tariffs for all utilities and pipeline carriers.

APUC FY98 overview

Since statehood in 1959, the Alaska Public Utilities Commission has been working with the hundreds of public utilities in Alaska with the same mission in mind - to ensure continued service, sound management, and fair rates for residents in all corners of the state. The Commission regulates utilities that bring water, electricity, gas and telecommunications into our homes, as well as overseeing services that collect and dispose of our waste. In 1981, the APUC's role was expanded to include oversight of pipeline carriers and pipelines when it merged with the Alaska Pipeline Commission.

Utility commissions were originally created to protect consumers, since most utilities were monopolies. Today, Commissioners are faced with the challenge of evaluating regulations and considering policy changes to encourage competition while continuing to maintain consumer protection as a primary goal.

In situations where monopolies exist, the Commission monitors the utility to ensure fair practices, reasonable service, financial stability, and accountability. The Commission balances the legitimate need for utilities and pipeline carriers to show a profit for their investment and the public's right to receive fair service for its money. Commissions in all 50 states serve the same general mission, regulating the relationship between the utilities and the consumers they serve.

The Commission achieves this balance by issuing "certificates of public convenience and necessity" to qualified service providers. A certificate essentially acts as a license to operate and details how the utility or pipeline carriers must conduct business with consumers or shippers concerning rates. The Commission establishes rates, terms and conditions of service while overseeing the practices, services and facilities of regulated utilities and pipeline carriers. In the next few years, new approaches and a broader perspective will be necessary as the Commission works to address complex issues and to make appropriate regulatory decisions for all Alaskans.

The APUC has jurisdiction over the operation of:

- electric utilities
- natural gas utilities
- refuse (garbage) collection
- wastewater (sewer) treatment
- steam producers
- telephone companies (local and in-state services)
- water utilities
- oil and gas pipeline carriers.

The Commission has issued 476 certificates of public convenience and necessity (certificates) held by utilities and pipeline carriers.

Approximately one-third of the 476 certificates are for utilities whose services and operations are fully regulated by the Commission. The authority to regulate some types and sizes of utilities is limited under law. Many electric utilities in bush communities are exempt from regulation because of their small size. Some cooperatives and government-owned utilities are also exempt because they have alternative means of accountability to the consumer. Of the 476 certificates held, the Commission currently regulates the rates, services, practices or facilities of 161 utilities and 18 pipeline carriers.

In addition, the Commission is responsible for computing the power costs and resultant state assistance amounts for customers of electric utilities participating in the Power Cost Equalization (PCE) program.

The Commission carries out its regulatory responsibilities through several means. It conducts audits, investigations, public meetings, tariff action meetings, formal adjudicatory