

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10627 SENATE LABOR & COMMERCE

872

APPENDIX E - SCHEDULE 3
 FY 99 STEP Vendor/Grantee
 Detail Report by Amount
 (Unaudited)

Vendor/Grantee Name	Type	Clients Served	Total Grants
Indian Valley Meats Inc.	Other	5	\$ 14,500
Career Academy	Private Training	3	14,495
Southeast Alaska Regional Health Consortium	Native Entity	36	13,701
Iisagvik College	Native Entity	7	13,413
Bristol Bay Native Association	Native Entity	6	11,281
Copper Valley Education Center	Public Training	10	10,948
Alaska Technical Center	Public Training	1	9,900
Charter College	Private Training	1	9,210
Tlingit & Haida Central Council	Private Training	5	8,443
SST Travel School	Native Entity	43	7,992
IHH Industries	Private Training	2	7,890
Kake Tribal Corp.	Other	3	7,119
Academy Of Myofascial	Native Entity	3	6,277
Flight Safety Alaska	Private Training	1	5,500
Galvin Flight Training	Private Training	1	5,500
Sweetwater Travel	Other	14	5,466
Simcom International	Private Training	1	5,400
Stans Appliance	Other	1	5,160
American Airlines Travel Academy	Private Training	1	4,987
Data Bank Computer Services	Private Training	1	4,855
Flight Safety International	Private Training	1	4,675
Browns School Of Phlebotomy	Private Training	1	3,660
University Of Alaska - Southeast	Public Training	12	3,425

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Vendor/Grantee Name	Type	Clients Served	Total Grants
Double R Property Mgmt	Other	1	\$ 3,180
AAI Engineering Support	Private Training	1	3,020
Board Of Cooperative Education Services	Public Training	1	3,000
University of California - Los Angeles	Private Training	1	3,000
Trophy Tan & Taxidermy	Private Training	1	2,999
NRI School McGraw-Hill	Private Training	1	2,890
Environmental Management, Inc.	Private Training	3	2,865
Naabia Niign Inc.	Native Entity	10	2,824
His & Hers	Other	1	2,800
Western Oregon University	Private Training	1	2,506
Kasilof Medical	Private Training	1	2,500
Reliable Transfer	Other	1	2,500
Cook Inlet Council On Alcohol	Native Entity	66	1,980
Airplane Training Professionals	Private Training	1	1,895
Trimbel Navigation Ltd	Other	1	1,800
Embry Riddle Aeronautical	Private Training	1	1,793
N.W. Arctic Borough	Other	1	1,781
Alaska Dried Foods	Other	10	1,760
Hogan, Meecham, Hogan	Other	1	1,626
New Concepts Beauty School	Private Training	2	1,301
Mikes University Chevron	Other	16	1,278
Boise State University	Private Training	1	1,236
Sears Industrial	Other	1	1,193
Underwater Sports Inc.	Other	1	1,150

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 (Unaudited)

Vendor/Grantee Name	Type	Clients Served	Total Grants
Silicon Valley	Other	1	\$ 1,068
Transportation Systems	Other	1	980
Northland Books & Charts	Other	7	935
Anchorage Corporate Suites	Other	1	810
La Quinta	Other	1	809
Fairbanks North Star Borough	Other	18	782
Taquan Travel	Other	1	729
Compass North	Other	1	637
Tool Crib Of The North	Other	1	610
Sitka Tribe Of Alaska	Native Entity	1	600
Brown & Sons Auto Parts	Other	2	566
Crown Plaza	Other	1	559
Howard Johnson Plaza Hotel	Other	1	533
Southeast Executtravel	Other	2	525
Fairbanks Radiator	Other	2	520
Bens Super Store	Other	1	499
Alaska Coastal Homes Inc.	Other	1	498
Wrangell Medical Clinic	Other	1	489
Easy Travel	Other	1	488
C & B Of Juneau	Other	7	450
Dept. of Community & Economic Development	Public Training	3	435
Urbachs	Other	2	408
Alaska Industrial X-Ray	Other	2	400
Tongass Regional Eye Clinic	Other	1	400
Twilight Travel	Other	1	394

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 FY 99 STEP Vendor/Grantee
 Detail Report by Amount
 (Unaudited)

Vendor/Grantee Name	Type	Clients Served	Total Grants
Nugget Alaska Outfitters	Other	2	\$ 389
Bovey Trophies	Other	1	386
Hillside On Gambell	Other	1	374
Arctic Travel	Other	1	352
Fred Meyer	Other	2	318
Office Max	Other	3	303
Lamonts	Other	2	300
Shaub-Ellison Co.	Other	1	300
Sprucewood Park	Other	1	300
K-Mart	Other	3	298
Big Rays	Other	1	298
Sitka Community Hospital	Other	2	288
City Of Nenana	Other	1	268
Switzer Village Mobile Park	Other	1	235
A & W Wholesale	Other	1	233
Sears Optical	Other	1	228
Seward Ship Chandlery	Other	3	162
Eye Clinic Of Fairbanks	Other	1	155
Tanana Valley Clinic	Other	1	145
Totem Chevron	Other	3	145
Goldpanners Chevron	Other	2	120
AEL&P	Other	1	115
Juneau Urgent Care	Private Training	1	88
PTI Communications	Other	1	82
Virginia Mason Medical	Other	1	49

APPENDIX E - SCHEDULE 3
 FY 99 STEP Vendor/Grantee
 Detail Report by Amount
 (Unaudited)

Vendor/Grantee Name	Type	Clients Served	Total Grants
Red Cross Of America	Private Training	1	\$ 40
Mcginnis & Associates	Other	1	35
Seward Bus Line	Other	1	30
Ketchikan Gateway Borough	Other	1	25
Kake Foods Inc.	Native Entity	1	17
	Total	1,382	\$ 1,505,615

APPENDIX E - SCHEDULE 4
 FY 00 STEP Vendor/Grantee
 Detail Report by Amount
 (Unaudited)

Vendor/Grantee Name	Type	Clients Served	Total Grants
MILA, Inc.	Other	71	\$ 193,133
Alaska Laborers Training Trust Fund	Union	208	173,202
Center For Employment Education	Union	32	171,475
University Of Alaska - Fairbanks	Public Training	99	113,728
HRC, Inc.	Private Training	70	102,067
Alaska Vocational Technical Education Center	Public Training	60	101,200
Alaska Operating Engineers	Union	77	90,933
Rural Cap	Native Entity	71	78,188
Alaska Joint Electrical Apprenticeship	Union	26	62,777
Alaska Energy Authority	Public Training	32	52,956
Bristol Bay Native Association	Native Entity	25	45,012
Piledrivers Local 2520	Union	6	42,120
Career Academy	Private Training	8	41,817
University of Alaska - Anchorage	Public Training	25	39,373
Alaska Roofers Joint Apprenticeship	Union	12	36,164
Alaska Trademark Shellfish	Other	3	35,315
Client Reimbursements	Individual Training	33	33,339
Southeast Alaska Regional Health Consortium	Native Entity	23	28,425
Fairbanks Area Painters & Allied Trades	Union	12	25,272
Regional Alcohol & Drug Abuse	Private Training	8	23,342
North Star Computing	Private Training	21	22,350
Charter College	Private Training	4	20,359
Network Business Systems	Private Training	4	19,151
University Of Alaska - Southeast	Public Training	12	16,188
New Frontier Vo-Tech Center	Private Training	4	16,100

APPENDIX E - SCHEDULE 4
 FY 00 STEP Vendor/Grantee
 Detail Report by Amount
 (Unaudited)

Vendor/Grantee Name	Type	Clients Served	Total Grants
Literacy Council Of Alaska	Private Training	26	\$ 15,366
Valley Academy of Nursing Assistants	Private Training	4	14,000
West Coast Training Inc.	Private Training	3	13,772
Environmental Management Inc.	Private Training	16	13,004
Wizworks	Private Training	4	11,604
Iisagvik College	Native Entity	1	10,747
Testing Institute of Alaska	Private Training	2	10,725
Cornerstone Home Health Care	Private Training	10	10,000
A Head of Time Hair	Private Training	2	9,400
Intra-Sea Inc.	Other	6	8,628
The Academy of Myofascial	Private Training	1	7,914
Alaska Flying Network, Inc.	Private Training	1	7,400
University of Alaska - Anchorage/Matsu	Public Training	5	7,004
AVI Computer Skills	Private Training	2	6,700
Aurora North Emergency Services	Private Training	3	5,920
Alaska Technical Center	Private Training	1	5,747
North American Technical College	Private Training	1	5,500
Shear Allusions	Private Training	1	5,423
Worldwide Language Resources/Maine	Private Training	1	5,000
Crestone Healing Center	Private Training	1	4,950
Trendsetters	Private Training	1	4,900
Health Education Center	Private Training	3	4,300
Knik Tribal Council	Native Entity	1	3,836
Trophy Tan & Taxidermy	Private Training	1	3,620
Team Cutters	Private Training	12	3,432

APPENDIX E - SCHEDULE 4
 FY 00 STEP Vendor/Grantee
 Detail Report by Amount
 (Unaudited)

Vendor/Grantee Name	Type	Clients Served	Total Grants
Property Professionals/New Mexico	Other	1	\$ 3,300
University of California - Los Angeles	Private Training	1	3,000
Norton Sound Health Corp.	Native Entity	9	2,949
Sunshine Travel	Other	5	2,697
Sweetwater Travel	Other	5	2,661
Pacific Rim Inst. Of Safety & Mngmt. (Prism)	Private Training	1	2,520
Anderson Apartments	Other	1	2,126
Snap-On Tools	Other	2	1,998
Browns School of Phlebotomy	Private Training	1	1,620
Tanana Childcare	Other	1	1,539
Sears	Other	2	1,453
CompUSA	Private Training	2	1,445
Physicians Review & Consulting	Private Training	1	1,440
Wyatt Enterprises	Private Training	1	1,400
Alaska Industrial Hardware	Other	1	1,254
Renew U Hair Salon & School	Private Training	2	1,162
Revere Academy Of Jewelry Arts	Private Training	1	1,100
Big Ray's	Other	5	1,098
Alaska Travel Concepts	Other	1	1,090
Wayland Baptist University	Private Training	1	1,080
North Coast Electric Co.	Other	1	969
D.J.S Wheelhouse & Motel	Other	1	942
Nova University/Florida	Private Training	1	910

APPENDIX E - SCHEDULE 4
 FY 00 STEP Vendor/Grantee
 Detail Report by Amount
 (Unaudited)

Vendor/Grantee Name	Type	Clients Served	Total Grants
Anchorage Plumbers & Pipefitters Apprenticeship	Union	1	\$ 906
Residence Inn	Other	1	888
Vidal Sassoon/Canada	Private Training	1	886
Via Vita Health Project	Other	1	875
Denali Telecom	Other	1	798
Alaska West Training Center	Private Training	1	770
ICS Business Industrial Training	Private Training	1	689
Kalama River Inn	Other	1	659
Southeast Board of Realtors	Other	1	653
Driftwood Lodge	Other	1	648
Hillside Motel	Other	1	606
Fairbanks Alaska Carpenter Training Center	Union	1	600
Fred Meyer	Other	3	597
Sea Marine Services	Other	1	565
Northern Lights Inn	Other	1	562
Real Systems	Other	1	535
University of Anchorage - Kenai	Public Training	1	500
Brown & Sons Auto Parts	Other	2	494
Dave's Shop	Other	1	481
Lundberg Maryland Seamanship Schools Inc.	Private Training	1	475
Twilight Travel	Other	1	459
Best Western Golden Lion	Other	1	441
Dept. of Labor & Workforce Development	Public Training	2	420

APPENDIX E - SCHEDULE 4
 FY 00 STEP Vendor/Grantee
 Detail Report by Amount
 (Unaudited)

Vendor/Grantee Name	Type	Clients Served	Total Grants
Napa Auto Parts	Other	1	\$ 379
Lamonts	Other	3	356
Goldstream Motors	Other	1	350
Interior Welding & Tool Supply	Other	2	340
Kade Mendelowitz, Multimakers	Other	1	330
Eye Clinic	Other	1	322
Penske Auto Center/K-Mart	Other	1	292
Tyee Travel	Other	1	286
Alaska Coastal Homes	Other	1	280
Bristol Bay Contractors	Other	1	280
Brown & Hawkins	Other	1	252
International Union Of Painters & Allied Trades	Union	1	250
Plumber & Pipefitter Union Local 262	Union	1	239
Alaska Airlines	Other	1	236
Air Liquide America Corp.	Other	1	219
Alaska Aero Maintenance Services	Other	1	206
Fairbanks North Star Borough, Mac Transit	Other	3	195
Seward Ship Chandlery	Other	2	193
Dept. of Community & Economic Development	Other	1	165
Sitka Community Hospital	Private Training	1	165
Image Optical	Other	1	144
Interior Medical Supply	Other	3	132
City & Borough Of Juneau	Other	1	120
Lake & Peninsula Airlines Inc.	Other	1	120
People Mover	Other	1	120

APPENDIX E - SCHEDULE 4
 FY 00 STEP Vendor/Grantee
 Detail Report by Amount
 (Unaudited)

Vendor/Grantee Name	Type	Clients Served	Total Grants
Coldwell Banker/Race Realty	Other	1	\$ 105
Juneau Urgent Care	Other	1	99
Northland Books & Charts	Other	1	85
Red Cross Of America	Private Training	1	25
	Total	1,168	\$ 1,843,423

APPENDIX E - SCHEDULE 5
 FY 01 STEP Vendor/Grantee
 Detail Report by Type
 (Unaudited)

Vendor/Grantee Name	Type	Clients Served	Total Grants
Alaska Laborers Training Trust Fund	Union	300	\$ 191,846
Inland Boatmens Union of the Pacific	Union	118	179,614
Center For Employment Education	Union	35	176,239
MILA, Inc.	Private Training	100	117,976
Human Resource Center, Inc.	Private Training	45	109,836
Alaska Industrial Development & Export Authority	Public Training	59	105,060
Piledrivers Local 2520/JATP	Union	20	90,220
Alaska Operating Engineers	Union	230	76,076
Cornerstone Home Health Care	Private Training	60	68,121
Rural Cap	Native Entity	43	66,306
Regional Alcohol & Drug Abuse	Private Training	20	62,380
University Of Alaska - Fairbanks	Public Training	26	52,383
Bristol Bay Native Association	Native Entity	23	45,343
Alaska Roofers Joint Apprenticeship	Union	12	44,452
Yukon Kuskokwim Health Corporation	Native Entity	23	34,138
University Of Alaska - Anchorage	Public Training	13	33,992
Hyder Community Association Inc.	Other	7	22,498
Southeast Alaska Regional Health Corp.	Native Entity	9	21,464
Network Business Systems	Private Training	5	20,513
Client Reimbursements	Individual Training	48	18,833
Testing Institute Of Alaska Inc.	Private Training	4	18,220
Indian Valley International Inc.	Other	6	18,000
Wyatt Enterprises	Private Training	4	17,237
Norton Sound Health Corp.	Native Entity	8	11,438

APPENDIX E - SCHEDULE 5
 FY 01 STEP Vendor/Grantee
 Detail Report by Type
 (Unaudited)

Vendor/Grantee Name	Type	Clients Served	Total Grants
University Of Alaska - Kenai	Public Training	6	\$ 9,560
Alaska Vocational Technical Education Center	Public Training	5	9,227
Career Academy	Private Training	2	9,054
Health Education Center	Private Training	2	5,600
Alaska School of Taxidermy	Private Training	1	5,500
Charter College	Private Training	1	5,500
Revere Academy Of Jewelry Arts	Private Training	1	5,500
TCBC Compueaze, Inc.	Private Training	1	5,040
Trend Setters	Private Training	1	4,900
Bering Straits Native Corp.	Native Entity	3	4,751
Alaska Institute Of Professional Nail Technicians	Private Training	1	4,650
Via Vita Health Project	Private Training	1	4,424
Crescent Electric Supply Co.	Other	5	3,701
Providence Health Systems	Private Training	2	3,600
University of Alaska - Anchorage/Matsu	Public Training	1	3,525
Browns School of Phlebotomy	Private Training	1	3,385
Iliamna Lake Contractors	Native Entity	1	3,259
Mush Inn	Other	5	3,159
N.W. Arctic Borough School District	Public Training	1	2,995
Twilight Travel	Other	4	2,962
Alaska Commerical Co.	Other	6	2,854
Igiugig Village Council	Native Entity	1	2,660
North Star Computing Inc.	Private Training	3	2,556

APPENDIX E - SCHEDULE 5
 FY 01 STEP Vendor/Grantee
 Detail Report by Type
 (Unaudited)

Vendor/Grantee Name	Type	Clients Served	Total Grants
Merrill Field Inn	Other	6	\$ 2,469
Alaska Computer Essentials	Private Training	1	2,400
Outbound Travel Inc.	Other	3	2,388
Northland Services Inc.	Other	1	2,200
Division Of Occupational Licensing	Public Training	9	1,890
US Travel Alaska	Other	1	1,871
Environmental Management Inc.	Private Training	4	1,770
Ilisagvik College	Native Entity	1	1,751
Anchor Arms Motel	Other	1	1,680
Adult Learning Programs of Alaska	Private Training	3	1,342
Delta Mine Training	Private Training	4	1,300
F & F Safety Specialists Inc.	Private Training	3	1,250
Peninsula Airways Inc.	Other	2	1,160
Big Rays Inc.	Other	3	1,048
Seacorp Operations SW&C Inc.	Other	4	985
Seafarers Welfare Plan	Other	2	985
Interior Athabaskan Tribal College	Native Entity	2	966
American Tire Warehouse	Other	1	960
Angel Investments	Other	1	714
Fred Meyer	Other	5	712
Air Liquide America Corp.	Other	2	576
Northern Lights Hotel	Other	1	562
Heritage Place	Other	1	550
Pleiates, Inc.	Other	1	500
Sweetwater Travel	Other	2	432

APPENDIX E - SCHEDULE 5
 FY 01 STEP Vendor/Grantee
 Detail Report by Type
 (Unaudited)

Vendor/Grantee Name	Type	Clients Served	Total Grants
MicroAge	Private Training	1	\$ 384
University Of Alaska - Southeast	Public Training	1	357
Kenai Vision Center	Other	1	310
Interior Medical Supply, James Ingraham	Other	2	308
Bar Stars Professional Bartending	Private Training	1	300
Alaska Airlines Inc.	Other	1	300
Fairbanks Urgent Care Center Inc.	Other	5	300
Alaska Industrial Hardware	Other	1	261
Fairbanks Area Plumbers & Pipefitters	Union	1	237
Third Sector Technologies	Other	1	229
Cole Vision Corporation	Other	1	225
Nana Management Services, LLC.	Native Entity	1	190
Pacifica Guest House	Other	1	180
Sanders, Dr. Jim C.	Other	1	90
Marshall, Peter MD	Other	1	85
Louisiana Hospitality Inc.	Other	1	69
Corporate Express Office Products Inc.	Other	1	59
Kinkos	Other	1	47
	Total	1,360	\$ 1,746,939

SB

253

Alaska State Legislature

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Senate District J

Sponsor Statement

SB 253 – An Act extending the termination date of the
Regulatory Commission of Alaska

The Regulatory Commission of Alaska is charged with the responsibility to ensure the furnishing of safe and adequate service to all public utility patrons, without discrimination and at reasonable rates, consistent with the interests of both the public and the utility. RCA regulates pipeline, telephone, electric, natural gas, water, sewer, refuse, cable TV, and steam services.

The commission consists of five commissioners appointed by the governor and confirmed by the legislature. The commissioners must either be a member in good standing of the Alaska Bar Association or have a degree in engineering, finance, economics, accounting, business administration, or public administration from an accredited college or university. The commissioners serve six-year terms.

The Regulatory Commission of Alaska is scheduled to terminate June 30, 2002 under AS 44.66.10, Termination of State Boards and Commissions. If the legislature does not act the board would have one year, until June 30, 2003 to administratively conclude its operations.

Legislative Budget and Audit conducted a sunset review of the Regulatory Commission of Alaska. It is the opinion of Legislative Budget and Audit that the RCA operates in an effective and efficient manner and should continue to regulate public utilities and pipelines. SB 253 would extend the termination date of the Regulatory Commission of Alaska four years to June 30, 2006.

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 253
 () Publish Date: _____

Revision Date/Time (Note if correction): 2/6/2002 Dept. Affected: DCED
 Title Extending the Termination Date BRU Regulatory Commission of Alaska (399)
 of the Regulatory Commission of Alaska Component Regulatory Commission of Alaska
 Sponsor Senate Labor & Commerce
 Requester Senate Labor & Commerce Component No. 2417

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	3,951.8	3,951.8	3,951.8	3,951.8	3,951.8	
Travel	55.0	55.0	55.0	55.0	55.0	
Contractual	1,920.0	1,920.0	1,920.0	1,920.0	1,920.0	
Supplies	62.5	62.5	62.5	62.5	62.5	
Equipment	13.8	13.8	13.8	13.8	13.8	
Land & Structures		0.0	0.0	0.0	0.0	
Grants & Claims		0.0	0.0	0.0	0.0	
Miscellaneous		0.0	0.0	0.0	0.0	
TOTAL OPERATING	6,003.1	6,003.1	6,003.1	6,003.1	6,003.1	

CAPITAL EXPENDITURES

CHANGE IN REVENUES ()

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1141 - RCA Receipts	6,003.1	6,003.1	6,003.1	6,003.1	6,003.1	
TOTAL	6,003.1	6,003.1	6,003.1	6,003.1	6,003.1	

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal: X

POSITIONS

Full-time	61	61	61	61	61
Part-time					
Temporary					

ANALYSIS: (Attach a separate page if necessary)

The bill extends the Regulatory Commission of Alaska to June 30, 2006. In accordance with AS 08.03.020, funding is extended one year following the termination date allowing the commission to conclude its affairs. The information above identifies direct expenditure and revenue information included in the FY 2003 Operating Budget Request. The RCA's budget is funded through the Regulatory Cost Charge (RCC) mechanism and direct charge mechanisms. No general funds are allocated for support of the agency. The RCC is recalculated each year and allows the agency to recover its operating costs through an assessment on the revenues of the utilities and pipeline carriers it regulates.

Prepared by: G. Nanette Thompson, Chair
 Division: Regulatory Commission of Alaska
 Approved by: Deborah B. Sedwick, Commissioner
 Agency: Department of Community & Economic Development

Phone (907) 263-2112
 Date/Time 2/6/02 10:09 AM
 Date 2/6/2002

Audit Report

**DEPARTMENT OF COMMUNITY AND
ECONOMIC DEVELOPMENT
REGULATORY COMMISSION OF ALASKA
SUNSET REVIEW**

November 28, 2001



Audit Control Number:

08-20013-02

Division of Legislative Audit

P.O. Box 113300, Juneau, Alaska 99811-3300

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

DIVISION OF LEGISLATIVE AUDIT

The Legislative Budget and Audit Committee is a permanent interim committee of the Alaska Legislature. The committee is made up of five senators and five representatives, with one alternate from the Senate and two from the House. The chairmanship of the committee alternates between the two chambers every legislature.

The committee is responsible for providing the legislature with audits of state government agencies. The programs and activities of state government now cost more than \$6 billion a year. As legislators and administrators try increasingly to allocate state revenues effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by the Division of Legislative Audit helps provide that information.

As a guide to all their work, the Division of Legislative Audit complies with generally accepted auditing standards established by the American Institute of Certified Public Accountants and with government auditing standards established by the U.S. General Accounting Office.

Audits are performed as mandated by Alaska Statutes or at the direction of the Legislative Budget and Audit Committee. Individual legislators or committees can submit requests for audits of specific programs or agencies to the committee for consideration. Copies of all completed audits are available from the Division of Legislative Audit's offices in either Juneau, Anchorage, or our web site <http://www.legis.state.ak.us/legaud/web/default.htm>.

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ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

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November 30, 2001

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Titles 24 and 44 of the Alaska Statutes, the attached report is submitted for your review.

DEPARTMENT OF COMMUNITY AND
ECONOMIC DEVELOPMENT
REGULATORY COMMISSION OF ALASKA
SUNSET REVIEW

November 28, 2001

Audit Control Number
08-20013-02

This audit was conducted as required by AS 44.66.050 and under the authority of AS 24.20.271(1). Alaska Statute 44.66.050(c) lists criteria to be used to assess the demonstrated public need for a given board, commission, agency, or program subject to the sunset review process. Currently, under AS 44.66.010(a)(4), the Regulatory Commission of Alaska is scheduled to terminate on June 30, 2002.

In our opinion, the termination date for this commission should be extended. The regulation of public utilities and pipelines contributes to the protection of the public's welfare. We recommend the legislature extend the termination date to June 30, 2006.

The audit was conducted in accordance with generally accepted government auditing standards. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology section.

A handwritten signature in cursive script, appearing to read "Pat Davidson".

Pat Davidson, CPA
Legislative Auditor

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Regulatory Commission of Alaska	19

OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Regulatory Commission of Alaska (RCA). The purpose of this audit was to determine if there is a demonstrated public need for the continued existence of this commission and if it has been operating in an efficient and effective manner.

Legislative intent requires consideration of this report during the legislative oversight hearings to determine whether the Regulatory Commission of Alaska should be reestablished. The law currently specifies that the board will terminate on June 30, 2002.

Objectives

RCA was created to protect and promote the public interest by certifying and economically regulating qualified public utilities and pipeline carriers. It oversees the availability, affordability, and quality of utility services throughout Alaska. The primary objective of this audit was to determine whether the public need for this commission continues to exist.

A secondary objective was to review the commission's major functions, such as notice to the public, certification of utilities, tariff actions, and investigations and complaint follow-up for effectiveness in meeting the public need. A further objective was to evaluate these functions and the commission's overall operations for economy and efficiency of operation.

Our analysis of public need, findings and recommendations, and our conclusions have been summarized in the applicable sections of this report.

Scope and Methodology

Alaska Statute 44.66.050 requires the factors outlined in the Analysis of Public Need section of this report be evaluated as part of this audit in order to determine need for the commission's continued existence.

To address these areas we:

- Interviewed commissioners and staff members.
- Reviewed applicable statutes and regulations.
- Contacted the acting ombudsman, assistant attorney general, Alaska Human Rights Commission, and Equal Employment Opportunity offices.
- Analyzed consumer complaints against utilities filed with the commission.

- Reviewed decisions made by the commission.

Additionally, we interviewed employees of various regulated public utilities and other public interest groups including:

Rural Utilities Service, U.S. Dept. of Agriculture

Institute of Social and Economic Research

Alaska Rural Electric Cooperative Association

Alaska Village Electric Cooperative

Alaska Telephone Association

Matanuska Telephone Association

Alaska Public Research Group

National Regulatory Research Institute

Denali Commission

Chugach Electric

Municipal Light and Power

Utility Service of Alaska

Alaska Power & Telephone

United Utilities

TelAlaska

AT&T

Our audit reviewed the operations and activities of the commission from January 1999 through November 2001.

ORGANIZATION AND FUNCTION

The Regulatory Commission of Alaska was created July 1, 1999, upon reorganization of the Alaska Public Utilities Commission by ch. 25, SLA 1999. Under AS 42.04, 42.05 and 42.06, RCA is charged with the responsibility to ensure the furnishing of safe and adequate service to all public utility patrons, without discrimination and at reasonable rates, consistent with the interests of both the public and the utility. RCA certifies qualified providers of public utility and pipeline services. After issuance of this certificate, the commission also regulates the rates, classifications, rules, regulations, practices, services, and facilities of a public utility or pipeline, unless it is specifically exempted or has been deregulated by a vote of its customers. The commission has the authority to adopt regulations and to hold formal, quasi-judicial hearings to accomplish these purposes.

RCA regulates pipeline, telephone, electric, natural gas, water, sewer, refuse, cable TV, and steam services. All pipelines, and all other public utilities with ten or more customers, are regulated by the certification process. Most are also economically regulated.

The commission consists of five commissioners appointed by the governor and confirmed by the legislature. The commissioners must either be a member in good standing of the Alaska Bar Association or have a degree in engineering, finance, economics, accounting, business administration, or public administration from an accredited college or university. The commissioners serve six-year terms.

The staff of RCA is divided into the seven major functions of administration, finance, tariff, engineering, communication carriers, consumer protection, and public advocacy. RCA has 61 funded positions in its \$5.9 million FY 02 operating budget. A brief description of the services provided by each functions is as follows.

- **Administration:** The commission chair is responsible for fiscal and personnel administration, budget preparation, and records and document management. The chair is aided by a special assistant, an administrative manager, documents processing and accounting personnel, and other clerical support staff.
- **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 adjustments. It presents these analyses at proceedings before the commission.

Regulatory Commission of Alaska Members
G. Nanette Thompson, Chair Term Expires July 2004
Bernie Smith Term Expires July 2003
Patricia DeMarco Term Expires July 2002
Will Abbott Term Expires March 2007
Jim Strandberg Term Expires July 2006

- Tariff: This section examines, analyzes, and investigates tariff filings and presents recommendations to the commission at biweekly tariff action meetings. Administrative functions include organizing those meetings, ensuring that public notice requirements on tariff filings are met, and maintaining current master tariffs for all utilities.
- Engineering: This section is responsible for certification proceedings and the investigation of utility and pipeline carrier procedures and practices affecting service quality. It also reviews legal descriptions for service areas, plans for plant expansion, and plant-in-service and depreciation schedules. These analyses are presented in proceedings before the commission.
- Common Carrier: This section was established to develop, recommend, and administer policies and programs with respect to the regulation of rates, services, accounting, and facilities of communications common carriers within the state involving the use of wire, cables, radio, and space satellites.
- Consumer Protection: This section investigates and resolves informal consumer complaints, and is responsible for public affairs and media relations as well as responding to information requests.
- Public Advocacy: This section was legislatively established upon creation of RCA. The public advocacy section operates separately from the commission and represents the public interest. The commission assigns cases to the public advocacy section when a public interest perspective would clearly add to the full development of the record.

REPORT CONCLUSIONS

While the recommendations included in this report are intended to improve operations, in our opinion, the Regulatory Commission of Alaska operates in a reasonably effective and efficient manner and should continue to regulate public utilities and pipelines. We believe that the public interest is being served by requiring public utilities and pipelines to be certificated and economically regulated by the commission. The regulatory process stabilizes the availability of utility services. Economic regulation by the commission ensures that, despite the absence of competition, utilities provide service at reasonable rates.

We recommend that Alaska Statute 44.66.010(a)(4) be amended to extend the termination date of the Regulatory Commission of Alaska to June 30, 2006.

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FINDINGS AND RECOMMENDATIONS

In our previous sunset audit,¹ we made two recommendations. One of these suggested that RCA utilize findings from a study by the National Regulatory Research Institute. RCA has now reviewed the institute's report and responded to its findings with a variety of improvements. We thus consider RCA to have fully implemented this recommendation.

The other prior audit recommendation concerned the implementation of a management information system with a number of components. This recommendation was subsequently incorporated as a requirement within RCA's enabling legislation.²

At this time, most components of the management information system have been substantially implemented, but on a piecemeal basis. We understand that RCA expects to have a fully integrated system, including the employee time tracking component mandated by statute,³ in operation by February 2002.

Recommendation No. 1

RCA should either require smaller water and sewer utilities to be certificated or establish a meaningful exemption system by regulation.

Alaska Statute 42.05.141(a)(1) empowers RCA to "*regulate every public utility engaged ... in a utility business inside the state, except to the extent exempted by AS 42.05.711.*" RCA's responsibility "*to regulate*" includes the certification of water and sewer utilities.

Certain larger water and sewer utilities are subject to full ongoing economic regulation, such as the setting of prices. However, even the smaller utilities that are not economically regulated must obtain an RCA operating certificate, unless the agency exempts them under AS 42.05.711(d). This latter subsection permits RCA to "*exempt a utility, a class of utilities, or a utility service from all or a portion of this chapter if the commission finds that the exemption is in the public interest.*"

Sixty-five piped water systems and 65 piped sewer systems do not have the required certificate to operate a utility. These systems are spread among 73 different operators, 52 (71%) of which are incorporated under Alaska law as second class cities. RCA is thus overlooking almost half of the State's 114 second class cities and not fulfilling its statutory role under AS 42.05.141.

¹ Department of Commerce and Economic Development, Alaska Public Utilities Commission, audit control no. 08-1459-99 (December 23, 1998).

² Section 26 of ch. 25, SLA 1999 directs RCA to "*develop its management information system and make the system accessible to the general public through the Internet for the purpose of tracking, scheduling, and managing all dockets within the commission.*"

³ AS 42.04.070(a)(2) directs RCA's chair to "*establish and implement a time management system for the commission.*"

The legislature has entrusted RCA with the legal responsibility for enforcing the certificate requirement,⁴ but RCA takes no action to detect noncompliance. RCA has responded to certificate applications and to complaints, but has not pursued utilities that lack certificates, even though it is generally aware of the scope of this problem.

RCA should more proactively protect the public by investigating the status of new water and sewer systems as they come on line. The following options are available:

- Commence enforcement actions to compel certification applications.
- Streamline the certification filing requirements for small utilities to better reflect their operating environment. The data requirements may not need to be as comprehensive for smaller utilities. This may be one of the reasons for the reluctance of these utilities to apply for certification.
- Exempt certain classes of utilities from certification under AS 42.05.711(d). The criteria could include such factors as the community size, number of customers, type of operating entity, and the system's predominant funding source.

If RCA elects to streamline the filing requirements or exempt certain classes of utilities, it should do so by regulation.⁵

Recommendation No. 2

RCA should issue regulations that clarify use of its public advocacy section.

RCA has a public advocacy section of six employees. There is little statutory guidance as to the section's use, with AS 42.04.070(c) simply stating:

The chair of the commission shall direct the public advocacy section to participate as a party in a matter when the commission believes that it is in the public interest to do so.

Out of a total of 330 formal RCA proceedings filed since FY 00, the public advocacy section has been appointed in 71 (22%). However, RCA currently has no published procedures and criteria that guide when the section should be assigned to a case and how its intervention is to be accomplished.⁶ Utility representatives expressed some concern to us about their uncertainty as to when a case would involve the section.

⁴ See AS 42.05.181 – 42.05.201, 42.05.551 – 42.05.621 (administrative orders; injunctions; civil penalties).

⁵ A regulation is required under the Administrative Procedure Act for a standard that "affects the public or is used by the agency in dealing with the public." See AS 44.62.640(a)(3).

⁶ For instance, submission of a brief, testimony, or comment, rather than full formal participation as a party, may be adequate in some cases.

RCA should enact regulations that clarify the role of its public advocacy section. We further recommend that RCA's chair establish a definite linkage between patterns of complaints detected in its consumer complaint section and the priorities for public advocacy intervention.

Recommendation No. 3

RCA's chair should ensure that the publication of notices of formal proceedings is monitored.

Under RCA's statutes and regulations, whether RCA orders public notification of a proceeding, and the specific method to be used, is left to RCA's discretion to determine on a case-by-case basis.

RCA uses a variety of methods to notify potentially-affected consumers of formal proceedings. All notices appear on the Internet. Some are also placed in newspapers in the affected areas, posted at a local post office, or included with customer billings.

We selected 90 out of a total of 330 formal proceedings filed in FY 00 to FY 01 and reviewed RCA's elective choice to place newspaper notices in 55 of those cases. We found RCA's discretion in that selection to have been uniformly reasonable in light of the particular subjects and potential consumer impacts of the 90 cases examined.

However, we did discern a need for RCA to better confirm that newspapers actually print the requested ad and print it correctly. Of the 55 ads that RCA ordered, case files for only 36 contained any verification that the ad was printed.

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A ANALYSIS OF PUBLIC NEED

The following analysis of commission activities relates to the public need factors defined in the "sunset" law, Alaska Statute 44.66.050. This analysis was not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

The extent to which the board, commission, or program has operated in the public interest.

With the exception of smaller water and sewer utilities,⁷ the commission has made a conscientious effort to allow only qualified applicants to provide utility services and to regulate them in such a manner as to ensure service at a reasonable cost. Upon finding that no public interest would be served by regulation, the commission administratively exempts certain utilities through its discretionary power granted by AS 42.05.711(d).

RCA also provides an active complaint resolution function. Exhibit 1 shows that RCA fielded a total of 682 complaints that were filed with it during FY 01.

EXHIBIT 1		
TYPES OF UTILITIES INVOLVED IN CONSUMER COMPLAINTS FILED WITH RCA DURING FY 01		
	<u>Number</u>	<u>Percent</u>
Telecommunications	549	80%
Electric	76	11%
Water / Sewer	18	3%
Refuse collection	14	2%
Natural Gas	22	3%
Cable Television	3	1%
<i>Totals</i>	<u>682</u>	<u>100%</u>

The extent to which the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices that it has adopted, and any other matter, including budgetary, resource, and personnel matters.

To assess the impact of RCA's programs and procedures, we interviewed executives from the broad spectrum of affected entities. A dominant perception in these interviews was that, in comparison with the former Alaska Public Utilities Commission, RCA delivers substantially improved service in terms of interaction with the public, reduction of case backlog, and Internet access to information.

Another recurrent theme was the entities' uncertainty concerning the role of RCA's public advocacy section. Recommendation No. 2 addresses this concern.

A third prevalent theme in our interviews was the industry's desire for RCA to continue progress toward a paperless system. The industry is thus acknowledging that RCA has made some progress in this area, and the industry favors the concept.

⁷ These are discussed later in this section of the report.

Internet filing of all pleadings and online access to entire case files would, of course, be ideal from the users' perspective. Nevertheless, our review of RCA's extensive home page shows that considerable case information, such as notices and orders, is already available.

Interviewees also mentioned disappointment in RCA's inability to implement the management information system envisioned by the new agency's enabling statute.⁸ We understand that RCA expects to have a fully integrated system in operation by February 2002.

The extent to which the board, commission, or agency has recommended statutory changes that are generally of benefit to the public interest.

RCA was created at the beginning of FY 00. During this limited time, the agency has not seen a need to pursue any major changes in its statutes.

However, during FY 00 the legislature expanded RCA's jurisdiction to include the intrastate transportation of North Slope natural gas.⁹ This amendment anticipates the possibility that a major gas pipeline may be constructed in the years ahead.

The extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service that it has provided.

RCA's consumer complaint function is the most active indicator of its interaction with individual consumers. RCA generally preconditions its informal intervention on an initial attempt by the consumer to work directly with the utility in question. If RCA is unable to resolve the matter informally, the consumer has the option to pursue a formal complaint before the commission.

Such a service is obviously beneficial to consumers. However, it also alerts RCA to potential departures from its expectations for those being regulated. Such patterns may signal the need for RCA's chair to appoint the public advocacy section in particular formal proceedings (see Recommendation No. 2).

Exhibit 1 (page 11) shows that a total of 682 consumer complaints were filed with RCA during FY 01. Exhibit 2 (page 13) shows that 67-82% of these complaints, depending on the type of utility, were cleared by RCA within 15 days. Another 7-21% were cleared within a month.

⁸ Section 26 of ch. 25, SLA 1999 directs RCA to "develop its management information system and make the system accessible to the general public through the Internet for the purpose of tracking, scheduling, and managing all dockets within the commission."

⁹ See AS 42.06.230(b)(2).

RCA is thus quite responsive to consumer complaints concerning utility service. Exhibit 2 shows no major differences among utility types in the timeliness of response that RCA provides consumers, with 80-90% of each category being cleared within a month of receipt.

EXHIBIT 2 RCA'S TIMELINESS IN CLEARING CONSUMER COMPLAINTS FILED IN FY 01	
TELECOMMUNICATIONS	
Within 15 days	72%
Within 16-30 days	9%
Over 30 days	19%
	<u>100%</u>
ELECTRIC	
Within 15 days	67%
Within 16-30 days	21%
Over 30 days	12%
	<u>100%</u>
OTHER UTILITIES	
Within 15 days	82%
Within 16-30 days	7%
Over 30 days	11%
	<u>100%</u>

The extent to which the board, commission or agency has encouraged public participation in the making of its regulations and decisions.

RCA encourages public participation through a variety of methods.

To begin with, the RCA home page is an exemplary tool for communicating with the public.¹⁰ Notices of upcoming meetings and formal actions are posted there along with detailed annual reports, discussions of major utility issues, and invitations for the public to comment. Also, members of the public can place themselves on the "courtesy list" and receive direct e-mail notices concerning topics they select.¹¹

Newspaper notices are still published in a large number of cases when that traditional method will be an effective means to reach the affected public.¹² In Recommendation No. 3, we suggest that RCA improve its monitoring of the newspaper notices.

Public postings at post offices are also used in some situations.

RCA's office has a computer terminal that the public uses to research agency records such as docket pages, orders and transcripts.

RCA's public advocacy section directly represents aggregated consumer interests in matters pending before the commission. We discuss the section further in Recommendation No. 2.

The efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the Office of the Ombudsman have been processed and resolved.

¹⁰ Though the scope of available home page information is exemplary, it remains to be seen how frequently consumers will make use of it. RCA may wish to use home page statistical tools such as counters that register how many people visit RCA's various web site features.

¹¹ For e-mail "courtesy" notices, it would be helpful to individual consumers if they could use customized requests that limit notices to a particular utility provider or location of interest, rather than the current choice of all notices for a given utility type.

¹² Under RCA's statutes and regulations, whether RCA orders public notification of a proceeding, and the specific method to be used, is left to RCA's discretion to determine on a case-by-case basis.

The state ombudsman received only one complaint about RCA since its start in FY 00. The ombudsman found that RCA had appropriately responded to a consumer's dissatisfaction with a utility.

RCA has handled approximately 300 utility adjudications since its creation at the beginning of FY 00. Since RCA orders can be appealed to the superior court by dissatisfied parties, the prevalence of such appeals is another pertinent indicator of RCA's relationship to the public. The superior court has affirmed four RCA decisions and reversed another.¹³ Two other cases are currently pending before the superior court. In short, RCA's workload is seldom challenged in, and even less frequently reversed by, the superior court.

The extent to which the board or commission which regulates entry into an occupation or profession has presented qualified applicants to serve the public.

Prior to granting a certificate of public convenience and necessity to a public utility, the commission determines that the applicant is fit, willing, and able to provide the service. To that end, it employs utility financial analysts and utility engineers to perform the appropriate analyses to make this determination.

In recent years, Alaska communities have received substantial state and federal funding to construct water and sewer systems. Nevertheless, a comparatively small number of new certificates have been awarded to operate such utilities.¹⁴

In fact, 65 piped water systems and 65 piped sewer systems do not have the required certificate to operate a utility.¹⁵ These systems are spread among 73 different operators, 52 (71%) of which are incorporated under Alaska law as second class cities. RCA is thus overlooking almost half of the State's 114 second class cities and not fulfilling its statutory role under AS 42.05.141. Recommendation No. 1 addresses the options.

The extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

We found no evidence of RCA hiring practices or appointments that were contrary to state personnel practices. Since the establishment of RCA, no complaints have been filed with the Alaska Human Rights Commission, the federal Equal Employment Opportunity Commission, or the Office of Equal Employment Opportunity in the governor's office.

Two situations were reviewed under the Executive Branch Ethics Act. Both involved

¹³ Some of these cases include work originated by RCA's predecessor (the Alaska Public Utilities Commission). Further appeals to the Alaska Supreme Court are pending in two of the five superior court cases (including the reversal).

¹⁴ Since the prior sunset audit (December 1998), RCA has received applications to operate water or sewer systems from only eight utilities.

¹⁵ Under RCA's enabling legislation, systems with at least 10 paying customers are considered to be "utilities" for the purpose of the operating certificate requirement.

technical conflicts of interest that were eliminated to the satisfaction of the assistant attorney general who investigates such matters.

The extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

Please refer to the Findings and Recommendations section.

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APPENDIX A

Regulatory Commission of Alaska Summary of Expenditures FY 01 – FY 02 (unaudited)

Expenditures ¹⁶	FY 01 Authorized	FY 01 Actual	FY 02 Authorized
Personal Services	\$ 3,423,700	\$ 3,402,800	\$ 3,736,500
Travel	52,200	72,400	55,000
Contractual	1,808,700	1,583,600	2,005,500
Supplies	62,500	48,600	62,500
Equipment	<u>13,800</u>	<u>150,800</u>	<u>13,800</u>
Total	<u>\$ 5,360,900</u>	<u>\$ 5,258,200</u>	<u>\$ 5,873,300</u>

Source: The information included in this summary was obtained from the State's accounting records.

¹⁶ Under AS 42.05.254, RCA assesses utilities and pipelines a regulatory cost charge designed to recoup its costs.

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STATE OF ALASKA

DEPARTMENT OF COMMUNITY AND
ECONOMIC DEVELOPMENT
REGULATORY COMMISSION OF ALASKA

TONY KNOWLES, GOVERNOR

701 WEST EIGHTH AVENUE, SUITE 300
ANCHORAGE, ALASKA 99501-3469
PHONE: (907) 276-6222
FAX: (907) 276-0160
TTY: (907) 276-4533

December 26, 2001

RECEIVED

DEC 28 2001

LEGISLATIVE AUDIT

Pat Davidson
Legislative Auditor
State of Alaska
Legislative Audit and Budget Committee
P. O. Box 113300
Juneau, Alaska 99811-3300

Re: Audit Control Number 08-20013-02
Response to Preliminary Audit Report / Regulatory Commission of Alaska

Dear Ms. Davidson:

The RCA appreciates the audit's conclusion that our agency operates in a reasonably effective and efficient manner and should continue its mission for an additional four years. We will implement the recommendations set out in Management Letter No. 1.

Recommendation No. 1

RCA should either require smaller water and sewer utilities to be certificated or establish a meaningful exemption system by regulation.

We recognize that there are at least 130 uncertificated water and sewer systems in this state. This issue was inherited from our predecessor agency and has been exacerbated in recent years, as grant funding became available to construct new water and sewer systems in rural Alaska. Applying for certification has not been part of the process of establishing these new systems. We are analyzing this problem to understand how to solve it, and expect to begin implementing the solution within six months.

To address this problem, we need to coordinate with other state, local and federal agencies and authorities. We have been working with them to understand the RCA's role in assuring the future sustainability of these small water and sewer utilities to properly gauge our level of regulatory oversight. We agree that

our procedures should be standardized and made appropriate for utilities of this size and nature. A staff working group within the RCA is actively working on this matter.

After the streamlined procedures are available, we plan to notify all of the uncertificated utilities of the certification requirement and provide them with compliance information. If they do not respond within a reasonable time, we will consider enforcement actions.

If our analysis concludes that some classes of utilities should be exempted, we will propose and notice regulations. Because this issue is likely to evoke considerable public interest and comment, it will probably be at least nine months from the date that regulations are originally proposed at one of our public meetings until the regulations are finally adopted.

Recommendation No. 2

RCA should issue regulations that clarify use of its public advocacy section.

In the past two years we have gained enough experience with this section's operation to propose clarifying regulations. We agree that this recommendation is timely and have prioritized it among our current regulations projects accordingly. We estimate that these regulations will be approved and in place by the end of 2002.

Recommendation No. 3

RCA's chair should ensure that the publication of notices of formal proceedings is monitored.

We thank the audit team for bringing this to our attention. We are internally discussing procedures to ensure that the required public notices are published. Monitoring publication of public notices is complicated by the requirement that the utility, not the Commission, pays for publication of the notice. Also, by regulation competitive local exchange telecommunications carriers draft their own notices and arrange for their publication. This recommendation highlights an important underlying issue of how the public can effectively be notified about changes in utility services that we will address.

One of the RCA's main goals is to increase consumer awareness through effective public notice. We have developed an improved Web page and copies of notices are e-mailed or are available electronically through our site. Recognizing the limitations in any one approach, we are exploring the use of

more Public Service Announcements, press releases, and billing inserts to better and more timely inform utility customers. For FY02, we budgeted for a new Consumer Protection and Information Officer position to facilitate more community outreach.

As part of our new MIS system, the RCA database has been redesigned to record the receipt of affidavits of publication. By the end of February 2002, we will be able to monitor publication issues through this system. As we continue refining our public notice methods, we may implement other changes as well.

We appreciate your diligence and the time spent to prepare your findings and recommendations. We are pleased that the audit confirms our hard work and the improvements in our agency's operations over the past two years.

Sincerely,

REGULATORY COMMISSION OF ALASKA


G. Nanette Thompson
Chair

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SB

257

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 257
(S) Publish Date: 2/8/02

Revision Date/Time (Note if correction): 02-04-02 4:45 PM Dept. Affected: DCED
Title: An Act extending the termination date of the BRU: Occupational Licensing (117)
Board of Professional Counselors Component: Occupational Licensing
Sponsor: Senate Labor & Commerce
Requester: Senate Labor & Commerce Component No.: 2360

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	27.2	27.2	27.2	27.2		
Travel	5.6	5.6	5.6	5.6		
Contractual	18.6	18.6	18.6	18.6		
Supplies	0.0	0.0	0.0	0.0		
Equipment	0.0	0.0	0.0	0.0		
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	51.4	51.4	51.4	51.4	0.0	0.0

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

CHANGE IN REVENUES ()	51.4	51.4	51.4	51.4		
-------------------------------	-------------	-------------	-------------	-------------	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other 1156-Receipt Supported Services	51.4	51.4	51.4	51.4		
TOTAL	51.4	51.4	51.4	51.4	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The bill extends the Board of Professional Counselors to June 30, 2005. In accordance with AS 08.03.020, funding is extended one year following the termination date allowing the board to conclude its affairs. The information above identifies direct expenditure and revenue information included in the FY 2003 Operating Budget request.

Prepared by: Jennifer Strickler, Administrative Manager
Division: Occupational Licensing
Approved by: Deborah B. Sedwick, Commissioner
Agency: Department of Community & Economic Development

Phone: (907) 465-2144
Date/Time: 2/4/02 4:42 PM
Date: 2/4/2002

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SB 257
() Publish Date: _____

Revision Date/Time (Note if correction): 02-04-02 4:45 PM Dept. Affected: DCED
Title An Act extending the termination date of the BRU: Occupational Licensing (117)
Board of Professional Counselors Component Occupational Licensing
Sponsor Senate Labor & Commerce
Requester Senate Labor & Commerce Component No. 2360

Expenditures/Revenues (Thousands of Dollars)

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OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	27.2	27.2	27.2	27.2		
Travel	5.6	5.6	5.6	5.6		
Contractual	18.6	18.6	18.6	18.6		
Supplies	0.0	0.0	0.0	0.0		
Equipment	0.0	0.0	0.0	0.0		
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	51.4	51.4	51.4	51.4	0.0	0.0

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

CHANGE IN REVENUES ()	51.4	51.4	51.4	51.4		
-------------------------------	-------------	-------------	-------------	-------------	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other 1156-Receipt Supported Services	51.4	51.4	51.4	51.4		
TOTAL	51.4	51.4	51.4	51.4	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The bill extends the Board of Professional Counselors to June 30, 2005. In accordance with AS 08.03.020, funding is extended one year following the termination date allowing the board to conclude its affairs. The information above identifies direct expenditure and revenue information included in the FY 2003 Operating Budget request.

Prepared by: Jennifer Strickler, Administrative Manager Phone (907) 465-2144
Division Occupational Licensing Date/Time 2/1/02 4:42 PM
Approved by: Deborah B. Sedwick, Commissioner Date 2/4/2002
Agency Department. of Community & Economic Development

SB257 Proposed Amendment

Current statutory language requires that an individual seeking licensure as a Licensed Professional Counselor (LPC) must have graduated from a regionally or nationally accredited master's level program with a minimum of 48 semester hours. They then must take additional hours of graduate level counseling course work for a total of 60 semester hours.

Some regionally or nationally accredited programs graduate master's level students with fewer than 48 semester hours. Changing the statute to delete the minimum required graduate program hours would accommodate these people and still maintain the 60-semester hour total.

The alternative is that these graduates would have to start new 48-hour master's programs. At a time of critical shortages in the mental health field across Alaska and the rest of the country, most people would opt for work elsewhere.

22-LS1336\F
Lauterbach
2/5/02

CS FOR SENATE BILL NO. 257(L&C)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE LABOR AND COMMERCE COMMITTEE

A BILL
FOR AN ACT ENTITLED

1 **"An Act extending the termination date of the Board of Professional Counselors; and**
2 **relating to licensing of professional counselors."**

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

4 *** Section 1.** AS 08.03.010(c)(17) is amended to read:

5 (17) Board of Professional Counselors (AS 08.29.010) -- June 30,
6 2005 [2002];

7 *** Sec. 2.** AS 08.29.110(a) is amended to read:

8 (a) The board shall issue a professional counselor license to a person who
9 applies for the license, submits the required fee, submits two letters of
10 recommendation from professional counselors who are familiar with the applicant's
11 practice of professional counseling, and presents evidence satisfactory to the board
12 that the person

13 (1) is at least 18 years of age;

14 (2) is not under investigation in this or another jurisdiction for an act

1 that would constitute a violation of this chapter;

2 (3) has not had a license related to the practice of counseling,
3 psychology, marital and family therapy, or social work in this or another jurisdiction
4 suspended, revoked, or surrendered in lieu of discipline unless the license has been
5 fully reinstated in that jurisdiction;

6 (4) has passed a written examination as required by the board; the
7 board may provide that passing a nationally recognized examination for professional
8 counselors is sufficient to meet the examination requirement of this paragraph;

9 (5) has successfully completed either

10 (A) an earned doctoral degree in counseling or a related
11 professional field from a regionally or nationally accredited institution of
12 higher education approved by the board; or

13 (B) an earned master's degree in counseling or a related
14 professional field, from a regionally or nationally accredited institution of
15 higher education approved by the board, and [CONSISTING OF] at least 60
16 [48 SEMESTER HOURS AND AT LEAST 12 OTHER] graduate semester
17 hours in counseling during or after earning the master's degree [, FOR A
18 TOTAL OF AT LEAST 60 HOURS]; and

19 (6) has, after completing the requirement of either (5)(A) or (B) of this
20 subsection, had at least 3,000 hours of supervised experience in the practice of
21 professional counseling performed over a period of at least two years under the
22 supervision of a supervisor approved under AS 08.29.210, with at least 1,000 hours of
23 direct counseling with individuals, couples, families, or groups and at least 100 hours
24 of face-to-face supervision by a supervisor approved under AS 08.29.210 unless,
25 under regulations of the board, the board allows the supervision to be by telephonic or
26 electronic means because of the remote location of the counselor.

Sponsor Statement

SB 257 – Extend Board of Professional Counselors

Under AS 08.29.010 the State Board of Professional Counselors regulates the practice of Professional Counselors ensuring that the requirements laid out for licensure are met and adhered to.

The board consists of five members appointed by the governor. Four members must be licensed professional counselors and one member must be appointed by the general public. Board members serve staggered terms of four years.

The regulation and licensing of qualified professional counselors safeguards the public by ensuring the competence and integrity of those who represent themselves as professional counselors.

The State Board of Professional Counselors is scheduled to terminate June 30, 2002 under AS 08.03.010, Termination of State Boards and Commissions. If the legislature does not act the board would have one year, until June 30, 2003 to administratively conclude its operations.

In accordance with the provisions of Title 24 of the Alaska Statutes, Legislative Budget and Audit conducted a sunset review of the State Board of Professional Counselors. It is the opinion of Legislative Budget and Audit that the State Board of Professional Counselors is operating in an efficient and effective manner and should continue to regulate the counselor profession. SB 257 would extend the State Board of Professional Counselors three years to June 30, 2005.

In their sunset review, Legislative Budget and Audit also recommended that the legislature consider combining the State Board of Professional Counselors and the State Board of Marital and Family Therapists into a single oversight and licensing board. While this legislation does not combine those two boards, it extends the sunset date of the Board of Professional Counselors to coincide with that of the State Board of Marital and Family Therapists. The issue of combining the State Board of Professional Counselors and the State Board of Marital and Family Therapists is one that needs further discussion between the affected boards and the Senate Labor and Commerce Committee.

Letter of Intent

It is the intent of the House Labor and Commerce Committee that the operations and regulatory oversight responsibilities of the following professional licensing boards be combined into one board:

1. Board of Professional Counselors
2. Board of Marital and Family Therapy
3. Board of Psychologist and Psychological Associate Examiners
4. Board of Social Work Examiners

To help ensure an effective transition, the four boards are to work cooperatively to develop an appropriate proposed statute for this new combined board.

Such a proposed statute should be designed to accomplish the intent of the committee to combine the operations of the boards while meeting the individual regulatory and oversight responsibilities of each current separate licensing board. If the boards involved would like to propose alternative combinations of how to combine the four boards, they are encouraged to also draft alternative proposed statutes.

Jointly, the chair of each board is to report on their progress in both January 2003 and 2004. Status reports should be sent to both the chair of this committee and the Legislative Auditor. The proposed legislation to accomplish combination of the boards should be completed by March 2004 so that it may be part of the sunset review process for the boards currently due to terminate by law on June 30, 2005.

The Legislative Audit Division is directed to consider and review the draft legislation as part of the sunset review conducted for each the boards involved. The merits and deficiencies of combining alternatives of the licensing boards should be discussed in the sunset audit report.

Representative Murkowski
Chair,
House Labor and Commerce Committee

Representative Halcro
Vice-Chair,
House Labor and Commerce Committee

Audit Report

DEPARTMENT OF COMMUNITY
AND ECONOMIC DEVELOPMENT
BOARD OF PROFESSIONAL COUNSELORS
SUNSET REVIEW

September 12, 2001



Audit Control Number:

08-20012-01

Division of Legislative Audit
P.O. Box 113300, Juneau, Alaska 99811-3300

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

DIVISION OF LEGISLATIVE AUDIT

The Legislative Budget and Audit Committee is a permanent interim committee of the Alaska Legislature. The committee is made up of five senators and five representatives, with one alternate from the Senate and two from the House. The chairmanship of the committee alternates between the two chambers every legislature.

The committee is responsible for providing the legislature with audits of state government agencies. The programs and activities of state government now cost more than \$6 billion a year. As legislators and administrators try increasingly to allocate state revenues effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by the Division of Legislative Audit helps provide that information.

As a guide to all their work, the Division of Legislative Audit complies with generally accepted auditing standards established by the American Institute of Certified Public Accountants and with government auditing standards established by the U.S. General Accounting Office.

Audits are performed as mandated by Alaska Statutes or at the direction of the Legislative Budget and Audit Committee. Individual legislators or committees can submit requests for audits of specific programs or agencies to the committee for consideration. Copies of all completed audits are available from the Division of Legislative Audit's offices in either Juneau, Anchorage, or our web site <http://www.legis.state.ak.us/legaud/web/default.htm>.

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DIVISION OF LEGISLATIVE AUDIT

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ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



October 1, 2001

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Members of the Legislative Budget
and Audit Committee:

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

DEPARTMENT OF COMMUNITY
AND ECONOMIC DEVELOPMENT
BOARD OF PROFESSIONAL COUNSELORS
SUNSET REVIEW

September 12, 2001

Audit Control Number

08-20012-01

This audit was conducted as required by AS 44.66.050 and under the authority of AS 24.20.271(1). Alaska Statute 44.66.050(c) lists criteria to be used to assess the demonstrated public need for a given board, commission, agency, or program subject to the sunset review process. Currently under AS 08.03.010(c)(17), the Board of Professional Counselors is scheduled to terminate on June 30, 2002. The board would be allowed one year in which to conclude its administrative operations.

In our opinion, the Board of Professional Counselors is operating in an efficient and effective manner and should continue to regulate the counselor profession. We believe the board is safeguarding the public interest by promoting the competence and integrity of those who would hold themselves out to the public as professional counselors. As discussed in Recommendation No. 1 in the Findings and Recommendations section of this report, we believe there is merit to combining the Board of Professional Counselors with the Board of Marital and Family Therapy.

This audit was conducted in accordance with generally accepted government auditing standards. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objective, Scope, and Methodology section of this report.

A handwritten signature in black ink that reads "Pat Davidson".

Pat Davidson, CPA
Legislative Auditor

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OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with the intent of Title 24 and 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities and operations of the Board of Professional Counselors. Under AS 44.66.050(a), the legislative committee of reference is to consider this report during the legislative oversight process to determine whether the board should be reestablished. Currently AS 08.03.010(c)(17) requires the board to terminate on June 30, 2002. If the legislature takes no action to extend the termination date, the board will have one year from that date to conclude its operations.

Objectives

There are three central, interrelated objectives of our report. They are:

1. To determine if the termination date of the board should be extended.
2. To determine if the board is operating in the public's interest.
3. To determine if the board has exercised appropriate regulatory oversight of licensed counselors.

The assessment of the operations and performance of the board was based on criteria set out in AS 44.66.050(c). Criteria set out in this statute relate to the determination of a demonstrated public need for the board.

Scope and Methodology

Under the direction and supervision of the Division of Legislative Audit, another auditor conducted the majority of this review. We followed professional standards to determine that the other auditor was independent and that their work was competent and sufficient.

We reviewed the board activities and licensing functions for FY 99 through FY 00. The major areas of our review were licensing, examination, investigations, and board proceedings. We reviewed and evaluated the following:

1. Applicable statutes and regulations
2. Tests of files and documentation of licensees
3. Investigation files
4. Minutes of board meetings and division correspondence files
5. Attorney general's opinions applicable to professional boards

We conducted interviews with employees of the Department of Community and Economic Development, Division of Occupational Licensing. In addition, we conducted a survey of the license holders of the following boards: Professional Counselors, Marital and Family Therapy, and Psychologist and Psychological Associate Examiners. This survey was to assist in the evaluation and gain the perspective of licensed professionals regarding possible consolidation of two or more of the aforementioned boards.

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ORGANIZATION AND FUNCTION

The Board of Professional Counselors was established under the provisions of Title 8, Chapter 29 of Alaska Statutes. The board consists of five members appointed by the governor and subject to legislative confirmation. Four members must be licensed professional counselors and one member must be appointed from the general public. Board members serve staggered terms of four years.

The board regulates the practice of Professional Counselors. The board sets the minimum standards to practice in Alaska by:

1. Examining and issuing licenses to qualified applicants.
2. Establishing, amending, or eliminating regulations controlling the standards of practice for the counseling profession.
3. Revoking, annulling, or suspending licenses in accordance with the Administrative Procedures Act when an individual has violated the statutes or regulations of Professional Counselors.

Board of Professional Counselors (As of June 1, 2001)

Anne Henry, Counselor, Chair
Janet McGillivray, M.Ed., Counselor
Allan Morotti, Ph.D., Counselor
Sondra Sexton-Jones, Counselor
David Leonard, Public Member

Department of Community and Economic Development, Division of Occupational Licensing

The Department of Community and Economic Development, Division of Occupational Licensing provides administrative and investigative assistance to the Board of Professional Counselors. Administrative assistance includes budgetary services, functions such as collecting fees, maintaining files, receiving and issuing application forms, and publishing notices of examinations and meetings.

Alaska Statute 08.01.065 mandates the Department of Community and Economic Development, with the concurrence of the board, adopt regulations to establish the amount and manner of payment of application fees, examination fees, license fees, registration fees, permit fees, investigation fees, and all other fees as appropriate for the occupations covered by the statute.

Alaska Statute 08.01.087 empowers the Division of Occupational Licensing with the authority to act on its own initiative or in response to a complaint. The division may:

1. Conduct an investigation if it appears a person engaged in or is about to engage in a prohibited professional practice.
2. Bring an action in Superior Court to enjoin the act.
3. Examine the books and records of an individual.
4. Issue subpoenas for the attendance of witnesses and records.

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REPORT CONCLUSIONS

In our opinion, the Board of Professional Counselors is operating in an efficient and effective manner and should continue to regulate professional counselors. We believe the board is safeguarding the public interest by promoting the competence and integrity of those who would hold themselves out to the public as professional counselors. As discussed in Recommendation No. 1, we believe there is merit to combining the Board of Professional Counselors with the Board of Marital and Family Therapy.

Alaska Statute 08.03.010(c)(17) requires that the Board of Professional Counselors be terminated on June 30, 2002. Under AS 08.03.020, the board has a one-year period to administratively conclude its operations. Based upon our review of the board's performance, we recommend the termination date for the board be extended to June 30, 2006.

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FINDINGS AND RECOMMENDATION

Recommendation No. 1

The legislature should consider combining the Board of Professional Counselors and the Board of Marital and Family Therapy into a single oversight and licensing board.

The Board of Professional Counselors was created by the 1998 legislature. From our review of the legislative history of the bill creating the board, there was some interest expressed in possibly placing the licensing and regulation of professional counselors under the already existing Board of Marital and Family Therapy (BMFT). After committee discussion and questioning, it was decided to create a separate Board of Professional Counselors – in part because of concern that the one time “start-up” costs involved in regulation should be borne entirely by counselors rather than possibly being made part of the costs that may be paid by marital and family therapists.

As part of our sunset review of the Board of Professional Counselors (BPC), we considered the merits of possibly combining the board with (one or more) of the boards involved with behavioral health, such as BMFT or the Board of Psychologist and Psychological Associate Examiners (BPPAE). From our review we determined the combination that had the most public policy merit was combining the Board of Professional Counselors and the Board of Marital and Family Therapy.

The factors that support such a potential combination of these boards are as follows:

1. Reduction in administrative costs and related licensing fees. The professional counselor license fee is likely to decrease regardless of merging the BPC and the BMFT boards because much of the start-up costs associated with establishing BPC have already been incurred. However, our cost analysis indicates that merging the boards would decrease administrative costs. Therefore, merging the boards would likely contribute to a reduction in the licensing fees for professional counselors.
2. Combination oversight of these professions is common in other states. We compared the licensing structure of other states for counselors and therapists to that used in Alaska. It is a common practice for both professions to be licensed and regulated by the same board or oversight agency. Other jurisdictions have evidently had success with a central oversight authority for these professional groups. In review and discussion with other state oversight boards, a majority of those contacted reported success with a combined “omnibus” board. After contacting more than 20 states, we found that over 80% had created a professional mental health or behavior sciences board to license and credential counselors as well as marital and family therapists.
3. Educational requirements and practice standards are very similar. The educational and training requirements for counselors and therapists are very similar. Marital and family therapists may have a more specialized systemic training for group and family counseling; however, this distinction does not appear to preclude developing a combined oversight board. In our view, the educational and professional distinctions are no more

disparate than they are between Architects, Engineers, and Land Surveyors – all professions regulated by a single board in Alaska.

4. There is some sentiment for combining boards amongst practitioners. As part of our review, we surveyed licensees of three behavioral health boards; BMFT, BPC, and BPPAE. While psychologists were (for the most part) opposed to any such combination, a majority of BMFT and BPC licensees responding to the survey expressed support for a combined board.

If the legislature passes a measure combining the two boards, we would recommend the termination date for the new board be set June 30, 2005. This would coincide with the current termination date established for the Board of Marital and Family Therapy.

ANALYSIS OF PUBLIC NEED

The following analysis of the Board of Professional Counselors (board) activities relates to the public need factors defined in the "sunset" review law, AS 44.66.050. These analyses are not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

Determine the extent to which the board, commission, or agency has operated in the public interest.

Since its inception in 1998, the board has acted in the interest of the public by establishing licensing requirements and minimal practice standards for counselors. Such standardization has improved the manner and consistency with which counseling services are delivered. In addition, the licensing of professionals has qualified more service delivery for Medicaid insurance reimbursement – thereby providing more public access to counseling services.

Determine the extent to which the operations of the board has been impeded or enhanced by existing statutes, procedures, and practices, which it has adopted, and any other matter, including budgetary, resource, and personnel matters.

The current examination statutes and regulations have somewhat impeded the board's ability to provide for a consistent examination process. Currently, the board is in the process of revising regulations to provide for a more improved process of licensing professional counselors through an examination process.

Under the board's statutes [AS 08.29.020(1)] it has the authority "to provide for licensure in areas of counseling specialization." This suggests that the board can develop and apply criteria for licensing specialized counselors such as marital and family therapists. As discussed in Recommendation No. 1, these "specialized" counselors currently fall under the purview of another board. This presents the potential for future conflict should the Board of Professional Counselors ever choose to develop a specialization in marital and family counseling.

Determine the extent to which the board has recommended statutory changes that are generally of benefit to the public interest.

The board has had limited activity in this area. Since the board is relatively new, it has spent most of its time developing regulations that would ensure counselors are licensed and regulated in a manner consistent with the public interest.

Determine the extent to which the board, commission or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of services, economy of service, and availability of services that it has provided.

The location, date, and time of board meetings and licensing examinations were advertised in Alaskan newspapers with adequate time for interested individuals to attend or to submit written comment for review. The board's meeting agenda sets aside suitable time for public comment. Minutes from the meetings of the board reflect public participation at various meetings.

Determine the extent to which the board has encouraged public participation in the making of its regulations and decisions.

Public notice was given for all proposed regulations in major Alaskan newspapers. The board meeting minutes document that unlimited time was allotted for the scheduled public comment period. All proposed regulation changes are submitted to the public participation process.

Determine the efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the Office of the Ombudsman have been processed and resolved.

For the period between July 1, 1998 and June 30, 2001 (FY 99 – FY 01), the Division of Occupational Licensing opened 18 cases related to professional counselors. Most of the cases involved applicants seeking initial licensure as professional counselors. These applicants were attempting to be licensed on a "grandfather" basis. That is, they sought to be licensed by virtue of their education or work experience. The cases can be summarized as follows:

1. Licensing disputes. Of the 11 cases involving licensing disputes, two completed the formal hearing process. In one of the appeals, the hearing officer upheld the board's initial license denial decision. In the other hearing, the hearing officer recommended that licensure be granted, and the board adopted his decision.

As of August 2001, the disposition of the other nine cases involving disputes over licensure was as follows:

- a. Two hearings were dismissed on procedural grounds by the hearing officer involved.
 - b. After requesting a hearing one individual withdrew his application.
 - c. Six other individuals (who were denied licensure) either had hearing requests, or have hearing officer decisions still pending.
2. Complaints from the public regarding counseling practice of licensees. The division received five complaints from the public regarding the way licensees (or, in one instance, an applicant for licensure) were conducting their practice. The case involving the applicant was closed when the individual involved withdrew his application for licensure. In one complaint the investigation found no violation by the licensee, and in another, the individual involved agreed to voluntarily comply with state advertising regulations related to the term "professional counselor." Investigations involving the two other complaints were still in progress as of August 2001.

3. Self-reported criminal background. In two instances, cases were opened when prospective applicants reported past criminal offenses on their license application. In both instances the board reviewed the nature of the offenses involved and the length of time since the most recent offense, before deciding to grant licenses to both individuals.

We have reviewed the nature and extent of complaints filed involving licensed professional counselors. In our view, the Division of Occupational Licensing, in conjunction with the board, took appropriate investigative actions, prioritized complaints in a reasonable manner, and proceeded in a manner consistent with the potential threat the complaints posed to the public welfare.

Determine the extent to which the board regulates entry into an occupation or profession and whether it has presented qualified applicants to serve the public.

Since the board's inception it has licensed most individuals by what is termed "transition" (see table that follows). To qualify for transitional licensure an individual had to submit an application by June 30, 2000 and meet the following qualifications:

1. Hold a masters or doctorate degree in counseling or related field
2. Demonstrate that they had 24 months of post-graduate work experience within the 60 months preceding the date of application
3. Submit two letters of reference from counselors familiar with the applicant's work

To date, few individuals have been licensed by credentials. To qualify for licensure by credentials, the individual must demonstrate they were licensed and practiced in good standing in another jurisdiction with requirements equivalent to those in Alaska.

New Licenses Issued	FY 99	FY 00	FY 01	Total	Issued to Date
Licensed by Transition	0	114	184	298	298
Licensed by Credential	0	5	18	23	23
Counselor Supervisor	0	0	11	11	11

The board has developed regulations to provide for licensure by examination; however, the board has not yet developed or offered an examination. The board is working toward developing an appropriate examination.

Currently people may still offer counseling without a license. Those without a license cannot advertise or hold themselves out to be licensed professional counselors.

Determine the extent to which state personnel practices, including affirmative action requirements, have been complied with by the board to its own activities and the area of activity or interest.

We did not find any evidence that the board was not complying with the state personnel practices, including affirmative action in qualifying applicants. In no instances has the board denied an applicant a license based on personal attributes.

Determine the extent to which statutory, regulatory, budgeting or other changes are necessary to enable the board to better serve the interest of the public and to comply with the factors enumerated in this subsection.

As discussed in Recommendation No. 1, we recommend the Board of Professional Counselors and the Board of Marital and Family Therapy be combined. In our view, such a combination would result in less administrative costs and lessen the possible conflict between the scope of practice of counselors and marital and family therapists.

Appendix A: Survey Results

Below are the results of the survey conducted to assess the support for a combined board. The rate of response is as follows:

Licensees	Surveyed	Responses	% Response
Marriage and Family Therapists (MFT)	227	28	12%
Professional Counselors (PCO)	325	75	23%
Psychologists and Associates (PSY)	208	74	36%

1. What combination of the following state licensing boards would you believe would be effective?

	PCO & MFT	PCO & PSY	MFT & PSY	Combination of all three	None	Not Sure
Marital and Family Therapists	2 7%	1 3.5%	3 11%	15 54%	6 21%	1 3.5%
Professional Counselors	18 24%	2 3%	0 0%	34 45%	20 27%	1 1%
Psychologists and Associates	25 34%	1 1.5%	1 1.5%	12 16%	32 43%	3 4%

2. Do you think that your professional representation would be impaired if the state oversight boards of (a) Professional Counselors, (b) Marital and Family Therapists, and (c) Psychologists and Psychological Associates were combined?

	Yes	No	Unanswered	Not Sure
Marital and Family Therapists	9 32%	19 68%	0 0%	0 0%
Professional Counselors	29 38.5%	41 54.5%	3 4%	2 3%
Psychologists and Associates	59 80%	12 16%	0 0%	3 4%

Appendix A: Survey Results (continued)

3. Are you currently licensed by more than one occupational licensing board?

	Yes		No		Unanswered	
Marital and Family Therapists	10	36%	16	57%	2	7%
Professional Counselors	12	16%	63	84%	0	0%
Psychologists and Associates	9	12%	65	88%	0	0%

4. The licensing of Professional Counselors would most effectively be monitored by...

	<u>BOARD COMBINATIONS</u>											
	PCO	PSY	MFT	PCO/ PSY	PSY/ MFT	MFT/ PCO	All	None	Unsure			
Marital and Family Therapists	12	43%	1	3.5%	3	11%	1	3.5%	1	3.5%	6	21%
Professional Counselors	52	70%	1	1%	3	4%	3	4%	0	0%	6	8%
Psychologists and Associates	43	58%	8	11%	1	1%	5	7%	1	1%	5	7%

5. The state licensing board adequately regulates entry into your profession.

	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
Marital and Family Therapists	7	25%	12	43%	6	21%	2	7%	1	4%
Professional Counselors	14	19%	47	63%	10	14%	2	2%	2	2%
Psychologists and Associates	16	21.5%	43	58%	11	15%	3	4%	1	1.5%

Appendix A: Survey Results (continued)

6. The initial and biennial occupational licensing fees for your profession are reasonable.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Marital and Family Therapists	0 0%	3 11%	0 0%	7 25%	18 64%
Professional Counselors	0 0%	10 13%	15 20%	22 30%	28 37%
Psychologists and Associates	0 0%	5 7%	2 2.5%	13 17.5%	54 73%

7. What, in your opinion, would be the advantages and/or disadvantages of merging the state boards of (a) Professional Counselors, (b) Marital and Family Therapists, and (c) Psychologists and Psychological Associates?

Marital and Family Therapists

Combining boards would allow for lower fees.

The general consensus of marriage and family therapists is to combine boards with professional counselors to benefit uniform and statute regulations.

Note that not all professions would be equally represented.

A concern was expressed to consider adding social workers.

All professional licenses are better represented for the mental health profession and it is good without the cost of litigation.

Another concern was that the ethics violation would decrease and need to be further regulated instituting more government control, which the therapists do not want.

Professional Counselors

Professional counselors wouldn't mind teaming with the marriage and family therapists, feeling somewhat inferior to the psychologists.

Master levels under one board are devalued.

LPC needs more time and effort to make a valid decision.

The peer reviews would be cumbersome.

Appendix A: Survey Results (continued)

The psychologists have lobbied to have counselors excluded from licensing.

There would be fewer board members.

There should be a decrease in operating expenses.

It would strengthen the professional platform clinically and legislatively.

Biennial occupational licensing is too frequent; suggests 5 years.

We should have a more prompt renewal rate.

There should be higher educational training opportunities.

Allow board to delegate administrators.

Psychologists and Associates

No advantages; psychologists would be misrepresented. There are different requirements for each profession, and they cannot be compared.

Effectiveness of the board would be diluted.

Decreased understanding and awareness of the different professions by the public.

There should be uniform standards which should include social workers.

Fees in Alaska are 8 times higher than any other state.

Tony Knowles, Governor

Alaska

**Department of Community
and Economic Development**

Division of Occupational Licensing

P.O. Box 110806, Juneau, AK 99811-0806

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November 12, 2001

NOV 13 2001
LEGISLATIVE AUDIT

Jim Griffin
Audit Manager
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Dear Mr. Griffin:

On November 9, 2001, the Board of Professional Counselors met in their regularly scheduled meeting. During that meeting we made time on the agenda to discuss the draft of the Legislative Auditor's Report. Additionally, we had an opportunity discuss with members of the Board of Marital and Family Therapists, the recommendation that there be a merging of the boards.

We agree with the Auditor's conclusions that the Board is operating in an efficient and effective manner and that we are safeguarding the public interest. The Board also supports the Auditor's recommended extension of the termination date to June 30, 2006.

With your permission, I shared with Licensed Professional Counselor Board members and representatives from the Board of Marital and Family Therapists, a draft of legislative language to combine the two boards. While we agreed that there are many points in common with the boards, there are many rough spots that will require considerable work to incorporate into such language. Neither board is currently prepared to either endorse the idea of a combined board, nor are they of a mind to reject the notion. However, we would appreciate your support in continuing along the current path of discussion.

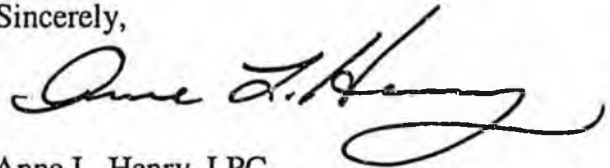
We believe that there are benefits to continuing as separate boards, and to combining. Other states do have combined boards, and it would be beneficial to study different structures and methods that are employed. A combined board would slightly reduce the administrative costs of licensing, but the actual fee reduction to individual licensees might not outweigh the extra representation by individual boards. And finally, the main point that needs consideration is the impact on public protection.

After considerable discussion it was agreed that our Board's response to Recommendation No. 1 of the Legislative Audit Report should be a request that the recommendation be amended. We strongly urge you to recommend that the legislature urge the two boards to explore combining boards, and if they find that combining boards would be of benefit to the public and licensees, that they develop legislative language to combine boards by the 2004 legislative session.

Please allow us to take the time to make a thoughtful decision about whether or not to combine boards, to develop statutory language that will be agreed upon by both current boards and their members, and to develop language what we will not have to amend over the next several years because we rushed into this potential change.

Thank you for your thoughtful and thorough audit of the Board.

Sincerely,

A handwritten signature in cursive script, appearing to read "Anne L. Henry".

Anne L. Henry, LPC

Chair

Board of Licensed Professional Counselors

Alaska

**Department of Community
and Economic Development**

Division of Occupational Licensing

P.O. Box 110806, Juneau, AK 99811-0806

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NOV 28 2001

LEGISLATIVE AUDIT

November 27, 2001

Pat Davidson, Legislative Auditor
Legislative Budget and Audit Committee
Division of Legislative Audit
PO Box 113300
Juneau, AK 99811

Dear Ms. Davidson:

Thank you for the opportunity to comment on the Board of Professional Counselors preliminary audit.

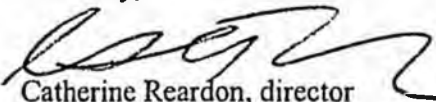
The division agrees that the board is operating in an efficient and effective manner and should continue to regulate professional counselors.

Recommendation No. 1

The legislature should consider combining the Board of Professional Counselors and the Board of Marital and Family Therapy into a single oversight and licensing board.

The division appreciates the auditors' review of this issue and the survey of licensees. The Board of Professional Counselors and the Board of Marital and Family Therapy met and discussed the recommendation. The division agrees with the letter from the chair of the Board of Professional Counselors. It appears that more time is needed to develop a consensus on board merger and draft legislation that will address the concerns of affected professions.

Sincerely,



Catherine Reardon, director

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CSSB 257 – Extend Board of Professional Counselors

CSSB 257 an act extending the termination date of the Board of Professional Counselors

In accordance with the provisions of Title 24 of the Alaska Statutes, Legislative Budget and Audit conducted a sunset review of the State Board of Professional Counselors. It is the opinion of Legislative Budget and Audit that the State Board of Professional Counselors is **operating in an efficient and effective** manner and should **continue to regulate the counselor profession**. CSSB 257 would extend the State Board of Professional Counselors three years to **June 30, 2005**.

In their sunset review, Legislative Budget and Audit also recommended that the legislature consider combining the State Board of Professional Counselors and the State Board of Marital and Family Therapists into a single oversight and licensing board. While this legislation does not combine those two boards, it extends the sunset date of the Board of Professional Counselors to coincide with that of the State Board of Marital and Family Therapists.

In Section 2 of the CS some changes in the Education requirement were made at the request of the Board and the Department. This section was also adopted in the House version of the bill.

Pat Davidson, Legislative Auditor
Catherine Reardon, Director, Occupational Licensing
Anne Henry, Chair of the Board of Professional Counselors

Sponsor Statement

CSSB 257 – Extend Board of Professional Counselors

Under AS 08.29.010 the State Board of Professional Counselors regulates the practice of Professional Counselors ensuring that the requirements laid out for licensure are met and adhered to.

The board consists of five members appointed by the governor. Four members must be licensed professional counselors and one member must be appointed by the general public. Board members serve staggered terms of four years.

The regulation and licensing of qualified professional counselors safeguards the public by ensuring the competence and integrity of those who represent themselves as professional counselors.

The State Board of Professional Counselors is scheduled to terminate June 30, 2002 under AS 08.03.010, Termination of State Boards and Commissions. If the legislature does not act the board would have one year, until June 30, 2003 to administratively conclude its operations.

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