

ALASKA LEGISLATURE COMMITTEE FILES

2007-2008

SCRA

12

Cases Filed Between 6/30/2006 & 1/31/2007

Docket Number	Docket Description	Date Opened	Date Closed
U-06-129	GCI request to terminate the Rural Exemption of Interior Telephone Company	11/15/2006	
U-06-130	Request by Cordova Telephone Coop to terminate Public Interest Pay Telephone in Cordova	11/2/2006	1/22/2007
U-06-137	GCI request to terminate the Rural Exemption of Mukluk Telephone Company	10/2/2006	
U-06-143	Universal Service Surcharge Factor - AUSAC	12/27/2006	
U-07-002	Request by Alaska Digital for ETC Designation under 47 CFR 54.201	1/9/2007	
U-07-004	Nomination of Directors - AUSAC	1/11/2007	
U-07-006	Discontinue Service - Infone, LLC	1/16/2007	
U-06-133	Inside Passage Electric Cooperative Cost of Service Study	12/1/2006	
U-07-011	Alaska Telephone Company depreciation Study	1/24/2007	
P-06-010	TAPS Quality Bank - Heavy Distillate Price	7/28/2006	
P-06-011	BP's application for Endicott Interconnection - topping plant	8/30/2006	
P-06-012	BP's application for Endicott Interconnection - FS-2	8/30/2006	
P-06-013	BP's application for Endicott Interconnection - FS-1	8/30/2006	
P-06-014	BP Endicott pipeline Tariffs	3/8/2006	
P-06-015	KKPL Kasilof Extension tariff	9/29/2006	9/29/2006
P-06-016	BP Northstar pipeline transfer of certificate 604	11/30/2006	
P-06-017	BP Northstar pipeline transfer of certificate 605	11/30/2006	
P-06-018	Milne Point Products isolation and purge of pipeline	12/15/2006	
P-07-001	TAPS 2007 TAPS Settlement Methodology rates	12/28/2006	
P-07-002	Endicott Pipeline 2007 rates	12/29/2006	
P-07-003	Milne Point Oil pipeline 2007 rates	12/29/2006	12/29/2006
P-07-004	BP Transportation Alaska Badami Oil Pipeline 2007 rates	12/29/2006	12/29/2006
P-07-005	Cook Inlet Pipeline Company 2007 rates	12/29/2006	
R-06-005	Amendments regarding Federal Public Utilities Regulatory Policies Act	8/29/2006	
R-06-006	Intercarrier Compensation	9/22/2006	
R-06-007	In the Matter of the Consideration of Regulations Dockets for FY 007	10/9/2006	
R-06-008	Intercarrier Compensation	10/17/2006	11/6/2006
R-06-009	Consideration of regulations regarding deadlines for final orders	11/3/2006	
R-06-010	In the Matter of the Consideration of statutory amendments	11/13/2006	

Commission Meetings

This table lists, by docket number, the type of meeting and length of the meeting, for purposes of demonstrating the types and time that can be involved in processing a docket. Not all Commission meetings are listed here, nor is the total time of all meetings listed here. Only those meetings and portions of meetings which are specific to the listed docket are shown. The meetings listed here are generally open to the public. Other types of meetings are not. Thus, for example, the Commission's adjudication meetings (where the Commission deliberates on the issues) are not listed here, even though a single adjudication on a docket can last for days.

DATE	DOCKET NO. or MATTER*	PUBLIC HEARING	PREHEARING CONFERENCE	DISCOVERY CONFERENCE	STATUS CONFERENCE	PUBLIC MEETING	SPECIAL PUBLIC MEETING	PUBLIC WORKSHOP	CONSUMER INPUT HEARING	TOTAL TIME
07/12/05	U-04-102		1							0:51:00
07/14/05	U-05-46	1								1:43:00
08/02/05	R-04-1						1			4:42:00
08/04/05	U-05-40	1								0:37:00
08/05/05	R-03-3				1					1:38:00
08/16/05	U-00-88	1								6:12:00
08/17/05	U-00-88	1								7:07:00
08/24/05	R-04-5				1					3:04:00
09/01/05	U-04-102		1							1:37:00
09/08/05	U-04-7			1						1:45:00
09/08/05	P-05-10	1								0:22:00
09/10/05	AS 42.06						1			6:27:00
09/20/05	U-05-45	1								0:45:00
09/21/05	FCC						1			0:32:00
09/26/05	E911						1			7:28:00
09/28/05	TA147-13						1			0:57:00
09/28/05	U-04-102	1								6:57:00
09/29/05	U-04-102	1								7:33:00
09/30/05	U-04-102	1								3:11:00
10/12/05	R-05-3				1					1:40:00
10/24/05	U-05-46	1								6:55:00
10/25/05	U-05-46	1								6:55:00
10/26/05	U-05-46	1								6:45:00
10/27/05	U-05-46	1								10:55:00
10/28/05	U-05-46	1								10:32:00
10/31/06	U-04-102	1								7:55:00
11/01/05	U-04-102	1								6:32:00
11/02/05	U-04-102	1								7:50:00
11/03/05	U-C5-54	1								0:10:00
11/04/05	P-05-10				1					3:14:00
11/07/05	U-05-88	1								0:20:00
11/09/05	R-04-1				1					3:11:00
11/09/05	U-04-102	1								2:47:00
11/10/05	U-04-102	1								1:15:00
12/08/05	U-05-62	1								0:10:00
12/14/05	R-03-5				1					2:15:00
12/19/05	U-05-43	1								1:21:00
12/20/05	U-05-90	1								1:05:00
12/20/05	U-05-7	1								0:06:00
01/04/06	R-04-4	1								1:03:00
01/09/06	U-05-40	1								0:48:00
01/10/06	U-05-84	1								0:29:00
01/10/06	R-05-6	1								0:05:00
01/11/06	R-05-2				1					2:12:00

Table continued on following page...

DATE	DOCKET NO. or MATTER*	PUBLIC HEARING	PREHEARING CONFERENCE	DISCOVERY CONFERENCE	STATUS CONFERENCE	PUBLIC MEETING	SPECIAL PUBLIC MEETING	PUBLIC WORKSHOP	CONSUMER INPUT HEARING	TOTAL TIME
01/12/06	U-05-91									1:39:00
01/12/06	R-05-7						1			1:03:00
01/24/06	U-05-92	1								0:22:00
01/26/06	FCC						1			0:37:00
02/02/06	U-05-89	1								0:15:00
02/07/06	U-05-103	1			1					0:38:00
02/08/06	R-04-1									1:22:00
02/08/06	U-06-2		1							0:10:00
02/14/06	U-04-81	1								2:58:00
02/15/06	R-05-10				1		1			8:35:00
02/22/06	R-06-XX									1:08:00
02/22/06	P-04-21	1								2:59:00
02/23/06	P-04-21	1								3:43:00
02/24/06	U-05-43									2:04:00
03/08/06	R-06-2	1								1:20:00
03/01/06	R-05-6				1		1			2:50:00
03/08/06	R-05-11									2:34:00
03/03/06	R-05-7						1			2:09:00
03/09/06	R-05-13						1			0:07:00
03/13/06	U-06-6	1								0:20:00
03/15/06	U-05-45		1							0:28:00
03/21/06	U-04-62	1								7:08:00
03/22/06	U-04-82	1			1					0:40:00
03/22/06	R-03-5				1					2:27:00
04/21/06	U-06-2		1		1					0:59:00
04/26/06	R-04-5									2:51:00
06/01/06	P-04-020	1								4:21:00
05/01/06	P-04-12		1		1					0:18:00
06/03/06	R-05-5				1					5:00:00
05/10/06	R-05-12									2:25:00
06/10/06	U-05-54									1:24:00
05/12/06	P-01-11	1			1					3:15:00
06/15/06	R-04-1				1					0:46:00
05/22/06	RCCs				1					4:01:00
06/31/06	R-04-1									2:45:00
06/01/06	R-05-5						1			2:25:00
06/08/06	U-06-55	1								0:04:00
06/13/06	R-05-11	1								2:18:00
06/14/06	R-06-4				1					1:57:00
06/15/06	U-06-45		1							0:22:00
06/26/06	U-06-56		1							0:45:00
06/28/06	R-05-1				1					1:55:00
Total Number of Meetings	88	30	19	2	1	19	6	7		

*Note: Public Meetings often contain more than one docket item and nondocket matters. Not all Public Meeting agenda matters are listed here.

Administrative Law

During 2006 the Commission created an Administrative Law Section comprised of four Administrative Law Judges (ALJs) and a professional support staff. The Commission made this change based on input from regulated entities seeking streamlined pre-hearing and hearing processes and enhanced quality and timeliness of Commission orders. The ALJs set procedural schedules for dockets, make discovery and evidentiary rulings, issue procedural orders, conduct hearings, advise the Commission on legal issues in pending dockets, and draft Commission orders. An ALJ is assigned to each docket shortly after it is opened and, along with an assigned Commissioner and staff docket manager, works on the docket until it is closed.



**Chief Administrative Law Judge
David A. Lawrence**

Chief Administrative Law Judge David A. Lawrence served as Director of Law for a Fortune 500 energy utility, where he litigated numerous cases before state and federal regulatory agencies, managed inside and outside counsel, and was responsible for legal representation in matters of regulation, power and wheeling transactions, independent energy, taxation, plant construction, contracting, finance, governance, purchasing, real estate, intellectual property, commercial litigation, corporate political activity, and non-regulated businesses. He also served as Senior Vice President and General Counsel for a telecommunications engineering and consulting firm and worked on energy projects while in private law practice. He earned a Bachelor of Science degree from the Massachusetts Institute of Technology, a Master of Management degree from MIT's Sloan School of Management, and a Juris Doctor *cum laude* from the University of Minnesota. Judge Lawrence manages the Administrative Law Section and presides primarily over dockets involving electric, water, and wastewater utilities.



T.W. Patch

Administrative Law Judge T.W. Patch has extensive experience in business, construction, securities, and employment law in private and military law practices, with specialization as a professional arbitrator and mediator. He served as Alaska's delegate to the Pacific Northwest Region of the American Arbitration Association and taught courses in alternative dispute resolution. Judge Patch holds a Bachelor of Arts degree in Economics from Willamette University and a Juris Doctor from the Willamette University Law School. He primarily focuses on dockets involving natural gas and refuse service companies.



John P. Wood

Administrative Law Judge John P. (JP) Wood has significant experience in complex civil litigation, including products liability, personal injury and medical malpractice cases. Judge Wood was born and raised in Alaska and earned a Bachelor of Arts degree in Journalism and Public Communications from the University of Alaska, Anchorage, and a Juris Doctor from the University of Denver, College of Law. He focuses primarily on the Commission's extensive telecommunications dockets.



Debra J. Brandwein

Administrative Law Judge Debra J. Brandwein has extensive experience in private practice and as general counsel to large and small companies in the areas of business, employment, contract, environmental, and intellectual property law, and in commercial litigation. Her work with regulated industries includes managing administrative dockets before the FERC and the Commission. Judge Brandwein earned her Bachelor of Arts degree in Biology from Washington University in St. Louis and her Juris Doctor with honors from the University of Denver, College of Law. Her primary focus is on the Commission's pipeline dockets.

Power Cost Equalization

The Power Cost Equalization (PCE) is a program under which the State of Alaska pays a portion of the electric bills for consumers served by utilities participating in the program. Generally, PCE reduces the effective rate per kWh up to 500 kWh per month per customer. The PCE program is administered by the Alaska Energy Authority (AEA).

The Commission establishes the PCE rate (cents/kWh) applicable to each utility participant's billings, regardless of whether the utility is otherwise subject to economic regulation. The Commission's Fiscal Year 2006 PCE rate setting activity is summarized below.

Revised PCE rates issued for regulated utilities

Funding level change directives from AEA - 84

Review of fuel cost reports - 118

Revised PCE rates issued for non-regulated utilities

Funding level change directives from AEA - 285

Review of fuel cost reports - 114

Review of annual reports - 13

Additionally, AS 42.45.110(c)(2) provides that the Commission will, during each fiscal year, adjust the power costs for which PCE may be paid to an electric utility based on the weighted average retail residential rate in Anchorage, Fairbanks, and Juneau. In Fiscal Year 2006 the Commission issued 92 letter orders notifying each electric utility receiving PCE of the Commission's calculation of the base amount for PCE calculations as required by 3 AAC 52.610(c) and to inform participants that the base amount of 12 cents per kWh remained unchanged.

PROVIDER

Alaska Village Electric Cooperative

COMMUNITIES

Alakanuk	Noatak
Ambler	Noorvik
Anvik	Nulato
Brevig Mission	Nunapitchuk
Chevak	Old Harbor
Eek	Pilot Station
Elim	Quinhagak
Emmonak	Russian Mission
Gambell	Savoonga
Goodnews Bay	Scammon Bay
Grayling	Selawik
Holy Cross	Shageluk
Hooper Bay	Shaktolik
Huslia	Shishmaref
Kaltag	Shungnak
Kiana	St. Mary's
Kivalina	St. Michael
Koyuk	Stebbins
Lower Kalskag	Teller
Marshall	Togiak
Mekoryuk	Toksook Bay
Minto	Tununak
Mt. Village	Upper Kalskag
New Stuyahok	Wales
Nightmute	

PROVIDER

Akiachak Native Community Electric Company
City of Akiak
City of Akutan
Alaska Power Company

COMMUNITIES

Akiachak	Healy Lake
Akiak	Hollis
Akutan	Hydaburg
Alatna	Kasaan
Allakaket	Klawock
Bettles	Mentasta
Chistochina	Nauyasu
Coffman Cove	Northway
Craig	Skagway
Dot Lake	Slana
Eagle	Tetin
Eagle Village	Thorne Bay
Evansville	Tok
Haines	Whale Pass

PROVIDERS & COMMUNITIES

Alutiq Power Company
 Karluk

Andreanof Electric Corporation
 Atka

Aniak Light And Power
 Aniak

Atmautluak Joint Utilities
 Atmautluak

Beaver Joint Utilities Electric
 Beaver

Bethel Utilities Corporation
 Bethel
 Oscarville

City of Buckland
 Buckland

Central Electric, Inc.
 Central
 Circle Hot Springs

Chenega Bay Ira Village Council
 Chenega Bay

Chignik Lagoon Power Utility Board
 Chignik Lagcon

Chignik Lake Electric Utility
 Chignik Lake

City of Chignik
 Chignik

Chitina Electric, Inc.
 Chitina

Power Cost Equalization

PROVIDERS & COMMUNITIES (continued)

Circle Electric, Inc

Circle

Cordova Electric Cooperative

Cordova

Eyak

Diomed Joint Utilities

Diomed

Egegik Light & Power Company

Egegik

City of Ekwok

Ekwok

Elfin Cove Electric Utility

Elfin Cove

False Pass

Electric Association

False Pass

G&K, Inc.

Cold Bay

City of Galena

Galena

City of Golovin

Golovin

Gustavus Electric Company

Gustavus

Gwitchyaa Zhee Utilities

Fort Yukon

City of Hughes

Hughes

Igiugig Village Council

Igiugig

I-N-N Electric Cooperative

Iliamna

Newhalen

Nondalton

Inside Passage

Electric Cooperative, Inc.

Angoon

Chilkat Valley

Hoonah

Take

Klukwan

Ipnotchlaq Electric Company

Deering

City of King Cove

King Cove

Kipnuk Light Plant

Kipnuk

Kobuk Valley

Electric Cooperative

Kobuk

Kokhanok Village

Council Electric Utility

Kokhanok Bay

Koliganek Village Council

Koliganek

Kotlik Electric Service

Kotlik

Kotzebue

Electric Association

Kotzebue

City of Koyukuk

Koyukuk

Kwethluk, Inc.

Kwethluk

Kwig Power Company

Kwigillingok

Larsen Bay Utility Company

Larsen Bay

Levelock Electric Cooperative

Levelock

Lime Village

Lime Village

Manley Utility Company

Manley Hot Spr.

Manokotak Power Company

Manokotak

Matanuska Electric Association, Inc.

Unalakleet

Mcgrath Light & Power

Mcgrath

Middle Kuskokwim

Electric Coop

Chuathbaluk

Crooked Creek

Red Devil

Sleetmute

Stony River

Naknek Electric Association, Inc.

King Salmon

Naknek

South Naknek

**Napakiak Incinraq
Power Company**
Napakiak

Napaskiak Electric Utility
Napaskiak

Naterkaq Light Plant
Chefornak

**Nelson Lagoon
Electrical Coop**

Nelson Lagoon
Nikolai Light & Power Utility
Nikolai

Nome Joint Utility Systems
Nome

**North Slope Borough
Power & Light**

Anaktuvuk Pass
Atqasuk
Kaktovik
Nuiqsut
Point Hope
Point Lay
Wainwright

Nunam Iqua Electric Company
Nunam Iqua

**Nushagak Electric &
Telephone Coop**

Aleknagik
Dillingham

City of Ouzinkie
Ouzinkie

**Pedro Bay Village Council-
Electric**
Pedro Bay

**Pilot Point
Electrical Utility**
Pilot Point

City of Platinum
Platinum

City of Port Heiden
Port Heiden

Puvuruaq Power Company
Kongiganak

City of Ruby
Ruby

**St. Paul Municipal
Electric Utility**
St. Paul

**Takotna Community
Association Utilities**
Takotna

**Tanalian Electric
Cooperative**
Port Alsworth

Tanane Power Company
Tanana

Tatitlek Electric Utility
Tatitlek

TDX Sand Point Generating
Sand Point

**Tenakee Springs
Electric Utility**
Tenakee Springs

**Tuluksak Traditional
Power Utility**
Tuluksak

**Tuntutuliak Community
Services Association**
Tuntutuliak

Twin Hills Village Council
Twin Hills

Umnak Power Company
Nikolski

City of Unalaska
Unalaska

Ungusraq Power Company
Newtok

City of White Mountain
White Mountain

City of Yakutat
Yakutat

Commission Finances

The table below summarizes the Commission's expenditures for the past four fiscal years. The funding source for almost all of these expenditures was the regulatory cost charges paid by the regulated entities. Beginning with FY 04, the expenditures for the public advocacy function, relocated to the Department of Law, are excluded from the amounts shown.

Commission Expenditures FY 04 - FY 05

Expenditures	FY 03	FY 04	FY 05	FY 06
Personal Services	\$3,896,539	\$4,005,622	\$3,764,473	\$3,614,800
Travel	53,081	55,359	50,747	89,400
Contractual	1,756,621	2,001,549	1,377,385	2,069,700
Supplies	50,501	54,555	81,610	162,000
Equipment	134,579	86,538	-0-	115,500
Total	\$5,891,321	\$6,202,621	\$5,274,825	\$6,046,100

The Regulatory Affairs and Public Advocacy section within the Department of Law received \$1 million in FY 04 from the Commission and then was appropriated, from fees paid by regulated entities, \$1.3 million and \$1.4 million, respectively in FY 05 and FY 06.

Commission Proceedings

Number of Dockets

Dockets	FY04	FY05	FY06
Pending (beginning of FY)	183	181	107
Opened	151	135	149
Closed	163	179	155
Pending (end of FY)	151	107	101

Total in Open Status in FY06: 352¹

¹The total count also includes pending court appeals.

Number of Decisions

Orders Issued (by effective date)	FY04	FY05	FY06
Substantive - Final	195	190	160
Substantive - Non Final	527	387	449
Procedural	75	105	70
Total	797	682	688

Letter Orders Issued

FY04	FY05	FY06
735	1110	776

Note: A single order may apply to more than one docket, in which case the order is counted once for each associated docket.

Performance Measures

A: Timely decisions. If the Commission does not issue a final decision under AS 42.05 prior to the expiration of a statutory deadline, the filing will go into effect by force of law.

Target: Final decisions of the Commission issued within existing statutory deadlines during fiscal year:

Analysis of results and challenges: The Commission missed one deadline in Fiscal Year 2006, by one day, due to human error in calculating a date. Currently, we calculate the statutory deadlines manually. The Commission has identified two new procedures to ensure that it is calculating the

statutory timeframes properly. Effective July 1, 2006, the Commission issues an initiating order on each matter which calculates and identifies the statutory deadline. Parties disputing the calculation of the statutory deadline may petition the Commission for reconsideration within 15 days of the initiating order. Under this revised procedure, the statutory deadline is known and communicated to all parties early in the proceeding. We are implementing a new case management system (CMS) which will calculate the statutory or regulatory deadlines automatically when dockets are filed based upon type of filing. The CMS will be fully implemented beginning in fiscal 2008.

B: The Commission's caseload consists of current and active cases.

Target: The number of resolved cases roughly equal the number of cases received each year, excepting those cases on appeal: see table

Analysis of results and challenges: The Commission has received an average of 140 new cases per year over the last three years. In response to legislative concerns about timeliness, the Commission completely restructured its Agency to aggressively manage its caseload. As a result of this effort, our docket load is well controlled.

C: The Commission's final decisions are based on an evidential record and contain justification for the decision reached.

Target: The Commission's decisions are upheld on appeal.

Analysis of results and challenges: The Commission has had two cases remanded to it in the past 3 years, one of which was then appealed up to a higher court and has not yet been returned to the Commission.

Consumer Protection and Information

The Consumer Protection and Information Section investigates and resolves informal complaints, educates consumers, and disseminates information regarding Commission proceedings and utility rates and services. Staff helps consumers resolve disputes with their telephone, electric, water, sewer, and refuse utilities to assure they have adequate, safe and reliable services in return for payment of just, fair and reasonable rates.

In addition to activities associated with informal investigations, the Consumer Protection section advises Commissioners on critical consumer protection issues and events during the year. Of particular interest this year, the section recommended formal investigation of ENSTAR Natural Gas Company's bill payment methods and McGahan Utilities' management practices.

Improving Consumer Assistance

During Fiscal Year 2006, staff assisted approximately 6,500 consumers with their complaints and inquiries regarding utility billing and services.

Reach Out to Communities

The Consumer Protection section is expanding its ability to assist consumers in communities statewide. To keep consumers informed about utility issues, staff is traveling around the state attending community meetings, trade shows, and booth fairs, such as the Alaska Federation of Natives' annual convention and the Better Business Bureau's "Scam Jam" where consumers learn about various scams. Staff is also networking with partner agencies, senior citizen groups, native organizations, and consumer advocacy groups to increase awareness in Lifeline & Link Up Program, programs that reduce local telephone rates for qualified Alaskans.

During Fiscal Year 2006, staff assisted approximately 6,500 consumers with their complaints and inquiries regarding utility billing and services.

Education & Consumer Assistance Programs

Staff continues to develop fact sheets and handouts that provide easy-to-understand information on taxes and surcharges that appear on monthly phone bills, how to avoid telemarketing fraud, energy savings tips, and low-income programs such as energy assistance and Lifeline & Link Up programs. Staff also created a Children's Activity Book, in which children are introduced to the basics of how utilities work and importance in conserving energy in their home. The activity book contains puzzles, coloring pages, and other fun activities for young children.



Assist Public Participation

Staff is also re-invigorating its efforts to raise public awareness about utility rate filings, Commission hearings, notices and decisions that impact utility customers. Whenever possible, staff issues a press release to communities statewide and assists the Commission in conducting consumer input hearings outside normal business hours and at community centers to provide the public an opportunity to hear and testify before the Commission.

Consumer Complaint Statistics FY 04 - FY 06

	FY04	FY05	FY06
Telecommunications	200	213	249
Electric	52	80	92
Natural Gas	17	87	20
Water & Wastewater	17	35	34
Refuse	6	17	18
Total	292	412	413

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STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

Kate Giard, Chairman
Dave Harbour
Mark K. Johnson
Anthony A. Price
Janis W. Wilson

In the Matter of the Consideration of Potential
Changes to Statutes Governing the Procedures
and Operations of the Regulatory Commission
of Alaska

R-06-10

ORDER NO. 5

ORDER RELEASING TRANSMITTAL LETTER

BY THE COMMISSION:

Summary

We release our proposed statutory changes and transmittal letter to the Governor.

Background

We opened this docket to obtain comment on potential changes to statutes. We requested recommendations for statutory revisions and sought comment on five specific areas of potential statutory reform.¹ We invited two rounds of

¹See Order R-06-10(1), dated November 13, 2006. Those areas were: (1) a specific statutory interest rate or interest rate formula to apply to refund obligations of public utilities and pipeline carriers; (2) an increase to the statutory exemption levels stated at AS 42.05.711; (3) statutory timelines for AS 42.05 and AS 42.06 matters not currently subject to timelines; (4) updated civil penalties; and (5) statutory authorization for the chairman to appoint administrative law judges to hear certain types of cases and render proposed decisions. Order R-06-10(1) at 2-3.

Regulatory Commission of Alaska
701 West Eighth Avenue, Suite 300
Anchorage, Alaska 99501
(907) 276-6222; TTY (907) 276-4533

1 comments,² held a public workshop and a public hearing, and discussed the proposed
2 statutory revisions at three public meetings. At our February 2, 2007 special public
3 meeting, we voted to transmit several proposed changes to our enabling statutes to the
4 Governor for consideration. A copy of the letter to the Governor ("transmittal letter") is
5 attached to this letter as an appendix.

6 We also invited comment on a proposed statutory revision to exempt
7 commercial refuse providers from certain statutory requirements. That proposal will be
8 addressed in a subsequent order in this docket.

9 Discussion

10 We submitted several proposed revisions to our enabling statute to the
11 Governor and requested that the Governor consider supporting legislation that includes
12 the proposed statutory revisions. Specifically, we proposed a statutory revision that
13 would increase the statutory cap on regulatory cost charges (RCCs) to avoid a potential
14 revenue shortfall in the upcoming fiscal year.³ We also proposed statutory revisions
15 that would increase the amount of civil penalties from current levels (\$100 for public
16

17 ²Comments on proposed statutory revisions were received from the following
18 entities: the Attorney General, Alaska Power Association; Alaska Communications
19 Systems, Inc.; Alascom, Inc. d/b/a AT&T Alascom; BP Pipelines (Alaska) Inc./BP
20 Transportation (Alaska) Inc.; Central Electric, Inc.; Chugach Electric Association, Inc.;
21 ENSTAR Natural Gas Company; GCI Communication Corp. d/b/a General
22 Communication, Inc., and d/b/a GCI; Homer Electric Association, Inc.; Marathon Oil
23 Company; and Tesoro Alaska Company. We also received a copy of a letter
24 advocating legislative reforms from Utility Services of Alaska, Inc. to Governor Sarah
25 Palin and incorporated that letter into the record of this docket.

26 ³RCCs are the funding mechanism for this agency and consist of a percentage
assessment on utility adjusted gross revenues. Utilities are allowed to recover RCCS
from their customers, and the RCC assessment appears as a line item assessment on
utility billings. The percentage RCC assessments are capped by statute, and the
proposed legislation increases the statutory caps in both the Alaska Public Utilities
Regulatory Act (AS 42.05) and the Pipeline Act (AS 42.06).

Regulatory Commission of Alaska
701 West Eighth Avenue, Suite 300
Anchorage, Alaska 99501
(907) 276-6222; TTY (907) 276-4533

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utilities, \$500 for pipeline carriers) to \$1,000 for any violation of statute or commission directive, and would allow the commission to assess these civil penalties against any person involved in any commission proceeding.

We also submitted several potential revisions to AS 42.05.175, the statute that establishes specific deadlines for commission action in several types of proceedings. This proposal generated the most public comment, with several interested parties suggesting changes to existing statutes. We incorporated one of the public proposals (a "catch-all" provision that establishes a deadline for proceedings not currently subject to such a deadline), and proposed some additional revisions based on our experience with statutory deadlines.

We also requested support for four proposed statutory revisions as part of our agency restructuring efforts. The first proposal would create an Office of General Counsel to act as our legal advisor in adjudications, rulemaking proceedings and public meetings, and to defend appealed orders. The second proposal would codify our current use of an Administrative Law Section to assist in resolving substantive and procedural issues arising under our jurisdiction. We also sought statutory authorization to create a Natural Gas and Oil Pipeline Section, allowing us to develop and dedicate agency expertise for upcoming gas and oil pipeline issues. A final component of our agency restructuring efforts would allow us to utilize certain partially exempt positions

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1 allocated only to departments with the State of Alaska,⁴ and would clarify the partially
2 exempt status of certain employees.⁵

3 Our last proposed statutory revision would increase qualification levels for
4 commissioners. Commissioner positions at this agency require considerable knowledge
5 of public utility operations and management, administrative law and practice, and
6 regulatory principles. We believe that certain professional backgrounds (e.g., attorney,
7 certified public accountant or financial analyst, professional engineer, or post graduate
8 degree, combined with ten years experience in specified fields) provide a more
9 advantageous knowledge base for a commissioner, and propose a revision to the
10 commissioner qualification section of our enabling statute to require this type of
11 professional background.

12 Finally, we discussed the possibility of proposing increases to the salary
13 levels of our commissioners. While we did not propose any legislative reform to
14 increase commissioner salary levels, we suggested that the Governor seek a legislative
15 determination regarding the appropriate salary levels for commissioners.

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⁴This statutory revision would allow the chairman and commissioners, respectively, to employ a private secretary and special assistants.

⁵This statutory revision would transition the commission section manager, chief administrative law judge, and any economist we may employ into partially exempt service, and would reaffirm the partially exempt status of our administrative law judges and attorneys.

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701 West Eighth Avenue, Suite 300
Anchorage, Alaska 99501
(907) 278-8222; TTY (907) 278-4533

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ORDER

THE COMMISSION FURTHER ORDERS that the transmittal letter to Governor Sarah Palin, dated February 22, 2007, is released to the public.

DATED AND EFFECTIVE at Anchorage, Alaska, this 22nd day of February, 2007.

BY DIRECTION OF THE COMMISSION

(SEAL)



DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Regulatory Commission of Alaska

Sarah Palin, Governor
Emil Notti, Commissioner
Kate Giard, Chairman

February 22, 2007

To: Honorable Sarah Palin, Governor

Re: Proposed Changes to Governing Statutes, Regulatory Commission of Alaska

From: Kate Giard, Chairman

A handwritten signature in black ink, appearing to read "Kate Giard".

On behalf of the Regulatory Commission of Alaska, I am pleased to provide you with the results of our public process concerning possible revisions to our enabling statutes. As has been our practice the last several years, we engaged in a systematic public process as part of our commitment to enhance Commission transparency and accountability, and to identify statutory revisions that would improve Commission processes.

As part of this process, we invited and received substantial public input and dialogue before approving the attached statutory reform proposals. We invited two rounds of comments, held a public workshop and public hearing, and discussed the proposed statutory revisions at three public meetings. The transcripts of these public proceedings can be found at <http://rca.alaska.gov/data/docketDetail.html?docket=R-06-010>, along with electronic versions of all Commission orders issued and public comments filed regarding these suggested statutory revisions.

On February 2, 2007, the Commission voted to transmit several proposed changes to statutes governing agency operations to you for consideration. We believe that your support for legislation containing these statutory improvements will serve the public interest.

Following is a brief description of each proposal:

Revising AS 42.05.254 (Public Utility Regulatory Cost Charge) and AS 42.06.286 (Pipeline Carrier Regulatory Cost Charge)

We seek your support for legislation which would revise the Regulatory Cost Charge (RCC) provisions of the Alaska Public Utilities Regulatory Act (AS 42.05) and the Pipeline Act (AS 42.06). The revenues of the Commission are derived almost entirely through ratepayer charges paid through their utility services and pipeline transportation bills. The legislature has enacted a statutory limit on the amount of RCCs the Commission can collect to protect ratepayers from excessive government spending.

The agency has been able to fulfill its mission and operate within these limits in the past, however, in fiscal 2008 the Commission may incur up to \$1.5 million in combined PERS benefit costs plus litigation costs.

We sought public comment on whether to meet these unanticipated expenditures 1) through a reduction in personnel, 2) through an increase in the RCC rate or 3) by removing an existing exemption for electric utilities.

There was no public support for reducing our personnel, primary because those commenting were concerned that it would slow down the regulatory process. Comments generally supported the increase in the RCC amount and comments were divided on whether to remove the exemption.

The Commissioners voted to seek your support to increase the statutory regulatory cost charge limit to 0.9 percent from 0.7 percent. We believe this will provide a sufficient base of revenue to address 2008 and hopefully any subsequent increases in the PERS benefit liability.

Revising AS 42.05.571 (Civil Penalties/Public Utilities) and AS 42.06.540 (Civil Penalties/Pipeline Carriers)

Another proposal would increase the amount of civil penalties from current levels (\$100 for public utilities, \$500 for pipeline carriers) to \$1,000 for any violation of statute or Commission directive, and would allow the Commission to assess these civil penalties against any person involved in any Commission proceeding. The small, \$100 fine, has remained unchanged in statutes since 1970.¹

¹See § 6 ch 113 SLA 1970.

Revising AS 42.05.175 (Timelines for Issuance of Final Orders)

A fourth proposal forwards several potential revisions to statutes establishing specific deadlines for Commission action in several types of proceedings. This proposal generated the most public comment, with several suggested changes to existing statutes proposed by interested parties. We incorporated one of the public proposals (a "catch-all" provision that establishes a deadline for proceedings not currently subject to such a deadline), and propose some additional revisions based on our experience with statutory deadlines.

The following four suggested statutory revisions are part of our agency restructuring efforts.

Revising AS 42.04.040 (Legal Counsel)²

Currently the Department of Law simultaneously fulfills several roles involving this agency, from advising the Commission³ to appearing before the Commission as the public advocate⁴ or an interested party.⁵ In both its public advocate and interested party roles, the Department of Law has the ability to appeal Commission decisions. The Department of Law's simultaneous performance of different roles in Commission proceedings creates an inherent conflict of interest that at times requires special accommodations, including the need to hire outside counsel to avoid a situation where the Department of Law represents both the appellant and appellee in an agency appeal. The creation of an Office of General Counsel will allow us to avoid this potential conflict of interest.

²This proposal also encompasses several statutory revisions necessary to reflect the Commission's shift from representation by the Department of Law to an Office of General Counsel. Specifically, references to the "attorney general" would be changed to the "general counsel" in AS 42.05.601(a) and 42.06.580(a). In addition, AS 42.06.140(a)(7) would be amended to clarify the Commission's involvement in federal proceedings involving pipeline carriers as well as proceedings in another state. Finally, the revision to AS 42.06.140 would clarify that the Department of Law may request (rather than require) the Commission's assistance in proceedings involving a pipeline carrier or affiliated interest and affecting the interests of the State of Alaska.

³In this capacity the Department of Law acts as our legal advisor in adjudications, rulemaking proceedings and public meetings, and defends appealed orders.

⁴Since 2003, the Department of Law has also participated in commission dockets as the public advocate. The public advocate was created in 1999, when the legislature allowed the Alaska Public Utilities Commission to sunset and created the Regulatory Commission of Alaska. At its inception the public advocate was part of the Regulatory Commission of Alaska. See AS 42.04.150 (repealed 2003). In 2003, the public advocacy function was transferred to the Department of Law. See AS 44.23.020(e).

⁵In pipeline dockets, the Department of Law's Oil and Gas section may participate as a party representing the Department of Natural Resources and the Department of Revenue, which oversee the state royalty and tax interests.

Adding AS 42.05.045 (Administrative Law Section)

Our Commission has restructured by hiring additional administrative law judges and creating an Administrative Law Section. This reform has allowed us to retain additional in-house legal expertise, and has contributed to a significant reduction in time frames for processing filings and resolving issues before this agency. Our proposed statutory revisions include a section providing statutory authorization for the Administrative Law Section.

Adding AS 42.05.047 (Natural Gas and Oil Pipeline Section)

Another agency restructuring proposal is the creation a Natural Gas and Oil Pipeline Section. Our regulation of pipeline carriers involves complicated issues and requires a significant allocation of staff resources to adequately address pipeline issues within our jurisdiction. The proposed statutory reform would allow this agency to develop and dedicate agency expertise for upcoming gas and oil pipeline issues.

Revising AS 39.25.120 (Partially Exempt Service)

A final aspect of our agency restructuring is the authorization to utilize certain partially exempt positions allocated only to departments with the State of Alaska. This statutory revision would allow the chairman and commissioners, respectively, to employ a private secretary and special assistants. In addition, this section would transition the commission section manager, chief administrative law judge, and any economist we may employ into partially exempt service, and would reaffirm the partially exempt status of our administrative law judges and attorneys.

Revising AS 42.04.020 (Commissioners)

The last statutory revision we propose concerns increasing qualification levels for commissioners. Commissioner positions at this agency are challenging and require considerable knowledge of public utility operations and management, administrative law and practice, and regulatory principles. Newly-appointed commissioners are subjected to a substantial learning curve, and an adequate professional background can expedite and enhance a commissioner's grasp of the required expertise. Certain professional backgrounds (e.g., experience in law, accounting, engineering, or regulated industry) provide a more advantageous knowledge base for a commissioner. We propose a revision to the commissioner qualification section of our enabling statute to ensure that a candidate's professional expertise correlates to the duties of a commissioner.

Request for Legislative Review of Commissioner Salary Levels

We also believe that an increase to the salaries of commissioners is necessary to attract and retain qualified professionals for future commissioner openings. The current salary structure for our commissioners was established in 1980.⁶ While commissioners act in a quasi-judicial role and are required to possess considerable expertise in rendering their decisions, their positions are valued far less than their judicial counterparts or other full-time commissioner and deputy commissioner positions within the executive branch.

We have not proposed any legislative reform to increase commissioner salary levels. Instead we suggest that the Governor seek a legislative determination regarding the appropriate salary levels for commissioners. We believe that regulated industries recognize the expertise required of commissioners and are generally supportive of modernized salary levels for those commissioners.

We hope that our effort to coordinate public responses to these concepts proves valuable to you and the legislature.

cc: Michael Tibbles, Chief of Staff
Enclosure: Proposed Statutory Changes (11 pages)

⁶See §§ 10, 25 ch 3 SLA 1980.

REGULATORY COMMISSION OF ALASKA

SUBJECT: PROPOSED STATUTORY CHANGES

DATE: 2/22/2007

REVISING REGULATORY COST CHARGES FOR UTILITIES UNDER AS 42.05

Article 2. Certificate of Public Convenience and Necessity

Sec. 42.05.254. Public utility regulatory cost charge.

AS 42.05.254(a), (e), and (g) are amended to read:

(a) A regulated public utility operating in the state shall pay to the commission an annual regulatory cost charge in an amount not to exceed the maximum percentage of adjusted gross revenue that applies to the utility sector of which the utility is a part. The regulatory cost charges that the commission expects to collect from all regulated utilities may not exceed the sum of the following percentages of the total adjusted gross revenue of all regulated public utilities derived from operations in the state: (1) not more than .7 percent (.007) to fund the operations of the commission, and (2) not more than .17 percent (.0017) to fund operations of the public advocacy function under AS 42.04.070(c) and AS 44.23.020(e) within the Department of Law. An exempt utility shall pay a fee according to fee schedules approved by the commission. Effective July 1, 2007, the percentage stated in this subsection shall be not more than .9 percent (.009) to fund the operations of the commission and not more than to .22 percent (.0022) to fund the operations of the public advocacy function [THE ACTUAL COST OF SERVICES PROVIDED TO IT BY THE COMMISSION].

(e) The commission shall administer and collect the charge imposed under this section. The Department of Revenue shall [COLLECT AND] enforce the charge imposed under this section. The Department of Administration shall identify the amount of the operating budgets of the commission and the Department of Law public advocacy function under AS 42.04.070(c) and AS 44.23.020(e) that lapse into the general fund each year. The legislature may appropriate an amount equal to the lapsed amount to the commission and to the Department of Law public advocacy function under AS 42.04.070(c) and AS 44.23.020(e) for operating costs for the next fiscal year. If the legislature does so, the commission shall reduce the total regulatory cost charge collected for that fiscal year by a comparable amount.

(g) The commission may adopt regulations under AS 44.62 (Administrative Procedure Act) necessary to administer this section, including requirements and procedures for reporting information and making quarterly payments, and for collecting required payments. The Department of Revenue may adopt regulations under AS 44.62 (Administrative Procedure Act) for investigating the accuracy of filed information[, AND FOR COLLECTING REQUIRED PAYMENTS].

Order R-06-10(5)
Appendix
Page 6 of 16

REGULATORY COMMISSION OF ALASKA

SUBJECT: PROPOSED STATUTORY CHANGES

DATE: 2/22/2007

REVISING REGULATORY COST CHARGES FOR PIPELINES UNDER AS 42.06

Article 2. Certificate of Public Convenience and Necessity

Sec. 42.06.286. Pipeline carrier regulatory cost charge.

AS 42.06.286(a), (c), and (d) are amended to read:

(a) A pipeline carrier operating in the state shall pay to the commission an annual regulatory cost charge in an amount not to exceed the sum of the following percentages of gross revenue derived from operations in the state: (1) not more than .7 percent (.007) to fund the operations of the commission, and (2) not more than .17 percent (.0017) to fund operations of the public advocacy function under AS 42.04.070(c) and AS 44.23.020(e) within the Department of Law. A regulatory cost charge may not be assessed on pipeline carrier operations unless the operations are within the jurisdiction of the commission. Effective July 1, 2008, the percentage stated in this subsection shall be not more than .9 percent (.009) to fund the operations of the commission and not more than .22 percent (.0022) to fund the operations of the public advocacy function

(c) The commission shall administer and collect the charge imposed under this section. The Department of Revenue shall [COLLECT AND] enforce the charge imposed under this section. The Department of Administration shall identify the amount of the operating budgets of the commission and the Department of Law public advocacy function under AS 42.04.070(c) and AS 44.23.020(e) that lapse into the general fund each year. The legislature may appropriate an amount equal to the lapsed amount to the commission and to the Department of Law public advocacy function under AS 42.04.070(c) and AS 44.23.020(e) for operating costs for the next fiscal year. If the legislature does so, the commission shall reduce the total regulatory cost charge collected for that fiscal year by a comparable amount.

(d) The commission may adopt regulations under AS 44.62 (Administrative Procedure Act) necessary to administer this section, including requirements and procedures for reporting information and making quarterly payments, and for collecting required payments. The Department of Revenue may adopt regulations under AS 44.62 (Administrative Procedure Act) for investigating the accuracy of filed information[, AND FOR COLLECTING REQUIRED PAYMENTS].

REGULATORY COMMISSION OF ALASKA

SUBJECT: PROPOSED STATUTORY CHANGES

DATE: 2/22/2007

PROPOSED REVISION TO INCREASE CIVIL PENALTIES

FOR PUBLIC UTILITIES (Title 42, Chapter 5)

Article 7. Judicial Review, Penalties, Enforcement.

Sec. 42.05.571. Civil penalties.

AS 42.05.571(a) is amended to read:

(a) In addition to all other penalties and remedies provided by law, any party involved in a commission docket, any public utility and every person, and their lessees or receivers appointed by a court in any way subject to the provisions of this chapter, together with their officers, managers, agents, or employees that either violate or procure, aid, or abet the violation of any provision of this chapter, or of any order, regulation, or written requirement of the commission are subject to a maximum penalty of not more than \$1,000 [\$100] for each violation. Each act of omission as well as each act of commission shall be considered a violation subject to the penalty.

FOR PIPELINES (Title 42, Chapter 06)

Article 6. Enforcement Provisions

Sec. 42.06.540. Civil penalties.

AS 42.06.540(a) is amended to read:

(a) In addition to all other penalties and remedies provided by law, [A] any party involved in a commission docket, any person subject to the provisions of this chapter, as well as an officer, manager, agent, or employee of that person, that either violates or procures, aids, or abets the violation of any provision of this chapter, or of an order, regulation, or written requirement of the commission is subject to a maximum penalty of not more than \$1,000 [\$500] for each violation.

REGULATORY COMMISSION OF ALASKA

SUBJECT: PROPOSED STATUTORY CHANGES

DATE: 2/22/2007

PROPOSED REVISION TO ADD AND AMEND STATUTORY TIMELINES

Article 1. Powers and Duties of the Commission.

Sec. 42.05.175. Timelines for issuance of final orders.

AS 42.05.175(a), (b), (c), (d), (e), and (f) are amended to read:

(a) The commission shall issue a final order not later than 180 days [SIX MONTHS] after a complete application is filed for an application [(1)] for a certificate of public convenience and necessity; [(2)] to amend a certificate of public convenience and necessity; [(3)] to transfer a certificate of public convenience and necessity; and [(4)] to acquire a controlling interest in a certificated public utility unless the commission determines a formal hearing is necessary. If the commission finds that a formal hearing is necessary to determine the merits of an application, the commission shall issue a final order not later than 270 days after the complete application is filed.

(b) Notwithstanding a suspension ordered under AS 42.05.421, the commission shall issue a final order not later than 270 days [NINE MONTHS] after a complete tariff filing is made for a tariff filing that does not change the utility's revenue requirement or rate design.

(c) Notwithstanding a suspension ordered under AS 42.05.421, the commission shall issue a final order not later than 450 days [15 MONTHS] after a complete tariff filing is made for a tariff filing that changes the utility's revenue requirement or rate design.

(d) The commission shall issue a final order not later than 365 days [12 MONTHS] after a complete formal complaint is filed against a utility or, when the commission initiates a formal investigation of a utility without the filing of a complete formal complaint, not later than 365 days [12 MONTHS] after the order initiating the formal investigation is issued.

(e) The commission shall issue a final order in a rule-making proceeding not later than 730 days [24 MONTHS] after a complete petition for adoption, amendment, or repeal of a regulation under AS 44.62.180 - 44.62.290 is filed or, when the commission initiates a rule-making docket, not later than 730 days [24 MONTHS] after the order initiating the proceeding is issued.

(f) The commission may extend a timeline required under (a) - (e) of this section if all parties of record consent to the extension. In addition, the commission may extend a timeline under (a) - (e) of this section [OR IF], for one time only, before the timeline or extension expires, if the

- (1) commission [REASONABLY] finds that good cause exists to extend the timeline;
- (2) commission issues a written order extending the timeline and setting out its findings regarding good cause; and
- (3) extension of time is 90 days or less.

REGULATORY COMMISSION OF ALASKA

SUBJECT: PROPOSED STATUTORY CHANGES

DATE: 2/22/2007

ITEM #4 – PROPOSED REVISION TO ADD AND AMEND STATUTORY TIMELINES, CONT.

Article 1. Powers and Duties of the Commission, cont.

Sec. 42.05.175. Timelines for issuance of final orders, cont.

AS 42.05.175 is amended to add a new subsection to read:

(k) Effective July 1, 2007, in adjudicated docketed matters that come before the commission that are not subject to a timeline under federal law or AS 42.05.175(a) - (e), the commission shall issue a final order not later than 12 months after the filing of an initiating petition. Where the matter is commenced on the commission's own motion, a final order shall issued no later than 12 months after the issuance of an order opening docket.

(1) If the commission does not issue and serve a final order governed by this section within the applicable timeline specified, and if the commission does not extend the timeline in accordance with AS 42.05.175(f), the initiating petition shall be considered approved and shall go into effect immediately or, where the matter was commenced by commission order, the docket will be closed with no action taken.

(2) In those cases where the timeline is extended by application of AS 42.05.175(f) and the commission does not issue and serve a final order within the limits of the one-time-only extension, the initiating petition shall be considered approved and shall go into effect immediately or, where the matter was commenced by commission order, the docket shall be closed with no action taken.

AS 42.05.175 is amended to add a new subsection to read:

(l) If proceedings subject to different timelines under this section are consolidated, or if a single proceeding implicates more than one timeline under this section, the latest applicable deadline for the issuance of a final order shall apply.

REGULATORY COMMISSION OF ALASKA

SUBJECT: PROPOSED STATUTORY CHANGES

DATE: 2/22/2007

ENABLING AN OFFICE OF GENERAL COUNSEL

Article 1. Commission and Staff.

Sec. 42.04.040. Legal counsel.

AS 42.04.040(a) and (b) are amended to read:

(a) There is created within the Regulatory Commission of Alaska an Office of General Counsel consisting of a general counsel, one or more assistant general counsels, if necessary, and support staff. The general counsel shall represent and advise the commission on all matters arising from the commission's regulatory responsibilities and represents the commission before any officer, department, board, commission, or court of this state, another state, or the United States. Attorney members of the Office of General Counsel serve at the pleasure of the commission. The chair of the commission manages and supervises the work efforts of members of the Office of General Counsel. Attorney members of the Office of General Counsel are in the partially exempt service and are entitled to an initial monthly salary that is not less than Step A, Range 27 nor more than Step M, Range 28, of the salary schedule in AS 39.27.011(a) for Juneau, Alaska [THE DEPARTMENT OF LAW SHALL PROVIDE FULL-TIME LEGAL COUNSEL TO THE COMMISSION].

(b) The commission may [, SUBJECT TO THE APPROVAL OF THE ATTORNEY GENERAL,] contract for the services of specialized legal counsel or legal consultants.

REVISIONS RELATED TO CREATION OF OFFICE OF GENERAL COUNSEL

FOR PUBLIC UTILITIES (Title 42, Chapter 5)

Article 7. Judicial Review, Penalties, Enforcement.

AS 42.05.601(a) is amended to read:

Sec. 42.05.601. Actions to recover damages and penalties; disposition.

(a) Actions to recover damages and penalties under this chapter shall be brought by the commission's [ATTORNEY] general counsel in a court of competent jurisdiction.

(b) All damages and penalties recovered under the provisions of this chapter shall be paid to the commission and deposited by it in the general fund of the state.

REGULATORY COMMISSION OF ALASKA

SUBJECT: PROPOSED STATUTORY CHANGES

DATE: 2/22/2007

REVISIONS RELATED TO CREATION OF OFFICE OF GENERAL COUNSEL, CONT.

FOR PIPELINES (Title 42, Chapter 06)

Article 1. Powers and Duties of the Regulatory Commission of Alaska

AS 42.06.140 (a)(7) and (10) are amended to read:

Sec. 42.06.140. General powers and duties

(a) The commission

(7) may initiate, intervene in, and appear personally or by counsel and offer evidence in and participate in, any proceedings involving a pipeline carrier, and affecting the interests of the state, before any officer, department, board, commission, or court of this state, another state, or the United States;

(10) may [SHALL] provide [ALL] reasonable assistance to the Department of Law in intervening in, offering evidence in, and participating in proceedings involving a pipeline carrier or affiliated interest and affecting the interests of the state, before an officer, department, board, commission, or court of another state or the United States.

Article 6. Enforcement Provisions

Sec. 42.06.560. Actions to recover damages and penalties; disposition.

(a) Actions to recover damages and penalties under this chapter shall be brought by the commission's[ATTORNEY] general counsel in a court of competent jurisdiction.

(b) All damages and penalties recovered under the provisions of this chapter shall be paid to the commission and deposited by it in the general fund of the state.

REGULATORY COMMISSION OF ALASKA

SUBJECT: PROPOSED STATUTORY CHANGES

DATE: 2/22/2007

ENABLING AN ADMINISTRATIVE LAW SECTION

Article 1. Commission and Staff.

AS 42.04 is amended by adding a new section to read:

Sec. 42.04.045. Administrative Law Section

(a) There is created within the Regulatory Commission of Alaska the Administrative Law Section. The Administrative Law Section may employ Administrative Law Judges, Alternative Dispute Resolution Judges and Hearing Examiners to promote orderly resolution of RCA jurisdictional matters. The chair of the commission employs and supervises the work efforts of members of the Administrative Law Section.

(b) Members of the Administrative Law Section are in the partially exempt service and are entitled to an initial monthly salary that is not less than Step A, Range 25 nor more than Step M, Range 27, of the salary schedule in AS 39.27.011(a) for Juneau, Alaska.

SUBJECT: PROPOSED STATUTORY CHANGES **DATE: 2/22/2007**

ENABLING A NATURAL GAS AND OIL PIPELINE SECTION

Article 1. Commission and Staff.

AS 42.04 is amended by adding a new section to read:

Sec. 42.04.047. Natural Gas and Oil Pipeline Section

(a) There is created within the Regulatory Commission of Alaska a Natural Gas and Oil Pipeline Section. The Natural Gas and Oil Pipeline section is employed by the commission to promote the orderly resolution of matters within the jurisdiction of the Commission, including issues pertaining to natural gas and oil pipelines, and may include an economist, a pipeline financial analyst(s), an engineer(s), and support staff, as needed. The chair of the commission employs and supervises the work efforts of Natural Gas and Oil Pipeline Section employees.

(b) The economist is in the partially exempt service and is entitled to an initial monthly salary that is not less than Step A, Range 23 nor more than Step M, Range 28, of the salary schedule in AS 39.27.011(a) for Juneau, Alaska.

REGULATORY COMMISSION OF ALASKA

SUBJECT: PROPOSED STATUTORY CHANGES

DATE: 2/22/2007

ADDING NEW PARTIALLY EXEMPT EMPLOYEES TO TITLE 39

Title 39. Public Officers and Employees.

CHAPTER 25. STATE PERSONNEL ACT.

Article 2. Coverage of Personnel.

Sec. 39.25.120. Partially exempt service.

AS 39.25.120(c)(4), (6) and (18) are amended to read:

(c) The following positions in the state service constitute the partially exempt service:

(4) one private secretary for each head of a principal department in the executive branch and the Regulatory Commission of Alaska;

(6) not more than two special assistants to the commissioner of each of the principal departments of the executive branch and not more than one special assistant for each commissioner of the Regulatory Commission of Alaska, but the number may be increased if the partially exempt service is extended under AS 39.25.130 to include the additional special assistants;

(18) the economist, managers that are not in classified service, hearing examiners, [OFFICERS AND] administrative law judges, the chief administrative law judge and attorneys within the Regulatory Commission of Alaska's Office of General Counsel;

REGULATORY COMMISSION OF ALASKA

SUBJECT: PROPOSED STATUTORY CHANGES

DATE: 2/22/2007

COMMISSION QUALIFICATIONS & COMMISSIONER SALARY

Article 1. Commission and Staff.

Sec. 42.04.020. Commissioners.

AS 42.04.020(a) is amended to read:

(a) The commission consists of five commissioners appointed by the governor and confirmed by the legislature in joint session. To qualify for appointment as a commissioner, a person must:

(1) have one of the following qualifications:

(A) be a member in good standing of the Alaska Bar Association; [OR]

(B) have attained certification as a certified public accountant, certified financial analyst, or professional engineer, or received other nationally-recognized financial certification; or

(C) have a post-graduate degree from an accredited college or university [WITH A MAJOR IN ENGINEERING, FINANCE, ECONOMICS, ACCOUNTING, BUSINESS ADMINISTRATION, OR PUBLIC ADMINISTRATION]; and

(2) have ten years combined experience in the fields of electricity, oil and gas, solid waste management, telecommunications, water and wastewater, regulated industry, engineering, finance, economics, audit, accounting, business administration, public administration, or law.

(3) Actual executive level experience for a period of five years in [THE PRACTICE OF LAW OR IN] the fields of electricity, oil and gas, solid waste management, telecommunications, water and wastewater, regulated industry, engineering, finance, economics, audit, accounting, business administration, or public administration is equivalent to the post-graduate [A] degree requirement stated at subsection (1)(C).

SB

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Alaska State Legislature

Senator Con Bunde
District P

Member : Senate Labor & Commerce Committee
Member : Senate State Affairs Committee
Member : Joint Legislative Committee on Ethics

During Session:
State Capitol
Juneau, AK 99801-1182
(907) 485-4843

During Interim:
718 W. Fourth Avenue
Anchorage, AK 99501-2133
(907) 269-0181

MEMORANDUM

DATE: Wednesday, March 28, 2007

TO: Senator Donny Olson, Chair, Senate Community & Regional Affairs Committee

FROM: Senator Con Bunde *Con*

RE: Hearing Request for Senate Bill 34 Tax on Residents/Employees in REAA: Grants

I respectfully request a hearing for SB 34 Tax on Residents/Employees in REAA: Grants, at your earliest convenience.

SB 34 provides an equal opportunity to all residents of Alaska to support education. Currently, there are 19 Regional Education Attendance Areas (REAA) in Alaska that do not have local taxes to provide funding for local schools. SB 34 imposes an annual tax on residents living in REAA that have no local tax authority to help support their schools.

SB 34 would establish an REAA grant program and allows the Legislature to appropriate the tax for grants to REAA.

Enclosed you will find SB 34, sponsor statement, fact sheet, and supporting documents. Please contact Jane Alberts, 465-3623, in my office, if you have questions or need additional documents.

25-LS0261VC
Bullock
2/12/07

**SPONSOR SUBSTITUTE FOR SENATE BILL NO. 34
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIFTH LEGISLATURE - FIRST SESSION**

BY SENATORS BUNDE, Wilken

Introduced:

Referred:

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to a tax on residents of and individuals employed in regional
2 educational attendance areas; relating to permanent fund dividend applications;
3 relating to regional educational attendance area grants; and providing for an effective
4 date."

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

6 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
7 to read:

8 **LEGISLATIVE INTENT.** It is the intent of the legislature that the proceeds of the tax
9 imposed in sec. 4 of this Act provide an additional source of revenue that can be used by the
10 legislature to provide additional funding for regional educational attendance areas beyond
11 existing state and federal contributions.

12 * **Sec. 2.** AS 14.08 is amended by adding a new section to read:

13 **Sec. 14.08.154. Regional educational attendance area grants.** (a) There is
14 established a regional educational attendance area grant program.

1 (b) The department shall annually distribute money appropriated by the
2 legislature for grants under this section to each regional educational attendance area,
3 allocating the money according to each regional educational attendance area's district
4 adjusted ADM, as that term is defined in AS 14.17.990.

5 * **Sec. 3.** AS 43.23.015(b) is amended to read:

6 (b) The department shall prescribe and furnish an application form for
7 claiming a permanent fund dividend. The application must include notice of the
8 penalties provided for under AS 43.23.035 and contain a statement of eligibility and a
9 certification of residency. The department shall require an applicant to supply a
10 physical address as well as a mailing address.

11 * **Sec. 4.** AS 43 is amended by adding a new chapter to read:

12 **Chapter 45. Regional Educational Attendance Area Tax.**

13 **Sec. 43.45.011. Tax imposed.** (a) There is imposed a tax of \$70 each year on
14 an individual

15 (1) who is at least 18 years of age but not more than 64 years of age on
16 January 1 of the tax year; and

17 (2) who

18 (A) resides in a regional educational attendance area on
19 January 1 of the tax year; or

20 (B) is employed during the tax year in a regional educational
21 attendance area.

22 (b) The following are exempt from the tax imposed under (a) of this section:

23 (1) an individual who is a member of a family with an income during
24 the tax year equal to or less than the federal poverty guidelines for the tax year for
25 Alaska set by the United States Department of Health and Human Services;

26 (2) a disabled veteran, as the term is defined in AS 29.45.030(i);

27 (3) the owner of real property located in a municipality that levies a
28 property tax, if the taxes on the property were not delinquent at any time during the tax
29 year.

30 **Sec. 43.45.021. Collection of tax.** (a) The tax imposed under AS 43.45.011
31 shall be paid before April 1 of the calendar year following the year for which the tax is

1 imposed. An individual who is subject to the tax and has not had the tax withheld
2 during the tax year by an employer from the individual's salary or other compensation
3 shall file a return and pay the tax on a form and in a manner prescribed by the
4 department.

5 (b) Each employer of an individual subject to tax under this chapter shall
6 deduct and withhold \$35 from the employee's first regular payroll during the tax year
7 and \$35 from the immediately following regular payroll. The employer shall hold the
8 tax withheld in trust and remit it to the department with a return prescribed by the
9 department not later than the 15th day of the month following the end of each calendar
10 quarter or any month during which the cumulative unpaid withholding by the
11 employer exceeds \$500, whichever is earlier. Taxes withheld under this subsection are
12 not subject to garnishment or attachment and, in the event of lien, judgment, or
13 bankruptcy proceedings, are not considered assets of the employer. An employer who
14 fails to deduct and withhold the tax from the compensation of an employee or to remit
15 the tax to the department by the date required under this section is liable to the
16 department for the tax.

17 (c) An employer is not required to withhold the tax from the salary or other
18 compensation of an individual if the employer reasonably believes, based on the
19 attestation of the individual, that the individual

20 (1) owns real property located in a municipality that levies a property
21 tax;

22 (2) was less than 18 years of age or over 64 years of age on January 1
23 of the tax year; or

24 (3) has had the full tax due under AS 43.45.011 for that tax year
25 withheld by another employer.

26 (d) If the tax is not deducted under (b) of this section from the salary or other
27 compensation of an individual subject to the tax, and the individual has not filed a
28 return and paid the tax under (a) of this section, notwithstanding AS 09.35, the
29 department may make a return under AS 43.05.050.

30 (e) An employer required to withhold tax under (b) of this section shall file a
31 report not later than January 31 following each tax year showing the total withholding

1 for each employee during the tax year. The report shall be filed in a form and manner
2 prescribed by the department. An employer who fails to file a report under this section
3 is subject to a penalty of \$50 a day not to exceed \$2,500.

4 (f) If the full amount required under (b) of this section has been deducted and
5 withheld from each payroll of an employee employed in a regional educational
6 attendance area but not residing in a regional educational attendance area on January 1
7 of the tax year, the department shall consider the employee's tax obligation satisfied,
8 and the employee is not required to file a return under (a) of this section, even if the
9 total amount deducted and withheld was less than \$70.

10 **Sec. 43.45.031. Record of withholding.** An employer who withholds tax
11 under AS 43.45.021 shall furnish to the employee on request a record of the amount of
12 tax withheld from the employee. The department shall provide a form for that purpose.

13 **Sec. 43.45.041. Refunds.** An individual who has paid more than the amount of
14 tax due under this chapter for a calendar year may claim a refund under AS 43.05.275.
15 A claim for a refund under this section may only be filed during the calendar year
16 following the tax year for which the refund is claimed and on a form and in the
17 manner prescribed by the department. The department is not required to issue a refund
18 to an employer.

19 **Sec. 43.45.051. Disposition of tax proceeds.** (a) The tax collected under
20 AS 43.45.021 shall be deposited into the general fund and accounted for separately.

21 (b) The legislature may appropriate the estimated amounts to be collected and
22 separately accounted for under (a) of this section for grants to regional educational
23 attendance areas under AS 14.08.154.

24 (c) The deposit required and appropriation authorized by this section are not
25 intended to create a dedication in violation of art. IX, sec. 7, Constitution of the State
26 of Alaska.

27 **Sec. 43.45.099. Definitions.** In this chapter,

28 (1) "family" means persons who are related by blood, marriage, or
29 adoption and who live in the same household on a permanent basis;

30 (2) "regional educational attendance area" means those portions of a
31 regional educational attendance area, as that term is defined in AS 14.60.010, that are

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outside of a home rule or first class city;

(3) "tax year" means the calendar year for which the tax levied in AS 43.45.011 is imposed.

* Sec. 5. This Act takes effect January 1, 2008.



25th ALASKA STATE LEGISLATURE

SENATE REPUBLICAN CAUCUS

SENATOR GENE THERRIAULT, MINORITY LEADER
STATE CAPITOL, ROOM 427, 465-4797 (FAX 465-3884)

www.aksenateminority.com

SENATOR CON BUNDE
SENATOR FRED DYSON
SENATOR TOM WAGONER
SENATOR GARY WILKEN

Fact Sheet for: Senate Bill 34

Contact: Jane Alberts, 465-4843

Bill Version: SB 34

Sponsor: Senator Con Bunde

Short Title: TAX ON RESIDENTS/EMPLOYEES IN REAA;GRANTS

Summary:

- Imposes an annual tax in Regional Education Attendance Areas (REAs) to pay operating costs of local schools within the area.
- Levies a flat tax rate of \$70 per person per year on persons 18 years of age, or older, who reside in an REA on January 1.
- Exempts senior citizens, those with income below federal poverty guidelines, disabled vets and those paying a property tax in another area of the state.
- Intent language specifies that the revenue collected is to be returned to REAs as additional funding, not supplanting state or federal funds.
- Establishes a regional educational attendance area grant program and allows the legislature to appropriate the REA tax for grants to REAs.

Benefits:

- Provides schools in REAs a new source of revenue to increase school funding.

Background:

- Currently, residents in Alaska who reside in organized boroughs pay a local tax that helps fund the capital and operating costs of schools. Residents of REAs do not currently contribute to the costs of schools on a local level. SB 34 ensures that all Alaska residents contribute on a local level to the costs of creating and maintaining high quality education in our state. The REA grant program language was added when similar legislation was under consideration last year at the request of a legislator whose district encompasses REAs. The language helps ensure the money goes to those areas.

SKILLED

RESPONSIBLE

CONSERVATIVE



Senator Con Bunde
Senate District P
Alaska State Legislature

Member: Senate State Affairs Committee
Member: Senate Labor & Commerce Committee
Member: Joint Legislative Committee on Ethics

Sponsor Statement for Senate Bill 34
Tax on Residents/Employees in REAA

Currently, residents who live in organized, home-rule and first class cities all contribute some amount of local revenue for the operations and capital projects of their schools. This local contribution is an important aspect of education funding, both by expressing a real desire to contribute to the quality of education for Alaskan students and by aiding in the ever-increasing cost of providing an adequate education.

SB 34 provides an equal opportunity to all residents of Alaska to support education. Currently, there are 19 Regional Education Attendance Areas (REAA's) in Alaska that do not have local taxes to provide funding for local schools. SB 34 imposes an annual tax on residents living in REAA's that have no local tax authority to help support their schools. The Alaska Department of Labor estimates residents living in unorganized boroughs earned an income of \$680 million dollars in fiscal year 2006. This bill allows schools and Alaska's children to benefit from this earned income.

Under SB 34, each working resident 18 years and older who resides in an REAA would be required to pay an annual tax of \$70.00 as a contribution to their schools. Individuals who pay property taxes in other areas of the state, who live at or below federal poverty guidelines, disabled veterans and senior citizens would be exempt from paying the tax. In addition, individuals (including non-residents) who work in an REAA are required to remit the tax.

SB 34 advances the State of Alaska twofold. First, the proposed tax would generate nearly 1.5 million dollars in the first year alone that would directly benefit Alaska's schools. Secondly, it would bring Alaska more in line with the ideals that the Constitution of the State is founded on. Article 1, Section 1, reads, in part "...that all persons are equal and entitled to equal rights, opportunities, and protection under the law; and that all persons have corresponding obligations to the people and the State".

I urge your support and passage of SB 34.

The Department of Education & Early Development
K-12 Public School Operating Fund and Selected Special Revenue Funds
Audited FY05 Revenue
(Alphabetical)

Type	School District	ADM	School District Revenue by Source					Revenue Source per Student (ADM)						
			Local	State	Federal	Other	Special Revenue	Total	Local	State	Federal	Other	Special Revenue	Grand Total
REAA	Alaska Gateway	443	-	5,018,543	416,903	262,015	1,534,273	7,231,734	-	11,329	941	591	3,463	16,324
REAA	Anatolian Region	46	-	1,078,970	240,013	35,236	112,857	1,468,076	-	23,478	5,218	766	2,453	31,515
DB	Anchorage East	269	1,134,005	3,437,975	1,288,552	908,418	501,066	7,270,017	4,218	12,781	4,790	3,377	1,863	27,026
DB	Anchorage	49,182	133,412,722	227,594,776	14,793,863	4,673,698	47,807,619	428,282,678	2,713	4,628	301	85	972	8,708
REAA	Arnette Island	298	-	1,317,720	3,578,141	217,318	643,406	5,754,585	-	4,422	12,000	729	2,159	19,311
REAA	Barnett Strait	1,899	-	16,637,273	11,124,986	3,392,015	4,974,368	36,128,642	-	9,792	6,548	1,996	2,928	21,265
DB	Bristol Bay	184	921,579	1,154,934	449,148	36,437	261,783	2,823,881	5,009	6,277	2,441	198	1,423	15,347
REAA	Chatham	195	-	2,032,365	713,734	222,071	1,016,841	3,985,011	-	10,422	3,660	1,139	5,215	20,436
REAA	Chugach	219	-	1,910,930	136,485	287,087	1,790,073	4,123,585	-	6,728	619	1,311	8,174	18,829
REAA	Copper River	640	-	5,973,065	415,797	114,727	844,450	7,348,039	-	9,333	650	179	1,319	11,481
DB	Cardova	452	1,366,000	3,074,465	42,110	38,672	364,006	4,885,253	3,022	6,802	93	86	805	10,808
DB	Craig	657	-	3,670,510	522,716	294,631	1,375,924	6,836,482	1,479	5,587	796	448	2,094	10,404
REAA	Delta/Grady	1,188	-	7,968,269	76,314	162,031	2,062,549	10,269,163	-	6,707	64	136	1,736	8,644
DB	Denali	664	1,250,000	4,469,673	12,301	127,280	616,390	6,475,644	1,883	6,731	19	192	928	9,752
DB	Dillingham	532	1,000,000	4,161,486	850,792	243,701	1,400,875	7,656,654	1,880	7,822	1,593	458	2,633	14,336
DB	Edwards	14,554	36,545,700	74,502,157	14,367,089	720,517	16,038,470	142,173,933	2,511	5,119	987	50	1,102	9,765
DB	Estancia	3,880	459,172	16,407,918	254,517	1,390,287	3,519,303	22,031,196	125	4,459	69	378	966	9,997
DB	Estancia	297	1,363,044	1,726,634	1,079	54,363	599,646	3,744,786	4,569	5,814	4	183	2,019	12,609
DB	Estancia	172	505,400	1,456,083	507,321	129,629	1,426,541	4,024,974	2,938	8,466	2,950	754	8,294	23,401
DB	Estancia	74	65,000	744,914	386,595	64,090	181,111	1,441,710	878	10,066	5,224	866	2,447	19,483
REAA	Estancia Area	345	-	4,287,600	734,191	362,130	1,126,013	6,509,934	-	12,428	2,128	1,050	3,264	18,625
DB	Estancia	5,308	18,835,000	24,145,976	37,678	215,735	6,669,953	49,904,342	3,550	4,551	7	41	1,257	9,405
DB	Estancia	142	280,000	1,222,888	607,448	66,812	209,046	2,385,794	1,972	8,612	4,275	471	1,472	16,801
REAA	Estancia	355	-	2,527,437	2,054,583	172,518	1,586	6,355,124	-	7,120	5,788	486	4,509	17,909
DB	Estancia Peninsula	9,527	33,744,607	48,467,673	212,193	951,400	6,990,090	88,385,963	3,541	4,877	22	100	734	9,275
DB	Estancia Peninsula	2,308	7,637,206	11,530,586	31,201	63,208	2,263,397	21,525,596	3,312	5,002	14	27	982	9,335
DB	Estancia Peninsula	160	297,009	1,321,041	598,286	60,821	316,068	2,593,225	1,856	8,257	3,738	581	1,975	16,258
DB	Estancia Peninsula	2,879	8,332,440	16,647,513	1,703,848	715,999	3,180,125	30,579,925	3,110	6,214	638	287	1,187	11,415
REAA	Estancia Peninsula	414	-	4,600,597	1,889,824	446,383	2,070,961	9,007,765	-	11,113	4,565	1,078	5,002	21,758
DB	Estancia Peninsula	398	869,253	6,203,712	1,862,257	875,991	1,574,058	11,385,269	2,179	15,548	4,687	2,155	3,945	28,535
REAA	Estancia Peninsula	3,832	-	38,826,869	15,911,300	2,908,184	10,721,687	68,388,040	-	10,182	4,152	759	2,798	17,841
REAA	Estancia Peninsula	2,017	-	18,045,372	10,136,342	1,447,571	4,613,974	34,243,259	-	8,947	5,025	718	2,288	16,977
DB	Estancia Peninsula	14,661	33,928,357	81,777,454	168,778	408,683	11,813,350	128,086,622	2,314	5,578	12	28	806	8,757
DB	Estancia Peninsula	718	73,183	4,233,854	-	420,474	2,568,130	7,296,641	102	5,913	-	587	3,587	10,189
DB	Estancia Peninsula	767	1,420,577	8,055,512	121,029	222,883	1,363,404	9,183,405	1,852	7,895	158	291	1,778	11,973
DB	Estancia Peninsula	1,691	23,555,878	9,216,286	6,182,313	378,246	5,887,587	46,220,310	13,930	5,450	3,656	224	4,073	27,333
DB	Estancia Peninsula	1,999	3,215,493	21,037,729	8,419,660	2,081,734	6,748,241	41,502,857	1,609	10,524	4,212	1,041	3,376	20,762
DB	Estancia Peninsula	11	52,121	409,151	2,000	11,412	85,478	560,162	4,738	37,196	182	1,037	7,771	50,924
DB	Estancia Peninsula	630	1,655,469	3,894,438	7,148	68,119	458,485	6,083,839	2,628	6,182	11	108	728	9,657
REAA	Estancia Peninsula	127	-	1,206,403	733,811	100,853	1,361,608	3,402,673	-	9,498	5,778	794	10,721	26,793
DB	Estancia Peninsula	155	20,689	1,861,327	1,508	55,880	490,457	2,429,861	133	12,009	10	361	3,164	15,677
DB	Estancia Peninsula	1,478	4,787,292	7,460,601	563,022	81,493	2,122,938	15,015,346	3,239	5,048	381	55	1,436	10,159
DB	Estancia Peninsula	109	841,452	839,911	2,000	10,477	505,274	2,199,114	7,720	7,706	18	96	4,636	20,175
REAA	Estancia Peninsula	212	-	3,082,833	300,109	272,746	612,137	4,267,825	-	14,542	1,416	1,287	2,887	20,131
REAA	Estancia Peninsula	706	-	6,768,631	3,266,829	1,485,775	3,565,587	15,086,822	-	9,687	4,627	2,104	5,050	21,369
DB	Estancia Peninsula	115	22,692	1,084,965	60,699	80,140	146,143	1,394,639	197	9,434	528	697	1,271	12,127
DB	Estancia Peninsula	399	2,280,801	2,461,996	22,179	49,619	623,049	5,437,644	5,716	6,170	56	124	1,562	13,629
DB	Estancia Peninsula	828	4,949,342	4,057,467	25,579	91,770	506,093	9,630,251	5,977	4,900	31	111	611	11,631
DB	Estancia Peninsula	375	891,007	2,291,279	454,969	61,481	605,848	4,304,584	2,378	6,110	1,213	164	1,616	11,479
DB	Estancia Peninsula	133	416,000	1,124,400	265,705	44,170	315,478	2,165,753	3,128	8,454	1,998	332	2,372	16,284
REAA	Estancia Peninsula	278	-	4,510,852	1,438,460	278,881	900,092	7,128,285	-	16,344	5,212	1,010	3,261	25,827
REAA	Estancia Peninsula	1,800	-	9,980,595	1,302,177	524,120	2,572,804	14,379,896	-	5,545	723	291	1,429	7,589
REAA	Estancia Peninsula	445	-	4,341,717	2,463,250	436,199	2,806,028	10,047,194	-	9,757	5,535	980	6,306	22,578
Subtotal		130,560	\$ 327,100,192	\$ 737,864,327	\$ 111,765,430	\$ 28,826,239	\$ 176,485,496	\$ 1,341,011,684	2,606	5,652	858	221	1,344	10,678

This report is provided in accordance with Alaska Statute 14.03.120(b)

Definitions:

- C/B** City or Borough School District (organized Alaska)
- REAA** Regional Educational Attendance Area (unorganized Alaska)
- ADM** Average daily student count taken during the month of October
- Local** FY05 City/Borough Appropriations, including in-kind, as reported in audits.
- State** FY05 State Operating Fund Revenue as reported in audits.
- Federal** FY05 Federal revenues reported in the Operating Fund (Impact Aid & other minor Federal revenues)
- Other** FY05 Earnings on Investments, E-rate and Other Local Revenue as listed in Audits.
- Special** All sources of revenues (Local, State, Federal, Other) in Special Revenue funds except Pupil Transportation, Food Service and Community Schools.

NOTE: This spreadsheet does not include Capital Project grants or Debt Service; this spreadsheet may be different from the department's annual reports to National Center for Education Statistics (NCES).

ALASKA DEPARTMENT OF EDUCATION
 FY2007 FOUNDATION PROGRAM AS 14.17.410

Updated 3/2/07

Abbreviations for chart

/1

		REQUIRED MILL EQUIV.	ALLOWABLE EXCESS MILL EQUIV.	AS 14.17.410(c) BUDGETED MILL EQUIV.	Education FULL VALUE DETERMINATION	FY2007 REQUIRED LOCAL	ALLOWABLE EXCESS	TOTAL ALLOWABLE LOCAL	AS 14.17.410(c) BUDGETED LOCAL	Amount under state cap	% below Allowable Excess
ALEUTIANS EAST =	AE	4.0	10.5	10.9	\$96,072,577	\$384,290	\$1,005,499	\$1,389,789	\$1,050,000	339,789	34.0%
ANCHORAGE =	AN	4.0	4.0	7.6	20,369,226,695	81,476,907	82,454,520	163,931,427	155,257,376	8,674,051	11.0%
BRISTOL BAY =	BB	4.0	4.5	6.6	132,182,200	528,729	593,234	1,121,963	873,811	248,152	42.0%
CORDOVA =	CO	4.0	5.8	8.2	171,246,460	684,986	988,237	1,673,223	1,398,036	275,187	28.0%
CRAIG =	CG	4.0	12.5	7.9	98,870,400	395,482	1,231,077	1,623,558	777,258	849,300	69.0%
DEVALU =	DE	4.0	7.9	9.6	141,048,550	564,194	1,107,795	1,671,989	1,350,000	321,989	29.0%
DILLINGHAM =	DI	4.0	9.4	7.9	142,547,300	570,189	1,343,247	1,913,436	1,125,000	788,436	59.0%
FAIRBANKS =	FB	4.0	4.8	7.2	5,586,566,255	22,346,265	26,730,587	49,076,852	40,022,700	9,054,152	34.0%
GALENA =	GA	4.0	227.2	31.5	18,285,800	73,143	4,154,249	4,227,392	575,761	3,651,631	88.0%
HAINES =	HA	4.0	3.3	6.4	221,622,500	886,490	727,703	1,614,193	1,419,044	195,149	27.0%
HOONAH =	HO	4.0	14.7	15.0	30,708,400	122,834	452,492	575,326	459,400	115,926	26.0%
HYDABURG =	HY	4.0	28.6	7.9	8,181,400	32,726	233,584	266,310	65,000	201,310	86.0%
JUNEAU =	JU	4.0	3.1	7.1	3,007,977,700	12,031,911	9,474,747	21,506,658	21,506,609	49	0.0%
KAKE =	KA	4.0	16.9	5.9	18,683,450	74,734	315,747	390,481	110,000	280,481	89.0%
KENAI =	KE	4.0	3.7	7.7	4,908,746,734	19,634,987	18,306,689	37,941,676	37,941,676	0	0.0%
KETCHIKAN =	KT	4.0	3.9	7.8	1,132,283,400	4,529,134	4,429,521	8,958,654	8,834,981	123,673	3.0%
KLAWDOCK =	KL	4.0	12.8	11.2	30,783,700	123,135	392,516	515,651	345,739	169,912	43.0%
KODIAK =	KO	4.0	5.5	8.5	1,016,111,750	4,064,447	5,599,049	9,663,496	8,671,260	992,236	18.0%
LAKE AND PENINS =	LP	4.0	36.2	17.5	53,513,000	214,052	1,935,640	2,149,692	935,394	1,214,298	63.0%
MAT-SU =	MS	4.0	6.0	8.8	4,514,596,288	18,058,385	27,165,768	45,224,153	39,580,405	5,643,748	21.0%
NEVANA =	NE	4.0	51.0	4.7	19,993,300	79,973	1,018,739	1,098,712	94,953	1,003,759	99.0%
NOME =	NO	4.0	9.0	8.1	206,605,300	826,421	1,865,331	2,691,752	1,676,850	1,014,902	54.0%
NORTH SLOPE 1/2 =	NS	0.9	2.0	2.3	10,359,130,075	9,764,523	20,718,260	30,482,783	23,979,343	6,503,440	31.0%
NORTHWEST ARC =	NW	4.0	18.3	9.3	381,662,650	1,526,651	6,992,436	8,519,087	3,541,589	4,977,498	71.0%
PELICAN =	PL	4.0	6.1	4.0	12,964,150	51,857	78,624	130,481	51,857	78,624	100.0%
PETERSBURG =	PT	4.0	4.9	7.5	272,936,000	1,091,744	1,342,740	2,434,484	2,053,319	381,165	28.0%
SANT MARY'S =	SM	4.0	131.7	4.2	4,697,150	18,789	618,477	637,266	19,786	617,480	100.0%
SITKA =	SI	4.0	4.1	7.9	720,357,750	2,881,431	2,919,126	5,800,557	5,693,707	106,850	4.0%
SKAGWAY 1/2 =	SK	2.8	2.5	4.6	203,549,550	561,622	516,645	1,078,267	942,115	136,152	26.0%
TANANA =	TA	4.0	37.6	4.8	5,673,100	22,692	213,155	235,847	27,100	208,747	98.0%
UNALASKA =	UN	4.0	2.6	6.6	390,257,350	1,561,029	1,028,453	2,589,482	2,589,482	(0)	0.0%
VALDEZ 1/2 =	VA	2.8	2.3	5.1	1,089,034,465	3,056,824	2,458,851	5,515,675	5,514,717	958	0.0%
WFRANGELL =	WR	4.0	5.2	5.4	148,215,400	592,862	771,098	1,363,960	801,352	562,608	73.0%
YAKUTAT =	YA	4.0	6.9	10.1	48,181,000	192,724	333,999	526,723	488,000	38,723	12.0%
TOTALS			Average contribution in mills >>	8.4	\$55,562,511,799	\$189,026,160	\$229,517,636	\$418,543,996	\$369,773,620		

Selected 2000 Census Characteristics and 2006 Estimates for Boroughs/Census Areas

	April 1, 2000 Census				DOLWD 2006			
	Total Population	Age 18+	% of Pop	Age 21+	% of Pop	Population	Estimated* 2006	
						Estimate	Population Age 21+	
Organized Boroughs								
Aleutians East	2,697	2,243	83.2	2,136	79.2	2,643	2,093	
Anchorage	260,283	184,212	70.8	173,564	66.7	282,813	188,588	
Bristol Bay	1,258	864	68.7	825	65.6	1,060	695	
Denali	1,893	1,443	76.2	1,398	73.9	1,795	1,326	
Fairbanks North Star	82,840	57,921	69.9	53,732	64.9	87,849	56,981	
Haines	2,392	1,779	74.4	1,719	71.9	2,241	1,610	
Juneau	30,711	22,294	72.6	21,153	68.9	30,650	21,111	
Kenai Peninsula	49,691	34,832	70.1	33,091	66.6	51,350	34,196	
Ketchikan Gateway	14,070	10,106	71.8	9,594	68.2	13,174	8,983	
Kodiak Island	13,913	9,399	67.6	8,901	64	13,506	8,641	
Lake & Peninsula	1,823	1,134	62.2	1,043	57.2	1,557	891	
Mat-Su	59,322	40,212	67.8	37,938	64	77,174	49,355	
North Slope	7,385	4,566	61.8	4,229	57.3	6,807	3,898	
Northwest Arctic	7,208	4,218	58.5	3,881	53.8	7,334	3,949	
Sitka	8,835	6,436	72.8	6,063	68.6	8,833	6,062	
Yakutat	808	581	71.9	560	69.3	634	439	

	April 1, 2000 Census				DOLWD 2006			
	Total Population	Age 18+	% of Pop	Age 21+	% of Pop	Population	Estimated* 2006	
						Estimate	Population Age 21+	
Unorganized Borough								
Aleutians West	5,465	4,526	82.8	4,374	80	4,810	3,850	
Bethel	16,006	9,629	60.2	8,909	55.7	17,031	9,480	
Dillingham	4,922	3,045	61.9	2,871	58.3	4,796	2,798	
Nome	9,196	5,780	62.9	5,405	58.8	9,535	5,604	
Prince of Wales-Outer Ketchikan	6,146	4,243	69	4,024	65.5	5,477	3,586	
Skagway-Hoonah-Angoon	3,436	2,516	73.2	2,397	69.8	3,020	2,107	
Southeast Fairbanks	6,174	4,150	67.2	3,925	63.6	6,772	4,305	
Valdez-Cordova	10,195	7,176	70.4	6,824	66.9	9,755	6,529	
Wade Hampton	7,028	3,754	53.4	3,416	48.6	7,553	3,671	
Wrangell-Petersburg	6,684	4,699	70.3	4,530	67.8	6,024	4,083	
Yukon-Koyukuk	6,551	4,257	65	3,972	60.6	5,860	3,553	

Source: 2000 Census of Population and Housing, Demographic Profiles and Alaska Department of Labor and Workforce Development, Research and Analysis Section, Demographics Unit
 *Estimated by applying the respective proportion age 21+ on the 2000 Census to the 2006 DOLWD Population Estimate
 3/27/2007

Selected 2000 Census Characteristics and 2006 Estimates for Home Rule and First Class Cities with less than 250 Resident Students Enrolled

Home Rule and First Class Cities	April 1, 2000 Census				DOLWD 2006	
	Total Population	Age 18+ % of Pop	Age 21+ % of Pop	Population Estimate	Estimated* 2006 Population Age 21+	
Total						
Pelican	163	123 75.5	120 73.6	106	78	
Tanana	308	201 65.3	185 60.1	261	157	
Hydaburg	382	248 64.9	235 61.5	352	217	
Skagway	862	685 79.5	671 77.8	854	665	
St. Mary's	500	302 60.4	281 56.2	551	310	
Klawock	854	597 69.9	562 65.8	776	511	
Take	710	470 66.2	452 63.7	536	341	
Hoonah	860	609 70.8	562 65.3	829	542	
Nenana	402	291 72.4	279 69.4	359	249	
Galena	675	422 62.5	392 58.1	636	369	

Selected 2000 Census Characteristics & 2004 Estimates for Home Rule & First Class Cities with more than 250 Resident Students Enrolled

Home Rule and First Class Cities	April 1, 2000 Census				DOLWD 2006	
	Total Population	Age 18+ % of Pop	Age 21+ % of Pop	Population Estimate	Estimated* 2006 Population Age 21+	
Craig	1,397	952 68.1	907 64.9	1,420	922	
Wrangell	2,308	1,630 70.6	1,574 68.2	1,911	1,303	
Unalaska	4,283	3,659 85.4	3,549 82.9	3,940	3,265	
Cordova	2,454	1,768 72	1,677 68.3	2,211	1,511	
Dillingham	2,466	1,612 65.4	1,538 62.4	2,397	1,495	
Petersburg	3,224	2,263 70.2	2,177 67.5	3,129	2,113	
Nome	3,505	2,387 68.1	2,268 64.7	3,540	2,291	
Valdez	4,036	2,838 70.3	2,702 66.9	3,690	2,470	

Source: 2000 Census of Population and Housing, Demographic Profiles

and Alaska Department of Labor and Workforce Development, Research and Analysis Section, Demographics Unit

*Estimated by applying the respective proportion age 21+ on the 2000 Census to the 2006 DOLWD Population Estimate

3/27/2007

3 The 50 Largest Local government entities in Alaska, 2005

Rank		Annual Average Employment 2005	Annual Payroll 2005
1	Municipality of Anchorage	3,013	\$160,482,121
2	Fairbanks North Star Borough School District	2,128	\$76,970,296
3	Matanuska-Susitna Borough School District	1,872	\$72,987,952
4	Kenai Peninsula Borough School District	1,286	\$52,939,400
5	Lower Kuskokwim School District	1,062	\$34,453,961
6	Juneau School District	720	\$30,591,810
7	North Slope Borough	718	\$39,527,193
8	City and Borough of Juneau	662	\$26,045,239
9	Bering Strait School District	556	\$16,487,735
10	Kodiak Island Borough School District	441	\$15,971,489
11	Fairbanks North Star Borough	437	\$18,195,543
12	Bartlett Regional Hospital	412	\$18,777,388
13	Kenai Peninsula Borough	388	\$15,599,534
14	City of Ketchikan	346	\$17,201,525
15	Ketchikan Gateway Borough School District	325	\$13,843,880
16	Matanuska-Susitna Borough	313	\$11,010,927
17	Sitka School District	241	\$8,276,278
18	Central Council Tlingit & Haida Indian Tribes of Alaska	219	\$8,424,487
19	Southwest Region School District	218	\$6,639,575
20	Mellakalla Indian Community	216	\$7,664,030
21	City of Fairbanks	181	\$11,819,112
22	City and Borough of Sitka	179	\$7,429,627
23	City of Unalaska	178	\$9,075,966
24	Yukon-Koyukuk School District	171	\$5,869,231
25	City of Kodiak	159	\$5,600,240
26	Ketchikan Gateway Borough	159	\$5,353,058
27	Delta/Greely School District	141	\$5,336,854
28	Valdez City School District	138	\$6,252,127
29	Kuspuk School District	137	\$4,293,080
30	City of Valdez	136	\$5,495,562
31	City of Wasilla	129	\$4,237,447
32	Copper River School District	123	\$3,623,540
33	Alaska Gateway School District	118	\$3,369,400
34	Sitka Community Hospital	116	\$4,254,979
35	Yupik School District	116	\$4,197,649
36	City of Kenai	115	\$5,519,126
37	City of Homer	110	\$5,377,725
38	City of Petersburg	107	\$3,709,192
39	City of Seward	106	\$4,073,403
40	Kenaitze Indian Tribe	104	\$3,430,801

Source: Alaska Department of Labor & Workforce Development, Research and Analysis Section

all average for all jobs. But for many years, wage growth in local government has lagged behind most other industries. After adjusting for inflation, local government's average monthly earnings have fallen from \$3,809 in 1994 to \$3,006 in 2005.

Education dominates local government

Education represents the largest slice of local government both from a budgetary and employment standpoint. More than half of all employment in local government (56 percent) is tied to education. (See Exhibit 8.) The remainder includes tribal government (10 percent) and the rest of local government (34 percent), which includes the cities and boroughs around the state. A more detailed discussion of the educational side will follow later in this article.

Cities, boroughs and tribal government employ a lot of Alaskans

Together, noneducational entities employ about 17,800 workers, or 44 percent of all local government employees. Unlike the rest of the nation, Alaska isn't entirely organized at the regional level into counties (or in Alaska's case, boroughs, the equivalent of counties). While roughly 87 percent of Alaskans live in the state's 16 organized boroughs, the boroughs cover only 43 percent of Alaska's geographic area. The area outside the boroughs is divided into 11 census areas, which are areas designated by the U.S. Census Bureau. There is no census-area-level of local government.

Some Alaska communities have borough, city and tribal governments that overlap. For instance, Barrow residents live in the North Slope Borough, the City of Barrow and the Barrow Native Village – and all three entities have employees.

Other communities have a variation of the three – a borough government and a city government (the Kenai Peninsula Borough and the City of Homer, for example), a city government and a tribal government (the City of Allakaket and Allakaket Village), only a tribal government (the Native Village of Chitina) or no government below the state level (Chicken and Hollis).

**Employment and Payroll by REAA 0/
FY 2006 (July 05-June 06)**

School District	Wage Type	Average Reporting Units (establishments)	Average Monthly Employment	Wages Paid
Adak Region School	Govt.	5	85	635,318
Adak Region School	Private	13	108	5,248,113
Adak Region School	Total	18	193 \$	5,883,431
Alaska Gateway	Govt.	47	291	10,003,915
Alaska Gateway	Private	59	388	10,016,997
Alaska Gateway	Total	106	679 \$	20,020,912
Aleutian Region 1/	Govt.	4	24	413,817
Aleutian Region 1/	Private	10	32	797,340
Aleutian Region 1/	Total	14	56 \$	1,211,157
Annette Island	Govt.	5	314	11,758,859
Annette Island	Private	19	192	3,746,099
Annette Island	Total	24	506 \$	15,504,958
Bering Strait	Govt.	70	1,099	23,593,400
Bering Strait	Private	88	517	9,481,047
Bering Strait	Total	158	1,616 \$	33,074,447
Canadian School Service Area 2/	Govt.	3	51	2,564,757
Canadian School Service Area 2/	Private	7	9	101,891
Canadian School Service Area 2/	Total	10	60 \$	2,666,648
Chatham/Hoonah City/Pelican City 3/	Govt.	40	365	12,206,475
Chatham/Hoonah City Pelican City 3/	Private	91	351	8,000,190
Chatham/Hoonah City/Pelican City 3/	Total	131	716 \$	20,206,665
Chugach	Govt.	13	87	2,646,135
Chugach	Private	30	296	9,903,863
Chugach	Total	43	383 \$	12,549,998
Copper River	Govt.	43	336	12,209,864
Copper River	Private	116	746	27,139,464
Copper River	Total	159	1,082 \$	39,349,328
Delta-Greely	Govt.	19	398	21,106,477
Delta-Greely	Private	132	1,457	85,095,563
Delta-Greely	Total	151	1,855 \$	106,202,040
Floating Processor	Private	2	313	12,928,144
Floating Processor	Total	2	313 \$	12,928,144
Iditarod	Govt.	37	233	6,913,311

Iditarod	Private	36	134	2,751,721
Iditarod	Total	73	367 \$	9,665,032
Kuspuk	Govt.	29	291	7,424,836
Kuspuk	Private	22	132	4,430,483
Kuspuk	Total	51	423 \$	11,855,319
Lower Kuskokwim/Yupitt 5/	Govt.	104	2,899	80,707,435
Lower Kuskokwim/Yupitt 5/	Private	218	3,533	117,155,545
Lower Kuskokwim/Yupitt 5/	Total	322	6,432 \$	197,862,980
Lower Yukon/Kashunamiut/St. Mary's 6/	Govt.	75	1,472	26,695,897
Lower Yukon/Kashunamiut/St. Mary's 6/	Private	72	684	16,241,964
Lower Yukon/Kashunamiut/St. Mary's 6/	Total	147	2,156 \$	42,937,861
Priblof Island	Govt.	8	153	5,193,015
Priblof Island	Private	11	97	3,571,315
Priblof Island	Total	19	250 \$	8,764,330
Southeast Island/Craig City/Klawock City 7	Govt.	42	474	15,167,882
Southeast Island/Craig City/Klawock City 7	Private	139	849	23,829,594
Southeast Island/Craig City/Klawock City 7	Total	181	1,323 \$	38,997,476
Southwest Region/Dillingham City School :	Govt.	58	878	25,194,283
Southwest Region/Dillingham City School :	Private	106	1,652	54,067,938
Southwest Region/Dillingham City School :	Total	164	2,530 \$	79,262,221
Yukon Flats	Govt.	23	311	6,927,723
Yukon Flats	Private	23	171	7,455,728
Yukon Flats	Total	46	482 \$	14,383,451
Yukon-Koyukuk 10/	Govt.	29	255	5,423,165
Yukon-Koyukuk 10/	Private	33	118	4,635,650
Yukon-Koyukuk 10/	Total	62	373 \$	10,058,815
Total City and REAA	Govt.	654	10,016	276,786,564
Total City and REAA	Private	1,227	11,779	406,598,649
Total City and REAA	Total	1,881	21,795	683,385,213

Source: Alaska Department of Labor and Workforce Development, Research & Analysis Section
C:\work\WilkinsFY2006.xls

NOTES:

Alaska Department of Labor and Workforce Development employment and payroll information is assigned to census Sub-Subareas (SSA) which may not coincide with Rural Education Attendance Areas (REAA) or school districts. Due to inconsistencies between REAA, school district and SSA boundaries, this is the best available report the Department of Labor and Workforce Development can produce for REAAs and city school districts. Where known, inconsistencies in boundaries are noted below.

Employment and wage data by location are reported voluntarily by employers. Lack of, or erroneous employment

and payroll reports by geographic area can significantly affect reported data. Employment and wage data of employers who do not report geographic breakdowns are assigned a location based upon the headquarters or largest known worksite. Employers with mobile worksites (for example floating seafood processors) are assigned a "statewide" or "unknown" area code. Wages from these employers are excluded from this report.

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1/ Aleutian Region REAA and Unalaska City Schools adjusted so that Aleutian Region REAA employment and wages reported in Unalaska are moved to Aleutian Region REAA.

2/ Employment and wages are from Smeaton Bay SSA, which includes Hyder. Children in this area may attend Candian schools

3/ Hoonah SSA includes Hoonah and Pelican employment and wages, which are part of Hoonah & Pelican City Schools.

4/ Galena SSA includes Kaltag, Koyukuk and Nulato employment and wages, which are part of the Yukon-Koyukuk REAA.

5/ Kuskokwim SSA includes Akiachak, Akiak, & Tuluksak employment and wages, which are part of Yupiit REAA.

6/ Scammon Bay SSA includes Chevak employment and wages, which is in Kushunamit REAA, and Saint Mary's SSA includes Saint Mary's employment and wages, which is in Saint Mary's REAA.

7/ Hollis SSA includes Craig and Klawock employment and wages, which is in Craig City Schools and Klawock City Schools.

8/ Employment and wages for Dillingham City Schools and Southwest Region Schools REAA areas are combined.

9/ Tanana SSA includes Ruby employment and wages, which are part of Yukon-Koyukuk REAA.

10/ Manley Hot Springs SSA includes Lake Minchumina employment and wages, which are part of Iditarod Area REAA.

Employment and wages for Kaltag, Koyukuk, Nulato and Ruby are excluded. Employment and wages for Kaltag, Koyukuk and Nulato are reported with Galena City Schools. Employment and wages for Ruby are reported with Tanana City Schools.