

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES
OFFICE OF THE COMMISSIONER

SARAH PALIN, GOVERNOR

P.O. BOX 110601
JUNEAU, ALASKA 99811-0601
PHONE: (907) 465-3030
FAX: (907) 465-3068

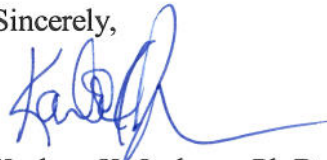
September 26, 2007

Charles C. Franz, CEO
4300 Bartlett Street
Homer, Alaska 99603

Dear Mr. Franz:

It has come to our attention that a significant amount of construction has occurred at the South Peninsula Hospital that is above the threshold that triggers the requirement for approval of a Certificate of Need application. As such, South Peninsula Hospital shall cease and desist from any further construction until the review of the current Certificate of Need application is completed and my decision is made. Please submit, in writing, confirmation that you have received this letter and South Peninsula Hospital will abide by this order to stop any further construction until the final decision is made on your application. If you have any questions please contact David Pierce at (907) 465-3001.

Sincerely,



Karleen K. Jackson, Ph.D.
Commissioner

cc: Stacie Kraly, Assistant Attorney General, State of Alaska
Rebecca Polizzotto, Assistant Attorney General, State of Alaska
Kevin Henderson, Medical Assistance Administrator, DHSS
Colette Thompson, Borough Attorney, Kenai Peninsula Borough