A BILL

FOR AN ACT ENTITLED

"An Act creating and relating to the Regulatory Commission of Alaska and transferring to it certain powers and duties of the Alaska Public Utilities Commission; repealing the Alaska Public Utilities Commission; relating to the powers of the chair of the Regulatory Commission of Alaska; relating to regulatory cost charges for public utilities and pipelines; relating to the appellate procedures of the Regulatory Commission of Alaska; relating to the Alaska Oil and Gas Conservation Commission; and providing for an effective date."

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

* Section 1. AS 42 is amended by adding a new chapter to read:

Chapter 04. Regulatory Commission of Alaska.


Sec. 42.04.010. Regulatory Commission of Alaska created. (a) There is created within the Department of Commerce and Economic Development as an
independent agency of the state the Regulatory Commission of Alaska.

(b) When a vacancy occurs in the office of chair, the commission may nominate one of its members to serve as chair. When a vacancy occurs in the office of chair, the governor shall designate the chair of the commission, either by selecting the member nominated by the commission or another member. The term as chair is four years. The chair may not be appointed to successive terms as chair.

Sec. 42.04.020. Commissioners. (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 be a member in good standing of the Alaska Bar Association or have a degree from an accredited college or university with a major in engineering, finance, economics, accounting, business administration, or public administration. Actual experience for a period of five years in the practice of law or in the field of engineering, finance, economics, accounting, business administration, or public administration is equivalent to a degree.

(b) The term of office of each member is six years. A commissioner, upon the expiration of a term, shall continue to hold office until a successor is appointed and qualified.

(c) A vacancy arising in the office of a commissioner shall be filled by appointment by the governor and confirmed by the legislature in joint session, and, except as provided in AS 39.05.080(4), an appointee selected to fill a vacancy shall hold office for the balance of the full term for which the predecessor on the commission was appointed.

(d) A vacancy in the commission does not impair the authority of a quorum of commissioners to exercise all the powers and perform all the duties of the commission.

(e) The governor may remove a commissioner from office for cause, including incompetence, neglect of duty, inability to serve, or misconduct in office or because the member, while serving on the commission, is convicted of a misdemeanor for violating a statute or regulation related to public utilities or is convicted of a felony. A commissioner, to be removed for cause, shall be given a copy of the charges and afforded an opportunity to be publicly heard in person or by counsel in the
commissioner’s own defense upon not less than 10 days’ notice. If a commissioner is removed for cause, the governor shall file with the lieutenant governor a complete statement of all charges made against the commissioner and the governor’s finding based on the charges, together with a complete record of the proceedings.

(f) Members of the commission are in the exempt service and are entitled to a monthly salary equal to Step C, Range 26, of the salary schedule in AS 39.27.011(a) for Juneau, Alaska. The chair of the commission is entitled to a monthly salary equal to Step C, Range 27, of the salary schedule in AS 39.27.011(a) for Juneau, Alaska.

(g) Each commissioner, before entering upon the duties of office, shall take and subscribe to the oath prescribed for principal officers of the state.

Sec. 42.04.030. Principal office; seal. (a) The commission shall establish a principal office and branch offices necessary to discharge its business efficiently. For the convenience of the public or of parties to a proceeding, the commission may hold meetings, hearings, or other proceedings at other locations.

(b) The commission shall have an official seal.

Sec. 42.04.040. Legal counsel. (a) 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.

Sec. 42.04.050. Employment of commission personnel. (a) The chair of the commission is responsible for directing the administrative functions of the commission and carrying out the policies as set by the commission. The commission chair may employ engineers, hearing officers, administrative law judges, experts, clerks, accountants, and other agents and assistants considered necessary. Employees of the commission who are not in the exempt service under AS 39.25.110 or the partially exempt service under AS 39.25.120, are in the classified service under AS 39.25.100.

(b) The chair of the commission may enter into a contract for no more than $5,000 to engage the services of a consultant or expert the chair considers necessary. The commission may contract for and engage the services of consultants and experts the commission considers necessary.

(c) At the request of the Alaska Oil and Gas Conservation Commission and
to the extent workload permits, the Regulatory Commission of Alaska shall make
available to the Alaska Oil and Gas Conservation Commission the services of a
hearing officer.

Sec. 42.04.060. Restrictions on members and employees. (a) A member of
the commission or an employee of the commission may not have an official connection
with, hold stock or securities in, or have a pecuniary interest in a public utility or
pipeline carrier within the state. Membership in a cooperative association is not a
"pecuniary interest" within the meaning of this section; however, a member or
employee of the commission may not be an officer, board member, or employee of a
cooperative association. A member or employee may not act upon a matter in which
a relationship of the member or employee with any person creates a conflict of
interest.

(b) A member or employee of the commission may not, after leaving the
position as a member or employee of the commission, act as agent for or on behalf of
a public utility in any matter before the commission that was before the commission
during the employee’s employment or the member’s term of office. A violation of this
subsection is a class A misdemeanor.

(c) Members and employees of the commission, except clerical and secretarial
staff, are subject to AS 39.50. Members and employees of the commission are subject
to AS 39.52.

(d) A member of the commission is disqualified from voting upon any matter
before the commission in which the member has a conflict of interest.

Sec. 42.04.070. Powers and duties of commission chair. (a) The chair of
the commission shall

(1) employ the commission staff;

(2) establish and implement a time management system for the
commission;

(3) assign the work of the commission to members and staff of the
commission so that matters before the commission are resolved as expeditiously and
competently as possible; when assigning a matter, the chair shall also set a date by
which time the matter should be completed.
(b) The chair of the commission may appoint a hearing officer or an administrative law judge to hear a matter that has come before the commission; a member of the commission may serve as hearing officer or, if qualified, as an administrative law judge.

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

Sec. 42.04.080. Decision-making procedures. (a) Except as provided in AS 42.05.171 or AS 42.06.140, when a matter comes for decision before the commission under AS 42.05 or AS 42.06, the chair shall appoint a hearing panel composed of three or more members to hear, or if a hearing is not required, to otherwise consider, and decide the case. The panel shall exercise the powers of the commission with respect to the matter.

(b) The commission shall adopt regulations by December 31, 1999, that establish standards of timeliness for the types of cases that come before the commission. The commission shall establish standards based in part on degrees of complexity of the cases.

Article 2. Communications Carriers Section.

Sec. 42.04.100. Communications carriers section. There is established within the commission a communications carriers section that shall develop, recommend, and administer policies and programs with respect to the regulation of rates, services, accounting, and facilities of communications common carriers within the state involving the use of wire, cable, radio, and space satellites.

Article 3. Public Advocacy Section.

Sec. 42.04.150. Public advocacy section. There is established within the commission a public advocacy section. The section shall participate as a party in matters that come before the commission when directed to do so in accordance with AS 42.04.070(c). The public advocacy section shall operate separately from the rest of the commission.

* Sec. 2. AS 29.35.137(6) is amended to read:

(6) "local exchange telephone company" means a telephone utility
certificated under **AS 42.05** [BY THE ALASKA PUBLIC UTILITIES COMMISSION] to provide local exchange service;

* Sec. 3. AS 37.05.146(b) is amended to read:

(b) The program receipts listed in this subsection are accounted for separately, and appropriations from these program receipts are not made from the unrestricted general fund:

(1) federal receipts;

(2) University of Alaska receipts (AS 14.40.491);

(3) designated program receipts; in this paragraph, "designated program receipts" means money received by the state from a source other than the state or federal government that is restricted to a specific use by the terms of a gift, grant, bequest, or contract;

(4) receipts of the following:

(A) highway working capital fund (AS 44.68.210);

(B) correctional industries fund (AS 33.32.020);

(C) loan funds;

(D) international airport revenue fund (AS 37.15.430);

(E) corporate receipts earned or managed by a public corporation of the state;

(F) fish and game fund (AS 16.05.100);

(G) school fund (AS 43.50.140);

(H) training and building fund (AS 23.20.130);

(I) retirement funds (AS 14.25, AS 22.25, AS 26.05.222, AS 39.35, and former AS 39.37);

(J) permanent fund (art. IX, sec. 15, Alaska Constitution);

(K) public school trust fund (AS 37.14.110);

(L) second injury fund (AS 23.30.040);

(M) fishermen's fund (AS 23.35.060);

(N) FICA administration fund (AS 39.30.050);

(O) receipts of the employee benefits program established under AS 39.30.150 - 39.30.180;
(P) receipts of the deferred compensation program established under AS 39.45;
(Q) clean air protection fund (AS 46.14.260);
(R) receipts of the group insurance programs established under AS 39.30.090;
(S) mental health trust fund (AS 37.14.031);
(T) Alaska children's trust (AS 37.14.200);
(U) commercial fisheries test fishing operations (AS 16.05.050(15));
(V) Regulatory Commission of Alaska [PUBLIC UTILITIES COMMISSION] under AS 42.05 and AS 42.06;

* Sec. 4. AS 39.25.120(c) is amended by adding a new paragraph to read:
(25) hearing officers and administrative law judges of the Regulatory Commission of Alaska.

* Sec. 5. AS 39.50.200(b)(24) is amended to read:
(24) Regulatory Commission of Alaska (AS 42.04.010) [PUBLIC UTILITIES COMMISSION (AS 42.05.010)];

* Sec. 6. AS 42.05.151(b) is amended to read:
(b) The commission shall adopt regulations governing practice and procedure, consistent with due process of law, including the conduct of formal and informal investigations, pre-hearing conferences, hearings, and proceedings, and the handling of procedural motions by a single commissioner. **The regulations must provide for the hearing or, when a hearing is not required, other consideration of a matter in accordance with AS 42.04.080.** Technical rules of evidence need not apply to investigations, pre-hearing conferences, hearings, and proceedings before the commission. The commission shall provide for representation by out-of-state attorneys substantially in accordance with Rule 81, Alaska Rules of Civil Procedure.

* Sec. 7. AS 42.05.171 is amended to read:
**Sec. 42.05.171. Formal hearings.** A formal hearing that the commission has
power to hold may be held by or before a hearing panel appointed under
AS 42.04.080 [THREE OR MORE COMMISSIONERS], a hearing officer, or an
administrative law judge designated for the purpose by the chair of the commission.

In appropriate cases, a formal hearing may be held before an arbitrator
designated for the purpose by the commission. The testimony and evidence in a
formal hearing may be taken by the panel [COMMISSIONERS], by the hearing
officer, by the arbitrator, or by the administrative law judge to whom the hearing has
been assigned. A decision of a hearing officer, an arbitrator, or an administrative
law judge is not final until approved by the commission. A commissioner who has
not heard or read the testimony, including the argument, may not participate in making
a decision of a hearing panel. A party may file a petition for reconsideration of,
or an administrative appeal of, a decision by a hearing officer, an arbitrator, or
an administrative law judge that has been approved by the commission, or a
decision of a hearing panel. The full commission shall act on the petition for
reconsideration or the appeal. In determining the place of a hearing, the commission
shall give preference to holding the hearing at a place most convenient for those
interested in the subject of the hearing.

* Sec. 8. AS 42.05.254(a) is 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 .8 percent of the total adjusted
gross revenue of all regulated public utilities derived from operations in the state [, AS MODIFIED UNDER (c) OF THIS SECTION IF APPROPRIATE]. An exempt
utility shall pay the actual cost of services provided to it by the commission.

* Sec. 9. AS 42.05.254(b) is amended to read:

(b) The commission shall by regulation establish a method to determine
annually the amount of the regulatory cost charge for a public utility. If the amount
the commission expects to collect under (a) of this section and under AS 42.06.286(a)
exceeds the authorized budget of the commission, the commission shall, by order,
reduce the percentages determined under (i) [SET OUT IN (a)] of this section so that
the total amount of the fees collected approximately equals the authorized budget of
the commission for the fiscal year.

* Sec. 10. AS 42.05.254(h) is amended by adding a new paragraph to read:

(5) "adjusted gross revenue" means the gross revenue of a utility as
modified under (c) of this section, if appropriate.

* Sec. 11. AS 42.05.254 is amended by adding a new subsection to read:

(i) The commission shall by regulation establish a method to determine
annually the maximum percentage of adjusted gross revenue that will apply to each
regulated public utility sector and the maximum percentage of gross revenue that will
apply to the regulated pipeline carrier sector. The method established shall allocate
the commission’s costs, other than the cost of services provided to exempt utilities,
among the regulated public utility sectors and the regulated pipeline carrier sector
based on the relative amount of the commission’s annual costs that is attributable to
regulating each sector.

* Sec. 12. AS 42.05.990(2) is amended to read:

(2) "commission" means the Regulatory Commission of Alaska
[PUBLIC UTILITIES COMMISSION];

* Sec. 13. AS 42.05.995 is amended to read:

Sec. 42.05.995. Short title. This chapter may be cited as the Alaska Public

* Sec. 14. AS 42.06.286(b) is amended to read:

(b) The commission shall by regulation establish a method to determine
annually the amount of the regulatory cost charge. If the amount the commission
expects to collect under (a) of this section and under AS 42.05.254(a) exceeds the
authorized budget of the commission, the commission shall, by order, reduce the
percentage determined under (f) [SET OUT IN (a)] of this section so that the total
amount of the fees collected approximately equals the authorized budget of the
commission for the fiscal year.

* Sec. 15. AS 42.06.286 is amended by adding a new subsection to read:

(f) The commission shall by regulation establish a method to determine
annually the maximum percentage of gross revenue that will apply to each regulated
public utility sector and the maximum percentage of gross revenue that will apply to
the regulated pipeline carrier sector in accordance with AS 42.05.254(i).

* Sec. 16. AS 42.06 is amended by adding a new section to read:

Sec. 42.06.055. Commission decision-making procedures. The commission
shall comply with AS 42.04.080 for matters that come before the commission for
decision.

* Sec. 17. AS 42.06.305 is amended by adding a new subsection to read:

(b) The commission's decision under this section shall be based on the best
interest of the public.

* Sec. 18. AS 42.06.445(e) is amended to read:

(e) A commissioner [, AND THE EXECUTIVE DIRECTOR,] may certify as
to all official records of the commission under this section and may certify as to all
official acts of the commission under this chapter.

* Sec. 19. AS 42.06.630(2) is amended to read:

(2) "commission" means the Regulatory Commission of Alaska
[PUBLIC UTILITIES COMMISSION] (AS 42.04.010);

* Sec. 20. AS 42.45.020(b) is amended to read:

(b) Subject to AS 42.45.060, the department may make loans from the rural
electrification revolving loan fund to electric utilities certified under AS 42.05 [BY
THE ALASKA PUBLIC UTILITIES COMMISSION]. A loan from the fund may be
made only for the purpose of extending new electric service into an area of the state
that an electric utility may serve under a certificate of public convenience and
necessity issued under AS 42.05 [BY THE ALASKA PUBLIC UTILITIES
COMMISSION]. A loan may be made from the fund to an electric utility if the utility
invests the money necessary to provide one pole, one span of line, one transformer,
and one service drop for each consumer for whom immediate service would be
provided by the extension of electric service. However, a loan may not be made from
the fund unless

(1) the loan is recommended by a loan advisory committee appointed
under AS 42.45.030; and
(2) the extension of electric service would provide immediate service
to at least three consumers.

* Sec. 21. AS 44.66.010(a)(4) is amended to read:

(4) Regulatory Commission of Alaska (AS 42.04.010) [PUBLIC
UTILITIES COMMISSION (AS 42.05.010)] -- June 30, 2002 [1999];

* Sec. 22. AS 44.83.425(3) is amended to read:

(3) "qualified utility" means an electric utility or an electric operating
entity established as an instrumentality of two or more electric utilities certified under
AS 42.05 [BY THE ALASKA PUBLIC UTILITIES COMMISSION] to serve all or
part of a market area that is served or will be served by the power project, that the
authority determines is capable of operating and maintaining the power project.

* Sec. 23. AS 46.04.020(i) is amended to read:

(i) The superior court and, with respect to intrastate voyages, the Regulatory
Commission of Alaska [PUBLIC UTILITIES COMMISSION] under AS 42.05.361 -
42.05.431, have concurrent jurisdiction to review and enjoin a charge, contract term,
or financial responsibility requirement described under (h) of this section at the request
of a vessel owner, operator, or charterer. Except as provided in this subsection,
nothing in this section affects the jurisdiction of the Regulatory Commission of
Alaska [PUBLIC UTILITIES COMMISSION].

* Sec. 24. REPEAL OF STATUTES. AS 39.25.120(c)(6); AS 42.05.010, 42.05.020,
42.05.030, 42.05.035, 42.05.040, 42.05.050, 42.05.071, 42.05.081, 42.05.091, 42.05.101,
42.05.111, 42.05.121, 42.05.123, and 42.05.131 are repealed.

* Sec. 25. REPORT CONCERNING RESTRUCTURING OF THE ALASKA OIL AND
GAS CONSERVATION COMMISSION AND THE REGULATORY COMMISSION OF
ALASKA. The Legislative Budget and Audit Committee shall prepare a report considering
the functions of the Regulatory Commission of Alaska and the Alaska Oil and Gas
Conservation Commission. The report must address whether it is in the best interest of the
state to merge the Regulatory Commission of Alaska and the Alaska Oil and Gas Conservation
Commission into a single commission and whether it is in the state’s best interest to
restructure the functions of the two commissions. The report shall be delivered to the
governor and the legislature by the first day of the second session of the Twenty-First Alaska
State Legislature.

* Sec. 26. MANAGEMENT INFORMATION SYSTEM. The Regulatory Commission of Alaska shall develop its management information system and make the system accessible to the general public through the Internet for the purpose of tracking, scheduling, and managing all dockets within the commission.

* Sec. 27. LOCATION OF THE ALASKA OIL AND GAS CONSERVATION COMMISSION. (a) The principal office of the Alaska Oil and Gas Conservation Commission shall move to the same location as the principal office of the Regulatory Commission of Alaska as soon as feasible, but in any case, no later than July 1, 2000.

(b) As soon as the Alaska Oil and Gas Conservation Commission moves to the same location as the Regulatory Commission of Alaska, the two commissions shall share record keeping facilities and clerical staff.

* Sec. 28. TERMS AND INITIAL APPOINTMENTS. (a) Notwithstanding AS 42.05.030, the terms of members of the Alaska Public Utilities Commission expire at the close of business on June 30, 1999.

(b) The governor shall expeditiously make initial appointments to the Regulatory Commission of Alaska, created by sec. 1 of this Act. Appointments made under this subsection may not take effect before July 1, 1999.

(c) Notwithstanding AS 39.05.055, the terms of the initially appointed members of the Regulatory Commission of Alaska shall be set by the governor as follows:

1. one member shall serve a five-year term;
2. one member shall serve a four-year term;
3. one member shall serve a three-year term;
4. one member shall serve a two-year term; and
5. one member shall serve a one-year term.

* Sec. 29. TRANSITIONAL PROVISIONS. (a) Litigation, hearings, investigations, and other proceedings pending under a law repealed or amended by this Act, or in connection with functions transferred from the Alaska Public Utilities Commission to the Regulatory Commission of Alaska by this Act, continue in effect and may be completed notwithstanding a transfer or repeal provided for in this Act.

(b) Regulations in effect on June 30, 1999, that were adopted to implement a function
that is transferred by this Act remain in effect and shall be enforced by the Regulatory
Commission of Alaska until amended.

c) Wherever in Alaska Statutes affected by this Act there is a reference to regulations
adopted under a section of law and there are no regulations adopted under that section because
previous regulations adopted under another section are being enforced under (b) of this
section, the reference shall be construed to refer to the previously adopted regulations until
they are amended by the new agency.

d) Except as provided in sec. 28(a) of this Act, contracts, rights, liabilities, and
obligations created by or under a law repealed or amended by this Act, and in effect on
June 30, 1999, remain in effect notwithstanding this Act’s taking effect.

e) Records, equipment, appropriations, and other property of the Alaska Public
Utilities Commission shall be transferred to the Regulatory Commission of Alaska to
implement the provisions of this Act.

(f) Notwithstanding the amendments to AS 42.05.254 made by secs. 8-11 of this Act
and to AS 42.06.286 made by secs. 14 and 15 of this Act, for the fiscal year ending June 30,
2001, the Regulatory Commission of Alaska shall, by order, establish and use a model for the
assessment of regulatory cost charges for that year, based on estimates for figures for which
it does not have actual data.

* Sec. 30. REVISOR INSTRUCTIONS. (a) In the following statutes, the revisor of
statutes is instructed to change "Alaska Public Utilities Commission" to "Regulatory
Commission of Alaska":

1. AS 29.35.131(c);
2. AS 29.35.137(5);
3. AS 38.35.120(a) in three places;
4. AS 38.35.230(2);
5. AS 42.05.141(a);
6. AS 42.05.325(c);
7. AS 42.05.381(f) in both places;
8. AS 42.05.712(c);
9. AS 42.05.712(d);
10. AS 42.45.010(e);
(11) AS 42.45.110(a);
(12) AS 42.45.170(a);
(13) AS 42.45.170(e);
(14) AS 43.55.150(b);
(15) AS 43.56.210(7);
(16) AS 44.83.090(b) in both places;
(17) AS 45.50.473(a);
(18) AS 45.50.473(b);
(19) AS 45.50.475(b);
(20) AS 45.50.475(c); and
(21) AS 45.63.080(12).

(b) In the following statutes, the revisor of statutes is instructed to change "Alaska Public Utilities Commission" to "former Alaska Public Utilities Commission or the Regulatory Commission of Alaska":

(1) AS 09.65.085(a);
(2) AS 10.25.020(6); and
(3) AS 18.57.020(c).

(c) In the following statutes, the revisor of statutes is instructed to change "by the Alaska Public Utilities Commission" to "by the former Alaska Public Utilities Commission or by the Regulatory Commission of Alaska":

(1) AS 29.35.050(b) in both places;
(2) AS 29.35.050(c);
(3) AS 29.35.060(a);
(4) AS 29.35.060(b); and
(5) AS 42.45.200(e).

* Sec. 31. (a) Section 28 of this Act takes effect immediately under AS 01.10.070(c).
(b) Sections 8 - 11, 14, and 15 of this Act take effect July 1, 2000.
(c) Except as provided in (a) and (b) of this section, this Act takes effect July 1, 1999.