SENATE CS FOR CS FOR HOUSE BILL NO. 108(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 4/5/05
Referred: Labor and Commerce, Finance
Sponsor(s): HOUSE LABOR AND COMMERCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

"An Act relating to the regulation of water and sewer utilities of political subdivisions that are not in competition with other water and sewer utilities; and providing for an effective date."

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

* Section 1. AS 42.05.711(b) is amended to read:

(b) Except as otherwise provided in this subsection and in (o) of this section, public utilities owned and operated by a political subdivision of the state, or electric operating entities established as the instrumentality of two or more public utilities owned and operated by political subdivisions of the state, are exempt from this chapter, other than AS 42.05.221 - 42.05.281 and 42.05.385. However,

(1) the governing body of a political subdivision may elect to be subject to this chapter; and

(2) a utility or electric operating entity that is owned and operated by a political subdivision and that directly competes with another utility or electric
operating entity is subject to this chapter and any other utility or electric operating
entity owned and operated by the political subdivision is also subject to this chapter;
this paragraph does not apply to

(A) a utility or electric operating entity owned and operated by
a political subdivision that competes with a telecommunications utility;

(B) a water utility owned by a political subdivision that
does not directly compete with another water utility; or

(C) a sewer utility owned by a political subdivision that
does not directly compete with another sewer utility.

* Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to
read:

EFFECT ON PENDING MATTERS BEFORE THE REGULATORY
COMMISSION. On and after the effective date of this section, the Regulatory Commission
of Alaska may continue to investigate and make determinations in regard to any matter
concerning a water or a sewer utility exempt from AS 42.05 as provided by
AS 42.05.711(b)(2)(B) and (C), added by sec. 1 of this Act, that is pending on the effective
date of this section; however, the authority of the Regulatory Commission of Alaska to
continue to investigate and make determinations concerning a matter is limited to issues
relating to the time period before the effective date of this section. A ruling made by the
Regulatory Commission of Alaska in a rate case pending on the effective date of this Act
remains in effect until the public body described in sec. 3 of this Act is established and
completes a rate review process based on the utility's costs in a test year. The test year shall
be a year not earlier than 2004.

* Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to
read:

CONTINGENT EFFECT. (a) The additions of AS 42.05.711(b)(2)(B) and
42.05.711(b)(2)(C) made by sec. 1 of this Act, and sec. 2 of this Act, take effect only if the
governing body of at least one political subdivision that owns a water utility subject to
AS 42.05.711(b)(2)(B), added by sec. 1 of this Act, or the governing body of at least one
political subdivision that owns a sewer utility subject to AS 42.05.711(b)(2)(C), added by sec. 1
of this Act, approves an ordinance that establishes a public body composed of members
approved by the governing body to establish a fair and open process for setting rates for the water or sewer utility based on standard industry practices and that includes a role for a consumer advocate who will represent ratepayer interests in relation to rate-setting proceedings.

(b) The chair of the Regulatory Commission of Alaska shall promptly notify the lieutenant governor and the revisor of statutes of the occurrence of the first of the contingencies described in (a) of this section.

* Sec. 4. Sections 1 and 2 of this Act take effect on the day after the date the chair of the Regulatory Commission of Alaska notifies the lieutenant governor and the revisor of statutes under sec. 3(b) of this Act that a political subdivision has approved an ordinance that establishes a public body composed of members approved by the governing body to establish a fair and open process for setting rates for the water or sewer utility based on standard industry practices, or on the effective date of sec. 3 of this Act, whichever is later.