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Representative Pete Petersen Serving Northeast Anchorage and Muldoon

Sponsor Statement

HB 39 Draft CS Version T Utility Refunds

This bill will better protect consumers in utility rate cases, by requiring a refund procedure be in place before the Regulatory Commission of Alaska (RCA) makes a final ruling in case where a utility is allowed to charge an interim or refundable rate. When the RCA requires extended deliberation on a rate case, the commission often allows the utility to charge the proposed rate, but if they reject the rate the utility must refund customers with interest.

Currently refund procedures are only set after the RCA rejects a rate, and often legal wrangling can significantly delay the refund. In a recent high profile case, the refund was delayed for almost 9 months, even though the utility did not appeal the ruling. The interest the utilities must repay continues to accrue while the refund procedure is being adjudicated, so both the customers and the utilities would benefit from streamlining the refund process.

While the interim and refundable rate process is important for allowing utilities not to be harmed while the regulatory process plays out, when a rate is rejected the consumers should be refunded as soon as possible.

This bill allows utilities several options for how to have a refund plan approved. They can either use procedures that have been pre-approved by the RCA for all utilities, use an RCA provision in their specific tariff, or submit their own plan to the RCA. Utilities will be required to submit to the RCA how they intend to conduct a possible refund within 60 days of an interim and refundable rate being approved, and if they do not choose a pre-approved option then the RCA will rule on the refund plan before or concurrent with the final ruling in the rate case.