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Sponsor Statement

HB 39 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) may allow a utility 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 leaves it to the discretion of the RCA whether to adopt standard refund procedures for all utilities, or whether to let each utility submit its own refund procedure.