

STATE CAPITOL
P.O. Box 110001
Juneau, AK 99811-0001
907-465-3500
fax: 907-465-3532



550 West Seventh Avenue, Suite 1700
Anchorage, AK 99501
907-269-7450
fax 907-269-7461
www.Gov.Alaska.Gov
Governor@Alaska.Gov

Governor Bill Walker
STATE OF ALASKA

February 10, 2017

The Honorable Pete Kelly
President of the Senate
Alaska State Legislature
State Capitol Room 111
Juneau, AK 99801-1182

Dear President Kelly:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the function of public advocacy for regulatory affairs established in the Department of Law and the Attorney General's authority to participate as a party in proceedings before the Federal Energy Regulatory Commission (FERC).

Alaska Statute 44.23.020(e) requires the Attorney General to "participate as a party in matters that come before the Regulatory Commission of Alaska when the Attorney General determines that participation is in the public interest." All costs associated with the Attorney General's participation in these matters are paid by a regulatory cost charge (RCC). The RCC is a charge collected by utility companies and pipeline carriers from customers and is used to pay for the administrative costs associated with regulating all utilities and pipeline carriers in Alaska. The RCC is authorized by AS 42.05.254 (utility RCC) and AS 42.06.286 (pipeline RCC). Both of these statutes allow the collection of a RCC to "fund operations of the public advocacy function under . . . AS 44.23.020(e) within the Department of Law." *See* AS 42.05.254(a) and AS 42.06.286(a).

The Attorney General also has responsibilities for FERC pipeline matters, most of which are joint matters before the Regulatory Commission of Alaska (RCA) and the FERC. For example, tariff issues for the Trans Alaska Pipeline System (TAPS) are mostly litigated at the FERC administrative level. Decisions issued by FERC are reviewed and generally adopted by the RCA to the extent intrastate tariffs are affected. Because most of this work is done at the FERC, and is not a matter "before the RCA," the RCC funding mechanism is not available to pay the Attorney General's costs for these matters.

By amending AS 44.23.020(e) to expand the Attorney General's public advocacy function to include FERC matters, the Attorney General will be allowed to include this work in the request for RCC funds. These costs, like all other utility and pipeline regulatory costs that come before the RCA, will then be passed on to the regulated entities.

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I urge your prompt and favorable action on this bill.

Sincerely,



Bill Walker
Governor

Enclosure