

# Report Highlights

## Why DLA Performed This Audit

The audit was performed to determine if there is a continued need for RCA and if its termination date should be extended. RCA is set to sunset on June 30, 2022, and will have one year from that date to conclude its operations.

## What the Legislative Auditor Recommends

1. The RCA chair should clarify regulations concerning the cancelation of scheduled public meetings.

# A Sunset Review of the Department of Commerce, Community, and Economic Development, Regulatory Commission of Alaska (RCA)

September 21, 2021

**Audit Control Number 08-20131-21**

## REPORT CONCLUSIONS

Overall, the audit concluded RCA operated in an effective manner and served the public's interest by:

- assessing the capabilities of utility and pipeline companies to safely serve the public;
- evaluating tariffs and charges made by regulated entities;
- verifying the pass-through charges to consumers from electric and natural gas utilities;
- adjudicating disputes between ratepayers and regulated entities;
- providing consumer protection services; and
- performing financial reviews of utilities for the State's power cost equalization program.

In accordance with AS 44.66.010(a)(3), RCA is scheduled to terminate on June 30, 2022. We recommend the legislature extend the termination date eight years to June 30, 2030.

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# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

### Division of Legislative Audit



P.O. Box 113300  
Juneau, AK 99811-3300  
(907) 465-3830  
FAX (907) 465-2347  
legaudit@akleg.gov

October 14, 2021

Members of the Legislative Budget  
and Audit Committee:

In accordance with the provisions of Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Regulatory Commission of Alaska (RCA) and the attached report is submitted for your review.

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT  
REGULATORY COMMISSION OF ALASKA  
SUNSET REVIEW

September 21, 2021

Audit Control Number  
08-20131-21

This audit was conducted as required by AS 44.66.050(a). Per AS 44.66.010(a)(3), RCA is scheduled to terminate on June 30, 2022. We recommend that the legislature extend RCA's termination date to June 30, 2030.

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Fieldwork procedures utilized in the course of developing the findings and recommendations presented in this report are discussed in the Objectives, Scope, and Methodology.

A handwritten signature in black ink, appearing to read "Kris Curtis".

Kris Curtis, CPA, CISA  
Legislative Auditor

## ABBREVIATIONS

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AAC	Alaska Administrative Code
ACN	Audit Control Number
AS	Alaska Statute
CISA	Certified Information Systems Auditor
CPA	Certified Public Accountant
DLA	Division of Legislative Audit
ERO	Electric Reliability Organization
FERC	Federal Energy Regulatory Commission
FY	Fiscal Year
RCA	Regulatory Commission of Alaska
SB	Senate Bill

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# ORGANIZATION AND FUNCTION

The Regulatory Commission of Alaska (RCA) is responsible for ensuring safe, adequate, and fair public utility and pipeline services. This is done by allowing regulated entities to charge users rates and provide services in a manner consistent with both the public and regulated entities' interests. RCA has the authority to adopt regulations and to hold formal, quasi-judicial hearings to meet its regulatory responsibilities.

RCA regulates pipeline, telecommunications, electric, natural gas, water and sewer, refuse, cable television, and heat services through a certification process. A public utility or pipeline company must obtain a certificate of public convenience and necessity, which describes the authorized service area and scope of operations. A certificate of public convenience and necessity is issued when RCA formally finds the applicant to be fit, willing, and able to provide the service requested.

In addition to the certification process, RCA may economically regulate the rates, classifications, rules, regulations, practices, services, and facilities of public utilities and pipeline companies covered by Alaska Statutes. RCA determines whether the rates being charged or proposed by regulated entities are fair, just, and reasonable.

As of September 2021, there were 641 active certificated entities. Of these, 153 were economically regulated entities, which were required to maintain a tariff and operate under the terms of the tariff. Tariffs are the written terms, conditions, rules, and rates governing a company's conduct in providing public utility or pipeline services. RCA reviews all initial tariffs and tariff revisions. Exhibit 1 lists the

## Exhibit 1

### RCA Economically Regulated Certificates by Service Type as of September 1, 2021

Telecommunications	50
Electric	34
Pipeline	26
Water/Sewer	24
Refuse	12
Gas	5
Heat	2
Total	153

Source: RCA case management system.

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number of economically regulated certificates by service type as of September 2021.

The activities relating to certifying and regulating public utilities and pipeline companies, informal complaint resolutions, and regulation adoptions are recorded in dockets. Dockets are categorized into four types: utility, pipeline, complaint, and regulatory.

RCA consists of five commissioners. The commissioners are appointed by the governor, confirmed by the legislature for six-year terms, and must either be a member of the Alaska Bar Association or have a degree in engineering, finance, economics, accounting, business administration, or public administration from an accredited university. RCA commissioners as of March 2021 are listed in Exhibit 2.

RCA's staff includes administrative law judges, engineers, financial analysts, consumer protection officers, paralegals, and administrative and support staff. RCA also receives legal advice from counsel assigned to it by the Department of Law. RCA had 54 permanent and three nonpermanent positions in its \$9.3 million FY 21 operating budget. A schedule of RCA revenues and expenditures for the period FY 18 through February 28, 2021, is included as Appendix A.

## **Exhibit 2**

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### **Regulatory Commission of Alaska Commissioners as of March 1, 2021**

Robert Pickett, Chair  
*Term Expires March 2026*

Keith Kurber II  
*Term Expires March 2027*

Anthony Scott  
*Term Expires March 2022*

Daniel Sullivan  
*Term Expires March 2025*

Janis Wilson  
*Term Expires March 2024*

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Source: Office of the Governor, Boards and Commissions website.

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# REPORT CONCLUSIONS

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In developing our conclusion regarding whether the Regulatory Commission of Alaska's (RCA) termination date should be extended, its operations were evaluated using the 11 factors set out in AS 44.66.050(c), which are included as Appendix C. Under the State's "sunset" law, these factors are to be considered in assessing whether an entity has demonstrated a public policy need for continued operations.

Overall, the audit concluded RCA operated in an effective manner and served the public's interest by:

- assessing the capabilities of utility and pipeline companies to safely serve the public;
- evaluating tariffs and charges made by regulated entities;
- verifying the pass-through charges to consumers from electric and natural gas utilities;
- adjudicating disputes between ratepayers and regulated entities;
- providing consumer protection services; and
- performing financial reviews of utilities for the State's power cost equalization program.

In accordance with AS 44.66.010(a)(3), RCA is scheduled to terminate on June 30, 2022. We recommend the legislature extend the termination date eight years to June 30, 2030.

Detailed report conclusions are as follows.

**Survey respondents generally viewed RCA services favorably or expressed a neutral opinion.**

To gain an understanding of stakeholder satisfaction concerning RCA services, the 188 individuals that were party to a docket or tariff from July 2017 through February 2021 were surveyed—59 responded (31 percent). Survey questions focused on certification, regulation of rates and services, tariff review, dispute resolution,

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and consumer protection. Not all services were applicable to all individuals. Survey questions and responses are summarized in Appendix B.

Forty-nine percent of survey respondents reported being satisfied or very satisfied with RCA's overall services, while 22 percent were dissatisfied or very dissatisfied. Further, 58 percent of respondents agreed or strongly agreed that RCA acts in the public's interest while providing services, compared to 14 percent that disagreed or strongly disagreed.

Sixty-seven percent of survey respondents believed that the commission often or always met its statutory timelines when carrying out its duties, while seven percent stated the commission rarely or never met its statutory timelines. Additionally, 66 percent of respondents agreed or strongly agreed that the commission effectively communicates when providing services, while 13 percent of respondents disagreed or strongly disagreed.

The survey asked respondents to provide additional feedback concerning each of the survey topics. Twenty-nine respondents provided comments. The following concerns were mentioned multiple times:

- RCA commissioners and/or staff lack experience (nine comments)
- RCA timelines are too long (six comments)

**Most consumer complaints were resolved within 30 days.**

RCA's consumer protection section provides utility customers an opportunity to seek resolution of complaints. Exhibit 3 illustrates the consumer complaints filed with RCA by utility type during the first eight months of FY 21. There is no statutory or regulatory timeline for resolving consumer complaints. RCA performance measures identify that consumer complaints should be resolved within 30 days. Testing showed that RCA resolved 90 percent of consumer complaints open during July 1, 2020, through February 28, 2021, within 30 days.

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### Exhibit 3

#### Consumer Complaints filed with RCA July 1, 2020 through February 28, 2021

	Number Filed	Percent of Total
Telecommunications	72	40%
Electric	52	29%
Water/Sewer	22	12%
Internet	13	7%
Natural Gas	12	6%
Cable	7	4%
Refuse	4	2%
Total	182	100%

Source: RCA case management system.

### Tariff and docket filings were processed within required timelines.

The audit concluded that RCA processed tariff filings and dockets within statutory/regulatory timelines. Of the dockets and tariffs open between July 1, 2017, and February 28, 2021, that required RCA action:

- 935 of 935 tariff filings were reviewed within the regulatory timelines;
- 395 of 396 utility dockets were processed within statutory/regulatory timelines;
- Eight of eight regulatory dockets were processed within statutory/regulatory timelines; and
- 27 of 27 pipeline dockets with statutory/regulatory timelines were processed timely.

There is no statutory/regulatory timeline for many pipeline dockets. Per RCA management, this is due, in part, to a shared jurisdiction with the Federal Energy Regulatory Commission (FERC), which

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regulates certain pipeline rates, but not entry into or exit out of the pipeline industry. Pipeline matters before both FERC and RCA are considered concurrently under FERC’s timelines. Proceedings concerning pipeline certificates, which regulate entry and exit, are solely RCA’s responsibility, for which RCA regulations provide timelines.

### **Seven RCA decisions were challenged in court.**

To help evaluate the extent to which RCA operated in the public’s interest, the audit evaluated the degree RCA decisions were challenged in court and whether the court upheld RCA decisions. The audit reviewed court cases open during July 2017 through February 2021. During this timeframe, no cases relating to RCA decisions were identified at the Alaska Supreme Court. Seven cases were identified at the Alaska Superior Court. Of the seven cases, the court upheld RCA’s decisions in three cases and reversed RCA’s decisions in two cases that had been consolidated. One case was settled outside of court and one case remained open.

### **RCA actively amended its regulations.**

Several amendments to RCA statutes were made. Per the RCA chair, the commission supported the following amendments:

- Senate Bill (SB) 80, effective July 1, 2018, removed obsolete statutory requirements and verbiage.
- SB 83, effective November 27, 2019, added certificated utilities that provide telecommunications services to the sectors that are subject to regulatory cost charges and added telecommunication utilities rates and terms and conditions of service.
- SB 123, effective May 18, 2020, authorized RCA to regulate Electric Reliability Organizations (ERO)<sup>1</sup> and created common standards across interconnected utilities. SB 123 also assigned ERO duties and

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<sup>1</sup> Alaska Statutes 42.05.760 and 42.05.762 define an ERO as an interconnected bulk-electric system, which is certificated by the commission and provides for an adequate level of reliability concerning the electric energy transmission network.

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directed RCA to develop regulations concerning the establishment and certification of EROs by July 1, 2021.

The audit found RCA adopted regulations to implement the statutory changes noted above prior to July 1, 2021. In addition, RCA amended regulations to streamline filing requirements for regulated entities and clarify reporting requirements. Specifically, RCA adopted regulations to:

- update reporting requirements, including the reporting of incidents and outages for regulated utilities;
- revise tariff filing requirements for regulated utility and pipeline carriers; and
- update obsolete telecommunications and utilities regulations.

**RCA effectively conducted its meetings and does not duplicate the efforts of other entities.**

Meetings were conducted in an effective manner. From July 2017 through February 28, 2021, RCA held 63 general public meetings and eight special public meetings. A review of 11 commission meetings found meetings were appropriately public noticed, a quorum was consistently met, and meetings included time for public comment. The audit identified RCA did not consistently hold two public meetings per month as required by regulations. (See Recommendation 1)

RCA did not duplicate the efforts of another entity given that RCA is the only entity with legal authority to regulate entry into, and establish rates for, the following industries or utilities: telecommunications, electric, natural gas, water and sewer, refuse, cable television, and heat services. Additionally, RCA regulates entry into the pipeline industry.

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# FINDINGS AND RECOMMENDATIONS

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The prior 2013 sunset audit<sup>2</sup> made two recommendations:

1. The Regulatory Commission of Alaska (RCA) chair should improve and enforce written procedures to ensure case management system data is accurate, consistent, and complete.
2. The legislature should consider clarifying AS 42.05.175(e) to ensure RCA fulfills legislative intent when processing regulatory dockets.

The prior audit recommendation regarding written procedures to improve the quality of system data was resolved. A 2016 special audit<sup>3</sup> found data used to report compliance with timeline requirements and performance measures was materially consistent, complete, and accurately reflected in RCA's FY 15 annual report.

The prior audit recommendation regarding clarifying statutes was not resolved; however, testing completed under this audit did not identify any instance where regulatory dockets were split into multiple dockets, which extended beyond statutory timelines.

This audit makes one new recommendation.

**Recommendation No. 1:** The audit identified 25 of 88 scheduled public meetings from July 1, 2017, through February 28, 2021, were canceled by RCA; this includes six instances where consecutive meetings were canceled.

**The RCA chair should clarify regulations concerning the cancelation of scheduled public meetings.**

Alaska regulation 3 AAC 48.181(a) requires the commission hold regular public meetings twice a month on dates set by the commission. The commission scheduled the second and fourth Wednesday of each month for regular public meetings, and included the meetings on RCA's website calendar.

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<sup>2</sup> Audit Control Number (ACN) 08-20079-13.

<sup>3</sup> ACN 08-30087-16.

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RCA staff post public notifications of meetings on the State's Online Public Notices Website one week prior to a scheduled public meeting when agenda topics are known. In instances when there are no agenda items, RCA cancels the meeting and updates the website calendar to reflect the canceled meeting. According to RCA management, 3 AAC 48.805(a) allows the commission to modify or waive, on the commission's own motion, any requirement under Title 3, Chapter 48, except for those also required under statute.<sup>4</sup> Auditors noted that the meetings were canceled without a commission motion during an official proceeding. RCA management did not consider the need for a commission motion.

Frequent cancelation of public meetings reduces the opportunities for stakeholders and the general public to provide RCA comments or concerns. Reduced public input into RCA operations may impair RCA decision-making and decrease its effectiveness.

We recommend RCA's chair clarify regulations concerning the cancelation of scheduled public meetings in regard to whether a commission motion is necessary to cancel a meeting.

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<sup>4</sup> Alaska Statute 42.05.

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# OBJECTIVES, SCOPE, AND METHODOLOGY

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In accordance with Title 24 and Title 44 of the Alaska Statutes, we have reviewed the activities of the Regulatory Commission of Alaska (RCA) to determine if there is a demonstrated public need for its continued existence.

As required by AS 44.66.050(a), this report shall be considered by the committee of reference during the legislative oversight process in determining whether RCA should be reestablished. Currently, under AS 44.66.010(a)(3), the commission will terminate on June 30, 2022, and will have one year from that date to conclude its administrative operations.

## Objectives

The three central, interrelated objectives of our audit were:

1. To determine if the termination date of RCA should be extended.
2. To determine if RCA is operating in the public's interest.
3. To determine the status of recommendations made in the prior sunset audit.

## Scope

The assessment of RCA was based on criteria set out in AS 44.66.050(c). Criteria set out in this statute relates to the determination of a demonstrated public need for RCA. RCA's activities were reviewed from FY 18 through February 28, 2021. Financial information is presented, unaudited, from FY 18 through February 28, 2021.

## Methodology

To address the audit objectives, auditors:

- Reviewed the prior sunset audit report to identify issues affecting the commission and to identify the prior sunset audit recommendations.

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- Reviewed a prior special audit report to evaluate the accuracy of the data maintained in the RCA case management system. The special audit covered FY 19 and provided adequate evidence that the data in RCA's case management system was reliable.
  - Evaluated applicable statutes and regulations to identify commission functions and responsibilities, determine whether statutory or regulatory changes enhanced or impeded commission activities, and help ascertain if the commission operated in the public interest.
  - Reviewed legislative bills to gain an understanding of RCA activities and the impact of proposed legislation.
  - Reviewed RCA meeting minutes and annual reports to gain an understanding of commission proceedings and activities, the nature and extent of public input, and whether a quorum was maintained.
  - Reviewed the State's Online Public Notices System to verify commission meetings were adequately public noticed.
  - Conducted internet searches to identify potential duplication of commission activities and RCA related complaints or other concerns.
  - Conducted interviews with RCA management and responsible personnel to gain an understanding of operations.
  - Obtained from RCA a listing of court cases open or opened July 1, 2017, through February 28, 2021, relating to RCA decisions to help evaluate the extent RCA operated in the public interest. The accuracy and completeness of the listing was verified through inquiry and review of Alaska Court System websites.
  - Obtained downloads from RCA's case management system to:
    - Analyze RCA compliance with statutory/regulatory timelines for tariff filings, and utility, pipeline and regulatory dockets open or opened July 1, 2017, through February 28, 2021.

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- Determine RCA's ability to timely address complaint dockets open or opened July 1, 2020, through February 28, 2021.
  - Surveyed individuals that were a party to an open docket or tariff filing before the commission from FY 18 through February 28, 2021. The survey was conducted to assess entities' satisfaction with RCA and the services provided.
  - Evaluated a random sample of 11 of 71 public and special topic meetings held by RCA from FY 18 through February 28, 2021. Sample size was based on a small population (less than 250). Meeting minutes were reviewed for the sample to gain an understanding of commission proceedings and activities, the nature and extent of public input, and whether a quorum was maintained. Results were projected to the population.

Inquiries regarding potential RCA related complaints were made with the following organizations:

- Department of Commerce, Community, and Economic Development Commissioner's Office;
- Office of the Governor, Alaska Boards and Commissions;
- Office of the Ombudsman;
- Alaska State Commission for Human Rights;
- Department of Administration's Division of Personnel and Labor Relations; and
- United States Equal Employment Opportunity Commission.

No controls significant to the audit were identified or tested.

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# APPENDICES

## SUMMARY

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Appendix A provides a schedule of the Regulatory Commission of Alaska's (RCA) revenues and expenditures for FY 18 through February 28, 2021 (unaudited).

Appendix B provides the results of a survey conducted to assess satisfaction with RCA and the services it provided. The survey was sent to 188 individuals that were a party to a tariff or docket from July 1, 2017, through February 28, 2021. Responses were received from 59 individuals (31 percent response rate). Not all survey questions were relevant to all respondents.

Appendix C provides the sunset criteria used in developing the audit's conclusion regarding whether RCA's termination date should be extended.

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# APPENDIX A

## Regulatory Commission of Alaska Schedule of Revenues and Expenditures FY 18 through February 28, 2021 (Unaudited)

	FY 18	FY 19	FY 20	July 1, 2020 – Feb. 28, 2021
<u>Revenues</u>				
Regulatory Cost Charges	10,671,388	10,718,554	8,978,323	3,699,443
Revenue Rollover	601,290	1,815,355	3,170,294	2,965,099
Application Fees	20,171	15,700	11,071	4,893
Hearing Reimbursement	5,987	41,996	882,482	-
Public Document Sales	-	157	253	678
Alaska Energy Authority, Power Cost Equalization	109,749	101,626	108,089	67,065
Federal Receipts (CIP), CARES Relief Fund	-	-	-	35,000
Total Revenues	<u>11,408,585</u>	<u>12,693,388</u>	<u>13,150,512</u>	<u>6,772,178</u>
<u>Direct Expenditures</u>				
Personal Services	5,835,662	5,843,741	6,078,876	3,738,132
Travel	43,077	38,879	28,968	-
Contract Services	1,608,704	1,912,547	2,115,575	1,473,142
Commodities	169,196	106,147	218,333	93,777
Total Direct Expenditures	<u>7,656,639</u>	<u>7,901,314</u>	<u>8,441,752</u>	<u>5,305,051</u>
<u>Transfer To</u>				
Department of Law – Regulatory Affairs and Public Advocacy	<u>2,345,700</u>	<u>2,360,600</u>	<u>2,384,100</u>	<u>1,196,350</u>
Surplus (Deficit)	<u>1,406,246</u>	<u>2,431,474</u>	<u>2,324,660</u>	<u>270,777</u>

Source: RCA management.

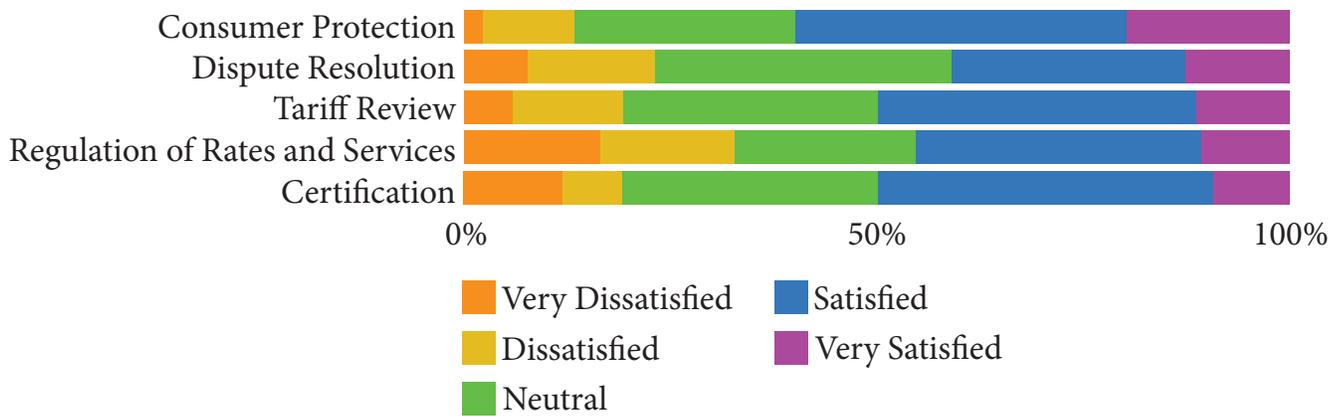
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# APPENDIX B

## Regulatory Commission of Alaska Survey Questions and Responses

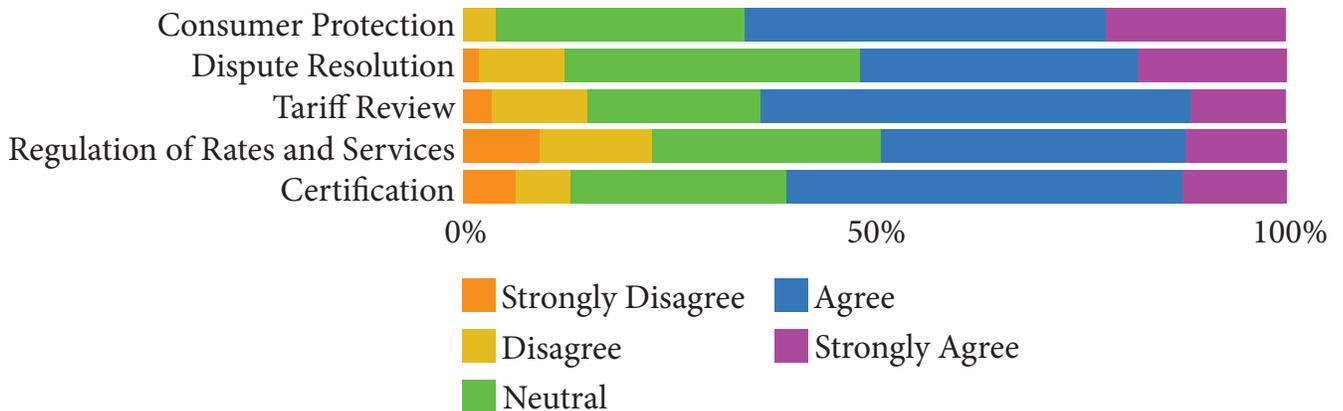
### Question #1

Overall, how satisfied are you with the following services provided by RCA?



### Question #2

To what extent do you agree that RCA acts in the public's interest in carrying out the following services?



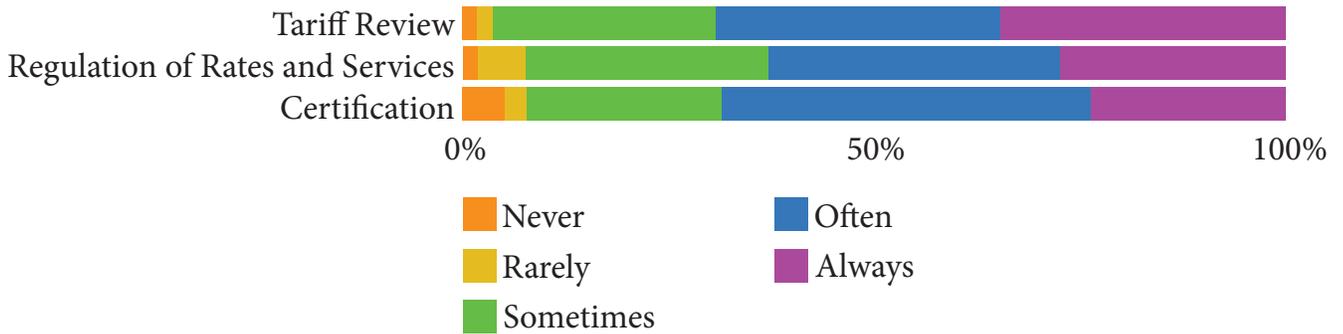
# APPENDIX B

## (Continued)

### Regulatory Commission of Alaska Survey Questions and Responses

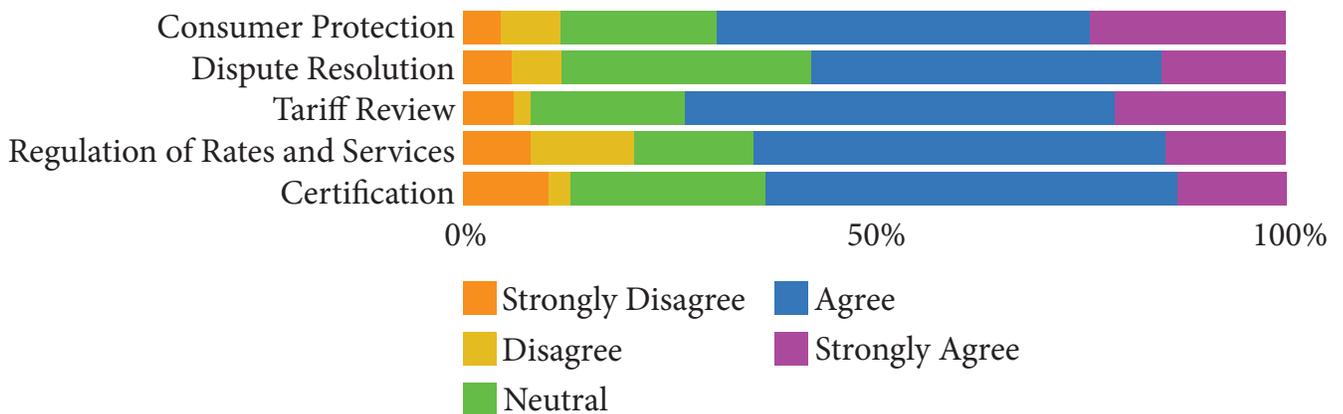
#### Question #3

Based on your experience, how often does RCA meet its statutory timelines when carrying out the following services?



#### Question #4

To what extent do you agree that RCA effectively communicates when providing the following services?



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## APPENDIX C

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### **Analysis of Public Need Criteria AS 44.66.050(c)**

A determination as to whether a board or commission has demonstrated a public need for its continued existence must take into consideration the following factors:

1. the extent to which the board or commission has operated in the public interest;
2. the extent to which the operation of the board or commission has been impeded or enhanced by existing statutes, procedures, and practices that it has adopted, and any other matter, including budgetary, resource, and personnel matters;
3. the extent to which the board or commission has recommended statutory changes that are generally of benefit to the public interest;
4. the extent to which the board or commission has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service that it has provided;
5. the extent to which the board or commission has encouraged public participation in the making of its regulations and decisions;
6. the efficiency with which public inquiries or complaints regarding the activities of the board or commission filed with it, with the department to which a board or commission is administratively assigned, or with the office of victims' rights or the office of the ombudsman have been processed and resolved;
7. the extent to which a board or commission that regulates entry into an occupation or profession has presented qualified applicants to serve the public;

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## APPENDIX C (Continued)

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8. the extent to which state personnel practices, including affirmative action requirements, have been complied with by the board or commission to its own activities and the area of activity or interest;
9. the extent to which statutory, regulatory, budgetary, or other changes are necessary to enable the board or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection;
10. the extent to which the board or commission has effectively attained its objectives and purposes and the efficiency with which the board or commission has operated; and
11. the extent to which the board or commission duplicates the activities of another governmental agency or the private sector.

# Agency Response from the Department of Commerce, Community, and Economic Development



THE STATE  
of **ALASKA**  
GOVERNOR MIKE DUNLEAVY

## Department of Commerce, Community, and Economic Development

OFFICE OF THE COMMISSIONER  
Anchorage Office

550 West Seventh Avenue, Suite 1535  
Anchorage, Alaska 99501  
Main: 907.269.8100  
Fax: 907.269.8125

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LEGISLATIVE AUDIT

December 3, 2021

Kris Curtis, CPA, CISA  
Legislative Auditor  
Division of Legislative Audit  
PO Box 113300  
Juneau, AK 99811

Dear Ms. Curtis,

Thank you for the opportunity to respond to the Confidential Preliminary Audit Report for the Regulatory Commission of Alaska (RCA). The department concurs with the conclusion that the RCA has served the public's interest and supports the recommendation that the legislature extend the termination date eight years to June 30, 2030.

**Recommendation No. 1:**

*RCA's chair should clarify regulations concerning the cancellations of scheduled public meetings.*

The Department concurs with this recommendation and the RCA's proposed solution to open a regulations docket to clarify the regulations concerning cancellation of scheduled public meetings.

Thank you for the opportunity for DCCED to provide input on this matter. Should you have any questions about the contents of this letter, please do not hesitate to contact me at 907-269-8100.

Sincerely,

A handwritten signature in blue ink that reads "Julie Anderson".

Julie Anderson  
Commissioner

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# Agency Response from the Regulatory Commission of Alaska



STATE OF ALASKA  
DEPARTMENT OF  
**COMMERCE**  
COMMUNITY AND  
ECONOMIC DEVELOPMENT

Regulatory Commission of Alaska

*Michael Dunleavy, Governor  
Julie Anderson, Commissioner  
Robert M. Pickett, Chairman*

Date: December 2, 2021

Kris Curtis, CPA, CISA  
Legislative Auditor  
Division of Legislative Audit  
Legislative Budget and Audit Committee  
Alaska State Legislature  
PO Box 113300  
Juneau, AK 99811-3300

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LEGISLATIVE AUDIT

RE: Confidential preliminary audit report on Department of Commerce, Community, and Economic Development, Regulatory Commission of Alaska, September 21, 2021

Dear Ms. Curtis:

Thank you for your letter regarding this matter and specifically for the opportunity to submit the Regulatory Commission of Alaska's (RCA or Commission) independent written response.

On November 15, 2021, the RCA received the confidential preliminary audit report. You requested that a response address the Report Conclusions as well as the Findings and Recommendations.

The RCA appreciates the preliminary audit report's conclusions that the Commission served the public interest by assessing the capabilities of utility and pipeline companies to safely serve the public, evaluating tariffs and charges made by regulated entities, verifying the pass-through charges to consumers from electric and natural gas utilities, adjudicating disputes between ratepayers and regulated entities, providing consumer protection services, and performing financial reviews of utilities for the State's power cost equalization program. The RCA appreciates and recognizes the importance of consistent, complete, and accurate information.

The RCA also appreciates the preliminary audit report's recommendation. The RCA is pleased that the audit confirms the Commission's hard work on the FY 13 sunset audit's recommendations.

- Recommendation No. 1 – RCA's chair should clarify regulations concerning the cancellation of scheduled public meetings.

Regarding the recommendation, the RCA agrees that the agency should clarify regulations concerning cancellation of scheduled public meetings as to whether a commission motion is necessary to cancel a meeting. The RCA will look into opening a regulations docket to clarify these regulations. The RCA will continue to post a headline explaining the public's options should they desire to submit comments or request a meeting with the Commissioners.

701 W. 8th Avenue, Suite 300, Anchorage, Alaska 99501-3469  
Telephone: (907) 276-6222 Fax: (907) 276-0160 TTY/Alaska Relay: 7-1-1 or (800) 770-8973  
Website: <http://rca.alaska.gov>

Kris Curtis

December 2, 2021

Page 2

The RCA will continue to implement and enforce written procedures to ensure data is consistent, complete, and accurately reflected in the annual report.

The RCA joins you and believes that the RCA, the Legislature, utilities, and pipelines regulated by the RCA, and all Alaskans will be well served by legislative action extending the RCA's termination date until June 30, 2030.

We thank Legislative Audit for a fair and honest evaluation. The RCA also recognizes it must strive to continually maintain the standards that have been established.

Respectfully yours,



Robert M. Pickett  
Chairman

cc: The Honorable Julie Anderson  
Commissioner  
Department of Commerce, Community, & Economic Development