

HOUSE BILL NO. 99

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Introduced: 1/20/95

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act extending the Alaska Public Utilities Commission; and relating to
2 regulatory cost charges."

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

4 * **Section 1.** AS 42.05 is amended by adding a new section to read:

5 Sec. 42.05.254. PUBLIC UTILITY REGULATORY COST CHARGE. (a)

6 A regulated public utility operating in the state shall pay to the commission an annual
7 regulatory cost charge in an amount not to exceed .8 percent of gross revenue derived
8 from operations in the state, as modified under (c) of this section if appropriate. An
9 exempt utility shall pay the actual cost of services provided to it by the commission.

10 (b) The commission shall by regulation establish a method to determine
11 annually the amount of the regulatory cost charge for a public utility. If the amount
12 the commission expects to collect under (a) of this section and under AS 42.06.286(a)
13 exceeds the authorized budget of the commission, the commission shall, by order,
14 reduce the percentages set out in (a) of this section so that the total amount of the fees

1 collected approximately equals the authorized budget of the commission for the fiscal
2 year.

3 (c) In determining the amount of the regulatory cost charge imposed under (a)
4 of this section,

5 (1) a utility selling utility services at wholesale shall modify its gross
6 revenue by deducting payments it receives for wholesale sales;

7 (2) a local exchange telephone utility shall modify its gross revenue by
8 deducting payments received from other carriers for settlements or access charges;

9 (3) an electric utility shall reduce its gross revenue by subtracting the
10 cost of power; in this paragraph, "cost of power" means the costs of generation and
11 purchased power reported to the commission.

12 (d) The commission shall calculate the total regulatory cost charges to be
13 levied against all regulated electric utilities under this section. The commission shall
14 allocate the total amount among the regulated electric utilities by using an equal charge
15 per kilowatt hour sold at retail.

16 (e) The commission shall administer the charge imposed under this section.
17 The Department of Revenue shall collect and enforce the charge imposed under this
18 section. The Department of Administration shall identify the amount of the operating
19 budget of the commission that lapses into the general fund each year. The legislature
20 may appropriate an amount equal to the lapsed amount to the commission for its
21 operating costs for the next fiscal year. If the legislature does so, the commission shall
22 reduce the total regulatory cost charged collected for that fiscal year by a comparable
23 amount.

24 (f) The commission shall allow a public utility to recover all payments made
25 to the commission under this section. The commission may not require a public utility
26 to file a rate case in order to be eligible to recover the regulatory cost charge.

27 (g) The commission may adopt regulations under AS 44.62 (Administrative
28 Procedure Act) necessary to administer this section, including requirements and
29 procedures for reporting information and making quarterly payments. The Department
30 of Revenue may adopt regulations under AS 44.62 (Administrative Procedure Act) for
31 investigating the accuracy of filed information, and for collecting required payments.

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(h) In this section,

(1) "exempt utility" means a public utility that is certificated by the commission under AS 42.05.221 - 42.05.281 but, in accordance with AS 42.05.711, is exempt from other regulatory requirements of this chapter;

(2) "gross revenue" means the total operating revenue from intrastate services, as shown in a utility's annual report required by the commission by regulation;

(3) "regulated utility" means a public utility that is certificated by the commission under AS 42.05.221 - 42.05.281 and that is subject to the other regulatory requirements of this chapter;

(4) "wholesale sales" means sales to another utility for resale under circumstances that make revenue from the resale subject to the regulatory cost charge imposed under this section.

* **Sec. 2.** AS 42.05.651(a) is amended to read:

(a) **During** [AFTER COMPLETION OF] a hearing or investigation held under this chapter, the commission **may** [SHALL] allocate the costs of the hearing or investigation among the parties, including the commission, as is just under the circumstances. In allocating costs, the commission **shall consider the regulatory cost charge paid by a utility under AS 42.05.254 and** may consider the results, ability to pay, evidence of good faith, other relevant factors, and mitigating circumstances. Notwithstanding an intervening party's ability to pay, if the commission determines that an intervening party has conducted its intervention in a frivolous manner, the commission shall allocate all costs associated with the intervention to that party. The costs allocated may include the costs of any time devoted to the investigation or hearing by hired consultants, whether or not the consultants appear as witnesses or participants. The costs allocated may also include any out-of-pocket expenses incurred by the commission in the particular proceeding. The commission shall provide an opportunity for any person objecting to an allocation to be heard before the allocation becomes final.

* **Sec. 3.** AS 42.06 is amended by adding a new section to read:

Sec. 42.06.286. PIPELINE CARRIER REGULATORY COST CHARGE. (a)

1 A pipeline carrier operating in the state shall pay to the commission an annual
2 regulatory cost charge in an amount not to exceed .8 percent of gross revenue derived
3 from operations in the state. A regulatory cost charge may not be assessed on pipeline
4 carrier operations unless the operations are within the jurisdiction of the commission.

5 (b) The commission shall by regulation establish a method to determine
6 annually the amount of the regulatory cost charge. If the amount the commission
7 expects to collect under (a) of this section and under AS 42.05.254(a) exceeds the
8 authorized budget of the commission, the commission shall, by order, reduce the
9 percentage set out in (a) of this section so that the total amount of the fees collected
10 approximately equals the authorized budget of the commission for the fiscal year.

11 (c) The commission shall administer the charge imposed under this section.
12 The Department of Revenue shall collect and enforce the charge imposed under this
13 section. The Department of Administration shall identify the amount of the operating
14 budget of the commission that lapses into the general fund each year. The legislature
15 may appropriate an amount equal to the lapsed amount to the commission for its
16 operating costs for the next fiscal year. If the legislature does so, the commission shall
17 reduce the total regulatory cost charged collected for that fiscal year by a comparable
18 amount.

19 (d) The commission may adopt regulations under AS 44.62 (Administrative
20 Procedure Act) necessary to administer this section, including requirements and
21 procedures for reporting information and making quarterly payments. The Department
22 of Revenue may adopt regulations under AS 44.62 (Administrative Procedure Act) for
23 investigating the accuracy of filed information, and for collecting required payments.

24 (e) In this section, "gross revenue" means the total intrastate operating revenue
25 as shown in a pipeline carrier's annual report required by the commission by
26 regulation.

27 * **Sec. 4.** AS 42.06.610(a) is amended to read:

28 (a) During a proceeding held under this chapter, the commission **may**
29 **[SHALL]** allocate the cost of the proceeding among the parties, including the
30 commission, as is just under the circumstances. **In allocating costs, the commission**
31 **shall consider the regulatory cost charge paid directly or indirectly under**

