

**HOUSE BILL NO. 273**

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

**BY REPRESENTATIVES VEZEY, James**

**Introduced: 3/22/95**

**Referred: Community and Regional Affairs, Labor and Commerce**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to electric utilities."**

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

3 **\* Section 1.** AS 42.05.431(c) is amended to read:

4 (c) Notwithstanding (b) **of this section and except as provided in (i)** of this  
5 section,

6 (1) a wholesale agreement for the sale of power from a project licensed  
7 by the Federal Energy Regulatory Commission on or before January 1, 1987, and  
8 related contracts for the wheeling, storage, regeneration, or wholesale repurchase of  
9 power purchased under the agreement, entered into between the Alaska Energy  
10 Authority and one or more other public utilities or among the utilities after October 31,  
11 1987, and before January 1, 1988, and amendments to the wholesale agreement or  
12 related contract, are not subject to review or approval by the commission until all long-  
13 term debt incurred for the project is retired; and

14 (2) a wholesale agreement or related contract described in (1) of this  
15 subsection may contain a covenant for the public utility to establish, charge, and

1 collect rates sufficient to meet its obligations under the contract; the rate covenant is  
2 valid and enforceable.

3 \* **Sec. 2.** AS 42.05.431 is amended by adding a new subsection to read:

4 (i) An amendment, entered into on or after the effective date of this section,  
5 to a wholesale agreement for the sale of power that is subject to (c) of this section  
6 shall require the parties to comply with AS 42.05.726 - 42.05.728.

7 \* **Sec. 3.** AS 42.05.711 is amended by adding a new subsection to read:

8 (n) Notwithstanding any provision of this section to the contrary, an electric  
9 utility is subject to regulation under this chapter as provided in AS 42.05.726 -  
10 42.05.728 as to rates for the use of shared transmission and distribution facilities if the  
11 utility

12 (1) offers service to customers by using the transmission or distribution  
13 facilities of another electric utility; or

14 (2) owns or controls transmission or distribution facilities that are used  
15 by another electric utility in order for that utility to offer electric service to customers.

16 \* **Sec. 4.** AS 42.05 is amended by adding new sections to read:

17 Sec. 42.05.726. SERVICE BY CONNECTED ELECTRIC UTILITIES. (a)  
18 Notwithstanding AS 42.05.221(a), an electric utility that offers service to customers  
19 in one area may offer service to customers in any location within the state to which  
20 the electric utility is connected by shared transmission and distribution facilities.

21 (b) An electric utility that provides transmission or distribution facilities to  
22 another electric utility so that the utility using the facilities may provide utility services  
23 to customers may only charge the user utility for the actual cost to the utility providing  
24 the facilities of the use of its facilities.

25 Sec. 42.05.728. ELECTRIC UTILITIES SHARING FACILITIES;  
26 RESTRICTIONS ON OFFERS OF SERVICE PROHIBITED. (a) When an electric  
27 utility offers to provide service to customers to whom the electric utility is connected  
28 by shared transmission and distribution facilities, the electric utility that owns or  
29 controls the transmission or distribution facilities may not refuse the offering utility the  
30 right to use the transmission or distribution facilities.

31 (b) Notwithstanding AS 42.05.711, an electric utility, including an electric

1 utility owned or operated by a municipality, is subject to rate regulation as to the rates  
2 for shared facilities if the utility

3 (1) offers service to customers by using the transmission or distribution  
4 facilities of another electric utility; or

5 (2) has transmission or distribution facilities that are used by another  
6 electric utility in order for that utility to offer service to customers.

7 (c) An electric utility may not enter into an agreement with another electric  
8 utility to restrict the ability of any electric utility to offer the sale of electricity to  
9 customers.

10 \* **Sec. 5.** AS 45.50.572(d) is amended to read:

11 (d) AS 45.50.562 - 45.50.596 apply to long distance telecommunications  
12 services provided by public utilities. **Except for the provisions concerning the use**  
13 **of and charges for shared transmission and distribution facilities in AS 42.05.726**  
14 **and 42.05.728,** AS 45.50.562 - 45.50.596 do not apply to other services provided by  
15 public utilities that have been issued a certificate of public convenience and necessity  
16 under AS 42.05.