

CS FOR SENATE BILL NO. 157(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 5/12/99

Referred: Rules

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to power cost equalization; relating to appropriations from the
2 National Petroleum Reserve - Alaska special revenue fund to the power cost
3 equalization and rural electric capitalization fund; relating to the power cost
4 equalization and rural electric capitalization fund and the four dam pool
5 transfer fund; and providing for an effective date."

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

7 * **Section 1.** AS 37.05.530(g) is amended to read:

8 (g) Amounts received by the state under 42 U.S.C. 6508 and not appropriated
9 for grants to municipalities under (d) of this section **shall be deposited** [LAPSE] at
10 the end of each fiscal year as follows: (1) 50 percent to the principal of the Alaska
11 permanent fund; **and** (2) .5 percent to the public school trust fund (AS 37.14.110).
12 **The amounts remaining after the deposits to the Alaska permanent fund and the**
13 **public school trust fund may be appropriated to the power cost equalization and**

1 **rural electric capitalization fund (AS 42.45.100). The amounts remaining after**
 2 **any appropriation to the power cost equalization and rural electric capitalization**
 3 **fund shall lapse into** [; AND (3) THE REMAINDER TO] the general fund for use
 4 by the state for the following facilities and services:

5 (A) planning;

6 (B) construction, maintenance, and operation of essential public
 7 facilities; and

8 (C) other necessary public services.

9 * **Sec. 2.** AS 42.45.050(b) is amended to read:

10 (b) Subject to appropriation, the department shall transfer the balance of the
 11 four dam pool transfer fund each month in accordance with this subsection. Subject
 12 to appropriation,

13 (1) **60** [40] percent of the balance in the four dam pool transfer fund
 14 shall be transferred to the power cost equalization and rural electric capitalization fund
 15 to be used for power cost equalization and rural electric projects; **and**

16 (2) 40 percent of the balance in the four dam pool transfer fund

17 **(A) except as provided in (B) of this paragraph,** shall be
 18 transferred to the Southeast energy fund to be used for power projects for
 19 utilities participating in the power transmission intertie between the Swan Lake
 20 and Tyee Lake hydroelectric projects;

21 **(B) as of the date of any Alaska Industrial Development and**
 22 **Export Authority determination that sufficient money is available to**
 23 **complete the power transmission intertie between the Swan Lake and Tyee**
 24 **Lake hydroelectric projects without using the amounts that would**
 25 **otherwise be transferred to the Southeast energy fund under (A) of this**
 26 **paragraph, those amounts are instead transferred to the power cost**
 27 **equalization and rural electric capitalization fund to be used for power**
 28 **cost equalization and rural electric projects** [AND

29 (3) 20 PERCENT OF THE BALANCE IN THE FOUR DAM POOL
 30 TRANSFER FUND SHALL BE TRANSFERRED TO THE POWER PROJECT FUND
 31 TO BE USED FOR STATEWIDE UTILITY PROJECTS].

1 * **Sec. 3.** AS 42.45.100(b) is amended to read:

2 (b) The fund shall be administered by the department as a fund distinct from
3 the other funds of the department. The fund is composed of

4 (1) money appropriated to provide power cost equalization to eligible
5 electric utilities and to provide grants for utility improvements;

6 (2) money appropriated from the National Petroleum Reserve -
7 Alaska special revenue fund under AS 37.05.530(g);

8 (3) gifts, bequests, and contributions from other sources; and

9 (4) [(2)] interest earned on the fund balance [THOSE

10 APPROPRIATIONS].

11 * **Sec. 4.** AS 42.45.110(b) is amended to read:

12 (b) An eligible electric utility is entitled to receive power cost equalization

13 (1) for sales of power to local community facilities, calculated in the
14 aggregate for each community served by the electric utility, for actual consumption of
15 not more than 70 kilowatt-hours per month for each resident of the community; the
16 number of community residents shall be determined under AS 29.60.020; and

17 (2) for actual consumption of not more than the monthly average
18 determined by the department under (j) of this section [700 KILOWATT-HOURS
19 PER MONTH] sold to each residential customer [IN ALL CLASSES SERVED BY
20 THE ELECTRIC UTILITY EXCEPT

21 (A) CUSTOMERS OF THE UTILITY UNDER (1) OF THIS
22 SUBSECTION; AND

23 (B) CUSTOMERS THAT ARE STATE OR FEDERAL
24 OFFICES OR STATE OR FEDERAL FACILITIES OTHER THAN PUBLIC
25 SCHOOLS].

26 * **Sec. 5.** AS 42.45.110(c) is amended to read:

27 (c) The amount of power cost equalization provided per kilowatt-hour under
28 subsection (b) of this section may not exceed 95 percent of the power costs, or the
29 average rate per eligible kilowatt-hour sold, whichever is less, as determined by the
30 commission. However,

31 (1) during the state fiscal year that began July 1, 1999 [JULY 1, 1993],

1 the power costs for which power cost equalization were paid to an electric utility were
 2 limited to minimum power costs of more than **13.5** [9.5] cents per kilowatt-hour and
 3 less than 52.5 cents per kilowatt-hour;

4 (2) during each following state fiscal year, the commission shall adjust
 5 the power costs for which power cost equalization may be paid to an electric utility
 6 based on the weighted average retail residential rate in Anchorage, Fairbanks, and
 7 Juneau; **however, the commission may not adjust the power costs under this**
 8 **paragraph to reduce the amount below the lower limit set out in (1) of this**
 9 **subsection;** and

10 (3) the power cost equalization per kilowatt-hour may be determined
 11 for a utility without historical kilowatt-hour sales data by using kilowatt-hours
 12 generated.

13 * **Sec. 6.** AS 42.45.110(d) is amended to read:

14 (d) An electric utility whose customers receive power cost equalization under
 15 AS 42.45.100 - 42.45.150 shall set out in its tariff the rates without the power cost
 16 equalization and the amount of power cost equalization per kilowatt-hour sold. The
 17 rate charged to the customer shall be the difference between the two amounts. Power
 18 cost equalization paid under AS 42.45.100 - 42.45.150 shall be used to reduce the cost
 19 of all power sold to local community facilities, in the aggregate, to the extent of 70
 20 kilowatt-hours per month per resident of the community, and to reduce the cost of the
 21 **kilowatt-hours sold to residential customers as provided in (j) of this section**
 22 [FIRST 700 KILOWATT-HOURS PER CUSTOMER PER MONTH FOR ALL
 23 OTHER CLASSES SERVED BY THE ELECTRIC UTILITY EXCEPT STATE AND
 24 FEDERAL OFFICES AND STATE AND FEDERAL FACILITIES OTHER THAN
 25 PUBLIC SCHOOLS].

26 * **Sec. 7.** AS 42.45.110(i) is amended to read:

27 (i) The department shall review the report required under (h) of this section.
 28 After review and approval of the report, the department shall, subject to appropriation,
 29 pay to each eligible electric utility an amount equal to the power cost equalization per
 30 kilowatt-hour determined under (a) and (c) of this section, multiplied by the number
 31 of kilowatt-hours eligible for power cost equalization that were sold during the

1 preceding month to all customers of the utility under (b) of this section. Payment shall
 2 be made by the department within 30 days after receipt from the utility of the report
 3 required under (h) of this section. If appropriations **that have been made for the**
 4 **purpose by July 1 of a fiscal year** are insufficient for payment in full, the amount
 5 paid to each electric utility is reduced on a pro rata basis. **In making the pro rata**
 6 **reductions required by this subsection, the department may not consider any**
 7 **potential supplemental appropriation until the appropriation has been enacted.**

8 * **Sec. 8.** AS 42.45.110 is amended by adding a new subsection to read:

9 (j) The department shall, by regulation, provide a schedule of the maximum
 10 number of kilowatt-hours per month for which an electric utility is entitled to receive
 11 power cost equalization for residential customers under this section. The average of
 12 the monthly maximum limits may not exceed 350 kilowatt-hours. The limit for an
 13 individual month may not exceed 500 kilowatt-hours. The schedule must reflect
 14 historic patterns of usage of electricity.

15 * **Sec. 9.** AS 42.45.120 is amended to read:

16 **Sec. 42.45.120. Notice to customers.** If an electric utility receives power cost
 17 equalization under AS 42.45.100 - 42.45.150, the utility shall either give to its electric
 18 service customers eligible under this program, for each period for which the payment
 19 is received,

20 (1) the following notice:

21 NOTICE TO CUSTOMER

22 **For the most recent monthly reporting period under the State of**
 23 **Alaska's power cost equalization program, this utility's actual fuel**
 24 **efficiency for your community was _____ kilowatt-hours a gallon. The**
 25 **applicable fuel efficiency standard set out in regulations for the power cost**
 26 **equalization program is _____ kilowatt-hours a gallon.**

27 For the current billing period, the utility will be paid under the State of
 28 Alaska's power cost equalization program (AS 42.45.100) to assist the utility
 29 and its customers in reducing the high cost of generation of electric energy.

30 Your total electrical service cost \$.....
 31 Less state equalization \$.....

