

**HOUSE CS FOR CS FOR SENATE BILL NO. 157(CRA)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-FIRST LEGISLATURE - FIRST SESSION**

**BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE**

**Offered: 5/16/99  
Referred: Finance**

**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 shall  
 17 be transferred to the Southeast energy fund to be used for power projects for utilities  
 18 participating in the power transmission intertie between the Swan Lake and Tye Lake  
 19 hydroelectric projects [; AND

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

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

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

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

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

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

31 (4) [(2)] interest earned on **the fund balance** [THOSE

1 APPROPRIATIONS].

2 \* **Sec. 4.** AS 42.45.100 is amended by adding new subsections to read:

3 (d) In recognition of the significant contribution that rural Alaska projects have  
4 made to the income of the Alaska Industrial Development and Export Authority and  
5 subject to appropriation by the legislature, 40 percent of the amount made available  
6 by the Alaska Industrial Development and Export Authority under AS 44.88.088 or  
7 \$8,000,000 of the amount made available, whichever is greater, shall be transferred to  
8 the fund when made available.

9 (e) If the initial project described in AS 44.83.398(a) is sold, the Alaska  
10 Energy Authority shall, subject to appropriation, transfer 60 percent of the net proceeds  
11 of the sale to the fund.

12 \* **Sec. 5.** AS 42.45.110(b) is amended to read:

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

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

18 (2) for actual consumption of not more than 700 kilowatt-hours per  
19 month sold to each **residential** customer [IN ALL CLASSES SERVED BY THE  
20 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. 6.** 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 12.5 [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. 7.** 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 first 700 kilowatt-hours per residential customer per month [FOR ALL OTHER  
 22 CLASSES SERVED BY THE ELECTRIC UTILITY EXCEPT STATE AND  
 23 FEDERAL OFFICES AND STATE AND FEDERAL FACILITIES OTHER THAN  
 24 PUBLIC SCHOOLS].

25 \* **Sec. 8.** AS 42.45.110(i) is amended to read:

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

1 be made by the department within 30 days after receipt from the utility of the report  
 2 required under (h) of this section. If appropriations **that have been made for the**  
 3 **purpose by July 1 of a fiscal year** are insufficient for payment in full, the amount  
 4 paid to each electric utility is reduced on a pro rata basis.

5 \* **Sec. 9.** AS 42.45.120 is amended to read:

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

10 (1) the following notice:

11 NOTICE TO CUSTOMER

12 **For the most recent monthly reporting period under the State of**  
 13 **Alaska's power cost equalization program, this utility's actual fuel**  
 14 **efficiency for your community was \_\_\_\_\_ kilowatt-hours a gallon. The**  
 15 **applicable fuel efficiency standard set out in regulations for the power cost**  
 16 **equalization program is \_\_\_\_\_ kilowatt-hours a gallon.**

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

20 Your total electrical service cost \$.....  
 21 Less state equalization \$.....  
 22 Your charge \$.....; or

23 (2) a notice approved by the department that provides electric service  
 24 customers the same information provided by the notice in (1) of this section.

25 \* **Sec. 10.** AS 42.45.100(d), enacted by sec. 4 of this Act, applies to the amount made  
 26 available for appropriation by the Alaska Industrial Development and Export Authority under  
 27 AS 44.88.088 for each fiscal year after fiscal year 2000.

28 \* **Sec. 11.** This Act takes effect July 1, 1999.