

FISCAL NOTE

Bill Version: CSHB 81 (URS)

(H) Publish Date: 5/6/99

**STATE OF ALASKA
1999 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) _____ Dept. Affected Commerce
 Title Consumer protection in a competitive electric BRU _____
 market _____ Component Ak Public Utilities Commission
 Sponsor Reps. Rokeberg, Dyson _____
 Requester _____ Component Serial No. 346

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services	183.5	183.5	183.5	183.5	0.0	0.0
Travel	2.3	2.3	2.3	2.3	0.0	0.0
Contractual	17.1	17.1	17.1	17.1	0.0	0.0
Supplies	4.0	4.0	4.0	4.0	0.0	0.0
Equipment	0.9	0.9	0.9	0.9	0.0	0.0
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	207.7	207.7	207.7	207.7	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	207.7	207.7	207.7	207.7	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)	207.7	207.7	207.7	207.7	0.0	0.0
TOTAL	207.7	207.7	207.7	207.7	0.0	0.0

Estimate of any current year (FY99) cost: _____

POSITIONS

Full-time	3.5	3.5	3.5	3.5	0.0	0.0
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Please see attached narrative.

Prepared by Robert A. Lohr Phone 276-6222
 Division APUC Date/Time _____
 Approved by Commissioner Gandy R. D. Sedwick Date 5-4-99
 Agency _____

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Preliminary Assessment of HB 81: Fiscal impact on the Commission

HB 81 requires the Commission to adopt regulations to protect consumers in a competitive electric service environment. Staff believes that the regulations the bill will require the Commission to adopt will be significantly different from the current electric regulations. For example, the bill, if passed as proposed would require regulations to prevent disconnection of service if a hardship is proven. The current regulations give an extension of time to certain customers (elderly, handicapped, seriously ill, and in households where someone is on life support). However, the current regulations allow disconnections after 15-30 days.

Staff believes the impact on the Commission will be similar to what the Commission experienced with competition in telecommunications markets. Staff believes it will affect the Commission's workload agency wide, including but not limited to certification/licensing filings, tariff filings and consumer complaints. For example, with local telephone competition, telecommunications applications increased 52% in FY98 over FY97, from 32 telephone certifications in FY97 to 66 in FY98. Tariff filings in the telecommunications area increased by 41% in FY98 over FY97, from 192 telephone filings in FY97 to 323 in FY98. Consumer complaints regarding telephone issues increased by 25% over the same period, from 336 in FY97 to 449 in FY98. Telephone complaints in the first eight months of FY99 have already reached 515, 13% more than the previous 12 months with four months remaining. Certification filings and tariff filings have increased 4% and 7% respectively for the first eight months of FY99.

The rulemaking and implementation aspects will definitely affect the Commission's Consumer Protection Section, Engineering Section, Tariff Section, and Records Section. It will also impact the Commission's Legal Staff, Hearing Officer and Receptionist. Again, Staff anticipates that the impact on the agency will be similar to the impact the agency experienced with the adoption and implementation of the competitive local telephone service regulations. Staff anticipates the following resources to adopt and implement regulations specified in the bill.

Consumer Protection - Staff anticipates the need for a full time Consumer Protection & Information Officer (CPIO) I. The added position would be needed beginning the first year of implementation of the regulations and thereafter. Staff anticipates that CP would experience a similar increase as CP experienced with the implementation of regulations governing local telephone competition. However, the staffing level may vary depending on the extent of the competition. For example, local telephone competition has thus far been limited to Anchorage. Staff's projection is based on electric competition in Anchorage. The bill does not appear to limit the market size. Also, based on Staff's experience with the local telephone competition, Consumer Protection Section (CPS) should take a proactive approach to electric competition. For example, one component of the bill requires that the suppliers provide consumer education. CPS should be actively involved in the education/information dissemination process ahead of the actual implementation of the regulations.

Engineering - The licensing requirement will require a regulatory proceeding to establish the applicable rules and application procedure. The proceeding will establish the minimum requirements necessary to meet the licensing criteria. Staff anticipates a Utility Engineering Analyst (UEA) II would devote full time to act as docket manager establishing minimum safety standards and service criteria in more than one regulatory proceeding for two years. Once the regulations are in place and the barriers to entry and exit are reduced, the UEA II would review licensing applications for completeness and to do annual reviews to assure the licensees are still providing service beginning with the third year and thereafter.

Tariffs - Staff anticipates that the impact of the adoption of regulations for a competitive electric market will require a half-time Admin. Clerk II. The increased filings anticipated will require the half-time position over four years.

Hearing Examiner - Staff anticipates that a Hearing Examiner (HE) will be required to decide informal complaints that elevate to formal complaints. The bill requires that the Commission adopt procedures to ensure that complaints are decided in a prompt, effective and low-cost resolution process. The current procedures for formal complaint handling are not prompt. Staff anticipates one half-time HE beginning with year one of implementation, continuing thereafter.

Records and Filings - Staff anticipates that Records and Filing (R&F) will need one half-time Admin. Clerk II (Clerk II) to process filings associated with a competitive electric market. The Clerk II will devote half-time to process filings, routing, docket entries, dockets set up, orders, notices, public requests for copies, and mailings.

Human Resources

Consumer Protection - CPIO I	\$44,400
Engineering - UEA II	64,579
Hearing Officer - ½ Hearing Examiner	42,900
Records & Filing - ½ Admin. Clerk II	15,795
<u>Tariffs - ½ Admin. Clerk II</u>	<u>15,795</u>

Total **\$183,469**

HB 81

Section I. AS 42.05 is amended by adding a new section to read:

Sec. 42.05.226. Electric consumer protections. (a) The commission shall establish by regulation

1. with consumer protection standards to protect consumers in a competitive electric service market; **[rulemaking - CP, Finance, Engineering]**
2. licensing requirements for electric service providers operating in a competitive electric service market; **[rulemaking - Engineering]**
3. for **prompt**, effective, and low-cost resolution of consumer complaints against electric suppliers, aggregators, and distributors operating in a competitive electric service market; **[rulemaking - CP, Hearing Officer]**
4. minimum safety standards and service criteria for electric service providers in a competitive electric service market; **[rulemaking - Engineering]**

5. penalties for electric service providers operating in a competitive electric service market who fail to comply with the requirements of the chapter; **[rulemaking - Hearing Officer]**

(b) The consumer protection standards adopted under (a) **must** require electric service providers operating in a competitive electric service market to

(1) provide consumers with free or reasonably priced information and educational materials to enable consumers to compare the price, quality, supplier service record, and terms of service offered by the electric service provider with the offerings of other providers in the market; **[rulemaking - CP]**

(2) offer electric service to any consumer in the area served by the electric service provider so long as providing the service is technically feasible at a reasonable cost to the provider; **[rulemaking - Engineering]**

(3) provide electric service choices and pricing options to all consumers without discrimination; **[rulemaking - CP, Finance]**

(4) maintain information and records, including records concerning individual electric use patterns, about the electric service provider's consumers as confidential records; however, an electric service provider may report information to the commission so long as the information does not identify directly or indirectly an individual consumer; **[rulemaking - CP, Engineering, Tariffs]**

(5) meet the minimum safety standards and service criteria established by the commission; **[rulemaking - Engineering]**

(6) meet its advertised terms and conditions; **[rulemaking - CP, Tariffs]**

(7) refrain from imposing unreasonable terms and conditions as a precondition to providing service to a consumer in a competitive electric service market. **[rulemaking - CP, Engineering, Tariffs]**

(c) The commission **shall** adopt regulations to require electric service providers operating in a competitive electric service market to continue to provide electric service to residential consumers who demonstrate that economic hardship has prevented payment in full of a delinquent bill. The regulations may require the consumer to agree to a reasonable deferred payment plan and to comply with the plan. **[rulemaking - CP, Tariffs]**

(d) The commission **shall** adopt regulations to require a supplier or an aggregator operating in a competitive electric service market to meet minimum standards for certification as a condition of market entry. The commission **shall**, by regulation, **adopt** the standards for certification. **[rulemaking - Engineering, CP]**

(e) The commission **shall**, by regulation, provide that an electric service consumer in a competitive market may receive only one periodic billing for the provision of electric service to a location. The billing **must** set out information in a clear and concise manner so that the consumer is informed about the components of the billing, including charges associated with generation and with transmission and distribution. **[rulemaking - CP, Engineering, Finance, Tariffs]**