

**SENATE BILL NO. 157**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Introduced: 4/16/99

Referred: Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to power cost equalization; and providing for an effective date."

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

3 \* **Section 1.** AS 42.45.100(a) is amended to read:

4 (a) The power cost equalization and rural electric capitalization fund is  
5 established as a separate fund for the purpose of

6 (1) equalizing power cost per kilowatt-hour statewide at a cost close  
7 to or equal to the mean of the cost per kilowatt-hour in Anchorage, Fairbanks, **Kenai,**  
8 **Palmer,** and Juneau by paying money from the fund to eligible electric utilities in the  
9 state; and

10 (2) to make grants to eligible utilities under AS 42.45.180 to improve  
11 the performance of the utility.

12 \* **Sec. 2.** 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

1 not more than 70 kilowatt-hours per month for each resident of the community; the  
2 number of community residents shall be determined under AS 29.60.020; and

3 (2) for actual consumption of not more than 350 [700] kilowatt-hours  
4 per month sold to each residential customer [IN ALL CLASSES SERVED BY THE  
5 ELECTRIC UTILITY EXCEPT

6 (A) CUSTOMERS OF THE UTILITY UNDER (1) OF THIS  
7 SUBSECTION; AND

8 (B) CUSTOMERS THAT ARE STATE OR FEDERAL  
9 OFFICES OR STATE OR FEDERAL FACILITIES OTHER THAN PUBLIC  
10 SCHOOLS].

11 \* **Sec. 3.** AS 42.45.110(c) is amended to read:

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

16 (1) during the state fiscal year that began July 1, 1993, the power costs  
17 for which power cost equalization were paid to an electric utility were limited to  
18 minimum power costs of more than 9.5 cents per kilowatt-hour and less than 52.5  
19 cents per kilowatt-hour;

20 (2) during each following state fiscal year, the commission shall adjust  
21 the power costs for which power cost equalization may be paid to an electric utility  
22 based on the weighted average retail residential rate in Anchorage, Fairbanks, Kenai,  
23 Palmer, and Juneau; and

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

27 \* **Sec. 4.** AS 42.45.110(d) is amended to read:

28 (d) An electric utility whose customers receive power cost equalization under  
29 AS 42.45.100 - 42.45.150 shall set out in its tariff the rates without the power cost  
30 equalization and the amount of power cost equalization per kilowatt-hour sold. The  
31 rate charged to the customer shall be the difference between the two amounts. Power

1 cost equalization paid under AS 42.45.100 - 42.45.150 shall be used to reduce the cost  
 2 of all power sold to local community facilities, in the aggregate, to the extent of 70  
 3 kilowatt-hours per month per resident of the community, and to reduce the cost of the  
 4 first 350 [700] kilowatt-hours per residential customer per month [FOR ALL OTHER  
 5 CLASSES SERVED BY THE ELECTRIC UTILITY EXCEPT STATE AND  
 6 FEDERAL OFFICES AND STATE AND FEDERAL FACILITIES OTHER THAN  
 7 PUBLIC SCHOOLS].

8 \* **Sec. 5.** AS 42.45.110(e) is amended to read:

9 (e) The power cost equalization program shall be administered by the  
 10 department based on a determination by the commission under (a), [AND] (c), and (j)  
 11 of this section of power cost equalization per kilowatt-hour for each eligible electric  
 12 utility.

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

14 (i) The department shall review the report required under (h) of this section.  
 15 After review and approval of the report, the department shall, subject to appropriation,  
 16 pay to each eligible electric utility an amount equal to the power cost equalization per  
 17 kilowatt-hour determined under (a), [AND] (c), and (j) of this section, multiplied by  
 18 the number of kilowatt-hours eligible for power cost equalization that were sold during  
 19 the preceding month to all customers of the utility under (b) of this section. Payment  
 20 shall be made by the department within 30 days after receipt from the utility of the  
 21 report required under (h) of this section. If appropriations are insufficient for payment  
 22 in full, the amount paid to each electric utility is reduced on a pro rata basis.

23 \* **Sec. 7.** AS 42.45.110 is amended by adding a new subsection to read:

24 (j) Notwithstanding (c) of this section, the amount of power cost equalization  
 25 provided per kilowatt-hour under subsection (b) of this section may only be enough  
 26 so that the rate charged by the electric utility is no lower than the rate charged by the  
 27 electric utility in the state that

28 (1) is subject to rate regulation by the Alaska Public Utilities  
 29 Commission under AS 42.05;

30 (2) does not receive power cost equalization; and

31 (3) charges the highest rate per kilowatt hour in the state to that class

1 of customer.

2 \* **Sec. 8.** This Act takes effect July 1, 1999.