

**CS FOR SENATE BILL NO. 157(FIN) am**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Amended: 5/13/99

Offered: 5/12/99

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 42.45.110(b) is amended to read:

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

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

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

12 (A) CUSTOMERS OF THE UTILITY UNDER (1) OF THIS  
13 SUBSECTION; AND

14 (B) CUSTOMERS THAT ARE STATE OR FEDERAL  
15 OFFICES OR STATE OR FEDERAL FACILITIES OTHER THAN PUBLIC  
16 SCHOOLS].

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

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

22 (1) during the state fiscal year that began **July 1, 1999** [JULY 1, 1993],  
23 the power costs for which power cost equalization were paid to an electric utility were  
24 limited to minimum power costs of more than **13.5** [9.5] cents per kilowatt-hour and  
25 less than 52.5 cents per kilowatt-hour;

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

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

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

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

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

18 (i) The department shall review the report required under (h) of this section.  
19 After review and approval of the report, the department shall, subject to appropriation,  
20 pay to each eligible electric utility an amount equal to the power cost equalization per  
21 kilowatt-hour determined under (a) and (c) of this section, multiplied by the number  
22 of kilowatt-hours eligible for power cost equalization that were sold during the  
23 preceding month to all customers of the utility under (b) of this section. Payment shall  
24 be made by the department within 30 days after receipt from the utility of the report  
25 required under (h) of this section. If appropriations **that have been made for the**  
26 **purpose by July 1 of a fiscal year** are insufficient for payment in full, the amount  
27 paid to each electric utility is reduced on a pro rata basis. **In making the pro rata**  
28 **reductions required by this subsection, the department may not consider any**  
29 **potential supplemental appropriation until the appropriation has been enacted.**

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

31 (j) The department shall, by regulation, provide a schedule of the maximum

1 number of kilowatt-hours per month for which an electric utility is entitled to receive  
 2 power cost equalization for residential customers under this section. The average of  
 3 the monthly maximum limits may not exceed 350 kilowatt-hours. The limit for an  
 4 individual month may not exceed 500 kilowatt-hours. The schedule must reflect  
 5 historic patterns of usage of electricity.

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

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

11 (1) the following notice:

12 NOTICE TO CUSTOMER

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

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

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

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

26 \* **Sec. 10.** TRANSITIONAL PROVISION. Notwithstanding the amendments to  
 27 AS 42.45.110 made by secs. 4 - 6 and 8 of this Act, until the department adopts regulations  
 28 to provide a maximum number of hours for which an electric utility is entitled to receive  
 29 power cost equalization for residential customers, an electric utility shall be entitled to receive  
 30 350 kilowatt-hours per month for each residential customer.

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