

HOUSE CS FOR CS FOR SENATE BILL NO. 157(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 5/18/99

Referred: Today's Calendar

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) **25** [50] percent to the principal of the
11 Alaska permanent fund; **and** (2) .5 percent to the public school trust fund (AS
12 37.14.110). **The amounts remaining after the deposits to the Alaska permanent**
13 **fund and the public school trust fund may be appropriated to the power cost**

1 **equalization and rural electric capitalization fund (AS 42.45.100). The amounts**
 2 **remaining after any appropriation to the power cost equalization and rural**
 3 **electric capitalization fund shall lapse into** [; AND (3) THE REMAINDER TO] the
 4 general fund for use 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 **500** [700] kilowatt-hours
9 per month sold to each **residential** customer [IN ALL CLASSES SERVED BY THE
10 ELECTRIC UTILITY EXCEPT

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

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

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

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

21 (1) during the state fiscal year that began **July 1, 1999** [JULY 1, 1993],
22 the power costs for which power cost equalization were paid to an electric utility were
23 limited to minimum power costs of more than **12** [9.5] cents per kilowatt-hour and less
24 than 52.5 cents per kilowatt-hour;

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

31 (3) the power cost equalization per kilowatt-hour may be determined

1 for a utility without historical kilowatt-hour sales data by using kilowatt-hours
2 generated.

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

4 (d) An electric utility whose customers receive power cost equalization under
5 AS 42.45.100 - 42.45.150 shall set out in its tariff the rates without the power cost
6 equalization and the amount of power cost equalization per kilowatt-hour sold. The
7 rate charged to the customer shall be the difference between the two amounts. Power
8 cost equalization paid under AS 42.45.100 - 42.45.150 shall be used to reduce the cost
9 of all power sold to local community facilities, in the aggregate, to the extent of 70
10 kilowatt-hours per month per resident of the community, and to reduce the cost of the
11 first **500** [700] kilowatt-hours per **residential** customer per month [FOR ALL OTHER
12 CLASSES SERVED BY THE ELECTRIC UTILITY EXCEPT STATE AND
13 FEDERAL OFFICES AND STATE AND FEDERAL FACILITIES OTHER THAN
14 PUBLIC SCHOOLS].

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

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

29 * **Sec. 8.** AS 42.45.120 is amended to read:

30 **Sec. 42.45.120. Notice to customers.** If an electric utility receives power cost
31 equalization under AS 42.45.100 - 42.45.150, the utility shall either give to its electric

1 service customers eligible under this program, for each period for which the payment
2 is received,

3 (1) the following notice:

4 NOTICE TO CUSTOMER

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

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

13 Your total electrical service cost \$.....
14 Less state equalization \$.....
15 Your charge \$.....; or

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

18 * **Sec. 9.** This Act takes effect July 1, 1999.