

SENATE BILL NO. 185

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Introduced: 4/9/01

Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the basis for determining eligibility for and the amount of power**
2 **cost equalization payments; and providing for an effective date."**

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

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

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

7 (1) equalizing power cost per kilowatt-hour statewide at a cost close to
8 or equal to the **highest cost per kilowatt-hour charged by a utility in the state that**
9 **does not receive power cost equalization under AS 42.45.100 - 42.45.170 for sales**
10 **to residential customers of 400 kilowatt-hours per month** [MEAN OF THE COST
11 PER KILOWATT-HOUR IN ANCHORAGE, FAIRBANKS, AND JUNEAU BY
12 PAYING MONEY FROM THE FUND TO ELIGIBLE ELECTRIC UTILITIES IN
13 THE STATE]; and

14 (2) making grants to eligible utilities under AS 42.45.180 to improve

1 the performance of the utility.

2 * **Sec. 2.** 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 **400** [500] kilowatt-hours
9 per month sold to each residential customer.

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

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

15 (1) during the state fiscal year that began July 1, 1999, the power costs
16 for which power cost equalization were paid to an electric utility were limited to
17 minimum power costs of more than 12 cents per kilowatt-hour and less than 52.5 cents
18 per kilowatt-hour;

19 (2) during **the state fiscal year beginning July 1, 2000**, [EACH
20 FOLLOWING STATE FISCAL YEAR], the commission shall adjust the power costs
21 for which power cost equalization may be paid to an electric utility based on the
22 weighted average retail residential rate in Anchorage, Fairbanks, and Juneau; however,
23 the commission may not adjust the power costs under this paragraph to reduce the
24 amount below the lower limit set out in (1) of this subsection; [AND]

25 **(3) during each following state fiscal year, the commission shall**
26 **adjust the power costs for which power cost equalization may be paid to an**
27 **electric utility based on the highest cost per kilowatt-hour charged by a utility in**
28 **the state that does not receive power cost equalization under AS 42.45.100 -**
29 **42.45.170 for sales to residential customers of 400 kilowatt-hours per month; the**
30 **commission may not adjust the power costs under this paragraph to reduce the**
31 **amount below the lower limit set out in (1) of this subsection; and**

1 **(4)** [(3)] the power cost equalization per kilowatt-hour may be
2 determined for a utility without historical kilowatt-hour sales data by using kilowatt-
3 hours generated.

4 * **Sec. 4.** 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 first **400** [500] kilowatt-hours per residential customer per month.

13 * **Sec. 5.** This Act takes effect July 1, 2001.