

HOUSE BILL NO. 267

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE BY REQUEST

Introduced: 5/2/01

Referred: Labor and Commerce

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the regulation of small water utilities and small wastewater utilities;**
2 **and permitting the Regulatory Commission of Alaska to require certain public facilities**
3 **to acquire water or wastewater utility service from certain public utilities."**

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

5 * **Section 1.** AS 42.05.441(b) is amended to read:

6 (b) **Except as provided in (d) of this section, in** [IN] determining the value
7 for rate-making purposes of public utility property used and useful in rendering
8 service to the public, the commission shall be guided by acquisition cost or, if lower,
9 the original cost of the property to the person first devoting it to public service, less
10 accrued depreciation, plus materials and supplies and a reasonable allowance for cash
11 working capital when required.

12 * **Sec. 2.** AS 42.05.441 is amended by adding a new subsection to read:

13 (d) For rate-making purposes, in determining the value to a water or
14 wastewater utility of property that is used and useful in rendering service to the public,

1 that was owned by a municipality or other state or federal agency or political
 2 subdivision, and that is being valued by the commission for rate-making purposes for
 3 the first time, the commission shall be guided by the lower of

4 (1) the original cost of the property at the time it was first devoted to
 5 public service, less accrued depreciation; or

6 (2) the value of the public utility property set out in an agreement
 7 between the utility and the municipality or other state or federal agency or political
 8 subdivision; in the case of property that was owned by a municipality, the commission
 9 shall be guided by the value in an agreement only if the agreement has been approved
 10 by the voters of the municipality in an election.

11 * **Sec. 3.** AS 42.05.471 is amended by adding a new subsection to read:

12 (c) In a rate proceeding, the commission shall accept as just and reasonable for
 13 rate-making purposes an allowance of annual or accrued depreciation established
 14 under this section on utility property directly or indirectly contributed to the utility by
 15 a customer or others if the public utility property has been valued by the commission
 16 under AS 42.05.441(d) or when the commission determines that the allowance of
 17 depreciation is necessary for capital replacement.

18 * **Sec. 4.** AS 42.05 is amended by adding a new section to read:

19 **Sec. 42.05.635. Use of services of certain water or wastewater public**
 20 **utilities.** (a) When the commission determines that it is in the public interest, the
 21 commission shall require a state-funded public facility to acquire water or wastewater
 22 service from a public utility subject to rate regulation under this chapter the service
 23 territory of which includes the public facility.

24 (b) The commission shall adopt regulations to implement this section.

25 * **Sec. 5.** AS 42.05.711(b) is amended to read:

26 (b) Except as otherwise provided in this subsection **and in (o) of this section,**
 27 public utilities owned and operated by a political subdivision of the state, or electric
 28 operating entities established as the instrumentality of two or more public utilities
 29 owned and operated by political subdivisions of the state, are exempt from this
 30 chapter, other than AS 42.05.221 - 42.05.281 and 42.05.385. However,

31 (1) the governing body of a political subdivision may elect to be

1 subject to this chapter; and

2 (2) a utility or electric operating entity that is owned and operated by a
3 political subdivision and that directly competes with another utility or electric
4 operating entity is subject to this chapter and any other utility or electric operating
5 entity owned and operated by the political subdivision is also subject to this chapter.

6 * **Sec. 6.** AS 42.05.711(g) is amended to read:

7 (g) **Except as provided in (o) of this section, a** [A] utility, other than a
8 telephone or electric utility, that does not gross \$150,000 annually may elect to be
9 exempt from the provisions of this chapter other than AS 42.05.221 - 42.05.281 under
10 the procedure described in AS 42.05.712.

11 * **Sec. 7.** AS 42.05.711 is amended by adding a new subsection to read:

12 (o) Except as provided in (d) of this section, a public water or wastewater
13 utility serving 500 or fewer customers that receives grants or other economic
14 assistance from or through the state is subject to regulation under this chapter
15 beginning on January 1, 2005.