

CS FOR SENATE BILL NO. 185(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 4/10/02

Referred: Rules

Sponsor(s): SENATE FINANCE COMMITTEE

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 mean of the cost per kilowatt-hour in Anchorage, Fairbanks,
9 and Juneau by paying money from the fund to eligible electric utilities in the state; and

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

12 *** Sec. 2.** AS 42.45.100(a) is amended to read:

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

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

4 (2) making grants to eligible utilities under AS 42.45.180 to improve
 5 the performance of the utility.

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

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

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

12 (2) for actual consumption [OF NOT MORE THAN 500
 13 KILOWATT-HOURS PER MONTH] sold to each residential customer **of not more**
 14 **than**

15 **(A) 450 kilowatt-hours per month for the months of**
 16 **October through March; and**

17 **(B) 350 kilowatt-hours per month for the months of April**
 18 **through September.**

19 * **Sec. 4.** AS 42.45.110(b) is amended to read:

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

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

25 (2) for actual consumption **of not more than 500 kilowatt-hours per**
 26 **month** sold to each residential customer [OF NOT MORE THAN

27 (A) 450 KILOWATT-HOURS PER MONTH FOR THE
 28 MONTHS OF OCTOBER THROUGH MARCH; AND

29 (B) 350 KILOWATT-HOURS PER MONTH FOR THE
 30 MONTHS OF APRIL THROUGH SEPTEMBER].

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

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

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

9 (2) during the state fiscal years beginning July 1, 2000, and July 1,
 10 2001 [EACH FOLLOWING STATE FISCAL YEAR], the commission shall adjust
 11 the power costs for which power cost equalization may be paid to an electric utility
 12 based on the weighted average retail residential rate in Anchorage, Fairbanks, and
 13 Juneau; however, the commission may not adjust the power costs under this paragraph
 14 to reduce the amount below the lower limit set out in (1) of this subsection; [AND]

15 (3) during each following state fiscal year, the commission shall
 16 adjust the power costs for which power cost equalization may be paid to an
 17 electric utility based on the weighted average retail residential rate in Anchorage,
 18 Fairbanks, and Juneau, per kilowatt-hour for sales to residential customers of
 19 400 kilowatt-hours per month; the commission may not adjust the power costs
 20 under this paragraph to reduce the amount below 16.75 cents per kilowatt-hour;
 21 and

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

25 * **Sec. 6.** AS 42.45.110(c) is amended to read:

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

30 (1) during the state fiscal year that began July 1, 1999, the power costs
 31 for which power cost equalization were paid to an electric utility were limited to

1 minimum power costs of more than 12 cents per kilowatt-hour and less than 52.5 cents
2 per kilowatt-hour;

3 (2) during the state fiscal year [YEARS] beginning **July 1, 2007, and**
4 **each following state fiscal year** [JULY 1, 2000, AND JULY 1, 2001], the
5 commission shall adjust the power costs for which power cost equalization may be
6 paid to an electric utility based on the weighted average retail residential rate in
7 Anchorage, Fairbanks, and Juneau; however, the commission may not adjust the
8 power costs under this paragraph to reduce the amount below the lower limit set out in
9 (1) of this subsection; **and**

10 (3) [DURING EACH FOLLOWING STATE FISCAL YEAR, THE
11 COMMISSION SHALL ADJUST THE POWER COSTS FOR WHICH POWER
12 COST EQUALIZATION MAY BE PAID TO AN ELECTRIC UTILITY BASED ON
13 THE WEIGHTED AVERAGE RETAIL RESIDENTIAL RATE IN ANCHORAGE,
14 FAIRBANKS, AND JUNEAU, PER KILOWATT-HOUR FOR SALES TO
15 RESIDENTIAL CUSTOMERS OF 400 KILOWATT-HOURS PER MONTH; THE
16 COMMISSION MAY NOT ADJUST THE POWER COSTS UNDER THIS
17 PARAGRAPH TO REDUCE THE AMOUNT BELOW 16.75 CENTS PER
18 KILOWATT-HOUR; AND

19 (4) the power cost equalization per kilowatt-hour may be determined
20 for a utility without historical kilowatt-hour sales data by using kilowatt-hours
21 generated.

22 * **Sec. 7.** AS 42.45.110(d) is amended to read:

23 (d) An electric utility whose customers receive power cost equalization under
24 AS 42.45.100 - 42.45.150 shall set out in its tariff the rates without the power cost
25 equalization and the amount of power cost equalization per kilowatt-hour sold. The
26 rate charged to the customer shall be the difference between the two amounts. Power
27 cost equalization paid under AS 42.45.100 - 42.45.150 shall be used to reduce the cost
28 of all power sold to local community facilities, in the aggregate, to the extent of 70
29 kilowatt-hours per month per resident of the community, and to reduce the cost **to**
30 **each residential customer** of **not more than 450** [THE FIRST 500] kilowatt-hours
31 per residential customer per month **for the months of October through March, and**

1 **not more than 350 kilowatt-hours per month for the months of April through**
 2 **September.**

3 * **Sec. 8.** 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 [TO
 11 EACH RESIDENTIAL CUSTOMER] of **the first 500** [NOT MORE THAN 450]
 12 kilowatt-hours per residential customer per month [FOR THE MONTHS OF
 13 OCTOBER THROUGH MARCH, AND NOT MORE THAN 350 KILOWATT-
 14 HOURS PER MONTH FOR THE MONTHS OF APRIL THROUGH SEPTEMBER].

15 * **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to
 16 read:

17 POWER COST EQUALIZATION PROGRAM ADJUSTMENTS. It is the intent of
 18 the legislature that if the amount available for power cost equalization under
 19 AS 42.45.085(a)(1) exceeds the costs of the program, the legislature will

20 (1) review the statutory provisions and consider increasing the maximum
 21 number of kilowatt hours eligible for power cost equalization and adjusting the minimum and
 22 maximum power costs for which power cost equalization may be paid; and

23 (2) consider other changes to provisions of the program in order to further
 24 lower the cost of electricity to rural consumers.

25 * **Sec. 10.** Sections 1, 3, 5, 7, and 9 of this Act take effect July 1, 2002.

26 * **Sec. 11.** Sections 2, 4, 6, and 8 of this Act take effect July 1, 2007.