

**SENATE CS FOR CS FOR HOUSE BILL NO. 108(CRA)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 4/5/05

Referred: Labor and Commerce, Finance

Sponsor(s): HOUSE LABOR AND COMMERCE COMMITTEE

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the regulation of water and sewer utilities of political subdivisions**  
2 **that are not in competition with other water and sewer utilities; and providing for an**  
3 **effective date."**

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

5 \* **Section 1.** AS 42.05.711(b) is amended to read:

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

11 (1) the governing body of a political subdivision may elect to be  
12 subject to this chapter; and

13 (2) a utility or electric operating entity that is owned and operated by a  
14 political subdivision and that directly competes with another utility or electric

1 operating entity is subject to this chapter and any other utility or electric operating  
 2 entity owned and operated by the political subdivision is also subject to this chapter;  
 3 this paragraph does not apply to

4 (A) a utility or electric operating entity owned and operated by  
 5 a political subdivision that competes with a telecommunications utility;

6 (B) a water utility owned by a political subdivision that  
 7 does not directly compete with another water utility; or

8 (C) a sewer utility owned by a political subdivision that  
 9 does not directly compete with another sewer utility.

10 \* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to  
 11 read:

12 EFFECT ON PENDING MATTERS BEFORE THE REGULATORY  
 13 COMMISSION. On and after the effective date of this section, the Regulatory Commission  
 14 of Alaska may continue to investigate and make determinations in regard to any matter  
 15 concerning a water or a sewer utility exempt from AS 42.05 as provided by  
 16 AS 42.05.711(b)(2)(B) and (C), added by sec. 1 of this Act, that is pending on the effective  
 17 date of this section; however, the authority of the Regulatory Commission of Alaska to  
 18 continue to investigate and make determinations concerning a matter is limited to issues  
 19 relating to the time period before the effective date of this section. A ruling made by the  
 20 Regulatory Commission of Alaska in a rate case pending on the effective date of this Act  
 21 remains in effect until the public body described in sec. 3 of this Act is established and  
 22 completes a rate review process based on the utility's costs in a test year. The test year shall  
 23 be a year not earlier than 2004.

24 \* **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to  
 25 read:

26 CONTINGENT EFFECT. (a) The additions of AS 42.05.711(b)(2)(B) and  
 27 42.05.711(b)(2)(C) made by sec. 1 of this Act, and sec. 2 of this Act, take effect only if the  
 28 governing body of at least one political subdivision that owns a water utility subject to  
 29 AS 42.05.711(b)(2)(B), added by sec. 1 of this Act, or the governing body of at least one  
 30 political subdivision that owns a sewer utility subject to AS 42.05.711(b)(2)(C), added by sec.  
 31 1 of this Act, approves an ordinance that establishes a public body composed of members

1 approved by the governing body to establish a fair and open process for setting rates for the  
2 water or sewer utility based on standard industry practices and that includes a role for a  
3 consumer advocate who will represent ratepayer interests in relation to rate-setting  
4 proceedings.

5 (b) The chair of the Regulatory Commission of Alaska shall promptly notify the  
6 lieutenant governor and the revisor of statutes of the occurrence of the first of the  
7 contingencies described in (a) of this section.

8 \* **Sec. 4.** Sections 1 and 2 of this Act take effect on the day after the date the chair of the  
9 Regulatory Commission of Alaska notifies the lieutenant governor and the revisor of statutes  
10 under sec. 3(b) of this Act that a political subdivision has approved an ordinance that  
11 establishes a public body composed of members approved by the governing body to establish  
12 a fair and open process for setting rates for the water or sewer utility based on standard  
13 industry practices, or on the effective date of sec. 3 of this Act, whichever is later.