

**HOUSE BILL NO. 4005**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FOURTH SPECIAL SESSION

BY THE HOUSE FINANCE COMMITTEE

Introduced: 7/22/08

Referred: Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act amending the power cost equalization program, repealing the exclusion from  
2 eligibility for power cost equalization for certain power projects that take their power  
3 from hydroelectric facilities, and amending the definition of 'eligible electric utility' as it  
4 applies to the power cost equalization program and the grant program for small power  
5 projects for utility improvements; and providing for an effective date."

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

7 \* **Section 1.** AS 42.45.110(b) is amended to read:

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

9 (1) for sales of power to local community facilities, calculated in the  
10 aggregate for each community with a population of not more than 10,000 served by  
11 the electric utility, for actual consumption of not more than 70 kilowatt-hours a month  
12 for each resident of the community; the number of community residents shall be  
13 determined annually by the latest figures of the United States Bureau of the Census or

1 other population data that the Department of Commerce, Community, and Economic  
2 Development determines is reliable; and

3 (2) for actual consumption of not more than

4 (A) 300 [500] kilowatt-hours a month sold to each residential  
5 customer **from April 1 through September 30, inclusive; and**

6 **(B) 700 kilowatt-hours a month sold to each residential**  
7 **customer from October 1 through March 31, inclusive.**

8 \* **Sec. 2.** AS 42.45.110(c) is repealed and reenacted to read:

9 (c) The amount of power costs for which equalization is paid to an electric  
10 utility is the difference between

11 (1) a minimum power cost calculated as 120 percent of the weighted  
12 average retail residential power rate in Anchorage, Fairbanks, and Juneau for the  
13 previous calendar year; and

14 (2) an amount that may not exceed, as determined by the commission,  
15 one of the following, whichever is lowest:

16 (A) \$2 a kilowatt hour;

17 (B) actual power costs; or

18 (C) the average rate for each eligible kilowatt hour sold.

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

20 (d) An electric utility whose customers receive power cost equalization under  
21 AS 42.45.100 - 42.45.150 shall set out in its tariff the rates without the power cost  
22 equalization and the amount of power cost equalization **for each** [PER] kilowatt-hour  
23 sold. The rate charged to the customer shall be the difference between the two  
24 amounts. Power cost equalization paid under AS 42.45.100 - 42.45.150 shall be used  
25 to reduce the cost of all power sold to local community facilities, in the aggregate, to  
26 the extent of 70 kilowatt-hours a [PER] month **for each** [PER] resident of the  
27 community, and to reduce the cost of

28 **(1) the first 300** [500] kilowatt-hours **for each** [PER] residential  
29 customer a [PER] month **from April 1 through September 30, inclusive; and**

30 **(2) the first 700 kilowatt-hours for each residential customer a**  
31 **month from October 1 through March 31, inclusive.**

1 \* **Sec. 4.** AS 42.45.110 is amended by adding a new subsection to read:

2 (j) The power cost equalization for each kilowatt-hour calculated under (c) of  
3 this section may be determined for a utility without historical kilowatt-hour sales data  
4 by using kilowatt-hours generated.

5 \* **Sec. 5.** AS 42.45.150(2) is amended to read:

6 (2) "eligible electric utility" or "electric utility" means a public,  
7 cooperative, or other corporation, company, individual, or association of individuals,  
8 and includes the lessees, trustees, or receivers appointed by a court, that

9 [(A)] owns, operates, manages, or controls a plant or system for  
10 the furnishing, by generation, transmission, or distribution, of electric service  
11 to the public for compensation [;

12 (B) DURING CALENDAR YEAR 1983, HAD A  
13 RESIDENTIAL CONSUMPTION LEVEL OF POWER ELIGIBLE FOR  
14 POWER COST EQUALIZATION UNDER FORMER AS 44.83 OF LESS  
15 THAN 7,500 MEGAWATT HOURS OR HAD A RESIDENTIAL  
16 CONSUMPTION LEVEL OF POWER ELIGIBLE FOR POWER COST  
17 EQUALIZATION UNDER FORMER AS 44.83 OF LESS THAN 15,000  
18 MEGAWATT HOURS IF THE UTILITY SERVED TWO OR MORE  
19 MUNICIPALITIES OR UNINCORPORATED COMMUNITIES; AND

20 (C) DURING CALENDAR YEAR 1984, USED DIESEL  
21 FIRED GENERATORS TO PRODUCE MORE THAN 75 PERCENT OF  
22 THE ELECTRICAL CONSUMPTION OF THE UTILITY; AN ELECTRIC  
23 UTILITY THAT IS A SUBSIDIARY OF ANOTHER ELECTRIC UTILITY  
24 IS AN "ELIGIBLE ELECTRIC UTILITY" IF THE OPERATIONS OF THE  
25 SUBSIDIARY, CONSIDERED SEPARATELY, MEET THE ELIGIBILITY  
26 REQUIREMENTS OF AS 42.45.100 - 42.45.150; IF AN ELECTRIC  
27 UTILITY DID NOT RECEIVE POWER COST ASSISTANCE IN 1983 BUT  
28 IS OTHERWISE ELIGIBLE FOR POWER COST EQUALIZATION  
29 UNDER AS 42.45.100 - 42.45.150, THE UTILITY IS AN "ELIGIBLE  
30 ELECTRIC UTILITY"];

31 \* **Sec. 6.** AS 42.45.115 is repealed.

1     \* **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to  
2 read:

3           TRANSITION: RATIFICATION OF PAYMENTS DUE AND RECEIVED UNDER  
4 FORMER LAW MADE SUBJECT TO RETROACTIVE AMENDMENT. If, because of the  
5 retroactive application of this Act, an eligible electric utility that had sales of power after  
6 June 30, 2008, and not later than the day before the effective date of this Act to local  
7 community facilities that qualified for power cost equalization under AS 42.45.110 -  
8 42.45.150

9           (1) in a community with a population of more than 10,000 and that would not  
10 qualify for power cost equalization under the amendment of AS 42.45.110(b)(1) made by sec.  
11 1 of this Act, as made retroactive, notwithstanding the amendment of that paragraph of this  
12 Act, may receive and retain power cost equalization payments for that period under the  
13 provisions of that paragraph as it read before its amendment of this Act;

14           (2) based on actual consumption of more than 300 kilowatt hours a month but  
15 not more than 500 kilowatt hours a month sold to each residential customer and that would  
16 not qualify for power cost equalization for those sales under the amendment of  
17 AS 42.45.110(b)(2) made by sec. 1 of this Act and the amendment of AS 42.45.110(d) made  
18 by sec. 3 of this Act, both amendments as made retroactive, notwithstanding the amendment  
19 of AS 42.45.110(b)(2) and 42.45.110(d) by this Act, may receive and retain power cost  
20 equalization payments for those customers for that period under the provisions of  
21 AS 42.45.110(b)(2) and 42.45.110(d) as they read before amendment by this Act.

22     \* **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to  
23 read:

24           RETROACTIVITY. This Act is retroactive to July 1, 2008.

25     \* **Sec. 9.** This Act takes effect immediately under AS 01.10.070(c).