

SENATE BILL NO. 205

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

BY SENATORS WIELECHOWSKI AND FRENCH

Introduced: 1/19/10

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the power of the Regulatory Commission of Alaska to fix rates after**
2 **an investigation and hearing."**

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

4 *** Section 1.** AS 42.05.431(a) is amended to read:

5 (a) When the commission, after an investigation and hearing, finds that a rate
6 demanded, observed, charged, or collected by a public utility for a service subject to
7 the jurisdiction of the commission, or that a classification, rule, regulation, practice, or
8 contract affecting the rate, is unjust, unreasonable, unduly discriminatory, or
9 preferential, **or compensates for the utility's negligent conduct, recklessness, or**
10 **intentional violation of the law,** the commission shall determine a just and
11 reasonable rate, classification, rule, regulation, practice, or contract to be observed or
12 allowed and shall establish it by order. A municipality may covenant with bond
13 purchasers regarding rates of a municipally owned utility, and the covenant is valid
14 and enforceable and is considered to be a contract with the holders from time to time

1 of the bonds. The financial covenants contained in mortgages and other debt
2 instruments of cooperative utilities organized under AS 10.25 are also valid and
3 enforceable, and rates set by the commission must be adequate to meet those
4 covenants. However, a cooperative utility that is negotiating to enter a mortgage or
5 other debt instrument that provides for a times-interest-earned ratio (TIER) greater
6 than the ratio the commission most recently approved for that cooperative shall submit
7 the mortgage or debt instrument to the commission before the instrument takes effect.
8 The commission may disapprove the instrument within 60 days after its submission. If
9 the commission has not acted within 60 days, the instrument is considered to be
10 approved.