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IN THE SENATE BY SENATORS RYAN, MOODY, MCNEES,
OWEN, MCNABB AND BRADSHAW

SENATE BILL NO. 218

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIRST LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the Alaska Public Service Commission; amending Ch. 199, SLA 1959; and providing for an effective date."

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

Section 1. Sec. 2, Ch. 199, SLA 1959 is amended to read as follows:

Sec. 2. PUBLIC SERVICE COMMISSION: MEMBERSHIP, QUALIFICATIONS AND COMPENSATION. There is hereby created within the Department of Commerce the Alaska Public Service Commission, which shall consist of three members to be appointed by the governor and confirmed by the legislature in joint session assembled. The term of office of each such member shall be six years, or until his successor is appointed and qualifies; provided, however, that the governor shall designate which, among his initial appointees, shall serve, respectively, for terms of two years, four years and six years, it being the intent hereof that terms of commissioners be staggered to insure continuity of experience on the commission. Members appointed to the commission shall be qualified as follows:
one member shall be a graduate of a recognized school of law;
one member shall be a graduate of a recognized university with a major in engineering;
one member shall be a graduate of a recognized university with a major in finance, accounting, or business administration. Actual experience for a period of

1 five years in the practice of law or in the field of engineer-
2 ing or in the field of finance or accounting is deemed equi-
3 valent to a degree. [BY TRAINING OR EXPERIENCE TO DISCHARGE
4 THEIR DUTIES AS HEREIN PROVIDED AND THE GOVERNOR, IN MAKING
5 HIS APPOINTMENTS, SHALL RECOGNIZE THE PRINCIPLE OF AREA REP-
6 RESENTATION.] No member of the commission, nor any employee
7 or agent thereof [THEROF], shall have any official or profes-
8 sional relation or connection with, or hold any stock or
9 securities or have any pecuniary interest in any business or
10 agency subject to regulation hereunder; provided, that member-
11 ship in a cooperative association shall not be considered
12 [CONSIDEERD] a "pecuniary interest" within the meaning of
13 this section. The Governor shall designate one member of the
14 commission to serve as chairman. The commission shall be
15 under the general administrative supervision of the Commis-
16 sioner of Commerce and the latter shall appoint the executive
17 director of the commission, who may be a member of the com-
18 mission. The Commission shall establish such offices within
19 the state as may be necessary to the proper discharge of its
20 duties. Members of the commission shall be compensated at
21 the rate of \$30.00 a day for time spent in the discharge of
22 their duties and for their necessary travel expense. [FOR
23 TIME SPENT IN THE DISCHARGE OF THEIR DUTIES AND FOR THEIR
24 NECESSARY TRAVEL AND OTHER EXPENSES AS PROVIDED BY LAW.]
25 Each member of the commission shall take and subscribe to the
26 oath prescribed for principal officers of the state.

27 Sec. 2. Subsec. (1), Sec. 3, Ch. 199, SLA 1959 is amended to
28 read as follows:

29 (1) "Public utility" or "utility" means and

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1 embraces every corporation, whether municipal, public, co-
2 operative or otherwise, company, individual, or association of
3 individuals, their lessees, trustees, or receivers appointed
4 by any court having jurisdiction in the premises, that now
5 or hereafter may own, operate, manage or control any plant or
6 system for the generation, transmission or distribution of
7 electric energy and power, for the furnishing of telephone or
8 telegraph communications, for the gathering, transmission or
9 distribution of heat, natural or manufactured gas, oil or
10 other petroleum products, or water, or for the furnishing of
11 community sewer services, and the plant and other facilities
12 utilized for any of the foregoing purposes; provided, this
13 Act shall not apply to the purveyor of water or oil or other
14 petroleum products by tank, wagon or similar conveyance, to
15 any public utility which does a gross annual business of less
16 than \$100,000.00 nor to a municipally-owned and operated
17 water or sewer utility. [APPLICATION OF THIS ACT TO ELECTRIC
18 TELEGRAPHIC, AND TELEPHONIC UTILITIES SHALL BE HELD IN ABEY-
19 ANCE PENDING ADOPTION BY THE LEGISLATURE OF SPECIFIC LEGISLA-
20 TION PURSUANT TO THE SUBMISSION OF A REPORT AND RECOMMENDA-
21 TION ON THE SUBJECT BY THE COMMISSION TO THE SECOND REGULAR
22 SESSION OF THE FIRST STATE LEGISLATURE IN JANUARY, 1960.]
23 This Act shall not apply to the owner or owners or operator
24 or manager of, nor shall it apply to, any pipe line, plant,
25 system or equipment used exclusively [PRIMARYLY] for [GATHER-
26 ING,] collecting, transporting or shipping crude oil, natural
27 gas, condensate or other petroleum substances or products
28 which are produced by or belonging to such owner or owners or
29 such operator or manager and which are for export from the

1 state.

2 Sec. 3. Sec. 6, Ch. 199, SLA 1959 is amended to read as
3 follows:

4 Sec. 6. APPLICATION OF ADMINISTRATIVE PROCEDURE ACT.

5 The commission shall conform to the provisions of the Adminis-
6 trative Procedure Act and all regulations shall be adopted
7 and published and all investigations and hearings shall be
8 initiated, made and held as provided therein. The commission
9 shall immediately proceed to promulgate regulations under the
10 provisions of this Act, and the commission shall issue no
11 certificates of convenience and necessity until regulations
12 pertaining to their issuance are promulgated.

13 Sec. 4. Sec. 7, Ch. 199, SLA 1959 is amended to read as
14 follows:

15 Sec. 7. STUDY OF LAWS AND PRACTICES OF PUBLIC UTILI-
16 TIES: REPORT AND RECOMMENDATIONS TO GOVERNOR AND LEGISLATURE.

17 In addition to all other powers and duties conferred in this
18 Act upon the commission, said commission shall have the fol-
19 lowing further additional duties: To make a careful study of
20 all laws with the administration of which it is charged and
21 of the practices of public utilities and to make a special
22 written report thereon and of any recommendations it may have
23 thereon, and shall file copies thereof, both with the Speaker
24 of the House of Representatives and the President of the
25 Senate at the opening of each [THE SECOND REGULAR] session of
26 the Legislature of Alaska, and shall also file a copy of such
27 report with the governor not less than ten days prior to the
28 opening of each [SAID] session of the legislature. .To assist
29 the commission in making such study, it is hereby authorized

1 to prepare and submit questionnaires to public utilities
2 calling for relevant information and it may hold hearings for
3 that purpose and may issue subpoenas to witnesses commanding
4 their attendance at such hearings, and said commission is
5 hereby authorized to examine or cause to be examined, the
6 books and records of any public utility in connection with
7 such study.

8 Sec. 5. Sec. 8, Ch. 199, SLA 1959 is amended to read as
9 follows:

10 Sec. 8. EMPLOYMENT AND COMPENSATION OF COMMISSION PER-
11 SONNEL. The commission is authorized to employ an executive
12 director who shall be an experienced administrator, such
13 engineers, examiners, hearing officers, experts, clerks,
14 accountants and other assistants as it may deem necessary
15 and such rates of compensation as it may determine, subject,
16 however, to the personnel policies and regulations estab-
17 lished or issued by the Commissioner of Administration pur-
18 suant to the State Organization Act of 1959.

19 Sec. 6. The first paragraph of Sec. 9, Ch. 199, SLA 1959 is
20 amended to read as follows:

21 Sec. 9. STANDARDS OF SERVICE, RATES AND SERVICE AREAS.
22 Every public utility is required to furnish and maintain
23 reasonably adequate service and facilities. The charge made
24 by any public utility for any service rendered or to be
25 rendered either directly or in connection therewith, shall be
26 reasonable and just, and every unjust or unreasonable charge
27 for such service is prohibited and declared unlawful. How-
28 ever, the rates established and charges made on or before
29 March 1, 1960 by any public utilities owned and operated by

1 a municipality are deemed reasonable and just and the commis-
2 sion may only review any changes in the rates or charges by
3 such utilities as provided in Sec. 32 of this Act. The com-
4 mission, in order to expedite the determination of rate
5 questions, or to avoid unnecessary or unreasonable expense,
6 or to avoid discrimination in rates between classes of
7 customers, or whatever, in the judgment of the commission,
8 public interest so requires, may for rate making and account-
9 ing purposes, or either of them, consider a single munici-
10 pality and/or two or more municipalities and/or the interven-
11 ing rural territory as a regional unit where the same utility
12 serves such region, and may within such region prescribe
13 uniform rates for consumers or patrons of the same class;
14 provided, however, that the commission may authorize dif-
15 ferent rates for consumers or patrons of the same class
16 served by such utility to reflect a substantial difference in
17 the cost of providing such service.

18 Sec. 7. Ch. 199, SLA 1959 is amended by adding a Sec. 10a
19 to read as follows:

20 Sec. 10a. ABANDONMENT OF FACILITIES. No utility may
21 abandon all or any portion of its facilities subject to the
22 jurisdiction of the commission, or any service rendered by
23 means of such facilities, without the permission and approval
24 of the commission and a finding by the commission that the
25 public convenience or necessity permit the abandonment.

26 Sec. 8. Ch. 199, SLA 1959 is amended by adding a Sec. 10b
27 to read as follows:

28 Sec. 10b. CONSTRUCTION OR EXTENSION OF FACILITIES.

29 No utility or person which will be a utility upon completion

1 N of any proposed construction or extension, may operate as a
2 utility or undertake the construction or extension of any
3 facilities therefor, or acquire or operate any such facili-
4 E ties or extensions thereof, unless there is in force with
5 respect to the utility a certificate of public convenience and
6 necessity issued by the commission authorizing such acts or
7 W operations. The application shall be made in the form and
8 manner prescribed by the commission. A certificate shall be
9 issued to any qualified applicant, authorizing the whole or
10 M any part of the operation, service, construction, extension,
11 or acquisition covered by the application, if it is found
12 that the applicant is able and willing properly to do the acts
13 A and to perform the service proposed and to conform to the
14 provisions of this Act and the requirements, rules and regu-
15 lations of the commission thereunder, and that the proposed
16 T service, operation, construction, extension, or acquisition
17 to the extent authorized by the certificate, is or will be
18 required by the present or future public convenience and
19 necessity; otherwise such application shall be denied. The
20 T commission may attach to the issuance of the certificate and
21 to the exercise of the rights granted thereunder any reason-
22 able terms and conditions as the public convenience and
23 E necessity may require. The commission may determine the ser-
24 vice area to which each authorization under this section is
25 to be limited, and such a utility may enlarge or extend its
26 facilities for the purpose of supplying increased market
27 R demands within the service area without further authorization.
28 Sec. 9. Ch. 199, SLA 1959 is amended by adding a Sec. 10c to
29 read as follows:

1 N Sec. 10c. COMMON PURCHASERS. Every utility that is
2 engaged in the transmission of oil or natural gas or other
3 E petroleum products is a common purchaser thereof and shall
4 purchase all the oil or natural gas or petroleum products in
5 W the vicinity of, or which may be reasonably reach by, its
6 pipe lines or gathering branches, without discrimination
7 against another. If such utility shall be legally excused
8 M from the purchasing and transporting of all the oil or
9 natural gas or other petroleum products produced or offered,
10 A then it shall purchase and transport such products from each
11 person or producer ratably, in proportion to the average pro-
12 T duction, and are prohibited from discriminating in price or
13 amount for like grades of oil, natural gas, or other pet-
14 T roleum products or facilities as between producers or persons
15 If such utility is a producer, it is prohibited from dis-
16 E crimination in favor of its own production, or production in
17 which it may be interested directly or indirectly in whole or
18 in part, and its own production shall be treated as that of
19 R any other person or producer.

20 Sec. 10. This Act takes effect on the day after its passage
21 and approval or on the day it becomes law without such approval.
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