

Original sponsor: Rules Committee by
request of the Governor

Offered: 5/4/77
Referred: Finance

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 HOUSE CS FOR SENATE BILL NO. 50
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to utilities; and providing for an
7 effective date."

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

9 * Section 1. AS 19.05.130(4) is amended to read:

10 (4) "cost of change, relocation, or removal" means the
11 entire cost incurred by the utility properly attributed to the change,
12 relocation, or removal of a facility, less any costs for improvements
13 or upgrading over and above the cost of a functionally equal facility;
14 if a facility is to be relocated and replaced with new equipment,
15 there shall also be subtracted from the entire cost [UTILITY AFTER
16 DEDUCTING ANY INCREASE IN THE VALUE OF THE NEW FACILITY AND] any
17 salvage value derived from the old facility;

18 * Sec. 2. AS 19.05.130(12) is amended to read:

19 (12) "utility" includes railroads and all publicly, pri-
20 vately, or [AND] cooperatively owned lines, facilities and systems
21 for producing, transmitting or distributing communications, tele-
22 communications, power, electricity, light, heat, gas, oil, crude
23 products, water, steam, waste, storm water not connected with high-
24 way drainage, and other similar commodities, including publicly owned
25 fire and police signal systems, and street lighting systems [UTILITIES];

26 * Sec. 3. AS 19.25.010 is amended to read:

27 Sec. 19.25.010. USE OF RIGHTS-OF-WAY FOR UTILITIES. A utility
28 facility [AN ELECTRIC TRANSMISSION, TELEPHONE, OR TELEGRAPH LINE, POLE
29 LINE, RAILWAY, DITCH, SEWER, WATER, HEAT, OR GAS MAIN, FLUME, OR OTHER

1 STRUCTURE WHICH BY LAW] may be constructed, placed, or maintained
2 across, [OR] along, over, under or within a state right-of-way [A HIGH-
3 WAY BY A PERSON OR POLITICAL SUBDIVISION MAY BE MAINTAINED OR CON-
4 TRUCTED] only in accordance with regulations prescribed by the depart-
5 ment and if [. NO UTILITY PROJECT OF THIS NATURE MAY BE UNDERTAKEN UNTIL
6 IT IS] authorized by a written permit issued by the department.

7 * Sec. 4. AS 19.25.020 is repealed and re-enacted to read:

8 Sec. 19.25.020. RELOCATION OF UTILITIES INCIDENT TO HIGHWAY PRO-
9 JECTS. (a) If, incident to the construction of a highway project, the
10 department determines and orders that a utility facility located across,
11 along, over, under, or within a state right-of-way must be changed, re-
12 located or removed, the utility owning or maintaining the facility shall
13 change, relocate or remove it in accordance with the order. The order
14 shall provide a reasonable time period for compliance.

15 (b) If the utility facility is not changed, relocated or removed
16 in accordance with the order, the facility becomes an unauthorized en-
17 croachment and may be disposed of in accordance with secs. 240 - 250 of
18 this chapter. In addition, the owner of the facility shall indemnify
19 the state for any amount for which the state may be liable to a
20 contractor by reason of the encroachment.

21 (c) The cost of change, relocation, or removal necessitated by
22 highway construction is a cost of highway construction to be paid by the
23 state in accordance with AS 19.05.130(4), notwithstanding the terms or
24 provisions of any existing permit, agreement regulation or statute to
25 the contrary.

26 (d) If requested by a municipality, the department shall imple-
27 ment this chapter by requiring to the maximum extent possible location
28 underground of electric power transmission lines within the munici-
29 pality.

1 * Sec. 5. AS 42.05.131 is amended to read:

2 Sec. 42.05.131. RESTRICTIONS ON MEMBERS AND EMPLOYEES. No member
3 [OF THE COMMISSION] or [AN] employee of the commission may have an
4 official connection with, or hold stock or securities in, or have a
5 pecuniary interest in, a public utility within the state or any other
6 company doing substantial business with a public utility until more than
7 two years have expired since the person was with the commission. Member-
8 ship in a cooperative association is not a "pecuniary interest" within
9 the meaning of this section; however, no member or employee of the
10 commission may be an officer, board member or employee of a cooperative
11 association until more than two years have expired since the person was
12 with the commission. No member or employee may act upon a matter in
13 which his relationship with any person creates a conflict of interest,
14 nor may a public utility within the state or any other company doing
15 substantial business with a public utility hire any member or employee
16 of the commission until more than two years have expired since the person
17 was with the commission.

18 * Sec. 6. AS 42.05.151 is amended by adding a new subsection to read:

19 (d) The commission shall adopt regulations for commissioners and
20 staff members governing their relationships with regulated utilities
21 and the staff, directors, and owners of regulated utilities.

22 * Sec. 7. AS 42.05.381(a) is amended to read:

23 (a) All rates demanded or received by a public utility, or by any
24 two or more public utilities jointly, for a service furnished or to be
25 furnished shall be just and reasonable; however, no rate may include an
26 allowance for costs of advertising, political or charitable contributions,
27 lobbying expenses, or public relations except for reasonable amounts
28 spent for

29 (1) energy conservation efforts;

1 (2) public information designed to promote more efficient
2 use of the utility's facilities or services or to protect the physical
3 plant of the utility;

4 (3) informing members of a cooperative of meetings of the
5 utility and encouraging attendance; or

6 (4) emergency situations to the extent and under the circum-
7 stances authorized by the commission for good cause shown.

8 * Sec. 8. AS 42.05.511(c) is repealed and re-enacted to read:

9 (c) For rate-making purposes any payment by a regulated public
10 utility to an affiliated interest is considered return on investment
11 except to the extent that the utility makes a clear and convincing showing
12 that

13 (1) the payment was made for goods or services which were
14 reasonably necessary for the operation of the utility;

15 (2) the goods or services were provided at a cost which was
16 not greater than the price at which the goods or services could have been
17 obtained from a person having no ownership interest;

18 (3) the goods or services were provided at a cost not greater
19 than the estimated cost the utility would have incurred if it furnished
20 the goods or services with its own personnel and capital; and

21 (4) the goods or services were provided at a reasonable cost
22 based on the cost to the affiliated interest of furnishing the goods or
23 services and a reasonable profit; or

24 (5) if the payment is for indebtedness or debt service, the
25 indebtedness

26 (A) was incurred for goods or services which were
27 reasonably necessary for the operation of the utility;

28 (B) is at an interest rate not greater than the interest
29 rate which the affiliated interest would reasonably have paid had it

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

incurred the indebtedness directly; and

(C) is not greater than the interest rate which the public utility could have obtained from a person having no ownership interest.

* Sec. 9. AS 42.05.441(c) is repealed.

* Sec. 10. This Act takes effect immediately in accordance with AS 01.10.-070(c).