

Introduced: 4/18/78
Referred: Commerce and
Finance

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 *HCS CS* SENATE BILL NO. 592

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing 'lifeline' electrical service to
7 residential consumers of electrical energy; and pro-
8 viding for an effective date."

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

10 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

11 (1) there exist many areas of the state where the citizens are
12 burdened by exorbitant electrical energy costs; and

13 (2) electrical energy sufficient to supply the basic needs of
14 living of all the people of the state should be made available at reasonable
15 cost.

16 (b) It is the purpose of this Act to provide a basic necessary amount
17 of electrical energy for residential consumer use at reduced costs and to
18 establish reasonable energy price parity for electrical energy use throughout
19 the state.

20 * Sec. 2. AS 44.47.050 is amended by adding a new paragraph to read:

21 (19) administer the residential electrical energy lifeline
22 rate fund.

23 * Sec. 3. AS 44.47 is amended by adding new sections to read:

24 ARTICLE 8. RESIDENTIAL ELECTRICAL ENERGY LIFELINE RATE FUND.

25 Sec. 44.47.400. RESIDENTIAL ELECTRICAL ENERGY LIFELINE RATE FUND
26 ESTABLISHED. There is created within the Department of Commerce and
27 Economic Development the residential electrical energy lifeline rate
28 fund. From legislative appropriations to the fund, the department shall
29 pay grants to eligible public utilities providing electrical energy in

1 accordance with secs. 400 - 415 of this chapter.

2 Sec. 44.47.405. ELECTRICAL ENERGY GRANTS. Payments shall be made
3 under secs. 400 - 415 of this chapter to defray the costs of electrical
4 energy consumption for the lifeline energy usage block for residential
5 customers of a utility if the rate allowed by the utility's tariff
6 exceeds the lifeline electrical energy usage block rate. The payment
7 due a utility shall be computed on an annualized basis and shall be
8 determined by

9 (1) calculating the difference between the actual rate charged
10 by the utility and the lifeline electrical energy usage block rate for
11 residential customers;

12 (2) multiplying the amount determined under (1) of this
13 section by the lifeline electrical energy usage block for residential
14 customers;

15 (3) multiplying the amount determined under (2) of this
16 section by the number of residential customer units receiving electrical
17 energy from the utility.

18 Sec. 44.47.410. PROGRAM ADMINISTRATION. (a) Payments shall be
19 made by the department directly to the utility. Payments shall be made
20 to a utility not less often than once each calendar quarter.

21 (b) No payment of any portion of the proceeds of the fund may be
22 made by the commissioner unless

23 (1) there is on file with the department a written certifica-
24 tion of the commission that a utility providing electrical energy for
25 which a grant payment may be made under secs. 400 - 415 of this chapter

26 (A) is subject to regulation by the commission under AS
27 42.05; or

28 (B) if the utility is an electrical utility exempt from
29 regulation under AS 42.05.711, the utility has petitioned for

1 regulation of the rate which it charges to its customers, and the
2 petition for regulation of the rate has been accepted and acted
3 upon by the commission; and

4 (2) the commissioner is satisfied that, unless specifically
5 authorized on a temporary basis by the commission under AS 42.05.411(d),
6 the monthly rate paid for the initial 300 kilowatthours per month by a
7 residential customer of a utility to which a grant payment is to be made
8 does not exceed the lifeline electrical energy usage block rate de-
9 termined under sec. 415(4) of this chapter for the lifeline electrical
10 energy usage block, as that rate may have been adjusted by the commis-
11 sion.

12 (c) Annually, before January 31, the commissioner shall determine
13 and advise the governor and the legislature of his estimate of the sum
14 required to provide funds sufficient to make full payment of grants from
15 the fund to all qualifying utilities under sec. 405 of this chapter.

16 (d) If amounts appropriated to the grant fund are insufficient to
17 meet the full payment due each utility under sec. 405 of this chapter,
18 the amount available in the fund shall be distributed pro rata among
19 eligible utilities. If proration of payment is required, the commis-
20 sioner shall immediately notify the chairman of the commission and all
21 qualified utilities.

22 (e) The department may adopt regulations to carry out the purposes
23 of secs. 400 - 415 of this chapter.

24 Sec. 44.47.415. DEFINITIONS. In secs. 400 - 415 of this chapter

25 (1) "commission" means the Alaska Public Utilities Commis-
26 sion;

27 (2) "commissioner" means the commissioner of the Department
28 of Commerce and Economic Development;

29 (3) "department" means the Department of Commerce and

1 Economic Development;

2 (4) "lifeline electrical energy usage block" means the
3 initial amount of energy for residential customers of a utility pro-
4 viding electrical energy and equals 300 kilowatt-hours per month per
5 residential customer unit;

6 (5) "lifeline electrical energy usage block rate" means the
7 statewide standard rate for the lifeline electrical energy usage block
8 which, unless adjusted by the commission, is 10 cents per kilowatt-hour.

9 * Sec. 4. AS 42.05.141 is amended by adding a new subsection to read:

10 (b) The Alaska Public Utility Commission shall

11 (1) adopt regulations by which a public utility furnishing
12 electrical services which is exempt from the provisions of this chapter,
13 or its customers, may voluntarily submit to regulation of the utility's
14 rates and accounting practices under secs. 361 - 501 of this chapter for
15 the purpose of gaining the benefits of a residential electrical energy
16 grant for its residential customers;

17 (2) not later than January 15 annually, on the basis of local
18 rate experience during the preceding calendar year, annually determine a
19 rate increment differential applicable to the lifeline electrical energy
20 usage block rate under AS 44.47.415(5), and report the differential
21 determined to the commissioner of the Department of Commerce and Eco-
22 nomic Development for use in administration of the residential electri-
23 cal energy lifeline rate fund during that calendar year.

24 * Sec. 5. AS 42.05.391(d) is amended to read:

25 (d) Nothing in this section prevents a public utility from charg-
26 ing reduced rates

27 (1) to customers transferred to it from a competing utility
28 providing the reduction is an integral part of a contract, arrangement
29 or plan to eliminate the overlapping of service areas or to minimize

1 duplication of facilities and competition between public utilities;
2 (2) to residential customers of a public utility which is
3 providing electrical energy, if the reduction is authorized by the
4 commission to qualify customers of the utility for the benefits of the
5 residential electrical energy grant and the reduced rate charged is not
6 less than the amount provided to the utility by way of a grant from the
7 residential electrical energy lifeline rate fund.

8 * Sec. 6. AS 42.05.411 is amended by adding a new subsection to read:

9 (d) To preclude loss of revenues by a utility supplying electrical
10 services in the event proration of the proceeds of the residential
11 electrical energy lifeline rate fund becomes necessary under AS 44.47.-
12 410(d), the commission, upon its own motion, after receipt of notice
13 required to be furnished by the commissioner of the Department of
14 Commerce and Economic Development, may order the revision of a tariff
15 for a temporary period to restore a portion of the rate of return to the
16 utility not covered by the grant fund payment.

17 * Sec. 7. This Act takes effect July 1, 1978.
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