

Original sponsor: State Affairs Committee

Offered: 5/11/78
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

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CS FOR SENATE BILL NO. 592

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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TENTH LEGISLATURE - SECOND SESSION

5

A BILL

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For an Act entitled: "An Act providing 'lifeline' electric service to residential consumers of electric energy; and providing for an effective date."

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

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

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(1) there exist many areas of the state where the citizens are

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burdened by exorbitant electric energy costs; and

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(2) electric energy sufficient to supply the basic needs of living

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of all the people of the state should be made available at reasonable cost.

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(b) It is the purpose of this Act to provide a basic necessary amount

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of electric energy for residential consumer use at reduced costs and to

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establish reasonable energy price parity for electric energy use throughout

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the state.

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* Sec. 2. AS 44.33.040 is amended by adding a new paragraph to read:

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(12) administer the residential electric energy lifeline rate

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fund.

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* Sec. 3. AS 44.33 is amended by adding new sections to read:

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ARTICLE 2A. RESIDENTIAL ELECTRIC ENERGY LIFELINE RATE FUND.

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Sec. 44.33.080. RESIDENTIAL ELECTRIC ENERGY LIFELINE RATE FUND

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CREATED. There is created within the section of power development of

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the Department of Commerce and Economic Development the residential

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electric energy lifeline rate fund. From legislative appropriations to

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the fund, the department shall pay grants to eligible public utilities

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providing electric energy in accordance with secs. 80 - 99 of this

1 chapter.

2 Sec. 44.33.085. ELECTRIC ENERGY GRANTS. Payments shall be made
3 under secs. 80 - 99 of this chapter to defray the costs of electric
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 electric energy usage block rate. The payment due
7 a utility shall be determined by

8 (1) calculating the difference between the actual rate
9 charged by the utility and the lifeline electric energy usage block rate
10 for a residential customer;

11 (2) multiplying the amount determined under (1) of this
12 section by the amount of electric energy consumed within the lifeline
13 electric energy usage block by each residential customer;

14 (3) summing the amounts determined under (2) of this section
15 for all residential customers served.

16 Sec. 44.33.090. PROGRAM ADMINISTRATION. (a) Payments shall be
17 made by the department directly to the utility. Payments shall be made
18 to a utility not less often than monthly.

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

21 (1) there is on file with the department a written certifica-
22 tion of the commission that a utility providing electric energy for
23 which a grant payment may be made under secs. 80 - 99 of this chapter is
24 subject to regulation by the commission under AS 42.05; and

25 (2) the commissioner is satisfied that the monthly rate paid
26 for the initial 300 kilowatt-hours per month by a residential customer
27 of a utility to which a grant payment is to be made exceeds the lifeline
28 electric energy usage block rate determined under sec. 99(5) of this
29 chapter for the lifeline electric energy usage block, as that rate may

1 have been adjusted by the commission.

2 (c) Annually, before January 31, the commissioner shall determine
3 and advise the governor and the legislature of his estimate of the sum
4 required to provide funds sufficient to make full payment of grants from
5 the fund to all qualifying utilities under sec. 85 of this chapter.

6 (d) If amounts appropriated to the grant fund are insufficient to
7 meet the full payment due each utility under sec. 85 of this chapter,
8 the amount available in the fund shall be distributed pro rata among
9 eligible utilities. If proration of payment is required, the commis-
10 sioner shall immediately notify the chairman of the commission and all
11 qualified utilities. When a utility receives notice from the commis-
12 sioner that proration of payment is required under this section, the
13 utility, after providing written notice to each affected customer of the
14 reason for the change in the charge for residential service, may require
15 residential users to pay an increased portion of the cost of residential
16 service, not to exceed the rate allowed under the effective tariff.

17 (e) The department may adopt regulations to carry out the purposes
18 of secs. 80 - 99 of this chapter.

19 Sec. 44.33.099. DEFINITIONS. In secs. 80 - 99 of this chapter

20 (1) "commission" means the Alaska Public Utilities Commis-
21 sion;

22 (2) "commissioner" means the commissioner of the Department
23 of Commerce and Economic Development;

24 (3) "department" means the Department of Commerce and Eco-
25 nomic Development;

26 (4) "lifeline electric energy usage block" means the initial
27 amount of energy for residential customers of a utility providing elec-
28 tric energy and is limited to 300 kilowatt-hours per month per residen-
29 tial customer unit;

1 (5) "lifeline electric energy usage block rate" means the
2 statewide standard rate for the lifeline electric energy usage block
3 which, unless adjusted by the commission, is 10 cents per kilowatt-hour.

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

5 (b) The Alaska Public Utility Commission shall, not later than
6 January 15 annually, on the basis of the local rate experience of utili-
7 ties participating in the lifeline rate grant program during the pre-
8 ceding calendar year, annually determine a rate increment differential
9 applicable to the lifeline electric energy usage block rate under AS
10 44.33.099(5), and report the differential determined to the commissioner
11 of the Department of Commerce and Economic Development for use in ad-
12 ministration of the residential electric energy lifeline rate fund
13 during that calendar year. In determining a rate increment differential
14 under this subsection, the commission shall take into account all fuel
15 surcharges.

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

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

19 (1) to customers transferred to it from a competing utility
20 providing the reduction is an integral part of a contract, arrangement
21 or plan to eliminate the overlapping of service areas or to minimize
22 duplication of facilities and competition between public utilities;

23 (2) to residential customers of a public utility which is
24 providing electric energy, if the reduction is authorized by the commis-
25 sion to qualify customers of the utility for the benefits of the resi-
26 dential electric energy grant and the reduced rate charged is not less
27 than the amount provided to the utility by way of a grant from the
28 residential electric energy lifeline rate fund.

29 * Sec. 6. This Act takes effect October 1, 1978, and terminates on

1 June 30, 1980.

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