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1 IN THE HOUSE

2 HOUSE BILL NO. 758

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to power production cost assistance;  
7 and providing for an effective date."

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

9 \* Section 1. AS 44.56 is amended by adding a new section to read:

10 ARTICLE 4A. POWER PRODUCTION COST ASSISTANCE.

11 Sec. 44.56.175. POWER PRODUCTION COST ASSISTANCE. (a) There is  
12 established as a separate fund the power production cost assistance fund  
13 which shall be administered by the authority as a fund distinct from  
14 other money or funds of the authority and which is composed of money  
15 appropriated for the purposes of power production cost assistance.

16 (b) Power production costs are costs of energy generation con-  
17 sisting of production expense and fixed costs associated with energy  
18 generation.

19 (1) Production expense consists of costs of

- 20 (A) operation;
- 21 (B) supervision and engineering;
- 22 (C) fuel, oil;
- 23 (D) fuel, gas;
- 24 (E) general expenses;
- 25 (F) miscellaneous other power generation expenses;
- 26 (G) rents;
- 27 (H) maintenance, supervision and engineering;
- 28 (I) maintenance of structures;
- 29 (J) maintenance of generating and electric plant;

1 (K) maintenance of miscellaneous other power generation  
2 plant.

3 (2) Fixed costs associated with energy generation consist of

4 (A) depreciation of a generating plant and equipment;

5 (B) taxes on a generating plant and equipment;

6 (C) insurance on or attributable to a generating plant  
7 and equipment;

8 (D) interest on indebtedness incurred for a generating  
9 plant and equipment.

10 (c) The power production cost assistance for a utility is deter-  
11 mined as follows:

12 where X is the actual power production cost in cent/kwh, the  
13 amount of power production cost assistance is x-y in cent/kwh sold and y  
14 is determined by the relationship:  $y = 0.272 x + 5.096$

15 (d) The power production cost assistance program shall be admin-  
16 istered by the authority based on the reporting by each electric utility  
17 of its adjusted power production cost to the Alaska Public Utilities  
18 Commission. Each electric utility in the state which determines that it  
19 is or may be eligible for power production cost assistance shall file  
20 in addition to its regular tariff filed under AS 42.05.361, with the  
21 Alaska Public Utilities Commission in the form the commission designates,  
22 a schedule showing its power production costs and a revised tariff based  
23 on the adjusted power production cost and assistance estimated to be  
24 available by applying the formula set out in (c) of this section. The  
25 Alaska Public Utilities Commission shall review the filing of the  
26 electric utility, establish the tariff, and approve the adjusted power  
27 production cost per kilowatt-hour. An electric utility not subject to  
28 the jurisdiction of the Alaska Public Utilities Commission under  
29 AS 42.05.361 - 42.05.441 becomes subject to the jurisdiction of the

1 Alaska Public Utilities Commission upon the approval by that commission  
2 of the schedule filed by the electric utility under this subsection.

3 (e) An electric utility whose tariff and adjusted power production  
4 cost have been approved by the Alaska Public Utilities Commission shall  
5 report monthly to the authority within the time and in the form the  
6 authority designates:

7 (1) the total power production costs of electric power of the  
8 electric utility for the preceding month;

9 (2) the total kilowatt-hours sold during the preceding month;  
10 and

11 (3) the total power production costs per kilowatt-hour for  
12 the preceding month.

13 (f) The authority shall review the report and may submit the  
14 report to the Alaska Public Utilities Commission for review and approval  
15 before payment of power production cost assistance. After review and  
16 approval of the monthly report by the authority, the authority shall pay  
17 to the electric utility an amount equal to the power production cost  
18 assistance determined under (c) of this section. If appropriations are  
19 insufficient for payment in full, the amount paid to each utility is  
20 reduced on a pro-rata basis.

21 (g) To be eligible for power production cost assistance under this  
22 section, at least 15 percent of total energy sold by an electric utility  
23 during the preceding calendar year must have been sold for residential  
24 use.

25 (h) The authority may, after review and approval by the Alaska  
26 Public Utilities Commission, adjust monthly the power production cost of  
27 an electric utility if the authority in its discretion determines that  
28 an adjustment is needed to prevent unfairness to the state, the electric  
29 utility, or the consumers.

1 (i) An electric utility receiving power production cost assistance  
2 under this section shall annually, at a time determined by the Alaska  
3 Public Utilities Commission, prepare and file with the commission a  
4 schedule showing its power production costs, and the commission shall  
5 determine the power production costs of the utility for the following  
6 year.

7 (j) On or before January 15 of each year the Alaska Public Uti-  
8 lities Commission shall report to the legislature its recommendations on  
9 power production costs and any legislation it considers to be needed.

10 \* Sec. 2. AS 42.05.141 is amended by adding a new subsection to read:

11 (b) The Alaska Public Utilities Commission shall perform the  
12 duties assigned to it by AS 44.56.175.

13 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-

14 070(c).  
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