

Introduced: 3/18/81
Referred: Resources and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 359

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

9 * Section 1. AS 44.83.162(a) is amended to read:

10 (a) There is established as a separate fund to provide financial
11 assistance to eligible electric utilities in the state, the power
12 [PRODUCTION] cost assistance fund which shall be administered by the
13 authority as a fund distinct from other funds of the authority and
14 which is composed of money appropriated for the purpose of providing
15 power [PRODUCTION] cost assistance to an eligible electric utility.

16 * Sec. 2. AS 44.83.162(b) is repealed and reenacted to read:

17 (b) The costs used to calculate the amount of power cost assist-
18 ance under this section include the costs allowed by the commission to
19 determine the revenue requirement for setting the rates charged to
20 customers of the utility. However, costs which represent a return on
21 equity may not be used to determine the amount of power cost assistance
22 under this section.

23 * Sec. 3. AS 44.83.162(c) is repealed and reenacted to read:

24 (c) An eligible electric utility is entitled to receive power
25 cost assistance for not more than 200 kilowatt-hours sold to each
26 customer of the utility. The amount of power cost assistance provided
27 is the amount by which the power cost per kilowatt-hour sold or the
28 average rate for the first 200 kilowatt-hours of consumption sold to
29 customers of the utility, whichever is less, exceeds the adjusted power

1 costs of the utility, as determined by the commission. The adjusted
2 power costs of an eligible electric utility are

3 (1) the power costs which do not exceed 15 cents per kilo-
4 watt-hour; plus

5 (2) the power costs which exceed 40 cents per kilowatt-hour;
6 plus

7 (3) two cents per kilowatt-hour for the fiscal year ending
8 June 30, 1983, plus two cents per kilowatt-hour for each fiscal year
9 thereafter.

10 * Sec. 4. AS 44.83.162(d) is amended to read:

11 (d) An eligible electric utility may not include as part of its
12 revenue requirement for the purpose of setting rates charged to custo-
13 mers those costs for which assistance is provided under this section
14 [FOR RESIDENTIAL SERVICE, LOCAL COMMUNITY FACILITIES SERVICE, AND SER-
15 VICE TO CHARITABLE ORGANIZATIONS ONLY THE ADJUSTED POWER PRODUCTION
16 COST PER KILOWATT-HOUR SOLD]. However, the utility's approved tariff
17 shall set out the [SHOW] rates without the cost assistance provided in
18 this section [BASED ON THE ACTUAL COST OF PROVIDING ELECTRIC UTILITY
19 SERVICE] and shall set out the amount of power cost assistance per
20 kilowatt-hour sold [STATE ASSISTANCE DERIVED FROM THE POWER PRODUCTION
21 COST ASSISTANCE PROGRAM UNDER THIS SECTION].

22 * Sec. 5. AS 44.83.162(e) is amended to read:

23 (e) The power [PRODUCTION] cost assistance program shall be
24 administered by the authority based on a determination by the commission
25 of adjusted power [PRODUCTION] cost of each electric utility eligible
26 for power [PRODUCTION] cost assistance. An electric utility is eligible
27 for power [PRODUCTION] cost assistance if

28 [(1)] the [ACTUAL] power [PRODUCTION] costs of the utility
29 exceed the adjusted power [PRODUCTION] costs, as determined by the

1 commission under (b) and (c) of this section [;

2 (2) AT LEAST 15 PERCENT OF THE TOTAL ENERGY SOLD BY AN
3 ELECTRIC UTILITY DURING THE CALENDAR YEAR PRECEDING THE YEAR IN WHICH
4 POWER PRODUCTION COST ASSISTANCE MAY BE CLAIMED WAS FOR RESIDENTIAL
5 USE].

6 * Sec. 6. AS 44.83.162(f) is amended to read:

7 (f) The adjusted power [PRODUCTION] cost shall be calculated
8 [ANNUALLY] in the manner prescribed by (c) of this section and shall be
9 based on the [ACTUAL] power [PRODUCTION] cost filed with the commission
10 by each eligible electric utility, as verified by the commission. An
11 eligible utility may not be denied power cost assistance if complete
12 cost information is not available. The commission shall assist eligible
13 utilities which are exempt from AS 42.05 to provide the cost information
14 necessary to comply with the requirements of this section. The power
15 [PRODUCTION] cost shall be derived from financial data supporting the
16 most recently approved permanent or interim rate schedule with adjust-
17 ments incorporating the current cost of fuel. The determination of the
18 cost of fuel by the commission shall be in accordance with the procedure
19 for approving fuel cost rate adjustments in effect at the time of the
20 determination. The commission shall review filings and approve an
21 adjusted power [PRODUCTION] cost per kilowatt-hour and revised rates
22 based on the approved adjusted power [PRODUCTION] cost per kilowatt-
23 hour, as determined under (c) of this section. The commission may
24 change the adjusted power [PRODUCTION] costs if

25 (1) an increase or decrease in a utility's cost of fuel has
26 resulted in the approval of a fuel cost rate adjustment by the commis-
27 sion;

28 (2) a permanent or interim rate increase has been approved
29 by the commission, thereby establishing a higher or lower power [PRO-

1 DUNCTION] cost;

2 (3) the authority has discovered discrepancies in its review
3 of data submitted, monthly, by the utilities; or

4 (4) the authority determines that appropriations are insuf-
5 ficient to fund full payments to eligible utilities.

6 * Sec. 7. AS 44.83.162(g) is amended to read:

7 (g) Each electric utility with a rate schedule and adjusted power
8 [PRODUCTION] cost approved by the commission shall report monthly to
9 the authority within the time and in the form the authority designates
10 (1) the adjusted [TOTAL ACTUAL] power [PRODUCTION] costs per kilowatt-
11 hour approved by the commission [OF ELECTRIC POWER] including a detailed
12 breakdown of those costs as specified by the commission; (2) the total
13 kilowatt-hours sold to each class of consumer during the preceding
14 month; (3) the total kilowatt-hours [SOLD] during the preceding month
15 [FOR SERVICE] eligible for power [PRODUCTION] cost assistance under
16 this section sold to each class of consumer; (4) the total kilowatt-
17 hours generated during the preceding month, if available; (5) any amend-
18 ments to the schedule of rates in effect during the preceding month
19 [THE TOTAL POWER PRODUCTION COST PER KILOWATT-HOUR SOLD]; (6) [THE
20 TOTAL POWER PRODUCTION COST PER KILOWATT-HOUR GENERATED;] and (7) any
21 increase or decrease in the current unit price of fuel from the base
22 price used by the commission in the determination of power [PRODUCTION]
23 costs. The authority shall review the report and may submit the report
24 to the commission for additional review before payment.

25 * Sec. 8. AS 44.83.162(h) is amended to read:

26 (h) After review and approval by the authority, the authority
27 shall, subject to appropriation, pay to each eligible electric utility
28 an amount equal to the difference between the [ACTUAL] power [PRODUC-
29 TION] costs per kilowatt-hour approved by the commission [FOR THE PRE-

1 CEDING MONTH] and the approved adjusted power [PRODUCTION] cost per
2 kilowatt-hour determined under (c) of this section times the number of
3 kilowatt-hours sold for the preceding month to each customer of the uti-
4 lity or 200 kilowatt-hours per customer, whichever is less [RESIDENTIAL
5 CUSTOMERS, LOCAL COMMUNITY FACILITY CUSTOMERS, AND FACILITIES OWNED BY
6 CHARITABLE ORGANIZATIONS DURING THE PRECEDING MONTH]. Payment shall be
7 made by the authority within 30 days after [OF] receipt from the utility
8 of the report required under (g) of this section. However, if there is
9 a dispute between the authority and the utility relating to the payment,
10 the authority shall submit the report to the commission within 30 days
11 after [OF] receipt of the report by the authority for review before pay-
12 ment. When a report is submitted to the commission for review under
13 this section, payment shall be made by the authority within 30 days af-
14 ter submission. If appropriations are insufficient for payment in full,
15 the amount paid to each electric utility is reduced on a pro-rata basis.

16 * Sec. 9. AS 44.83.162(i) is amended to read:

17 (i) If an electric utility receives power cost assistance [A PAY-
18 MENT] under this section, the utility shall either

19 (1) give [FURNISH] the following notice to its electric ser-
20 vice customers eligible under this program for each period for which
21 the payment is received:

22 NOTICE TO CUSTOMER

23 For the current billing period the utility has been paid under the
24 State of Alaska's power [PRODUCTION] cost assistance program (AS
25 44.83.162) to assist the utility and its customers in reducing the
26 high cost of generation of electric energy.

27 Your total electrical service cost \$.....
28 Less state assistance \$.....
29 Your charge \$.....; or

1 (2) give a notice approved by the authority to its electric
2 service customers, which informs them of the same information provided
3 by the notice in (1) of this subsection.

4 * Sec. 10. AS 44.83.162(j) is repealed and reenacted to read:

5 (j) In this section, "power cost" means those items specified in
6 a system of utility accounts designated by the commission less any
7 other assistance received within 60 days before the commission deter-
8 mines the adjusted power cost of the utility, which reduces the custo-
9 mer's cost of power and which is provided to the electric utility or
10 the customers of that utility.

11 * Sec. 11. AS 44.83.164(a) is amended to read:

12 (a) A utility which is exempt from regulation under AS 42.05.711
13 may receive power [PRODUCTION] cost assistance under AS 44.83.162
14 without becoming subject to the jurisdiction of the Alaska Public
15 Utilities Commission if the utility is otherwise eligible for assistance
16 and if the utility

17 (1) files with the commission [THE AUDITED] financial data
18 necessary to determine the adjusted power [PRODUCTION] cost as [IN THE
19 FORM] prescribed by the commission [IN A RECOGNIZED SYSTEM OF UTILITY
20 ACCOUNTS];

21 (2) makes a report approved by the commission which provides
22 information concerning the cost of generating electric power and the
23 method used by the utility to set rates [THE REPORTS REQUIRED IN AS
24 44.83.162(g) REQUIRED OF AN ELECTRIC UTILITY WITH A RATE SCHEDULE
25 APPROVED BY THE COMMISSION] within the time and in the form the Alaska
26 Power Authority designates;

27 (3) sets rates which consider the assistance provided under
28 AS 44.83.162 [CHARGED FOR RESIDENTIAL SERVICES, LOCAL COMMUNITY SER-
29 VICES, AND FOR SERVICES TO CHARITABLE ORGANIZATIONS,] by including as

1 part of its revenue requirements for these services only the adjusted
2 power [PRODUCTION] cost per kilowatt-hour sold;

3 (4) allows audits which the commission determines are neces-
4 sary to insure compliance with this section; and

5 (5) furnishes its electric service customers eligible under
6 this program a notice as [THE "NOTICE TO CUSTOMER"] specified in AS
7 44.83.162(1).

8 * Sec. 12. Sections 51 and 54, ch. 83, SLA 1980, and AS 44.83.162(k)(1)
9 and (3) are repealed.

10 * Sec. 13. AS 44.83.162 and 44.83.164 are repealed.

11 * Sec. 14. Section 13 of this Act takes effect on the date that the
12 United States Supreme Court decides that permanent fund dividends provided
13 in AS 43.23 may be paid to eligible individuals, or on July 1, 1991, which-
14 ever date is earlier.

15 * Sec. 15. Sections 1 - 12 of this Act take effect July 1, 1981.
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