

Offered: 4/11/84
Referred: Rules

Original sponsor: Lindauer

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 220 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION
5 A BILL
6 For an Act entitled: "An Act relating to public utilities; and providing
7 for an effective date."
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 * Section 1. AS 42.05.381(a) is repealed and reenacted to read:
10 (a) All rates demanded or received by a public utility, or by
11 any two or more public utilities jointly, for a service furnished or
12 to be furnished shall be just and reasonable. However, a rate may not
13 include an allowance for the costs of
14 (1) political contributions;
15 (2) lobbying;
16 (3) advertising and public relations, except for reasonable
17 amounts spent for
18 (A) energy conservation efforts;
19 (B) public information designed to promote more effi-
20 cient use of the utility's facilities or services or to protect
21 the physical plant of the utility;
22 (C) informing shareholders and members of a coopera-
23 tive of meetings of the utility and encouraging attendance; or
24 (D) emergency situations to the extent and under the
25 circumstances authorized by the commission for good cause shown;
26 (4) consulting, management, service, administrative, in-
27 spection, and audit fees in excess of \$1,000,000 paid during a finan-
28 cial year of a utility for services produced outside the geographical
29 area served by the utility, except when an inspection or audit paid

1 for by the utility verifies that the utility is unable to obtain such
2 services within the geographical area served by that utility;

3 (5) products purchased from the owner of the public utility
4 or from a subsidiary or affiliate of the owner, in excess of the
5 actual cost of the products to the owner, subsidiary or affiliate; or

6 (6) services purchased from the owner of the public utility
7 or from a subsidiary or affiliate of the owner at prices that exceed
8 the value of such services.

9 * Sec. 2. AS 42.05.381 is amended by adding new subsections to read:

10 (e) A rate demanded or received by a public utility for a ser-
11 vice that is provided for a profit may not include an allowance for a
12 rate of return on capital investments of the utility in excess of an
13 amount equal to the paid-in capital and retained earnings of the
14 utility less

15 (1) money provided or advanced by the utility to acquire
16 ownership of the utility;

17 (2) money provided by the utility for a loan, advance, or
18 deposit to an owner of the utility or to a subsidiary or affiliate of
19 the utility;

20 (3) money invested by the utility or a subsidiary or affil-
21 iate of the utility in a nonregulated company;

22 (4) money deposited or invested in a financial institution
23 located outside the state; and

24 (5) money or the value of other assets pledged or guaran-
25 teed on behalf of an owner, subsidiary, or affiliate of the utility.

26 (f) In establishing rates under this chapter the commission
27 shall consider the revenues and profits of a public utility derived
28 from operations in the state and shall consider the revenues and
29 profits of other businesses operated in the state that are owned by

1 the utility or a holding company, subsidiary, or affiliate of the
2 utility if the utility and its holding companies, subsidiaries or
3 affiliates have combined annual sales in excess of \$5,000,000. If a
4 nonutility company that operates in the state and is owned by a util-
5 ity operating in the state or a holding company, subsidiary, or affil-
6 iate of the utility, has annual sales in excess of \$1,000,000, 15
7 percent of the gross revenues of the nonutility is considered to be
8 utility revenue for the purpose of establishing utility rates.

9 * Sec. 3. AS 42.05.491 is amended to read:

10 Sec. 42.05.491. RECORDS AND ACCOUNTS TO BE KEPT IN STATE. A
11 public utility shall keep the books, accounts, papers and records
12 required by the commission, in an office within this state, and may
13 not remove them from the state, except upon the terms and conditions
14 that may be prescribed by the commission. The provisions of this
15 section do not apply to a public utility whose accounts are kept at
16 its principal place of business outside the state, in the manner
17 prescribed by a federal regulatory body; however, such a public util-
18 ity shall [AT ITS OPTION, EITHER] furnish to the commission, within a
19 reasonable time fixed by the commission, certified copies of its
20 books, accounts, papers and records relating to the business done by
21 the public utility within this state [, OR AGREE TO PAY THE ACTUAL
22 EXPENSES INCURRED BY THE COMMISSION IN SENDING PERSONNEL TO EXAMINE
23 THE UTILITY'S BOOKS AND RECORDS AT THE PLACE WHERE THEY ARE KEPT].

24 * Sec. 4. AS 42.05 is amended by adding a new section to read:

25 Sec. 42.05.655. INSPECTION JURISDICTION. The on-site inspection
26 jurisdiction of the commission is limited to areas within the state.

27 * Sec. 5. AS 42.05.720(4) is amended to read:

28 (4) "public utility" or "utility" includes every corpora-
29 tion (whether public, cooperative, or otherwise), company, individual,

1 or association of individuals, their lessees, trustees, or receivers
2 appointed by a court, that owns, operates, manages or controls any
3 plant, pipeline or system for

4 (A) furnishing, by generation, transmission or distri-
5 bution, electrical service to the public for compensation;

6 (B) furnishing telecommunications service, except for
7 video entertainment service, to the public for compensation;

8 (C) furnishing water, steam, or sewer service to the
9 public for compensation;

10 (D) furnishing, by transmission or distribution, [OF]
11 natural or manufactured gas to the [ALASKA] public for compensa-
12 tion;

13 (E) refining, furnishing for distribution, or dis-
14 tributing [BY DISTRIBUTION] petroleum or petroleum products for
15 [TO] the [ALASKA] public for compensation when the consumer has
16 no alternative in the choice of supplier of a comparable product
17 and service at an equal or lesser price;

18 [(F) FURNISHING COLLECTION AND DISPOSAL SERVICE OF
19 GARBAGE, REFUSE, TRASH OR OTHER WASTE MATERIAL;]

20 * Sec. 6. AS 42.05.711(i) is repealed.

21 * Sec. 7. This Act takes effect July 1, 1984.