

Original sponsors: Sackett and Ferguson

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 HOUSE CS FOR SENATE BILL NO. 376 (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 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 AS 44.83.162 is repealed and reenacted to read:

10 Sec. 44.83.162. POWER COST EQUALIZATION. (a) The power cost
11 equalization fund is established as a separate fund for the purpose of
12 equalizing power cost per kilowatt-hour statewide at a cost equal to
13 the mean of the cost per kilowatt-hour in Anchorage, Fairbanks, and
14 Juneau by paying money from the fund to eligible electric utilities in
15 the state. The fund shall be administered by the authority as a fund
16 distinct from the other funds of the authority. The fund is composed
17 of money appropriated for the purpose of providing power cost
18 equalization to eligible electric utilities.

19 (b) The costs used to calculate the amount of power cost
20 equalization for all electric utilities eligible under this section
21 include all allowable costs, except return on equity, used by the
22 commission to determine the revenue requirement for electric utilities
23 subject to rate regulation under AS 42.05.010 - 42.05.721. The costs
24 used in determining the power cost equalization per kilowatt-hour
25 shall exclude any other type of assistance that reduces the customer's
26 costs of power on a kilowatt-hour basis and that is provided to the
27 electric utility within 60 days before the commission determines the
28 power cost equalization per kilowatt-hour of the electric utility.

29 (c) An eligible electric utility is entitled to receive power

1 cost equalization

2 (1) for sales of power to local community facilities,
3 calculated in the aggregate for each community served by the electric
4 utility, for actual consumption of not more than 70 kilowatt-hours per
5 month for each resident of the community; and

6 (2) for actual consumption of not more than 750 kilowatt-
7 hours per month sold to each customer in all classes served by the
8 electric utility except to customers of the utility under (1) of this
9 subsection.

10 (d) The amount of power cost equalization provided per kilowatt-
11 hour under (c) of this section may not exceed 95 percent of the power
12 costs, or the average rate per eligible kilowatt-hour sold, whichever
13 is less, as determined by the commission. However,

14 (1) during the state fiscal year that begins July 1, 1984,
15 the power costs for which power cost equalization may be paid to an
16 electric utility are limited to minimum power costs of more than 6.4
17 cents per kilowatt-hour;

18 (2) during each following state fiscal year, the power
19 costs for which power cost equalization may be paid to an electric
20 utility shall be adjusted by the commission, considering the rate of
21 change in fuel cost and power demand; and

22 (3) the power cost equalization per kilowatt-hour may be
23 determined for a utility without historical kilowatt-hour sales data
24 by using kilowatt hours generated.

25 (e) An electric utility whose customers receive power cost
26 equalization under this section shall set out in its tariff the rates
27 without the power cost equalization and the amount of power cost
28 equalization per kilowatt-hour sold. The rate charged to the customer
29 shall be the difference between the two amounts. Power cost

1 equalization paid under this section shall be used to reduce the cost
2 of all power sold to local community facilities, in the aggregate, to
3 the extent of 70 kilowatt-hours per month per resident of the
4 community, and to reduce the cost of the first 750 kilowatt-hours per
5 customer per month for all other classes served by the electric
6 utility.

7 (f) The power cost equalization program shall be administered by
8 the authority based on a determination by the commission under (b) and
9 (d) of this section of power cost equalization per kilowatt-hour for
10 each eligible electric utility.

11 (g) An eligible electric utility may not be denied power cost
12 equalization because complete cost information is not available. An
13 eligible electric utility that is exempt from rate regulation under
14 AS 42.05.010 - 42.05.721 shall be assisted by the commission to pro-
15 vide the cost information the commission considers necessary to comply
16 with the requirements of this section. Only power costs that are
17 supportable may be considered in calculating power cost equalization.
18 Each electric utility is responsible for keeping records that provide
19 the information necessary to comply with the requirements of this
20 section including, but not limited to, records of monthly kilowatt-
21 hour sales or generation, monthly fuel balances, fuel purchases, and
22 monthly utility fuel consumption.

23 (h) For each eligible electric utility, the determination of the
24 cost of fuel by the commission shall be in accordance with the proce-
25 dure for approving fuel cost rate adjustments of electric utilities
26 subject to rate regulation under AS 42.05.010 - 42.05.721.

27 (i) Each electric utility receiving power cost equalization ap-
28 proved by the commission shall

29 (1) report monthly to the authority within the time and in

1 the form the authority requires; and

2 (2) use operational equipment designed to meter individual
3 utility customer power consumption and to determine and record the
4 utility's overall fuel consumption.

5 (j) The authority shall review the report required under (i)(1)
6 of this section and may submit the report to the commission for addi-
7 tional review before payment. After review and approval of the report
8 by the authority, the authority shall, subject to appropriation, pay
9 to each eligible electric utility an amount equal to the power cost
10 equalization per kilowatt-hour determined by the commission under (b)
11 and (d) of this section, multiplied by the number of kilowatt-hours
12 eligible for power cost equalization that were sold during the
13 preceding month to all customers of the utility in accordance with (c)
14 of this section. Payment shall be made by the authority within 30 days
15 after receipt from the utility of the report required under (i) of
16 this section. However, if there is a dispute between the authority
17 and the utility relating to the payment, the authority shall submit
18 the report to the commission for review within 30 days after its
19 receipt by the authority. When a report is submitted to the
20 commission for review under this section, payment shall be made by the
21 authority within 30 days after submission, based on a commission
22 determination. If appropriations are insufficient for payment in
23 full, the amount paid to each electric utility is reduced on a pro
24 rata basis.

25 (k) If an electric utility receives power cost equalization
26 under this section, the utility shall either

27 (1) give the following notice to its electric service
28 customers eligible under this program for each period for which the
29 payment is received:

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NOTICE TO CUSTOMER

For the current billing period the utility will be paid under the State of Alaska's power cost equalization program (AS 44.83.162) to assist the utility and its customers in reducing the high cost of generation of electric energy.

Your total electrical service cost	\$
Less state equalization	\$
Your charge	\$; or

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

(1) In order to qualify for power cost equalization, each electric utility must make every reasonable effort to minimize administrative, operating, and overhead costs, including using the best available technology consistent with sound utility management practices. In reviewing applications for power cost equalization, the commission has the authority to require the elimination of duplicative or otherwise unnecessary operating expenses. Each eligible electric utility shall cooperate with appropriate state agencies to implement cost-effective energy conservation measures, and to plan for and implement feasible alternatives to diesel generation.

(m) For purposes of (c) of this section, the number of residents of the community equals the number of residents of the community determined by the Department of Community and Regional Affairs in accordance with AS 29.88.015.

(n) In this section

(1) "commission" means the Alaska Public Utilities Commission;

1 (2) "community facility" means a water and sewer facility,
2 public outdoor lighting, charitable educational facility, or community
3 building whose operations are not paid for by the state, the federal
4 government, or private commercial interests;

5 (3) "eligible electric utility" or "electric utility" means
6 each corporation (whether public, cooperative, or otherwise), company,
7 individual, or association of individuals, their lessees, trustees, or
8 receivers appointed by a court, that owns, operates, manages, or
9 controls a plant or system for the furnishing, by generation, trans-
10 mission or distribution, of electric service to the public for compen-
11 sation;

12 (4) "energy conservation measures" include weatherization
13 and other insulating methods, utilization of waste heat, appropriate
14 sizing of new generating equipment, and other programs of the state or
15 federal government intended and available for the purpose of energy
16 conservation;

17 (5) "feasible energy projects" include projects that are
18 selected after a field reconnaissance study under AS 44.83.177 and
19 after completion of a feasibility study according to the criteria in
20 AS 44.83.181 to determine cost benefit in comparison to existing power
21 generating methods and other alternatives considered in reconnaissance
22 studies;

23 (6) "fund" means the power cost equalization fund
24 established under (a) of this section;

25 (7) "power costs" means costs used in determining power
26 cost equalization in accordance with (b) and (d) of this section.

27 (o) If the authority receives a petition requesting power cost
28 equalization, signed by at least 25 percent of the customers of an
29 electric utility that is subject to rate regulation under AS 42.05 and

1 that has not applied for power cost equalization under this section,
2 the authority shall require the utility to submit a power cost
3 equalization application. Upon a determination of eligibility for
4 power cost equalization, the utility, as a part of its service, shall
5 receive power cost equalization and pass power cost equalization
6 benefits to its customers in accordance with this section.

7 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
8 10.070(c).