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Referred: Community & Regional  
Affairs, House Special Committee  
on State Loans and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 389

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An act relating to direct service charges for the  
7 sale of power by the Alaska Power Authority to retail  
8 consumers."

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

10 \* Section 1. AS 44.83 is amended by adding new sections to read:

11 Sec. 44.83.085. DIRECT SERVICE CHARGES. (a) The authority may  
12 charge and collect direct service charges for or relating to the  
13 purchase of power, and the cost and expense of the generation and  
14 transmission of power, from a retail consumer of power that is gen-  
15 erated or transmitted by means of facilities owned or financed by the  
16 authority. "Retail consumer" means a customer of a distributor of  
17 electricity as defined in AS 44.83.230, or a distributor of electric-  
18 ity to the extent that that entity is a direct consumer of power  
19 generated or transmitted by means of facilities owned or financed by  
20 the authority.

21 (b) The authority shall by regulation prescribe, and revise as  
22 necessary, a schedule of direct service charges. The money derived by  
23 the authority from the imposition and collection of direct service  
24 charges must be allocated among the projects for which the direct  
25 service charges were instituted, and credited to the amounts which  
26 must be charged under either the wholesale power rate formula in  
27 AS 44.83.398 or any other power rate schedule applicable to the proj-  
28 ect under the provisions of AS 44.83.

29 (c) Notwithstanding any other provisions of AS 44.83, the

1 authority is not required to enter into a power sales agreement with  
2 respect to the power generated or transmitted by a project if it

3 (1) establishes a schedule of direct service charges with  
4 respect to the electrical power or energy or transmission capacity or  
5 service from the project; and

6 (2) determines that the imposition and collection of direct  
7 service charges will result in the sale of that power at the lowest  
8 reasonable price.

9 (d) If the authority enters into a power sales contract with a  
10 distributor of electricity, the authority may waive, modify, suspend,  
11 or reduce the direct service charge that would otherwise be charged by  
12 the authority to retail consumers.

13 Sec. 44.83.086. COLLECTION OF DIRECT SERVICE CHARGES. (a) The  
14 authority may enter into one or more agency agreements with a distrib-  
15 utor of electricity, relating to the billing and collection of direct  
16 service charges authorized under AS 44.83.085. The distributor of  
17 electricity may act as agent of the authority for the billing and  
18 collection of direct service charges. Each distributor of electricity  
19 may do anything necessary or desirable to carry out every such agency  
20 agreement.

21 (b) Each municipality and other public agency of the state shall  
22 promptly pay to the authority all direct service charges that the  
23 authority may charge to it, as a consumer of power, in accordance with  
24 AS 44.83.085, and shall provide for the payment in the same manner as  
25 other obligations of the municipality or public agency.

26 (c) If a direct service charge is not paid when due, interest  
27 accrues and is due to the authority on the unpaid balance at the rate  
28 of one and one-half percent a month until the direct service charge  
29 and the accrued interest are fully paid to the authority.

1 (d) If any direct service charge is not paid when due, the  
2 unpaid balance and all interest accrued, together with attorney fees  
3 and costs, may be recovered by the authority in a civil action.

4 (e) In the event of default by a distributor of electricity  
5 under a power sales contract between the authority and the distributor  
6 of electricity, the authority may charge and collect, as if the con-  
7 tract had not been made, direct service charges against the customers  
8 of the distributor of electricity sufficient to meet any default or  
9 deficiency in payments to be made under the power sales contract.

10 \* Sec. 2. AS 44.83.195(a) is amended to read:

11 (a) When a project is operated by the authority, the authority  
12 shall derive revenues from the operation of the project by the impo-  
13 sition and collection of direct service charges under AS 44.83.085 and  
14 44.83.086, or by entering [ENTER] into one or more contracts for the  
15 sale of electrical power, energy, transmission capacity, or service  
16 from the project. Unless the contract is entered into under AS 44.-  
17 83.380 -- 44.83.425, a contract entered into under this section must  
18 [SHALL] meet all requirements of AS 44.83.090.

19 \* Sec. 3. AS 44.83.230 is amended by adding a new paragraph to read:

20 (10) "distributor of electricity" means  
21 (A) a municipality or other public agency that oper-  
22 ates an electric utility;  
23 (B) a rural electric, cooperative electric, or private  
24 electric utility; or  
25 (C) any other person authorized by law to engage in  
26 the distribution of electricity.