

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 182

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the power cost equalization
7 program."

7

8

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

9

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

10

(c) An eligible electric utility is entitled to receive power
11 cost equalization

11

12

(1) for sales of power to local community facilities,
13 calculated in the aggregate for each community served by the electric
14 utility, for actual consumption of not more than 50 [70] kilowatt-
15 hours per month for each resident of the community; and

16

(2) for actual consumption of not more than 500 [750]
17 kilowatt-hours per month sold to each eligible customer in all classes
18 served by the electric utility except to customers of the utility
19 under (1) of this subsection.

19

20

* Sec. 2. AS 44.83.162(e) is amended to read:

21

(e) An electric utility whose customers receive power cost
22 equalization under this section shall set out in its tariff the rates
23 without the power cost equalization and the amount of power cost
24 equalization per kilowatt-hour sold. The rate charged to the customer
25 shall be the difference between the two amounts. Power cost equaliza-
26 tion paid under this section shall be used to reduce the cost of all
27 power sold to local community facilities, in the aggregate, to the
28 extent of 50 [70] kilowatt-hours per month per resident of the commu-
29 nity, and to reduce the cost of the first 500 [750] kilowatt-hours per

29

1 customer per month for all other classes served by the electric utili-
2 ty.

3 * Sec. 3. AS 44.83.162(j) is amended to read:

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

28 * Sec. 4. AS 44.83.162(k) is amended to read:

29 (k) If an electric utility receives power cost equalization

1 under this section, the utility shall either

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

5 NOTICE TO CUSTOMER

6 For the current billing period the utility will be paid under the
7 State of Alaska's power cost equalization program (AS 44.83.162) an
8 amount to assist the utility and its customers in reducing the high
9 cost of generation of electric energy. For electric energy consumed
10 by eligible residential customers and private commercial customers,
11 this state payment applies only to the first 500 kilowatt-hours per
12 month used by each customer. For electric energy sold to eligible
13 local community facilities, this state payment applies to the total
14 number of kilowatt-hours used each month by all such facilities in the
15 community, up to a maximum of 50 kilowatt-hours, multiplied by the
16 number of residents in the community.

17	Your total electrical service cost	\$.....
18	Less state equalization	\$.....
19	Your charge	\$.....; or

20 (2) give to its electric service customers a notice ap-
21 proved by the authority, which notice provides electric service cus-
22 tomers the same information provided by the notice in (1) of this
23 subsection.

24 * Sec. 5. AS 44.83.162(o) is amended to read:

25 (o) In this section

26 (1) "commission" means the Alaska Public Utilities Commis-
27 sion;

28 (2) "community facility" means a facility essential to the
29 public health, safety, and welfare of the community, and includes a

1 water and sewer facility, public outdoor lighting including lighting
2 for a community-owned airport strip or harbor, a community washeteria
3 or freezer, a community volunteer firehall, a community health clinic,
4 a village public safety office, a[.] charitable educational facility,
5 or a community building, whose operations are not paid for by the
6 state, the federal government, or private commercial interests;

7 (3) "eligible customer" means a residential customer, a
8 private commercial customer whose purchase of power does not exceed
9 1,000 kilowatt-hours per month or 12,000 kilowatt-hours annually, or a
10 community facility;

11 (4) "eligible electric utility" or "electric utility" means
12 each corporation (whether public, cooperative, or otherwise), company,
13 individual, or association of individuals, their lessees, trustees, or
14 receivers appointed by a court, that

15 (A) owns, operates, manages, or controls a plant or
16 system for the furnishing, by generation, transmission or dis-
17 tribution, of electric service to the public for compensation;

18 (B) during calendar year 1983 had a residential con-
19 sumption level of power eligible for power cost equalization
20 under this chapter of less than 7,500 megawatt hours or had a
21 residential consumption level of power eligible for power cost
22 equalization under this chapter of less than 15,000 megawatt
23 hours if the utility served two or more municipalities or unin-
24 corporated communities; and

25 (C) during calendar year 1984 used diesel-fired gener-
26 ators to produce more than 75 percent of the electrical consump-
27 tion of the utility; an electric utility that is a subsidiary of
28 another electric utility is an "eligible electric utility" if the
29 operations of the subsidiary, considered separately, meet the

1 eligibility requirements of this section; if an electric utility
2 did not receive power cost assistance in 1983 but is otherwise
3 eligible for power cost equalization under this section, the
4 utility is an "eligible electric utility";

5 (5) [(4)] "energy conservation measures" include weatheri-
6 zation and other insulating methods, utilization of waste heat, appro-
7 priate sizing of new generating equipment, and other programs of the
8 state or federal government intended and available for the purpose of
9 energy conservation;

10 (6) [(5)] "feasible energy projects" include projects that
11 are selected after a field reconnaissance study under AS 44.83.177 and
12 after completion of a feasibility study according to the criteria in
13 AS 44.83.181 to determine cost benefit in comparison to existing power
14 generating methods and other alternatives considered in reconnaissance
15 studies;

16 (7) [(6)] "fund" means the power cost equalization fund
17 established under (a) of this section;

18 (8) [(7)] "power costs" means costs used in determining
19 power cost equalization in accordance with (b) and (d) of this sec-
20 tion.

21 * Sec. 6. AS 44.83.163(a) is amended to read:

22 (a) The power cost equalization per kilowatt-hour determined
23 under AS 44.83.162 payable to an electric utility that is subject to
24 rate regulation under AS 42.05 may be adjusted by the commission if

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

28 (2) a permanent or interim rate increase or decrease has
29 been approved by the commission, thereby establishing a higher or

1 lower power cost; or

2 (3) an adjustment is required after the authority has
3 discovered discrepancies in its review of monthly data submitted by
4 the electric utility. [; OR

5 (4) THE AUTHORITY DETERMINES THAT APPROPRIATIONS ARE INSUF-
6 FICIENT TO FINANCE FULL PAYMENTS TO ELIGIBLE ELECTRIC UTILITIES.]

7 * Sec. 7. AS 44.83.163(b) is amended to read:

8 (b) An electric utility that is eligible to receive power cost
9 equalization under this section and that receives power cost equali-
10 zation per kilowatt-hour approved by the commission shall report
11 monthly to the authority within the time and in the form the authority
12 requires. An electric utility shall report

13 (1) the power cost equalization per kilowatt-hour approved
14 by the commission;

15 (2) the total kilowatt-hours sold to each class of eligible
16 customer during the preceding month;

17 (3) the total kilowatt-hours eligible for power cost
18 equalization under this section sold to each class of eligible custom-
19 er during the preceding month;

20 (4) the total kilowatt-hours generated during the preceding
21 month, if available;

22 (5) any commission-approved amendments to the schedule of
23 rates in effect during the preceding month; and

24 (6) an increase or decrease in the current unit price of
25 fuel from the base price used by the commission in the determination
26 of power costs which may be expected to result in a subsequent power
27 cost equalization adjustment.

28