

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 418

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to allocation of Alaska Public
7 Utility Commission costs; providing for a regulatory
8 cost charge for public utilities and pipeline carri-
9 ers; relating to application fees for certificates;
10 and providing for an effective date."

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

12 * Section 1. AS 42.05.651 is amended to read:

13 Sec. 42.05.651. EXTRAORDINARY COSTS OF PROCEEDINGS [EXPENSES OF
14 INVESTIGATION OR HEARING]. (a) Upon a finding that a proceeding
15 [AFTER COMPLETION OF A HEARING OR INVESTIGATION HELD] under this
16 chapter requires the commission to incur extraordinarily high costs,
17 the commission may [SHALL] allocate those [THE] costs [OF THE HEARING
18 OR INVESTIGATION] among the parties[, INCLUDING THE COMMISSION,] as is
19 just under the circumstances. In allocating those costs, the commis-
20 sion may consider the results, ability to pay, evidence of good faith,
21 other relevant factors, and mitigating circumstances. [THE COSTS
22 ALLOCATED MAY INCLUDE THE COSTS OF ANY TIME DEVOTED TO THE INVES-
23 TIGATION OR HEARING BY HIRED CONSULTANTS, WHETHER OR NOT THE CONSUL-
24 TANTS APPEAR AS WITNESSES OR PARTICIPANTS. THE COSTS ALLOCATED MAY
25 ALSO INCLUDE ANY OUT-OF-POCKET EXPENSES INCURRED BY THE COMMISSION IN
26 THE PARTICULAR PROCEEDING.] The commission shall provide an oppor-
27 tunity for any person objecting to an allocation to be heard before
28 the allocation becomes final.

29 (b) The commissioner of administration shall separately account

1 for [INVESTIGATION AND HEARING] costs collected under this section
2 that the commission deposits in the general fund. The annual estimat-
3 ed balance in the account may be used by the legislature to make
4 appropriations to the commission to carry out the purposes of this
5 section.

6 * Sec. 2. AS 42.05.720 is amended by adding new paragraphs to read:

7 (9) "department" means the Department of Commerce and
8 Economic Development;

9 (10) "exempt utility" means a public utility that is certif-
10 icated by the commission under AS 42.05.221 -- 42.05.281, but, under
11 AS 42.05.711 is exempt from other regulatory requirements of AS 42.05;

12 (11) "gross revenue" for utilities other than telephone
13 utilities means the total operating revenue from intrastate services,
14 as shown in a utility's annual report prepared in accordance with
15 3 AAC 48.277, but not including revenue from wholesale sales;

16 (12) "gross revenue" for local exchange telephone utilities
17 means the total operating revenue from intrastate services, as shown
18 in a utility's annual report prepared in accordance with 3 AAC 48.277,
19 but not including settlements or other revenue from interexchange
20 telephone utilities for the origination or termination of interex-
21 change calls;

22 (13) "gross revenue" for interexchange telephone utilities
23 means the total operating revenue from intrastate services, as shown
24 in a utility's annual report prepared in accordance with 3 AAC 48.277,
25 with no deduction or adjustment for settlements or other payments to
26 exchange telephone utilities for the origination or termination of
27 interexchange calls;

28 (14) "regulated utility" means a public utility that is
29 certificated by the commission under AS 42.05.221 -- 42.05.281, and

1 that is subject to other regulatory requirements of AS 42.05;

2 (15) "wholesale sales" means sales to another utility for
3 resale under circumstances that make revenue from the resale subject
4 to the regulatory cost charge imposed under AS 42.05.801.

5 * Sec. 3. AS 42.05 is amended by adding new sections to read:

6 ARTICLE 11. REGULATORY COST CHARGE.

7 Sec. 42.05.801. PUBLIC UTILITY REGULATORY COST CHARGE. (a) A
8 public utility operating in the state shall pay annually a regulatory
9 cost charge in an amount not to exceed the following:

10 (1) for regulated utilities, .55 percent of gross revenue;

11 (2) for exempt utilities, .14 percent of gross revenue.

12 (b) The department shall by regulation establish a method to
13 determine annually the exact amount of the regulatory cost charge for
14 a public utility.

15 Sec. 42.05.803. ADMINISTRATION. (a) The department shall
16 administer, collect, and enforce the charge imposed under AS 42.05.-
17 801. The department may adopt regulations necessary to administer
18 AS 42.05.801, including requirements and procedures for reporting
19 information and making payments, for investigating the accuracy of
20 filed information, and for collecting any required payments.

21 (b) The commissioner of administration shall separately account
22 for money collected under AS 42.05.801 that the department deposits in
23 the general fund. The annual estimated balance in the account may be
24 used by the legislature to make appropriations to the commission to
25 carry out the purposes of this chapter.

26 * Sec. 4. AS 42.06.610 is amended to read:

27 Sec. 42.06.610. EXTRAORDINARY COSTS OF PROCEEDINGS [EXPENSES OF
28 INVESTIGATION OR HEARING]. (a) Upon a finding that [DURING] a pro-
29 ceeding [HELD] under this chapter requires the commission to incur

1 extraordinarily high costs, the commission may [SHALL] allocate those
2 costs [THE COST OF THE PROCEEDING] among the parties[, INCLUDING THE
3 COMMISSION,] as is just under the circumstances. In allocating those
4 costs, the commission may consider the results, ability to pay, evi-
5 dence of good faith, other relevant factors, and mitigating circum-
6 stances. [THE COSTS ALLOCATED MAY INCLUDE THE COSTS OF ANY TIME
7 DEVOTED TO INVESTIGATIONS OR HEARINGS BY HIRED CONSULTANTS, WHETHER OR
8 NOT THE CONSULTANTS APPEAR AS WITNESSES OR PARTICIPANTS.] The commis-
9 sion shall provide an opportunity for any person objecting to an
10 allocation to be heard before the allocation becomes final.

11 (b) Subject to the same considerations and conditions as in (a)
12 of this section [AFTER COMPLETION OF A PROCEEDING HELD UNDER THIS
13 CHAPTER], the commission may reallocate the costs of a [THE] proceed-
14 ing involving extraordinarily high costs [AMONG THE PARTIES, INCLUDING
15 THE COMMISSION, AS IS JUST UNDER THE CIRCUMSTANCES. THE COSTS WHICH
16 ARE REALLOCATED MAY INCLUDE THE COSTS OF TIME DEVOTED TO INVESTIGA-
17 TIONS OR HEARINGS BY HIRED CONSULTANTS, WHETHER OR NOT THE CONSULTANTS
18 APPEAR AS WITNESSES OR PARTICIPANTS]. The commission shall provide an
19 opportunity for any person objecting to a reallocation to be heard
20 before the reallocation becomes final.

21 (c) The commissioner of administration shall separately account
22 for [INVESTIGATION AND HEARING] costs collected under this section
23 that the commission deposits in the general fund. The annual estimat-
24 ed balance in the account may be used by the legislature to make
25 appropriations to the commission to carry out the purposes of this
26 chapter.

27 * Sec. 5. AS 42.06.630 is amended by adding new paragraphs to read:

28 (12) "department" means the Department of Commerce and
29 Economic Development;

1 (13) "gross revenue" means total intrastate operating reve-
2 nue as shown in a pipeline carrier's annual report prepared in accor-
3 dance with the uniform system of accounts required by 3 AAC 48.277.

4 * Sec. 6. AS 42.06 is amended by adding new sections to read:

5 ARTICLE 8. REGULATORY COST CHARGE.

6 Sec. 42.06.701. PIPELINE CARRIER REGULATORY COST CHARGE. (a) A
7 pipeline carrier operating in the state shall pay annually a regulato-
8 ry cost charge in an amount not to exceed .55 percent of gross revenue
9 derived from operations in the state.

10 (b) The department shall by regulation establish a method to
11 determine annually the exact amount of the regulatory cost charge.

12 Sec. 42.06.702. ADMINISTRATION. (a) The department shall
13 administer, collect, and enforce the charge imposed under AS 42.06.-
14 701. The department may adopt regulations necessary to administer
15 AS 42.06.701, including requirements and procedures for reporting
16 information and making payments, for investigating the accuracy of
17 filed information, and for collecting any required payments.

18 (b) The commissioner of administration shall separately account
19 for money collected under AS 42.06.701 that the department deposits in
20 the general fund. The annual estimated balance in the account may be
21 used by the legislature to make appropriations to the commission to
22 carry out the purposes of this chapter.

23 * Sec. 7. AS 42.05.661 is repealed.

24 * Sec. 8. AS 44.83.162(b) is amended to read:

25 (b) The costs used to calculate the amount of power cost
26 equalization for all electric utilities eligible under this section
27 include all allowable costs, except return on equity and the public
28 utility regulatory cost charge established in AS 42.05.801, used by
29 the commission to determine the revenue requirement for electric

1 utilities subject to rate regulation under AS 42.05. The costs used
2 in determining the power cost equalization per kilowatt-hour shall
3 exclude any other type of assistance that reduces the customer's costs
4 of power on a kilowatt-hour basis and that is provided to the electric
5 utility within 60 days before the commission determines the power cost
6 equalization per kilowatt-hour of the electric utility.

7 * Sec. 9. This Act takes effect July 1, 1988.

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