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BY SEN. POURCHOT

1 IN THE SENATE

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 301

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

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

10 (a) The power cost equalization fund is established as a sepa-
11 rate fund for the purpose of providing rate relief on electric sales
12 that exceed the average rate [EQUALIZING POWER COST] per kilowatt-hour
13 statewide [AT A COST CLOSE OR EQUAL TO THE MEAN OF THE COST PER
14 KILOWATT-HOUR IN ANCHORAGE, FAIRBANKS, AND JUNEAU] by paying money
15 from the fund to eligible electric utilities in the state. The fund
16 shall be administered by the authority as a fund distinct from the
17 other funds of the authority. The fund is composed of money appropri-
18 ated for the purpose of providing power cost equalization to eligible
19 electric utilities.

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

21 (c) An eligible electric utility is entitled to receive power
22 cost equalization for

23 (1) sales of power to local community facilities, calcu-
24 lated in the aggregate for each community served by the electric
25 utility, for actual consumption of not more than 50 [70] kilowatt-
26 hours per month for each resident of the community; and

27 (2) actual consumption of not more than 500 [750] kilowatt-
28 hours per month sold to each eligible customer in all classes served
29 by the electric utility except to customers of the utility under (1)

1 of this subsection.

2 * Sec. 3. AS 44.62.162(d) is amended to read:

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

7 (1) during the state fiscal year that begins July 1, 1989
8 [1984] the power costs for which power cost equalization may be paid
9 to an electric utility are limited to minimum power costs of more than
10 9.9 [8.5] cents per kilowatt-hour and less than 52.5 cents per
11 kilowatt-hour;

12 (2) during each following state fiscal year, the power
13 costs for which power cost equalization may be paid to an electric
14 utility shall be the allowable power costs or rates that exceed the
15 average rate per kilowatt-hour for sales in the state as determined by
16 the commission [ADJUSTED BY THE COMMISSION, CONSIDERING THE RATE OF
17 CHANGE IN FUEL COST AND POWER DEMAND]; and

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

21 * Sec. 4. AS 44.83.162(e) is amended to read:

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

1 community, and to reduce the cost of the first 500 [750] kilowatt-
2 hours per eligible customer per month for all other classes served by
3 the electric utility.

4 * Sec. 5. AS 44.83.162(j) is amended to read:

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 preced-
13 ing month to all customers of the utility in accordance with (c) of
14 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 commis-
20 sion 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 the commission determines that appropriations are
23 insufficient for payment in full, the amount paid to each electric
24 utility must fully fund, in descending order, residential customers,
25 community facilities, and commercial facilities until the appropria-
26 tion is fully spent. If the appropriation is insufficient for payment
27 in full to a class of eligible customers, the amount paid to customers
28 in that class must be [IS] reduced on a pro rata basis.

29 * Sec. 6. AS 44.83.162(k) is amended to read:

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

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

6 NOTICE TO CUSTOMER

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

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

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

25 * Sec. 7. AS 44.83.162(p)(2) is amended to read:

26 (2) "community facility" means a facility, other than a
27 facility of a governmental customer, essential to the public health,
28 safety, and welfare of the community, and includes a water and sewer
29 facility, public outdoor lighting, including lighting for a community-

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

6 * Sec. 8. AS 44.83.162(p) is amended by adding new paragraphs to read:

7 (8) "eligible customer" means a residential customer, a
8 private commercial customer, or a community facility, but does not
9 include a governmental customer;

10 (9) "governmental customer" means a customer that is a
11 federal or state agency, the University of Alaska, the Alaska
12 Railroad, a school district, or a regional educational attendance
13 area.

14 * Sec. 9. AS 44.83.163(a) is amended to read:

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

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

21 (2) a permanent or interim rate increase or decrease has
22 been approved by the commission, thereby establishing a higher or
23 lower power cost; or

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

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

29 * Sec. 10. AS 44.83.163(b) is amended to read:

1 (b) An electric utility that is eligible to receive power cost
2 equalization under this section and that receives power cost equaliza-
3 tion per kilowatt-hour approved by the commission shall report monthly
4 to the authority within the time and in the form the authority re-
5 quires. An electric utility shall report

6 (1) the power cost equalization per kilowatt-hour approved
7 by the commission;

8 (2) the total kilowatt-hours sold to each class of eligible
9 customers [CUSTOMER] during the preceding month;

10 (3) the total kilowatt-hours eligible for power cost
11 equalization under this section sold to each class of eligible
12 customers [CUSTOMER] during the preceding month;

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

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

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