

HB

633

"An Act relating to the regulation of public utility rates."

COMMITTEE REPORT

1/20/76

HOUSE

Mr. Speaker:

Date Feb 20, 1976

The Committee on Judiciary has had HB 633

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____
COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

Tony Gardner - Do Pass
Richard W. ...
...

Members NOT concurring in the Majority report:

_____ recommends: no rec

_____ recommends:

Tony Gardner Chairman

1-1-

TO: APUC

DATE: 1/20/76

(~~SENATE~~ - HOUSE) BILL 633 + SB 560

RE: Regulation of public utility rates.

Check One:

- 1. TOP PRIORITY - in favor of.
- 2. FAVOR - in favor of, but not top priority.
- 3. OK - no definite stand.
- 4. NOT IN FAVOR -
- 5. TOP PRIORITY - "Strongly Opposed"
- 6. BILL DOES NOT PERTAIN TO DIVISION

COMMENTS: (Justification must be stated for the above line checked - Continue on another page if needed.)

The Alaska Public Utilities Commission has always felt that they had the responsibility of keeping rates at the lowest level which would allow a reasonable rate of return to the utility. The question of reasonable rate of return has been the subject of much study by commissions, public utilities, courts and the public. A reasonable rate of return is tied, of course, to the return that a prudent investor could gain in the market place. The Alaska Public Utilities Commission has had considerable input in the form of expert witness testimony on the proper rate of return. I personally would have no quarrel with this addition to the statutes since I feel it is one of the primary duties of this Commission.

I would respectfully call to the attention of the author the situation that exists with respect to several electrical utilities in the state who are probably earning less than a reasonable rate of return as determined by the market place. I am referring

(SEE ATTACHED PAGE 2)

Writer's Signature: *[Handwritten Signature]*
 Writer's Title: Chairman, APUC
 (DEADLINE 24 HOURS)

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specifically to several of the REA cooperatives whose returns are in the neighborhood of 2% to 3%.

For the information of the reviewing committees I am attaching a one-page report on rates of return enjoyed by several REA cooperatives in the state.

Introduced: 1/20/76
Referred: Judiciary

BY THE RULES COMMITTEE BY REQUEST
OF THE LEGISLATIVE COUNCIL SUB-
COMMITTEE ON TELECOMMUNICATIONS

1 IN THE HOUSE

2 HOUSE BILL NO. 633

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the regulation of public utility
7 rates."

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

9 * Section 1. AS 42.05.381 is amended by adding a new subsection to read:

10 (c) In the investigation and review of existing, new or revised ,
11 rates or tariffs, the commission shall determine and establish the rates
12 or tariffs at the lowest level which would still allow a reasonable rate
13 of return to the utility.
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