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COMMENTS OF THE ALASKA PUBLIC UTILITIES COMMISSION REGARDING SENATE BILL 318

The proposed amendments to AS 42.05.381(a) is the result of a series of recommendations by the consultant employed by the Legislative Affairs Agency to review the existing statute of the Alaska Public Utilities Commission. It should be noted that the consultants did not have either formal or informal contact with any of the Commissioners or the Commission staff.

The policy of the Commission regarding costs of advertising which has been allowed for rate-making purposes is that which is found in the new language proposed by this legislation. If the Legislature desires to formalize by statute the policy of the APUC, we would suggest that on line 21(D) the word "shareholders and" be inserted after "informing"; therefore, (D) would read: "informing shareholders and members of a cooperative of meetings of the utility and encouraging attendance; or".

The proposed statutory addition delineating the instances when a surcharge may be included in a utility's rates is also the policy of the Commission and is reflected in procedures established by the Commission. The most recent allowance of a surcharge is described in the order granting a certificate of public convenience and necessity to Wakefield Seafoods, Inc. (a copy of which is attached).

In summary, the additional language contained in this legislation reiterates Commission policy. If the legislature believes it to be in the public interest to include this policy through statutory language, the Commission has no objections to the proposed legislation.

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 318
 Title An Act relating to public utility rates
 Requested by _____ Date 4/14/77

II. FISCAL DETAIL

Agency Affected Commerce & Economic Development
 Program Category Affected Protection
 Budget Request Unit(s) Affected Alaska Public Utilities Commission

EXPENDITURES (Thousands of Dollars) NONE

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars) NONE

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

No fiscal impact.

IV. DATE _____ PREPARED BY *Robert A. Lewis*
 AGENCY Alaska Public Utilities Commission
 PHONE 272-1437
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

STATE OF ALASKA

THE ALASKA PUBLIC UTILITIES COMMISSION

Before Commissioners: Gordon J. Zerbetz, Chairman
Marvin R. Weatherly
Carolyn S. Guess
Susan M. Knowles
Stuart C. Hall

In the Matter of the Application of WAKEFIELD SEAFOODS, INC., for a Certificate of Public Convenience and Necessity to Operate an Electric Utility at Sand Point, Alaska U-76-5 ORDER NO. 1

In the Matter of the Inclusion of a Fuel Cost Rate Adjustment Clause in the Electric Utility Tariff of WAKEFIELD SEAFOODS, INC. U-77-24 ORDER NO. 1

ORDER GRANTING CERTIFICATE AND CONDITIONALLY APPROVING FUEL COST RATE ADJUSTMENT CLAUSE

On June 24, 1975, WAKEFIELD SEAFOODS, INC. (WSI), applied for a temporary certificate of public convenience and necessity to continue furnishing electric utility service at Sand Point, Alaska. On July 15, 1975, a temporary certificate was granted conditionally and WSI was ordered to file an application for permanent certification not later than December 31, 1975.

An application for permanent certification was received by the Alaska Public Utilities Commission on December 31, 1975. Following staff review and subsequent WSI submittals the application was noticed to the public on December 21, 1976. No statements in favor of, or in opposition to, the application were received by the Commission.

ALASKA PUBLIC UTILITIES COMMISSION
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1 The proposed tariff contains three rate schedules.
2 In Schedule A, which applies to farm and home customers, the
3 first 200 kilowatt hours per month cost the consumer 15¢ per
4 KWH and the balance (over 200) cost 13¢/KWH with a \$7.50/month
5 minimum charge where 5 KVA or less transformer capacity is
6 required. In Rate Schedule B, applicable generally to
7 commercial customers, the first 100 KWH per month will cost
8 the consumer 13¢ per KWH, the next 100 KWH will cost 11¢ per
9 KWH, and all over 200 KWH/month will cost 7¢ per KWH, with
10 a \$3.00 per KW per month demand charge for demand in excess
11 of 10 KW and a \$7.50/month minimum charge where 5 KVA or
12 less transformer capacity is required. Both the residential
13 and the commercial rate schedules have fuel cost rate adjust-
14 ment clauses whereby increases in the cost of fuel are
15 flowed through to the consumers on the basis of KWH used.
16 Additionally, the tariff contains a yard lighting schedule.
17 Special fees and charges are a \$10.00 connect charge, a
18 \$25.00 fee for unauthorized breaking of meter seal, a \$5.00
19 handling fee for dishonored checks, and a meter deposit in
20 the amount of the customer's estimated two-month usage.

21 On July 1, 1976, the Commission received notice
22 that Amfac Foods, Incorporated, 6600 Southwest Hampton
23 Street, P. O. Box 23564, Portland, Oregon 97223 had acquired
24 100% ownership of WSI. This ownership change did not alter
25 the previous filing, however.

26 The Commission is aware that the cost of fuel to
27 the utility is continually changing and while the Commission
28 is not averse to a fuel cost rate adjustment provision it
29

1 believes this is a matter that must be monitored on a con-
2 tinual basis. The fuel cost rate adjustment surcharge will
3 be accepted subject to conditions in the ordering paragraphs
4 to follow. A separate docket will be opened for purposes of
5 monitoring the results of this provision so long as it re-
6 mains a part of WSI's tariff.

7 THE COMMISSION FURTHER FINDS AND CONCLUDES:

8 1. WSI is a public utility as defined by AS
9 42.05.701 and is subject to the Commission's regulatory
10 jurisdiction.

11 2. It will not be contrary to the public interest
12 to grant WSI a permanent certificate of public convenience
13 and necessity.

14 ORDER

15 THE COMMISSION ORDERS:

16 1. The conditional temporary grant of operating
17 authority to Wakefield Seafoods, Inc., on July 15, 1975, in
18 Docket U-75-49 is hereby withdrawn and Wakefield Seafoods,
19 Inc., is granted without time limitation or other special
20 conditions a certificate of public convenience and necessity
21 to furnish electric utility services at Sand Point, Alaska.

22 2. The tariff which Wakefield Seafoods, Inc.,
23 filed with the Commission on December 31, 1975, is approved.

24 3. The fuel cost rate adjustment clause filed by
25 Wakefield Seafoods, Inc., is approved subject to the condi-
26 tions in paragraphs 4 through 11 below.

27 4. Wakefield Seafoods, Inc., shall notify the
28 Commission in writing as expeditiously as possible whenever
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1 a fuel cost rate adjustment is to be placed in effect in
2 accordance with the clause approved herein. Notification to
3 the Commission shall include:

- 4 (a) The amount and effective date of each
5 rate adjustment and the period of ser-
6 vice to which the adjustment is ap-
7 plicable; provided, however, that a
8 fuel cost rate adjustment shall not
9 be put into effect during a billing
10 period if the fuel cost changes which
11 gave rise to the adjustment pertain
12 only to fuel purchases consumated after
13 the 15th day of that billing period.
- 14 (b) Copies of actual bills received by the
15 utility for fuel purchased at the latest
16 cost and for the two most recent purchases
17 preceeding that fuel cost change.
- 18 (c) A notarized statement by a principal
19 officer of the utility setting forth the
20 fuel inventories of the utility at the
21 times of the purchases designated in (b)
22 above; and the quantities of fuel con-
23 sumed and the kilowatt hours sold during
24 each of the 12 months ;receeding the month
25 in which the adjustment was placed in ef-
26 fect.
- 27 (d) A signed tariff sheet showing the computation
28 of, and the effective date of, the surcharge.
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(e) Any other data and information which may assist the Commission to verify the reasonableness and propriety of the rate adjustments..

5. Wakefield Seafoods, Inc., may place an adjustment into effect in conformance with the effective date of a tariff sheet as submitted but the revenues collected thereunder are subject to refund as provided in (7) below.

6. Wakefield Seafoods, Inc., shall expeditiously furnish any supplementary information which the Commission may request in connection with the tariff revision and subsequent fuel cost rate adjustments under that revision, and the burden of proof of the propriety of the fuel cost rate adjustments shall remain on Wakefield Seafoods, Inc.

7. Wakefield Seafoods, Inc., shall maintain accurate records of its fuel costs, and of the billing adjustments based on those fuel costs, and shall, if so directed by the Commission after investigation and hearing, promptly make to its customers such refunds or credits of the revenues resulting from fuel cost rate adjustment as the Commission may direct by written order. If so directed by the Commission pending investigation and hearing, Wakefield Seafoods, Inc., shall place in escrow, in a financial institution approved by the Commission, the additional revenues received by Wakefield Seafoods, Inc., under any fuel cost rate adjustment which it has instituted.

8. The fuel cost rate adjustment shall be shown as a surcharge on each customer's bill for electric service

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1 and may take into account only the amount by which the cost
2 of fuel purchased after the effective date of this order
3 exceeds the base cost of fuel which was used to compute
4 revenue requirements in this proceeding or any other base
5 cost which the Commission subsequently approves.

6 9. If, under the provisions of the fuel cost rate
7 adjustment clause approved herein, Wakefield Seafoods, Inc.,
8 begins assessing surcharges to its customers to reflect
9 increases in its cost of fuel used to generate electrical
10 energy, it shall likewise make timely and appropriate re-
11 ductions in the surcharges to reflect decreases in its cost
12 of fuel.

13 10. Except as otherwise provided by the Commis-
14 sion in writing, within 45 days after the end of each
15 quarter of the calendar year following the quarter in which
16 any fuel cost rate adjustment is made, Wakefield Seafoods,
17 Inc., shall furnish to the Commission, on forms furnished by
18 the Commission, an interim report of the earnings of the
19 utility for the quarter period then ended.

20 11. At the request of the Commission, Wakefield
21 Seafoods, Inc., shall promptly prepare and file with the
22 Commission an up-to-date revenue requirements study for the
23 purpose of verifying that it is not earning an unreasonably
24 high rate of return on its original cost rate base of util-
25 ity plant used or useful in furnishing services for the con-
26 venience and necessity of the public.

27 DATED AND EFFECTIVE at Anchorage, Alaska, this 19th day of
28 April, 1977.

29 BY DIRECTION OF THE COMMISSION
30 (Commissioner Susan M. Knowles not participating)

31 (S E A L)

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