

HB

248

COMMITTEE REPORT
SENATE

FURTHER: Judiciary

3/8/79

Date: 2/20/80

Mr. President:

The Committee on STATE AFFAIRS has had HB 248
relating to the merger of electric and telephone utilities

under consideration and (a majority of the committee) (the committee)
reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
- and recommends _____ new title
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Bill McLean

Tom Kelly

Bill McLean

CHAIRMAN



Official Business

Alaska State Legislature

Senate

Committee on State Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

HB 248 - An Act relating to the merger of electric and telephone utilities; and providing for an effective date.

BY: House State Affairs Committee

As statutes now read, two telephone or electric cooperatives may merge and two telephone or electric corporations may merge. Statutes do not provide for the merger of a utility cooperative with a utility corporation. This bill would allow such mergers.

This bill has the support of the Rural Electric Association and the Alaska Public Utilities Commission.

1/15
2/15
3/15

Allison
Rickey

Rm 514
Capital

Comments
APUB
HB 248

APUC Comments on HB 248

The APUC believes this Legislation is in the public interest and supports House Bill 248.

The Commission observes that this legislation does not effect a merger between a cooperative and non-cooperative electric or telephone utility. It merely facilitates that process. Ultimately, any negotiated merger agreement requires the approval of the APUC because inherently involved is the transfer of a cooperative's certificate of public convenience and necessity to serve its present service area to the non-cooperative utility; that transfer requires Commission approval AS 42.05.281; 3 AAC 48.640(a)(3)-(4).

This bill imposes no fiscal impact on this agency.

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This bill imposes no fiscal impact on this agency.

BILL ANALYSIS

ASSIGNMENT DATE 2/27/79

UNASSIGNED

REALITY: Commerce MONITOR (PRINCIPAL): State Affairs BILL NO. HB 248.5

DEPARTMENT POSITION: ~~Request report on HB 248 included~~

DIVISION DIRECTOR: Carolyn S. Guess DATE: Commissioner: Alaska Public Utilities Commission DATE:

GOVERNOR'S OFFICE USE: [] POSITION NOTED [] POSITION APPROVED [] POSITION DISAPPROVED BY: DATE:

SUMMARY: (1) RELATED BILLS (SIMILAR OR CONFLICTING) (2) OTHER AGENCIES AFFECTED BY BILL

(2) a. ORGANIZATIONAL SUPPORT FOR BILL: APUC (2) b. ORGANIZATIONAL OPPOSITION TO BILL

(3) PROGRAM EFFECTS OF BILL

(4) FISCAL IMPACT: [] NONE [] FISCAL ANALYSIS ATTACHED

(5) AMENDMENTS PROPOSED:

(6) COMMENTS:

OF COUNSEL
M E MONAGLE

ROBERTSON, MONAGLE, EASTAUGH & BRADLEY

R E. ROBERTSON (1885-1961)
F O. EASTAUGH
J B. BRADLEY
WILLIAM G. RUDDY
L B. JACOBSON
MICHAEL T. THOMAS
JAMES F. CLARK
PAUL M. HOFFMAN
J P. TANGEN
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February 4, 1980

Senator Robert Mulcahy, Chairman
State Affairs Committee
Pouch "V" Mail Stop 3100
Juneau, Alaska 99811

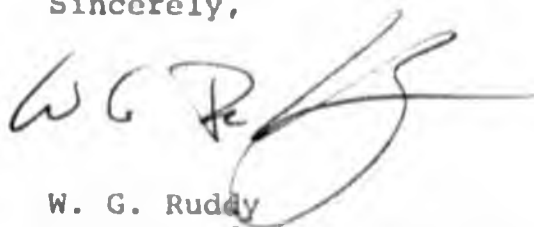
Re: HOUSE BILL 248

Dear Senator:

My client, the Glacier Highway Electric Association, would appreciate it if House Bill 248, which permits mergers between Rural Electrification Act Cooperatives and privately owned utilities, was moved along. The Bill was passed through the House last year and is a relatively straightforward piece of legislation.

Your help and assistance is greatly appreciated.

Sincerely,



W. G. Ruddy
Attorney for Glacier Highway
Electric Association

WGR:vb

HB 248

An act relating to the merger of electric and telephone utilities; and providing for an effective date.

House State Aff.

SUMMARY

This bill adds a new section to Ch. 5-ALASKA BUSINESS CORPORATION ACT entitled MERGER OF COOPERATIVE INTO A CORPORATION ORGANIZED UNDER THIS CHAPTER. It provides that a cooperative organized under the Electric and Telephone Cooperative Act (Ch.25) may merge into a corporation, organized under this chapter, that is engaged in business as and is certified as a telephone or electric utility. The corporation shall comply with provisions of this chapter insofar as they set out procedures for the merger of business corporations. Adds a new section to ELECTRIC AND TELEPHONE COOPERATIVE ACT (Ch. 25) stating the same as above and provides that the cooperative shall comply with provisions dealing with merger of cooperatives as set out in this chapter.

SUPPORTING INFORMATION

This bill was submitted at the request of Rural Electric Association representatives. REA's are cooperatives which are 100% federally funded under the U.S. Department of Agriculture and owned by the participating customers. As the law now reads, two REA's may merge and two private utility corporations may merge but REA's and private utilities may not merge. This bill would authorize such a merger. Bill Ruddy, Lobbyist for the Glacier Highway Electric Association which is an REA, stated that merger discussions are underway right now between Glacier Highway Electric Assoc. and Alaska Electric Light and Power Company, which is a private utility corporation. Under state law they cannot merge. This bill would make that possible if desired by both parties. He said the benefit would be a rate drop for Glacier Highway Electric customers and shareholders as AELP can provide services at approximately 40% lower rate than they are paying through GHEA now. AELP now provides electrical service to approximately 90% of the Juneau area. If they merged AELP would pick up the GHEA members.



AS OF 12/26/79 NEGOTIATIONS ARE STILL UNDERWAY. AELP SAYS IT LOOKS PROBABLE FOR MERGER VERY SOON

Carolyn Guess, Alaska Public Utilities Commission, stated that they support this bill. This type of merger would require the approval of APUC, who decide if it is in the public interest and issue the certificate. She stated that there would be no fiscal impact. (SEE APUC COMMENTS - ATTACHED TO BILL,

HB 248 was passed out of House State Affairs with all members recommending DO PASS. It passed the House on March 7, 39-0.

PREVIOUS LEGISLATION: Was CSHB 879 ^{115 1978} ~~1978~~ session (Commerce). It passed the House and died in Senate State Affairs. Mike Miller stated that he believed it died because of lack of time rather than any opposition to the bill.

FISCAL NOTE: None

RELATED LEGISLATION: None

INTERESTED PARTIES: House State Affairs (Sponsor)
Alaska Public Utilities Commission
Bill Ruddy-Glacier Highway Electric Assn.
ALASKA ELEC. LIGHT & POWER (586-2222)

HB 248

An act relating to the merger of electric and telephone utilities; and providing for an effective date.

State Affairs

SUMMARY

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(COMMERCE)

Previous Leg. was DCSHB 879 but ~~same~~
Passed House. Died in Senate st. app.

Previous
J.N. - None

Reliability - None
Interest Parties - Commerce APUC -
Bill Ruddy - Glacier Highway
House STAFF

JB248

BILL RUDY 2/14/80

Dave Ness -

R.E.A.

Beyond B.H. Bridge - Elec. & cgh
Elec. Assn. - 1948

Rate disparity large
50% more - C-HEA -

Many ^{present} ~~former~~ ^{propos} - before merger
can be accomplished

2 IBEW interests

Finance totally diff

R.E.A. advantages of C-HEA

A-CLP - provide, work & stabilization

who will have priority when merged

King St. Block - C-HEA to A-CLP
at A-CLP rate, structure

No legal way now to merge.

Next 2 weeks

Mike Miller - Submit leg.

HB 248 permits merge set the way
General applications all over state

Call Bill Ruddy when
scheduled. O

April 29, 1979

W. G. Ruddy
Robertson, Monagle,
Eastaugh & Bradley
Attorneys at Law
P.O. Box 1211
Juneau, Alaska 99802

Dear Mr. Ruddy:

It is too late to move House Bill 248 through this session. Early staff research indicated that the need that prompted the bill was no longer there. As we had received no particular interest in this bill we concentrated the short time we had on a number of other bills.

We will be looking at it first thing next session.

Sincerely,

Bob Mulcahy
Senator

Copy filed in Committee HB 248 folders

mg

ROBERTSON, M'ONAGLE, EASTAUGH & BRADLEY

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April 25, 1979

Senator Bob Mulcahy
Pouch V
Juneau, Alaska 99811

Dear Senator Mulcahy:

Would it be possible to move House Bill 248 through the Senate this year? The Bill is non-controversial and merely permits the merger of privately owned and cooperatively owned utilities. It was endorsed by the Alaska Public Utilities Commission and has been approved by the Department of Commerce. Your assistance would be greatly appreciated.

Sincerely,

Deborah A. Holbrook
for W. G. Ruddy

WGR:vb