

HB

20

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STATE OF ALASKA
OFFICE OF THE GOVERNOR

Please call Edith Wallen at 465-2504 to receive this information immediately.

BILL ANALYSIS

DEPARTMENT Commerce & Economic Development	DIVISION Alaska Public Utilities Commission	BILL NUMBER HB 20	SPONSOR Goll, Sund and Marrou
DEPARTMENT POSITION			
PREPARED BY Carolyn S. Guess Chairman	DATE 1/22/85	COMMISSIONER'S SIGNATURE	DATE

SUMMARY

OTHER AGENCIES AFFECTED BY BILL	CONSTITUENT GROUP(S) AFFECTED BY BILL
ORGANIZATIONAL SUPPORT FOR BILL	ORGANIZATIONAL OPPOSITION TO BILL

FISCAL IMPACT: NONE FISCAL NOTE ATTACHED

~~BACKGROUND/LEGISLATIVE INTENT~~

ANALYSIS OF BILL:

This bill would affect 114 regulated utilities; it would not affect 143 certificated utilities that are not subject to the regulatory jurisdiction of the Commission.

~~ANALYSIS OF BILL/PROGRAM EFFECTS~~

Attached is a copy of the APUC regulations applicable to regulated utilities that address deposits.

The Commission takes no position on the issue of whether or not interest should be paid on utility deposits. It believes, however, that in making that decision, the legislators should realize that this legislation may not produce a net benefit to the ratepayer. Under current regulatory accounting practices customer deposits are deducted from a utility's cash working capital requirements, thereby decreasing this expense to the ratepayers. In the event that consumer deposits were placed in an account to earn interest and, thus, were not available as cash working capital, a utility's revenue requirement would be increased to cover the costs of cash working capital which would then have to be acquired from customers' rates. If the utility were able to use the customer deposits as cash working capital but were required to pay interest on those monies at a future time, the interest expense would be an allowable regulatory expense and passed on to all ratepayers.

M E M O R A N D U M

TO: All Members, House Labor and Commerce Committee

FROM: Roger Poppe, Committee Staff

DATE: March 6, 1985 Wednesday

SUBJECT: Overview, HB 20

On Wednesday, March 6, at 1:15 pm in Room 102 of the Capitol Building, the House Labor and Commerce Committee met on HB 20: Interest on Public Utility Deposits, by Rep. Goll.

There was no legislation on this issue in previous legislatures, and there is no companion legislation in the Senate.

Alaska is the only state in the union that doesn't have some kind of statutory or regulatory requirement dealing with the return of interest on utility deposits. Material in your backup file from the sponsor breaks this information out state by state (see the 1983 Annual Report on Utility and Carrier Regulation).

The initial bill has been rewritten as a Sponsor Substitute by Rep. Goll, and the conception and language in it were both done with the assistance of the A.P.U.C. Testimony on the bill will be forthcoming from Carolyn Guess of APUC, Maureen Kennedy of AKPIRG, and Roger Plog, manager of the Juneau-Douglas Telephone Co.

The FN for the original bill will remain the same for the Sponsor Substitute, which is zero.

The changes in the SS include: 1) line 11-12 "...for recurring monthly service..." focuses the bill on deposits for setting up service, and not on deposits for construction, pole installation, etc.; 2) line 12 "...at or before the time it is returned..." allows a utility to pay back the deposit money a little bit at a time, rather than a lump sum at the end of a certain period (some of them do the former currently); 3) line 14 "...at the legal rate of interest..." should be in the neighborhood of 10.5; while if the utility puts the deposit in an interest-bearing account at rate lower or higher than this, they would have to pay that instead of the standard legal rate; 4) lines 17-19 indicate that if a customer is shown to be unreliable, he forfeits his entire deposit with interest, and if later service with him is re-established, he becomes such a credit risk that the utilities feel they should not pay any deposit interest for the first twelve months.

The major difference in this SS is that the time limitation has been dropped; currently all deposits under regulation have to be returned within two years anyway, so having the bill not go into effect for the first year was apparently considered too narrow. There is additional backup supplied by the sponsor that indicates the amount of money we are talking about annual with Alaskan electrical utilities alone is some \$9 million + dollars.

ELECTRIC UTILITIES
(Source - 1983 Annual Report)

<u>NAME</u>	<u>CLASS</u>	<u>CUSTOMER DEPOSITS</u>
Alaska Electric Light and Power Company	A	\$ 107,165
Alaska Power and Telephone Company	B	36,899
Alaska Village Electric Cooperative, Inc.	A	670
Aniak Light & Power Company	D	0
Arctic Utilities, Inc.	B	0
Barrow Utilities and Electric Cooperative, Inc.	B	Data Not Available
Bethel Utilities Corporation, Inc.	B	80,545
Bettles Light & Power, Inc.	D	0
Chugach Electric Association, Inc.	A	1,739,017
Copper Valley Electric Association, Inc.	A	165,216
Fort Yukon Utilities (now Gwitchyaa Zhee Utility Co.)	C	0
Golden Valley Electric Association, Inc.	A	897,705
Haines Light and Power Company	C	3,425
Homer Electric Association, Inc.	A	960,090
Iliamna-Newhalen Electric Cooperative, Inc.	D	11,622
Kodiak Electric Association, Inc.	A	111,755
Kotzebue Electric Association, Inc.	B	44,455

ELECTRIC UTILITIES (CONT.)
(Source - 1983 Annual Report)

<u>NAME</u>	<u>CLASS</u>	<u>CUSTOMER DEPOSITS</u>
M & D Enterprises	C	Data Not Available
Manley Utility Company, Inc.		Data Not Available
Matouska Electric Association, Inc.	A	\$ 802,909
McGrath Light & Power Company	C	3,450
Municipality of Anchorage d/b/a Municipal Light & Power Dept.	A	44,913
Northern Power & Engineering Corporation (now G&K, Inc.)	C	1,276
Northway Power & Light, Inc.	D	0
Nushagak Electric Cooperative, Inc.	B	6,955
Pelican Utility Company Pelican Division	D	0
Pelican Utility Company Sand Point Division	C	0
Tanana Power Company, Inc.	C	6,244
Teller Power Company	D	Data Not Available
Tlingit-Haida Regional Electrical Authority	B	17,320
Yakutat Power, Inc.	C	0
SUBTOTAL		<u>\$5,041,631</u>

GAS UTILITIES
(Source - 1983 Annual Report)

<u>NAME</u>	<u>CLASS</u>	<u>CUSTOMER DEPOSITS</u>
Alaska Pipeline Company	A	\$ 0
Barrow Utilities and Electric Cooperative, Inc.	C	Data Not Available
ENSTAR Natural Gas Company	A	765,255
Kenai Utility Service Corporation	C	Data Not Available
SUBTOTAL		<u>\$765,255</u>

TELEPHONE UTILITIES
(Source - 1983 Annual Report)

<u>NAME</u>	<u>CLASS</u>	<u>CUSTOMER DEPOSITS</u>
Alascom, Inc.	A	\$ 233,242
Arctic Slope Telephone Association Cooperative, Inc.	B	6,867
Bristol Bay Telephone Cooperative, Inc.	B	6,307
Bush-Tell, Inc.	C	315,473
Copper Valley Telephone Coopera- tive, Inc.	B	45,805
General Telephone Company of Alaska	A	160,836
Glacier State Telephone Company	A	250,677 <i>290,471</i>
Interior Telephone Company	B	18,482
Juneau and Douglas Telephone Company	A	50,198 <i>55,193</i>
Matanuska Telephone Association, Inc.	A	620,512
Mukluk Telephone Company, Inc.	C	3,275
Municipality of Anchorage d/b/a Anchorage Telephone Utility	A	1,014,349
National Utilities, Inc.	C	32,083
Nushagak Telephone Cooperative, Inc.	B	35,487
OTZ Telephone Cooperative, Inc.	B	3,600
Sitka Telephone Company	A	61,873
Telephone Utilities of Alaska, Inc.	B	2,369
United Utilities, Inc.	A	80,846
Whittier Telephone Company	C	Data Not Available
Yukon Telephone Company	C	3,437
SUBTOTAL		<u>\$2,945,718</u>

WATER UTILITIES
(Source - 1983 Annual Report)

<u>NAME</u>	<u>CLASS</u>	<u>CUSTOMER DEPOSITS</u>
Alyeska Utilities, Inc.	D	\$ 0
Barrow Utilities and Electric Cooperative, Inc.	A	30,660
Central Alaska Utilities ¹	A	200,869
College Utilities Corporation	B	52,416
Chugiak Utilities, Inc.	D	Data Not Available
Dawn Development Corporation	D	Data Not Available
Eklutna Utilities, Inc.	D	18,930
Glacier Utilities, Inc.	D	Data Not Available
Kwik Log Water System	D	Data Not Available
Matanuska Utility Company	D	Data Not Available
McCann, Alfred O.	D	Data Not Available
McGahan Utilities, Inc.	D	Data Not Available
McKinley Utilities, Inc.	D	0
Mendenhaven Improvement & Maintenance Corporation	D	0
Municipality of Anchorage d/b/a Anchorage Water Utility	A	189,311
Norfolk Utilities, Inc.	D	2,860
Paul Omlin, Inc.	D	0

¹Now owned by the Municipality of Anchorage d/b/a Anchorage Water Utility.

WATER UTILITIES (CONT.)
(Source - 1983 Annual Report)

<u>NAME</u>	<u>CLASS</u>	<u>CUSTOMER DEPOSITS</u>
Pelican Utility Company	D	\$ 0
R.J. & Clara Rhodes	D	0
Romig Park Improvement Company	D	0
S & S Development	D	0
Settlers Bay Properties, Inc.	D	0
Spenard Heights Water System	D	0
Sunny Slopes Water System	D	Data Not Available
Valley Water Company, Inc.	D	8,440
SUBTOTAL		<u>\$503,486</u>
GRAND TOTAL OF ALL UTILITIES		<u>\$9,826,810</u>



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y. State Capitol
Juneau, Alaska 99811
(907) 465-3991

February 12, 1985

MEMORANDUM

TO: Representative Peter Goll

FROM: Nancy Pease *Nancy Pease*
Legislative Analyst

RE: Deposits to Public Utilities
Research Request 85-142

Bob Berry of your office requested the following information on deposits that public utilities may require of first-time customers or those with no established credit:

- the representative low, high and average deposit required;
- the total amount of deposits held by public utilities;
- the length of time the deposits are held;
- the administrative cost and the burden to public utilities if they were required to pay interest on the deposits, and;
- an indication of the lead time utilities would require to begin paying interest on deposits without undue burden to the utilities.

The attached table presents information on the customer deposit requirements of 28 electric, natural gas, water, sewer or refuse utilities across the state. The four smallest utilities surveyed do not require deposits from first-time customers or those with no established credit.¹ In addition, several utilities waive their deposit requirement for new customers who provide good credit references or for new residential customers who own or purchase a home.

¹The Cities of Kotlik, Seldovia, North Pole and Dillingham each provide utility services to no more than 225 customers.

Average deposits

Utilities which require a standard deposit from their new customers charge, on average, a \$74 deposit to open a residential account and \$142 to open a commercial account.

However, many utilities adjust the amount of a customer's deposit according to the monthly bills or credit histories of previous customers with similar service needs. Depending upon the methods used to calculate customer risk, residential deposits range from \$10 for water and sewer service in Fairbanks to \$600 for telephone service from the Matanuska telephone utility. Deposit requirements for new commercial accounts range from \$19 for water service in Wrangell to \$2,500 for electricity in Dillingham.² For those utilities which reported varying deposit requirements, the average low and high residential deposits are \$29 and \$130 respectively. The average low and high commercial deposits are \$89 and \$950 respectively.

Total Amount of Deposits Held by Public Utilities

Bob Berry indicated that the Alaska Public Utilities Commission (APUC) was providing you with the total deposits held by all APUC-regulated utilities. Based on the information gathered in this survey, we are unable to estimate the amount of deposits held by unregulated utilities. The 10 unregulated utilities which indicated in this survey that they require customer deposits hold a total amount of at least \$1,180,000. Four of the unregulated utilities surveyed do not require deposits.

These 14 unregulated utilities represent only 20 percent of the approximately 70 unregulated utility corporations which provide electricity, natural gas, water, refuse removal, sewer or telephone service to Alaska consumers.³ It is difficult to assess how accurately this survey reflects the sizes and types of unregulated utilities as well as

²David Bowker, General Manager of Nushagak Electric Co-operative in Dillingham, stated that Nushagak received permission from the Alaska Public Utilities Commission to charge commercial users a deposit of up to the estimated two-month billing. This policy was directed specifically toward fish processors after the utility suffered \$50,000 in losses when fish processors went bankrupt.

³The survey included the following unregulated utilities: Fairbanks Municipal Utilities Systems, Ketchikan Public Utilities, Kodiak Municipal Utilities, and the Cities of Kenai, Petersburg, Sitka, Nome, Wrangell, Palmer, Unalaska, Kotlik, Seldovia, Dillingham and North Pole.

other unknown factors which may correlate to deposit policy. Because this sample is not necessarily representative, the information cannot be used to extrapolate the total amount of deposits for all utilities.

We were also unable to estimate the total amount of deposits by determining the average deposit charged per customer or per capita. Utilities' records show the number of customer accounts, but not necessarily the number of actual customers. One customer may pay a single deposit for several services or he may pay multiple deposits either to the same or different utility companies. An extrapolation of total deposits based on a per capita estimate would also be inaccurate because the percent of the population who are utility customers varies greatly in different localities.

Length of Time Deposits Are Held

Most of the surveyed utilities which require deposits refund them after either one or two years if the customer maintains good credit with the company. Nearly half (42 percent) of those utilities keep the deposits for two years. Four of the utilities surveyed hold the deposit until the customer closes the account. For those utilities which return customer deposits after a scheduled interval, the average period for holding deposits is 16 months.

Administrative Cost, Burden and Lead Time for Requiring Interest Payments on Deposits

The administrative cost to utilities of paying interest on customer deposits depends largely on whether the utility has a computerized accounting system. Spokespersons for several utilities which currently pay interest indicated that implementing the interest paying policy incurred a one-time computer programming cost. Their computers calculate interest monthly on each customer's deposit. The interest is either credited to the customer's bill once per year or is refunded with the deposit. Utility spokespersons who currently use computerized accounting systems to pay interest estimated that implementing an interest paying policy would require very little lead time.

Some of the small utilities balance their customer accounts by hand. Calculating and paying interest for each customer deposit would increase considerably the accounting and clerical work for these utilities. The utilities clerk for the city of Kenai stated that the Kenai utility might find it advantageous to stop requiring deposits rather than handle the paperwork of paying interest on each deposit.

Representative Goll
February 12, 1985
Page 4

Several utilities spokespersons mentioned that administrative complications would arise in calculating and paying interest to customers delinquent on their payments. The amount held in deposit for a customer may change many times at irregular intervals if the customer is consistently late with his payments and is disconnected, has part of his deposit confiscated, or is required to pay additional deposits.

Utility spokespersons were not able to estimate the financial burden of paying interest without determining what portion of their customer deposits would be affected. The burden to each utility will depend on the amount of deposits on which it must pay interest and on the utility's current use of the deposits. There was no consistent pattern to utilities' management of the deposits. Some of the utilities hold their deposits in a general fund and use them for general operating expenses while other utilities keep the deposits in checking accounts or interest bearing saving accounts, either separately or in combination with other daily cash deposits.

Chugach Electric keeps its deposits in a noninterest bearing checking account because it must frequently make refunds. If the utility were forced to commit its deposits to an investment account, it would lose this flexibility. Utilities which enter deposits into their general funds would also lose operating flexibility.

Ketchikan Public Utilities currently keeps customer deposits in an interest bearing savings account and passes along interest to the depositors. The City of Sitka invests its customer deposits for a return of 8 or 9 percent, also passing most of the interest to depositors. These utilities will incur a minimal burden if interest payment is mandated.

* * *

We hope you find this information to be useful. Please contact us if you have further questions.

NP

Attachment

Utility	Number of Customers	Deposits Residential Low	Deposits Residential High	Deposits Resident. Standard	Deposits Business High	Deposits Business Standard	Utility Deposits TOTAL	Period Held	Interest Paid
Fairbanks Muni. Util							799491	12	6
electricity		20	40						
water		10	30			1 mo. = 5%			
telephone		20	50			40			
district heat		10	15			30			
Juneau-Douglas telephone	17061			100	400	225	55193	12	0
Anchorage Mun. Tel. telephone	170390	50	150		900		1100000		0
ENSTAR gas	60505	25	225		over 1000		800000	24	5
Mat-Susitna Tel. telephone	26050		600	50	2000		616000	12	6
Homer Elec. Asso. electric	14427		150	100			960,090 *		0
Ketchikan Pub. Util. elec. & tel.			100	50		100	117000	13	5
Kanai, City of water & sewer				40		50	19000	24	0
Petersburg, City of elec, water & sewer				40		75	12821	12	0
Bathel Utilities electricity	2055			100		100	66000		0
AK Elec. Lt & Power electricity	9856	20	30		300		107,165 *	24	0
Barrow Pub. Util. electricity	1101			75		75	32000	24	0
gas	787			75		75			
Chugach Elec. Asso. electricity	59874			30	300		1,739,017 *	24	0
Sitka Telephone telephone	6320			90		125 *	61,873 *	6	5
Sitka, City of elec, water & sewer				75		105	167700 *til close		6
Nushagak Elec. electricity	879			100	2500		32000	24	0
telephone				100		1500	45000	24	0
Nome, City of							20000	12	0
electricity				75		75			
water & sewer				50		50			
Bristol Bay Tel. telephone	679		100	100	500		10700	24	0
Wrangell, City of electricity				50			13000 til close		5
water			20				2000	12	5
Glacier State Tel. telephone	28540			100		150	290478	12	0
Kodiak Mun. Util. water hookup				250		250	NA	1	0
sewer hook-up				300		300	NA	1	0
refuse	272			10		10 NA		til close	0
City of Palmer water, sewer & refuse				40		40	30700 til close		0
Eklutna Utilities water	303			50			20000	24	10

Prepared by House Research Agency (8 Feb 1985)

Utility	Number of Customers	Deposits Residential Low (\$)	Deposits Residential High (\$)	Deposits Residential Btd (\$)	Deposits Business Low (\$)	Deposits Business High (\$)	Deposits Business Btd (\$)	Utility Deposits TOTAL	Months Held	Rate of Interest Paid
Soldotna, City of water sewer	800	15 0	200 0	0	20 0	280 0	0	10,000	36	0
Seward, City of electric water sewer & refuse	1,700			100 25 0	0	0	200 75 0	60,665	6	6
Haines, City of water sewer	400			16 24			16 24	6,000	24	0
Sitka, City of water, sewer, refuse	300	0	0	0	0	0	0	0	0	0
General Tel Co of Alaska telephone	9,800	100	300		100	1,200		172,000	10.2	0
Cordova, City of water & sewer refuse	700 NA	0	0	0 40	0 115	0 230	0	NA	NA	0
Cordova Elec. Co-op electricity	1,250			200		200	1,000	57,500	24	0
Cordova Tel. Co-op telephone (1)	1,356			60			100	NA	24	0
Craig, City of water sewer refuse	350			28 20 25	25	68	44 30	NA	varies	0
Yakutat, City of water & sewer	200	0	0	0	0	0	0	0	6	0
Yakutat Power, Inc. electricity	300		100			500		400	12	0
Juneau, City of water & sewer	4,700	0	0	0	0	0	0	0	0	0
Valdez, City of water sewer	1,700	0	0	50 0	0	0	50 0	7,700 til close		0
Copper Valley Elec. electricity	3,000	150	300		800	2,000		190,770	12	0
Alaska Power & Tel. electricity telephone	1,300 1,200	50 50	500 500		50 50	500 500	25,672 30,764	12 12	0 0	
Manley Utility Co. elec. & tel.	48			varies		varies		0	varies	0
Alaska Village Elec. electricity	5,046	0	0	0	0	0	0	0	0	0
Kotzebue Elec. Assoc. electricity	742	35	200	100			200	52,480 til close		0
Kotzebue, City of water, sewer, refuse	540		100			100		5,400	6	0
Kodiak Elec. Assoc. electricity	4,700			50		1,500	100	120,000	24	0
Hastilla, City of water	300	0	0	0	0	0	0	0	0	0
Channel Sanitation Corp refuse	4,000	0	0	0	0	0	0	0	0	0
McGrath Light & Power electricity	220			75			75	5,500 til close		0
Anchorage Muni Lt & Power electricity (1)	28,500			20					24	0
Anchorage Water & Wastewater water (1) sewer (1)	36,514 40,684			20 20					24 24	0 0
TOTAL	150,350							668,439		
PARTIAL AVERAGE (2)		67	275	51	166	643	4,168	44,563	24	

(1) These utilities reported the number of customer accounts not the number of customers.

(2) Average excludes utilities not requiring or reporting deposits.

Prepared by House Research Agency, February 1985

INTRODUCTION OF BILLS (House)(cont'd)

HB 17 (cont'd)

provide for an effective date (becomes law 90 days after Governor signs bill).

On January 14 Rep. Szymanski added his name as co-sponsor.

Introduced January 14 and referred to Judiciary.

Child &
Sexual Abuse
(teacher
training)

HOUSE BILL NO. 18, by Rep. Phillips. Would require that each school district provide one day of in-service training a year to teachers and principals on the subjects of child abuse and sexual abuse of minors. Language added as new section to AS 14.03.030 (Public Schools Generally. School Term). Does not provide for an effective date (takes effect 90 days after Governor signs bill).

On January 14 Reps. Goll and Larson added their names as co-sponsors. On January 16 Rep. Gruenberg was added as a co-sponsor. On January 18 Rep. Collins was added.

Introduced January 14 and referred to Health, Education & Social Services and Finance.

Runaways
(locating)

HOUSE BILL NO. 19, by Rep. Phillips. Requires that a law enforcement agency make reasonable efforts to locate runaway children not later than 24 hours after receiving a written request from the person having legal custody. If a peace officer finds the minor and does not detain him, the officer is required to notify the Department of Health & Social Services immediately of the location and the circumstances in which the minor was found. The Department has 12 hours after notification to notify the legal guardian. The Department is required to contact the minor in person before notifying the legal guardian, determine the minors condition and circumstances and advise the minor in writing of services available through the Department. Does not provide for an effective date (takes effect 90 days after Governor signs bill).

On January 14 Reps. Goll and Larson added their names as co-sponsors.

Introduced January 14 and referred to Health & Social Services, Judiciary and Finance.

Public Utility
Deposits
(interest on)

HOUSE BILL NO. 20, by Rep. Goll. Requires a public utility that collects and retains for more than one year a deposit for service of \$100 or more to pay interest on that deposit at the time it is returned. Sets interest at the legal rate at the time the deposit was made. Does not provide for an effective date (takes effect 90 days after Governor signs bill).

On January 14 Reps. Sund and Marrou added their names as co-sponsors. On January 16 Rep. Gruenberg was added.

Introduced January 14 and referred to Labor & Commerce, Finance.



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

February 22, 1985

MEMORANDUM

TO: Representative Peter Goll

FROM: Nancy Pease *Nancy Pease*
Legislative Analyst

RE: Deposits to Public Utilities
Research Request 85-142 (Additional Information)

In response to your request, we are providing information on customer deposits for 25 additional public utilities. (See attached table.)

We are still awaiting deposit information for Anchorage's electric, water and sewer utilities; we will forward these statistics to you as soon as we obtain them.

NP

Attachment

**1983 ANNUAL REPORT ON
UTILITY AND CARRIER REGULATION**



**National Association of
Regulatory Utility Commissioners**

Table 400 - UTILITY BILLING PRACTICES - Part II

AGENCY	A10 Standline	A11 Type of Billing Period(s)				B1 When Deposit Required	B2 Deposit		B3 Deposit Returned			B4 Authority (c)	
		Elec.	Gas	Phone	Water		Earn Int.	X	Re- Quest	Auto	When		Adopt GABUC
ALABAMA PSC	No	X	X	X	X	company discretion	Yes	7	Yes	No	credit established	No	CR
ALASKA PUC	Yes	X	X	X	X	establish or reestablish credit	Yes	varies	---	Yes	usually two years	No	CR,T
ALBERTA PUC	No	X	X	X	X	varies	Yes	varies	---	Yes	varies	No	T
ARIZONA CC	No	X	X	X	X	new customer 1/	Yes	2/	No	Yes	1 year sat. payments	No	CR
ARIZONA PSC	No	X	X	X	X	new customer	Yes	6	No	Yes	1 year sat. payments	---	CR,S
CALIFORNIA PUC	Yes	X	X	X	X	varies	Yes	7	No	Yes	1 year sat. payments	No	T
COLORADO PUC	No	X	X	X	X	new customer	Yes	3/	No	Yes	credit established	Yes	CR
CONNECTICUT DPUC	No	X	X	X	X	credit not established	Yes	8	No	Yes	credit established	No	CR
DELAWARE PSC	No	X	X	X	X	credit not established	Yes	6	No	Yes	1 year sat. payments	---	T
D.C. PSC	No	X	X	X	X	credit not established	Yes	8	No	Yes	1 year sat. payments 2/	---	T
FLORIDA PSC	No	X	X	X	X	initiation of service	Yes	8-1	No	Yes	25 mos. sat. payments	---	CR
GEORGIA PSC 2B	No	X	X	X	X	company discretion	Yes	7	No	Yes	2 years sat. payments 5/	No	CR
HAWAII PUC	No	X	X	X	X	credit not established	Yes	6	No	Yes	credit established	No	CR
IDAHO PUC	No	X	X	X	X	in accordance w/UTC rules	Yes	12	No	Yes	1 year sat. payments	---	CR
ILLINOIS CC	No	X	X	X	X	credit not established 2/	Yes	7	No	Yes	2/	Yes	CR
INDIANA PSC	No	X	X	X	X	credit not established 4/	Yes	6	No	Yes	1 year sat. payments	No	CR
IOWA SCC	No	X	X	X	X	credit not established	Yes	12	No	Yes	1 year sat. payments	No	CR, S
KANSAS SCC	Yes	X	X	X	X	3 mos. of delinquency	Yes	8	No	Yes	1 year sat. payments	No	CR
KENTUCKY PSC	No	X	X	X	X	company discretion	Yes	4	---	Yes	utilities' option or termination	---	CR
LOUISIANA PSC	No	X	X	X	X	initiation of service	Yes	6	No	Yes	credit established/termination	No	CR,S
MAINE PUC	No	X	X	X	X	credit not established 4/	Yes	6	---	Yes	12 months	No	CR
MARYLAND PSC	No	X	X	X	X	credit not established	Yes	6	---	Yes	18 months	---	CR
MASSACHUSETTS DPUC	No	X	X	X	X	new customer 2/	Yes	2/	No	Yes	2 years sat. payments	No	CR
MICHIGAN PSC	No	X	X	X	X	new customer 1/	Yes	9	No	Yes	1 year sat. payments	No	CR
MINNESOTA PUC	No	X	X	X	X	credit not established	Yes	6	No	Yes	1 year sat. payments	No	CR
MISSISSIPPI PSC	No	X	X	X	X	new customer	Yes	8	No	Yes	credit established/termination	---	CR
MISSOURI PSC	Yes	X	X	X	X	11/	Yes	4-9	No	Yes	1 year sat. payments	No	CR
MONTANA PSC	No	X	X	X	X	credit not established	Yes	1/mo.	No	Yes	1 year sat. payments	---	CR
NELAPASKA PSC	No	13/	13/	13/	13/	credit not established	Yes	3	No	Yes	1 year sat. payments	---	CR
NEW HAMPSHIRE PSC	No	X	X	X	X	initiation of service 4/	Yes	17/	No	Yes	1 year sat. payments	No	CR
NEW JERSEY BPU	No	X	X	X	X	12/	Yes	8	No	Yes	1 year residential, 3 years others	No	CR
NEW JERSEY PSC	No	X	X	X	X	credit not established	Yes	9	No	Yes	termination 14/	---	CR
NEW MEXICO PSC	No	X	X	X	X	credit not established	Yes	3	No	Yes	varies 16/	No	CR
NEW MEXICO SCC	No	13/	16/	X	16/	credit not established	Yes	9	No	Yes	5 months sat. payments	No	S
NEW YORK PSC	No	X	X	X	X	15/	Yes	11	No	Yes	1 year sat. payments 17/	No	CR,S
NORTH CAROLINA CC	Yes	X	X	X	X	18/	Yes	4	No	Yes	17/	No	CR
NORTH CAROLINA PSC	Yes	X	X	X	X	credit not established 4/	Yes	6	No	Yes	1 year sat. payments	No	CR,S
NOVA SCOTIA PUC	No	X	---	X	X	credit not established	Yes	8	---	Yes	varies	No	T
OHIO PUC	No	X	X/S	X	X	credit not established	Yes	6	No	Yes	varies	No	CR,S
OKLAHOMA CC	No	X	X	X	X	credit not established	Yes	6	No	Yes	credit established/termination	No	CR
ONTARIO ED	No	---	X	---	---	credit not established 4/	Yes	10/	No	Yes	Two years sat. payments	No	CR
ONTARIO PSC	No	---	---	X	---	credit not established	Yes	Prime	No	Yes	---	---	CR
OREGON PUC	No	X	X	X	X	credit not established	Yes	9	No	Yes	1 year/termination	No	CR
PENNSYLVANIA PUC	No	X	X	X	X	PUC rules	Yes	11	No	Yes	21/	No	CR
PURDUE BGD	No	X	X	---	---	22/	Yes	Prime	No	Yes	1 to two years	---	CR
QUEBEC PSP	No	---	---	X	---	credit not established	Yes	8	No	Yes	6-9 months sat. payments	No	CR
RHODE ISLAND PUC	No	X	X	X	X	credit not established	Yes	12	No	Yes	credit established/termination	No	CR
SOUTH CAROLINA PSC	No	X	X	X	X	credit not established	Yes	12	No	Yes	credit established/2 years	---	CR,S
SOUTH CAROLINA PUC	No	X	X	X	X	10/	Yes	7	No	Yes	credit established/1 year	No	CR
TENNESSEE PSC	No	X	X	X	X	credit not established	Yes	6	No	Yes	1 to 2 years	No	CR

Table 48b - UTILITY BILLING PRACTICES - Part II (Continued)

AGENCY	A10 Studies	All Billing Period(s)				A1 When Deposit Required	B2 Deposit		B3 Deposit Returned			Adopt NLRUC	B4 Authority (c)
		Elec.	Gas	Phone	Water		Int.	%	Re- quest	Auto	When		
TEXAS PSC	No	M	M	M	M	credit not established 4/ initial service	Yes	5	No	Yes	1 year sat. payments	---	CR, S
TEXAS BC	No	---	M	---	---	credit not established 4/ initial service	Yes	5	No	Yes	1 year sat. payments	No	CR, S
WYOM PSC	No	M	M	M	M	credit not established 4/ initial service	Yes	2 1/2	Yes	---	termination/credit out. (1-2 yrs.)	No	CR
VERMONT PSC	No	M, B,	M	M	1 mo.- yr-	company discretion	Yes	10	No	Yes	1 year sat. payments/ termination	No	CR
VIRGIN ISLANDS PSC	Yes	M	---	M	M	always	Yes	5	---	Yes	1 year	No	CR, S
VIRGINIA SCC	No	M	M	M	M	credit not established 4/ initial service	Yes	2 1/2	No	Yes	1 year sat. payments	---	CR
MISSISSIPPI UIC	No	M, B	M	M	M, B	2 1/2/ new customer-credit not	Yes	10	No	Yes	credit established	No	CR
WEST VIRGINIA PSC	No	M, B	M	M	M	new customer-credit not	Yes	0	No	Yes	1 year sat. payments	No	CR
WISCONSIN PSC	Yes	M	M	M	M	2 1/2/ credit not established 4/ initial service	Yes	0	No	Yes	1 year	No	CR
WYOMING PSC	Yes	M	M	M	M	credit not established 4/ initial service	Yes	---	No	Yes	specified period	No	CR

NOTES: c. CR (commission rules), S (statutes), T (tariffs)
d. M (monthly), B (bi-monthly), Q (quarterly)

SPECIAL NOTE: Complete questions can be obtained in Appendix by number at head of each column.

Footnotes - Table 48b - UTILITY BILLING PRACTICES - Part II

- 1/ If delinquent more than twice in last 12 months of service or if disconnected for non-payment.
- 2/ Pursuant to tariff.
- 3/ Rate of interest paid is established each year based upon the average for the period October 1 through September 30 (of the immediately preceding year) of the twelve monthly average rates of interest expressed in percent per annum, payable on one-year United States Treasury Bills, as published in the Federal Reserve Bulletin.
- 4/ Or bill delinquency.
- 5/ One year satisfactory payments for electric and gas; nine months for telephone service.
- 6/ Two years satisfactory payment for electric and gas; one year for telephone.
- 7/ General Order 171, (and Revised) Sec. 7, contains detailed information regarding deposits.
- 8/ After termination for non-payment; after two payments are more than 45 days past due in any 12-month period.
- 9/ The average rate on two-year U.S. Treasury notes for the preceding calendar year as published in the Federal Reserve Statistical Review G.11 (413).
- 10/ Not regulated by the Commission.
- 11/ Telephone - delinquency on two of twelve consecutive billings; gas and electric - delinquency on five of twelve consecutive billings.
- 12/ Statutory rate.
- 13/ Usually all commercial/industrial accounts; residential accounts with poor credit, via disconnect for non-payment.
- 14/ Residential account review by company once a year; non-residential account review every two years.
- 15/ Company policy must be approved by PSC; automatic review once a year.
- 16/ Residential: After two consecutive months without reasonable payment, defined as one-half of total arrears. Business: Deposits permitted unless customer not delinquent for three years.
- 17/ Three years - business.
- 18/ Credit not established, had service discontinued or two or more late payments in previous twelve billings.
- 19/ Service discontinued: when bills paid for twelve consecutive payments without having service discontinued, or did not have more than two occasions in twelve consecutive billings in which a bill was not paid when it was due.
- 20/ Current rate on bank savings accounts.
- 21/ Telephone utilities and all commercial/industrial accounts--varies; residential gas, electric and water--12 consecutive months without having service terminated or without having paid subsequent to the due date on more than two occasions.
- 22/ In exceptional cases specified in General Orders G-168 of June 9, 1977 for gas customers and General Order 929 for electricity customers under the jurisdiction of the Electricity and Gas Board.
- 23/ Annually.
- 24/ Required to pay same rate as charged to delinquent accounts.
- 25/ Established by Commission.
- 26/ When credit requirements cannot be met on initial application or upon restoration of service following disconnection for non-payment; also may be requested for excess bill not paid in full upon demand.
- 27/ Deposits for new residential service required if customer has outstanding debt with utility which occurred within past six months. Deposits bear 8% interest and are returned if not disconnected for 12-month period.
- 28/ Data submitted is for gas and electric utilities only.

APPENDIX

NARUC QUESTIONNAIRE RE UTILITY BILLING PRACTICES

Date _____

Name of State _____

Name of Agency _____

A. Time of Payment

1. Do billing practices in your State include any type of penalty for late payments, whether expressed as a "discount" for prompt payment, "net-gross" billing, or other. Yes _____ No _____
If "yes", what type of penalty:

- a. Net-gross rates _____
b. Collection charge (flat fee) _____
c. Other (please specify) _____

2. Does your State have uniform billing practices for all utilities on:

- a. Due and payable periods? Yes _____ No _____
b. Late payment penalties (discounts)? Yes _____ No _____

3. What authority exists for use of such practices?

- a. Statutes? Yes _____ No _____
b. Commission rules? Yes _____ No _____
c. Other (please specify) _____
Please attach copies.

4. Are these charges subject to any State truth-in-lending law? Yes _____ No _____
If "yes", has it been sustained in court in your State? Yes _____ No _____
(If "yes", please give case citation.)

5. List utilities in your State which use net-gross rates:

6. What period of time is usually allowed before penalty is incurred ("due and payable" period)?

If less than 30 days, please give reasons:

7. Are customers allowed any "late" payments without incurring any penalty? Yes _____ No _____
If "yes", how many per year? _____

8. Do the utilities that have a late payment penalty apply it to all classifications of customers (residential, commercial, industrial, etc.)? Yes _____ No _____
If "no", what classes are excluded? _____

9. What percentage of late payments are incurred by:

- a. Residential customers? _____
b. Commercial and industrial customers? _____

10. Do you know of any studies which support the statement that "collection costs associated with late payments support the use of penalties"? Yes _____ No _____ If "yes", please identify and, if practicable, enclose a copy of the study.

11. What is the usual billing period for:

- a. Electric utilities? _____
b. Gas utilities? _____
c. Telephone? _____
d. Water? _____

B. Deposits

- 1. When is a deposit required? (Specify by type of utility if differences exist.) _____
- 2. Do deposits earn interest? Yes _____ No _____
If "yes", at what annual rate? _____
- 3. When is a deposit returned:
 - a. At customer's request? Yes _____ No _____
 - b. Automatically by utility? Yes _____ No _____ If "yes", when? _____
- 4. What authority governs deposits?
 - a. Statute _____
 - b. Commission rules _____
(Has commission adopted (ARUC model rule on deposits?) Yes _____ No _____)
 - c. Other (please specify) _____
Please provide copies. _____

C. Disconnections

- 1. How much notice must be given customers before disconnection for failure to pay bills? _____
- 2. Can a customer's service be disconnected for failure to pay the difference between net and gross, if net amount is paid? Yes _____ No _____
- 3. What authority governs disconnections?
 - a. Statutes _____
 - b. Commission rules _____
 - c. Other (please specify) _____
Please provide copies. _____

D. Rate Information

- 1. How can a customer check the accuracy of his billing? _____
 - a. Is the utility required to supply the customer all the back-up information? Yes _____ No _____
 - b. Does your commission provide an analysis upon request? Yes _____ No _____
 - c. Is sufficient information provided with the billing to enable the customer to make this calculation (usage, block rates, etc.)? _____
- 2. Are bills itemized (separately stated and adequately described) for:
 - a. Service charges? Yes _____ No _____
 - b. Other recurring charges? Yes _____ No _____
 - c. Special charges (connect, reconnect, extension telephone, etc.)? (Please specify) _____

E. Has your Agency conducted an analysis of the billing procedures of the utilities under your jurisdiction? Yes _____ No _____ If "yes", please summarize. _____

F. Comments _____

Jack:
On page 2
of this question-
naire are the
4 "Deposits"
questions, which
are answered
in Table 481,
State-Rep-Stat 512

Name of Official completing questionnaire

Title of Official

**STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 20
 Title: interest on deposits collected by public utilities
 Sponsor: _____
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Alaska Public Util. Commission
 Program Category Affected: Consumer Protection
 BRU, Program or Subprogram(s) Affected: Alaska Public Utilities Commission

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
GENERAL FUND						
FEDERAL FUNDS	0	0	0	0	0	0
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

No Fiscal Impact.

Prepared by: John B. Farleigh, Executive Director Phone: 276-6222, ext. 311
 Division: Alaska Public Utilities Commission Date: 1/22/85

Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

(c) Until such time as an adopted tariff is refiled in the name of the utility or pipeline carrier which adopted it, all revisions of it subsequent to adoption will bear, at the top part of each tariff sheet, the name of the utility or pipeline carrier whose tariff was adopted and, at the bottom part of the sheet after "Issued by," the name of the utility or pipeline carrier that adopted the tariff and is issuing the revisions of the tariff. A tariff adopted by one utility or pipeline carrier may not be adopted by another utility or pipeline carrier, but instead must be filed as the tariff of the filing utility or pipeline carrier without any substantive change in the rates, charges, rules, and regulations of the predecessor utility or pipeline carrier. (Eff. 11/16/73, Reg. 48; am 6/29/84, Reg. 90)

Authority: AS 42.05.141 AS 42.06.305
 AS 42.05.151 AS 42.06.350
 AS 42.05.361 AS 42.06.360
 AS 42.06.140(a)(5) AS 42.06.390

3 AAC 48.410. TARIFF OF ACQUIRED UTILITY OR PIPELINE CARRIER. A utility or pipeline carrier acquiring ownership or control of another utility or pipeline carrier, or portion of one, and filing a notice adopting the rates, rules, and regulations, etc., of that utility or pipeline carrier shall, within 90 days after the filing of that adoption notice, file those rates, rules, and regulations, etc., as a part of its own tariff or as a separate tariff in its own name if it plans to continue to operate in accordance with them. (Eff. 11/16/73, Reg. 48; am 6/29/84, Reg. 90)

Authority: AS 42.05.141 AS 42.06.305
 AS 42.05.151 AS 42.06.350
 AS 42.05.361 AS 42.06.360
 AS 42.05.411 AS 42.06.390
 AS 42.06.140(a)(5)

3 AAC 48.420. UNIFORM DEPOSIT PRACTICES. (a) When a deposit is required as a condition of receiving utility service the rule which established the deposit requirement shall also set forth the maximum amount of the deposit to be paid, which in no case shall exceed the following amount for a customer of the indicated type of utility as determined by the utility after consultation with the customer:

(1) two months' telephone billings, including toll charges as estimated by the utility;

(2) two months' electric billing based on the utility's estimate of usage;

(3) two months' water charges at the flat rate, or two months of metered charges as estimated by the utility;

(4) two months' gas billings as estimated by the utility;

(5) two months' sewer service fees as estimated by the utility;

(6) two months' garbage, refuse, trash, or other waste material collection and disposal service billings as estimated by the utility;

(7) two months' community antenna or cable television (CATV) service billings as estimated by the utility; and

(8) two months' radio common carrier service billings as estimated by the utility.

(b) The deposit rule shall clearly state the length of time the utility will retain a customer's deposit, but under no circumstances shall a utility retain a customer's deposit longer than two years, providing that in the interim period, the utility has not been forced to disconnect that customer's service for reasons of delinquency in payment of charges, and that the customer has not been delinquent in payment more than once in any 12 consecutive months. The deposit is to be returned to the customer within 25 days of discontinuance of service, except within 60 days for deposits for telephone service, after deducting monies due to the utility. (Eff. 11/16/73, Reg. 48; am 6/29/84, Reg. 90)

Authority: AS 42.05.141 AS 42.05.381
 AS 42.05.151 AS 42.05.391
 AS 42.05.361

3 AAC 48.430. JURISDICTIONAL SEPARATIONS. The February, 1971, edition of the Separations Manual (standard procedure for separating telephone property costs, revenues, expenses, taxes, and reserves) published by the National Association of Regulatory Utility Commissioners, and as amended by the Federal Communications Commission through July 1, 1983, is adopted by reference. The property costs, revenues, expenses, taxes, and reserves of each telephone utility will be allocated in accordance with

Consumer Deposits with Public Utilities

Utility	Number of Customers	Deposits Residential		Deposits Resident. Std. (\$)	Deposits Business Low (\$)	Deposits Business High (\$)	Deposits Business Std. (\$)	Utility Deposits TOTAL (\$)	Months Held	Interest Paid
		Low (\$)	High (\$)							
Fairbanks Mun. Util								799,491	12	6
electricity	6,274	20	40				1 no. #5			
water	4,539	10	30				40			
sewer	5,198	10	30				40			
telephone	22,885	20		100			220			
district heat	131	10	15				30			
Juneau & Douglas Tel										
telephone	17,061			100		400	225	55,195	12	"
Anchorage Mun. Tel.										
telephone	170,390	50	150			900		1,100,000		0
ENSTAR Natural Gas										
gas (1)	60,505	25	225			2,000		800,000	24	5
Matanuska Tel. Util.										
telephone	26,050		600	50		2,000		616,000	12	6
Homer Elec. Assoc.										
electric	14,427		150	100						0
Ketchikan Pub. Util.										
elec. & tel.	14,748		100	50			100	117,000	15	5
Kenai, City of										
water & sewer	2,153			40			50	19,000	24	0
Petersburg, City of										
elec, water & sewer	3,700			40			75	12,821	12	0
Bethel Utilities										
electricity	2,055			100			100	66,000	var	0
AK Elec. Lt. & Power										
electricity	9,856	20	30		75	300		NA	24	0
Barrow Util. & Elec.										
electricity	1,101			75			75	32,000	24	0
gas	787			75			75			
Chugach Elec. Assoc.										
electricity	59,874			30	50	300		NA	24	0
Sitka Telephone										
telephone	6,320			90			125	NA	6	5
Sitka, City of										
elec, water & sewer	4,000			75			105	167,700 til close		6
Nushagak Elec. Coop.										
electricity	879			100	200	2,500		32,000	24	0
telephone				100			1,500	45,000	24	0
Nome, City of										
electricity	2,500			75			75	20,000	12	0
sewer				50			50			
Bristol Bay Tel.										
telephone	679		100	100		500		10,700	24	0
Wrangell, City of										
electricity	1,164			50			50	13,000 til close		5
water			20		19	403		2,000	12	5
Glacier State Tel.										
telephone	28,540			100			150	290,478	12	0
Kodiak Mun. Util.										
water hook-up	1,690			250			250	NA	1	0
sewer hook-up				300			300	NA	1	0
refuse				10			10	NA	til close	0
Palmer, City of										
water, sewer, refuse	675			40			40	30,700 til close		0
Eklutna Utilities										
water	505			50				20,000	24	10
Unalaska, City of										
elec. & water	475	100	200		100	200		1,400	24	6
Kotlik, City of										
elec. & tel.	105	0	0	0	0	0	0	0	0	0
Seldovia, City of										
water & sewer	209	0	0	0	0	0	0	0	0	0
North Pole, City of										
water & sewer	225	0	0	0	0	0	0	0	0	0
Dillingham, City of										
water & sewer	175	0	0	0	0	0	0	0	0	0
Total	4469,496							64,250,483		
Partial Average (2)		\$29	\$130	\$86	\$89	\$950	\$168	\$223,710	16.4	

(1) Deposits required for business accounts range into the thousands of dollars.

(2) Average includes utilities not requiring or not reporting deposits.

Prepared by House Research Agency, February 1985



RECORDS CERTIFICATION



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Signature of Camera Operator

9/5/89
Date