

ALC

SUNSET

APUC

Alaska State Legislature
House of Representatives



Labor and Commerce Committee

MEMORANDUM

TO: Rep. Mike Navarre, Chairman
House Labor & Commerce Committee

FROM: Roger Poppe, staff
HLC Committee

DATE: January 25, 1985

SUBJECT: Don Thrapp P.O.M. of 1/22/85 on APUC service

This afternoon at 2:30 pm, January 25, 1985, Marvin Weatherly, one of the Commissioners on the Alaska Public Utilities Board (who is coincidentally one of the re-appointments we are approving this coming Monday in confirmation hearings), made a follow-up call to me regarding his investigation of the Thrapp Memo I called him about yesterday.

Mr. Weatherly called Mr. Thrapp directly, and found that Mr. Thrapp was told by Glacier State (the phone utility covering Kasilof) at Soldotna that Glacier State had filed a petition with APUC to allow the elimination of the quarter-mile rate to go to a zone rate and thus allow single party service at an affordable rate for Kasilof. Further, an employee at Glacier State had told Mr. Thrapp that APUC was sitting on the approval of this request and had been doing so for a year and a half, hence Mr. Thrapp's irate P.O.M.

Mr. Weatherly contacted Bernie Murray, the State Manager for Glacier State, and Bernie said she was not aware of any such filing. Further, a check of the filing records by Mr. Weatherly did not turn up any such filing. Ms. Murray indicated that Glacier State was considering making such a filing in the near future along with several other related filings, but had not yet done so. She did ask who the employee was that had passed on this erroneous information so it could be corrected. A check by Mr. Weatherly with Mr. Thrapp met a dead end, as Mr. Thrapp refused to reveal the name of the Glacier State person he had talked to.

As a result however, Bernie Murray said they will be contacting all their employees in the near future to update them on their filing activities and correct any erroneous impression that it was the fault

of APUC. A meeting has also been scheduled for Monday, January 28, 1985 in Anchorage in order for APUC and Glacier State to explore ways of speeding up the filing process for this particular issue and the other related issues Glacier State is intending to submit, in order to get service to the Kasilof area as soon as possible.

So it looks like for the wrong reasons, the right thing is going to be done.

Mike...

Jan 24, 85

As follow-up on this POM, I contacted Marvin Weatherly, ~~17~~ who is one of the Commissioners on the APUC Board, in Anchorage at 276-6222. He is also coincidental one of the APUC appointments that is up for approval of his re-appointmnet next week Monday.

He was surpsed at the allegation made. Apparently, Kasilof is in the Glacier State Company service area. While Glacier State and Juneau-Douglas Telephone have recently been bought out by Continental Telephone (after a year-and a half of federally required hearings), and the final buy-out has been requested, it is up for review now by the fedederal Dept. of Justice. So those delays are apparently out of their hands.

There is a separate issue here which is whether there are enough people in the Kasilof area to warrent expansion of facilities and equipment to warrent putting in single-party telephone lines; however, that is a decision of the local Glacier State company to make, and apply for, which apparently they have not done yet. Glaicer State is not adding any new equipmnet until the Dept of Justice approves or disapproves everything, so its not even something APUC can force the local company to do. They regulate, they are not the owners of the local equipment.

He was thus unaware of any requests from Glacier State on behalf of Kasilof to put in this issue, and if any one is dragging it appears it is the local company.

He promised he would call Don Thrapp and try to get the details of the situation and resolve the problem or at least let Don know what is happening, and then he will call back and inform us.

Also you may want to note that aside from confirming two Commissioners on Monday for the APUC Board, APUC is up for sunset review, so there will be some more oppportunities for the L & C Committee to raise this and other issues.

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* DELIVER TO: JFOM *
*
* ORIGINAL *
* SENT: 01/22/85 TIME: 16:13 *
* FROM: LIO30L *
* SUBJECT: TELEPHONE ZONING *
* PRINT DATE: 01/22/85 TIME: 16:14 *
*

P.O.M.

TO: ALL SENATORS AND ALL REPRESENTATIVES

FROM: DON THRAPP
BOX 449
KASLOF, AK 99610
262-1433

MESSAGE: PLEASE GET ALASKA PUBLIC UTILITY COMMISSION OFF THEIR TAILS AND ZONE OUR TELEPHONE SERVICE AREAS SO RURAL RESIDENTS CAN OFFORD PRIVATE LINES. APPLICATION HAS BEEN BEFORE THEM FOR OVER TWO YEARS. ACTION PLEASE!

E.O.M.

Mike
*We should get this person's testimony; see if he has a legit complaint while we have two Commissionors up for confirmation. Could you have staff look into Lt+C. Thank you
Eric Vance*

1
Copy of testimony - Dr. Joyce Murphy

concentrate on specific areas to
make better use of resources

Allocation of costs - SBG4 ✓

Budget control on APUC —

Real Cost to Co-ops from APUC regs.

— Service - Safety regs. - proposed

Are they overregulating?

— Regs. —

Overextension of knowledge & expertise.

What ^{is the scope of} ~~are~~ APUC ~~responsibilities~~

what are their ^{co-ops} suggestions.

— Ron Bergh —

Co-ops absorbing the costs of APUC
experts because APUC allocates costs
to them.

— How should they be regulated when
state subsidies are cut?

EDNA CHAPMAN

CAN the APUC require electric companies to provide more electricity than their current capacity?

- most feel APUC has a purpose, but they consistently exceed the scope of their responsibility.
- Increase to consumers because of added costs caused by APUC.
- Billing costs to co-ops.
- open dockets? - loopholes -

Bob Husted

- Efficiency and accountability at APUC.
- APUC assuming management

Leo Rhode

American Electric Assoc.

Director 29 years

Originally set up to regulate territorial disputes — set consumer rates — APUC has, perhaps, grown out of hand.

Joy Foster

- APUC is assuming some of the responsibilities of the Bd of Directors who are elected by ~~these~~ members.
 - Proper chain of ~~complaints~~^{procedures} for consumer complaints.
 - Limit time of open dockets -
-

AS 42.05 ? Doug Bechtel

- Cordova opted out in 1981 to be deregulated.
 - Service and safety report that applied to all elec. utilities, including deregulated utilities and municipal utilities.
 - Consumers elect the bd. of directors
-

Copper Valley Elec. David Higher

David Nease - Kodiak Elec.

- Time frame of open dockets
- Tier indexing might cut down on rate

MEMORANDUM

March 1, 1985

TO: Dave Hutchens
FROM: Ken Johnson
RE: APUC Sunset Review Research

The following info was compiled in preparation for the upcoming "sunset review" hearings scheduled by the legislature for the Alaska Public Utilities Commission.

OPEN DOCKETS

According to a computer printout dated 2/4/85, the APUC had 254 open dockets in commission files. The utility breakdown of those open dockets is:

Telephone Utilities	92
Electric Utilities	78
Water/Sewer Utilities	51
Cable TV Utilities	11
Gas Utilities	6
Other	17

Of the 78 electric utility dockets, 31 involve ARECA members.

AGE OF DOCKETS

The oldest open docket in the files is the Chugach/ML&P boundary dispute, opened in 1971. A total of 35 dockets, opened prior to 1980, remain open today. Listed below is the number of dockets according to the year they were opened.

71-1	73-2	74-1	75-2	76-11
77-3	78-6	79-9	80-15	81-35
82-24	83-66	84-63	85-16	

RATE CASES

As I read through the orders in the rate-case dockets I researched, I found a very consistent pattern of action taken by the APUC on rate cases. The commission generally gives public notice that a utility is filing a rate case within seven days after the utility has filed. The public is given

thirty days after notice to file comments on the utility rate request. In almost every case, the commission issues an order granting the utility an interim rate within six weeks of filing. The effective date for the interim rate is about 30 days after filing. The commission seems to make a practice of contacting the utility by telephone to advise it of the commission's decision, with the order coming out 10-14 days later.

Four of our member utilities have rate cases pending before the APUC that have been open for 1-4 years (CEA 4 yrs, GVEA 3-1/2 yrs, KEA 2-1/2 yrs, INEA 1 yr.). Excluding these four utilities, the average length of time a rate-case for one of our members is before the APUC, based on the most recent rate case dockets, is 15.39 months.

NON-RATE CASES

The commission's handling of non-rate case dockets has patterns similar to those involving utility rates. The commission, in almost every case, took some action on the docket within thirty days after it had been filed. If public hearings were necessary, they are normally scheduled about 90 days from the date the docket was noticed to the public. Using the most recent non-rate dockets, it took the commission an average of 14.8 months to close non-rate cases involving ARECA members.

DELAYS

In my research I found that the commission's staff regularly requests time extensions to complete docket work. I did not add up the number of extension requests I came across (now I wish I had), but staff was responsible for far more case delays than utilities were. That's not to credit utilities. In many cases, I found our co-ops were not a bit reluctant to ask for case delays. I would think there is a lot of room for improvement in this area for both the commission and the utilities.

To: Mike

From: Roger

March 5, 1985

APUC Sunset Review:

This will be a statewide teleconference, including all rural village locations in Alaska, so you should welcome them; but also indicate that this is for their listening in only. We are not at this time taking testimony on this issue from the teleconference sites, but are taking testimony in Juneau from the members of the Alaska Rural Electric Cooperative Association, (which includes all the rural electric utilities in Alaska) who are having their annual meeting in Juneau this week.

You should also announce that this is a joint teleconference of the House and Senate Labor and Commerce Committees.

I understand that there will probably be about 50 people at the hearing from ARECA, but they have worked out among themselves some 7 or 8 people who they feel are articulate to make the major points.

To reiterate some of what I found out last night at the ARECA reception, all of the major concerns could be boiled down to a relatively short bill, in the opinion of the legal counsel for Chugach, Julie Simon. I don't know if we want to put her on the spot publicly with that request, but you might want to request Chugach or ARECA to draft up a piece of legislation that would take care of their concerns, so that for subsequent hearings we would have something more tangible to work with. The actual legislation sounds like it would be fairly short; but each of the 7 or 8 major points of concern involves a major policy decision by the legislature.

There are numerous options on how to proceed after today. Michael Thill has pointed out that there is some problem with the 60 day requirement, which says that we are required under statute to make the decision on whether to sunset or extend within the first 60 days. However, Michael feels that since the APUC report didn't come out until the 49th day, and you have in your files a letter from Carolyn Guess saying she wouldn't be available on March 13th and 14th, it makes it difficult for us to meet the requirement; but we probably could do it by the end of this session.

Or, we may choose to just put out a bill for continuation of APUC within the next 9 days; and leave the other issues in a separate bill; but the utilities would resist that, because they know the Governor would not sunset the APUC, so I'm sure they would want legislation in with the continuation so it would have a better chance of passing without being vetoed by the Governor.

Or, we may wish to give the APUC a one-year extension and then use the interim to really do research on this issue and come up with a solid bill that we can submit at the beginning of next session.

Or, we could just let the APUC sunset by not doing anything this year, because a bill next year would salvage the situation. The trouble with this approach is that the law requires a Board that has been sunsetted that they have to make a concerted attempt to start winding down their program during their last year of existence. This would mean that APUC would have to start laying off staff (which may not be all that disastrous --skuttlebutt has it that one of APUC's problems is that they have some really high-paid people over there that are both incompetent and stupid).

To: Mike
From: Roger

March 19, 85

APUC HEARINGS:

Attached to this memo is some of the notes I have had from various phone conversations with different people on the APUC; there is more coming. I haven't shown any of it to Fred or Michael yet--it should probably be treated confidential so the individuals involved don't get put on the spot.

I hear that the Commission has come loaded for bear. We did manage to get at least some resumes on them on short notice (see files).

There is also a good overview paper on terms and concepts that you might want to call the Committees attention to: #6 in the file, by Chugach, on "What is a Utility," which they drew up at my request after I had some meetings with them last week and it became clear that there were terms I simply didn't understand, and figured the Committee wouldn't either.

There is a good Memo (#7) from Johnson to Hutchens which speaks to the number of open docket cases that APUC has outstanding--a sore point for all the utilities right now.

— You probably already saw the letter (#10) from Guess to Frank giving us her response to the names of utilities under \$500,000 in value--I thought it would be helpful backup for the Committee because it deals indirectly with the concern as to whether utilities below a certain size should even be regulated and whether it is cost effective to do so. I will have notes typed up later on the phone call from Bob Blodgett, ex Senator who now runs Teller utility (he is the guy who called you from Kona yesterday--he bent my ear for almost an hour) and is being fucked over by APUC, in his opinion.

I have one big question you might want to ask APUC--which is why are they spending their time going after the little utilities and letting Alascom get by with making regular 20-30% tariff increases? Why does it cost almost double to call inside Alaska what it costs to call outside long distance?

A second question you might want to ask is that in their annual report from last year (see attached), on page 1 they said they would be developing all these procedures to substantially reduce the lag between the hearing process and the issuance of decisions. Why haven't they been able to do this? And why can't they reduce the lag time between the opening of a case and the actual hearing of it?



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

9/5/89
Date