

COMMITTEE REPORT
SENATE

FURTHER:

2/28/86

Date 5/11/86

Mr. President

The Committee on FINANCE considered CSHB 380 (C&RA) am
relating to public utility water and sewer service extensions.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt SCS for CSHB 380 (FIR)
- new title
- same title and recommends "DO PASS"
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- APUC
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]
[Signature]
[Signature]
[Signature]
[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS

[Signature]
Chairman
[Signature]
Chairman recommendation

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 380
 Title: Public Utility Water & Sewer Service Extensions
 Sponsor: Szymanski
 Requestor: _____
 Date of Request: 4/11/85

FISCAL DETAIL

Agency Affected: Ak. Public Utilities Cor
 Program Category Affected: Cons. Prot.
 BRU, Program or Subprogram(s) Affected: Ak. Public Utilities Comm.

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: Attach a separate page if necessary

This "zero" fiscal note is submitted with the assumption that the Commission will have a passive role with regard to the legislative changes proposed. If the intent of this legislation is for active Commission monitoring and dispute resolution, the fiscal impact will have to be reevaluated.

Prepared By: John B. Farleigh Phone: 276-6222
 Division: Alaska Public Utilities Commission Date: April 19, 1985

Approved by Commissioner: Carolyn Guess, Chairman / Date: _____
 Agency: Alaska Public Utilities Commission

Distribution (by Agency preparing fiscal note):

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

7/1/84

Cramer
5/6/86

Original sponsors: Szymanski, Boucher
and Collins

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 380 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public utility water and sewer
7 service extensions."

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

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

10 (e) A water or sewer line extension may not be constructed
11 unless the legislative body of each municipality through which the
12 extension passes has approved the extension. This subsection does not
13 apply to an extension that will not create any charges or assessments
14 against the adjacent property.

15 (f) Except as provided in (i) of this section, when utility
16 service is available to a property owner as a result of a water or
17 sewer line extension, the utility offering the service through the
18 extension shall notify the property owner, according to the procedure
19 set forth for service of process in the Alaska Rules of Civil Proce-
20 dure, of the charges and interest due the utility if the property
21 owner elects to obtain the utility service through the extension. The
22 property owner does not owe the charge for the extension until the
23 property owner connects to the extension.

24 (g) Except as provided in (i) of this section, and unless the
25 property owner connects to the extension,

26 (1) charges do not accrue against the property for con-
27 struction of the extension;

28 (2) interest does not accrue against the property for the
29 construction of the extension; and

1 (3) a lien or encumbrance may not be levied against the
2 property for the construction of the extension.

3 (h) If the costs of constructing a water or sewer line extension
4 have been paid by charges collected under this chapter, a utility may
5 not charge for connection to the extension an amount greater than the
6 actual cost of the connection.

7 (i) The provisions of (e) - (h) of this section do not apply to
8 a water or sewer line extension constructed by a municipality under
9 AS 29.46.

10 * Sec. 2. AS 42.05.711(b) is repealed and reenacted to read:

11 (b) Except as otherwise provided in this subsection, public
12 utilities owned and operated by a political subdivision of the state,
13 or electric operating entities established as the instrumentality of
14 two or more public utilities owned and operated by political subdivi-
15 sions of the state, are exempt from this chapter, other than AS 42.-
16 05.221 - 42.05.281 and 42.05.381(e) - (i). However,

17 (1) the governing body of a political subdivision may elect
18 to be subject to this chapter; and

19 (2) a utility or electric operating entity that is owned
20 and operated by a political subdivision and that directly competes
21 with another utility or electric operating entity is subject to this
22 chapter and any other utility or electric operating entity owned and
23 operated by the political subdivision is also subject to this chapter.
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Alaska State Legislature

House of Representatives

Representative Mike Szymanski



11920 Johns Road
Anchorage, Alaska 99515
Phone (907) 349-3373

While in Session:
P.O. Box V
State Capitol
Juneau, Alaska 99811
(907) 45-4978/4979

Finance Committee
Oil and Gas Committee
April 2, 1986

TO: SENATOR JAN FAIKS, CHAIRMAN, SENATE FINANCE COMMITTEE

FROM: REPRESENTATIVE MIKE SZYMANSKI

RE: PROPOSED SENATE CS FOR CS FOR HB 380 (FINANCE) - AN ACT RELATING TO PUBLIC WATER AND SEWER SERVICE EXTENSIONS

This measure establishes protection for property owners from:

- 1) the imposition of charges for utility connections without their knowledge,
- 2) the imposition of connection charges before a service connection is made, and
- 3) the accrual of interest before a utility connection is made or, when the project has been approved by a majority vote of affected property owners, before the service is available and adequate notice has been given.

Current state law does not require utilities to notify property owners of debt incurred when a new line abuts their property, although most utilities do so as a courtesy.

The provisions of the bill do not apply to water or sewer line extensions undertaken in conjunction with the formation of a local improvement district, a water improvement district, or a road improvement district (under AS 29.46).

The need for this law has been demonstrated in the Anchorage area, where a small utility failed to notify property owners of their obligations as a result of extension of a water line that benefitted a new development nearby. In this case, individuals' charges (known as PILAs, or Payments in Lieu of Assessment) were very large and interest had been accruing (at a rate of 15.6%) for over two years before property owners were notified. Interest continues to accrue on the outstanding principal.

- over -

Sectional Analysis

Senate CS for CS for HB389 (Finance)

SECTION 1, Subsection (e) requires that when water or sewer service becomes available as the result of a utility line extension, a utility shall notify each property owner in the affected area of the charges and interest that will be due when the property owner chooses to obtain the utility service. The bill requires that such notification be according to the procedure set forth in the Alaska Rules of Civil Procedure.

This subsection also specifically states that the property owner does not owe the charge until the service connection is obtained.

Subsection (f) prohibits the utility from charging any interest on the fee to connect to the water or sewer line before the line is available for service.

If a utility line extension has been approved by a majority vote of property owners in the affected area, the utility may start charging interest 30 days after the notice of fee and interest has been sent to the property owners.

If the line extension was not the result of a vote, the utility may charge interest on the connection fee only after an individual property owner obtains the utility service.

Subsection (g) states that if the utility fails to notify a property owner as required, the utility may not assess charges against the owners for the extension of the line or interest until the date the property is connected to the extension.

Subsection (i) says that the provisions of subsections (e) - (g) do not apply to water or sewer line extensions undertaken under AS 29.46, i.e., to extensions undertaken in conjunction with the creation of a local improvement district, a water improvement district, or a road improvement district.

SECTION 2 states that all utilities are subject to the provisions of this bill, i.e., AS 42.05.381 (e) - (i), as well as to AS 42.05.221 - 42.05.281 (sections previously enacted) although they may be exempt from other provisions of the chapter. 42.05.711(b) was repealed and reenacted to clarify these conditions. clarification

Sectional Analysis

Senate CS for CS for HB 99 (Finance)

SECTION 1, Subsection (e) requires that when water or sewer service becomes available as the result of a utility line extension, a utility shall notify each property owner in the affected area of the charges and interest that will be due when the property owner chooses to obtain the utility service. The bill requires that such notification be according to the procedure set forth in the Alaska Rules of Civil Procedure.

This subsection also specifically states that the property owner does not owe the charge until the service connection is obtained.

Subsection (f) prohibits the utility from charging any interest on the fee to connect to the water or sewer line before the line is available for service.

If a utility line extension has been approved by a majority vote of property owners in the affected area, the utility may start charging interest 30 days after the notice of fee and interest has been sent to the property owners.

If the line extension was not the result of a vote, the utility may charge interest on the connection fee only after an individual property owner obtains the utility service.

Subsection (g) states that if the utility fails to notify a property owner as required, the utility may not assess charges against the owners for the extension of the line or interest until the date the property is connected to the extension.

Subsection (i) says that the provisions of subsections (e) - (g) do not apply to water or sewer line extensions undertaken under AS 29.46, i.e., to extensions undertaken in conjunction with the creation of a local improvement district, a water improvement district, or a road improvement district.

SECTION 2 states that all utilities are subject to the provisions of this bill, i.e., AS 42.05.381 (e) - (i), as well as to AS 42.05.221 - 42.05.281 (sections previously enacted) although they may be exempt from other provisions of the chapter. 42.05.711(b) was repealed and reenacted to clarify these conditions. clarification

SENATE CS FOR CS FOR HB 380 (Finance)

SECTIONAL ANALYSIS

Note: The provisions of this bill do not apply to water or sewer line extensions undertaken under the statutory provisions for formation of Local Improvement Districts, Road Improvement Districts, or Water Improvement Districts (AS 29.46) (subsection i).

Section 1.

Subsection (e). No water or sewer line extension for which property owners will be charged may be constructed without the approval of the legislative body of each municipality through which it passes. Line extensions that will serve only developer-owned or municipally owned property do not require this approval.

Subsection (f). When utility service is available as the result of a water or sewer line extension, the utility offering the service shall notify the property owner of the charges and interest due if the property owner elects to obtain the service. This notification shall be under the procedure set forth for service of process in the Alaska Rules of Civil Procedure and involves notification through mail or personal service, with publication as a backup.

Subsection (g). Until a property owner obtains a service connection to the extension

- (1) no charges accrue for construction of the extension
- (2) no interest accrues for construction of the extension
- (3) no lien or encumbrance may be levied against the property for construction of the extension

Subsection (h). If actual costs of constructing a water or sewer line extension have already been paid by owners of property along the line, only the cost of hooking up to the line can be charged for additional connections to the extension.

Subsection (i). The provisions of this bill do not apply to water or sewer line extensions undertaken under the statutory provisions for formation of a Local Improvement District, Road Improvement District, or Water Improvement District (AS 29.46).

Section 2

The provisions of this bill apply to all utilities, including those which may be exempt from other provisions of the chapter.

CSS
4/22/86

Version #1
Cramer
4/2/86 ✓

Original sponsors: Szymanski, Boucher
and Collins

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 380 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public utility water and sewer
7 service extensions."

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

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

10 (e) Except as provided in (h) of this section, when utility
11 service is available to a property owner as a result of a water or
12 sewer line extension, the utility offering the utility service to the
13 property owner through the water or sewer line extension shall notify
14 the property owner, according to the procedure set forth for service
15 of process in the Alaska Rules of Civil Procedure, of the charges and
16 interest due the utility if the property owner elects to obtain the
17 utility service through the water or sewer line extension. The prop-
18 erty owner does not owe the charge for the extension until the prop-
19 erty owner obtains a service connection to the extension.

20 (f) Except as provided in (h) of this section the interest on
21 the charges due a utility for construction of a water or sewer line
22 extension may not accrue unless the water or sewer line extension is
23 available for service connection and,

24 (1) for a water or sewer line extension approved by a
25 majority vote of the property owners in the utility district, until 30
26 days after the date the utility mails notice to the property owner
27 under (e) of this section; or

28 (2) for other water or sewer line extensions, until the
29 date the property owner obtains a utility service connection to the

1 extension of the line.

2 (g) Except as provided in (h) of this section, if a utility
3 fails to notify a property owner as required by (e) of this section,
4 the utility may not assess interest on the charges against the owner
5 for the extension until the date the property is connected to the
6 extension.

7 (h) The provisions of (e) - (g) of this section do not apply to
8 a water or sewer line extension constructed by a municipality under
9 AS 29.46.

10 * Sec. 2. AS 42.05.711(b) is repealed and reenacted to read:

11 (b) Except as otherwise provided in this subsection, public
12 utilities owned and operated by a political subdivision of the state,
13 or electric operating entities established as the instrumentality of
14 two or more public utilities owned and operated by political subdivi-
15 sions of the state, are exempt from this chapter, other than AS 42.-
16 05.221 - 42.05.281 and 42.05.381(e) - (h). However,

17 (1) the governing body of a political subdivision may elect
18 to be subject to this chapter; and

19 (2) a utility or electric operating entity that is owned
20 and operated by a political subdivision and that directly competes
21 with another utility or electric operating entity is subject to this
22 chapter and any other utility or electric operating entity owned and
23 operated by the political subdivision is also subject to this chapter.
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A P P E N D I X

TO: SCS CSHB 380 (Finance)

Page 2, after line 9, insert a new subsection to read:

"(i) Except as provided in (h) of this section, after the person who constructed a utility line extension has received payment for the construction costs of the extension, the utility may not charge a property owner who connects to the extension an amount greater than the actual cost of the connection."

Page 2, line 7, after "(e) - (g)" insert "and (i)"

Page 2, line 16, delete "(h)" and insert "(i)"

A M E N D M E N T

Offered in the

TO: CSHB 380 ^(Finance)~~(C&RA)~~ am

Page 1, line 19, after "extension." insert:

"A property owner is entitled to a credit against the charges assessed by the utility when the owner obtains the utility service through the extension. The credit is the value of the owner's existing water or sewer system at the time the owner obtains service through the extension."

Offered: 1/24/86
Referred: Rules

Original sponsor: Szymanski
and Boucher

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2

CS FOR HOUSE BILL NO. 380 (C&RA) am

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to public utility water and sewer
7 service extensions."

8

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

9

* Section 1. AS 42.05.381 is amended by adding new subsections to read:

10

(e) When utility service is available to a property owner as a
11 result of a water or sewer line extension, the utility offering the
12 utility service to the property owner through the water or sewer line
13 extension shall notify the property owner, according to the procedure
14 set forth for service of process in the Alaska Rules of Civil Proce-
15 dure, of the charges and interest due the utility in the event the
16 property owner elects to obtain the utility service through the water
17 or sewer line extension.

18

(f) The interest on the charges due a utility for construction
19 of a water or sewer line extension may not accrue unless the water or
20 sewer line extension is available for service connection and,

21

(1) for a water or sewer line extension approved by a
22 majority vote of the property owners in the utility district, until 30
23 days after the date the utility mails notice to the property owner
24 under (e) of this section; or

25

(2) for other water or sewer line extensions, until the
26 date the property owner obtains a utility service connection to the
27 extension of the line.

28

(g) If a utility fails to notify a property owner as required by
29 (e) of this section, the utility may not assess charges against the

1 owner for the extension or for interest on the charges until the date
2 the property is connected to the extension.

3 * Sec. 2. AS 42.05.711(b) is repealed and reenacted to read:

4 (b) If none of the utilities of a public utility owned and
5 operated by a political subdivision of the state competes with any
6 other utility, the public utility is exempt from the provisions of
7 this chapter other than AS 42.05.221 - 42.05.281 and 42.05.381(e) and
8 (f), unless the political subdivision elects to be subject to the
9 entire chapter.

COMMITTEE REPORT

SENATE

FURTHER:

Finance

1/30/86

Date Feb 27 '86

Mr. President

The Committee on C&RA considered CSHB 380 (C&RA) am relating to public utility water and sewer service extensions.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" [] NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

Dergus
V. Fischer
Allen Sturgulushi

MEMBERS HAVING
OTHER RECOMMENDATIONS

Edwin W. Vines
Chairman

Do Pass
Chairman recommendation