

S B

2 2

HOUSE COMMITTEE REPORT

(7)

Date referred: 4/24/87

FURTHER REFERRALS: Judiciary
Finance

DATE: _____

The Labor & Commerce Committee has considered CSSSSB 22 (Fin)

"An Act exempting certain telephone and electric utilities and certain transactions from regulation by the Alaska Public Utilities Commission; restricting the authority of the Alaska Public Utilities Commission in considering certain costs in connection with rates charged by utility and with calculating power cost equalization; and providing for an effective date."

RECOMMENDS:

- [] replace with _____ [] the same title
- [] attached amendment(s) [] a new title
- [] do pass
- [] do not pass
- [X] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: [] _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- [] fiscal impact [] same as previous fiscal note published _____
- [] zero fiscal note [X] same as previous zero fiscal note published 3-12-87
- [] zero with analysis

SIGNING DO PASS:

Cliff Davidson

SIGNING OTHER RECOMMENDATIONS:

W. Furnace NO REC.

Cliff Davidson no rec

Alvin Korman no rec.

David J. Douley NO REC

G. A. ... NO REC

Ellis No Rec.

Chairman's signature

ALASKA POWER AUTHORITY

Position Paper

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 22

The Alaska Power Authority supports enactment of SSSB 22. Specifically, Sections 1, 2, 4 and 5 of the bill, provide for amendments which would exempt wholesale power agreements between the Alaska Power Authority and a public utility from review or approval by the Alaska Public Utilities Commission (APUC). Enactment of this legislation is essential to the program of revenue bond financing of the Bradley Lake Hydroelectric Project.

The need for enactment of SSSB 22 is due to a 1986 amendment to APUC legislation. The amendment gives the APUC authority to review in advance and approve wholesale power agreements between public utilities. Once the agreements are in effect, the APUC may also order the parties to the agreement to renegotiate the agreement if the APUC determines that the retail power rates are not just. Where the parties are unable to agree to an amendment, the APUC may order the parties to proceed under the agreement's dispute resolution procedures.

The 1986 amendment was part of a complex, lengthy and controversial package of amendments within the "sunset" reauthorization bill for the Alaska Public Utilities Commission. The effect of the amendment on the Alaska Power Authority, its wholesale power agreements, and the Bradley Lake agreement in particular, was never addressed to the 1986 Legislature. Consequently, we are now presented with a statutory conflict. The Power Authority is exempt by statute from the APUC's jurisdiction. On the other hand, the APUC has jurisdiction over wholesale power agreements to which the Power Authority is a party.

Without an amendment to correct this anomaly, general civil construction cannot commence this season. Bond financing will be jeopardized for at least two reasons. The lengthy hearing process and any subsequent litigation arising out of the APUC's orders would delay construction of Bradley and ultimately jeopardized timely bond financing of the project. Moreover, if the APUC can order negotiation of power sales contracts in effect, bondholders will not be able to rely on the power sales contracts and the rates which are the basis for the contracts.

The Alaska Power Authority Board of Directors met on February 27, 1987, and unanimously adopted attached Resolution 1987-05, which supports legislation to be introduced during the 1987 Legislative session, for the purposes of clarification that the Alaska Power Authority and its wholesale power agreements would be specifically excluded from the jurisdiction of APUC.

Additional background information outlining the need for enactment of SSSB 22 is provided in the attached memorandum (dated March 9, 1987) from the Alaska Power Authority bond counsel of Wohlforth, Flint, and Gruening.

Alaska Power Authority

Addendum to Alaska Power Authority Position Paper SSSB 22

If SB 22 is enacted:

- Allows Bradley contracts to be signed and executed in a timely basis for construction to meet utilities' schedules of need.
- Provides certainty to wholesale power rate based on terms and provisions fixed in contract and not subject to future adjustment.
- Prevents duplication of review by State agencies. Public interest already served by Alaska Power Authority involvement.
- Lowers costs to consumers through lower interest rates on long-term debt.
- Lowers APUC review costs.
- Eliminates possibility of conflicting interpretations of contractual terms by two state agencies both assisted by the Dept. of Law

If not enacted:

- The provision for adjusting rates in the future lowers the rating of the long-term debt to less than investment grade (A-rated to "junk" bond.)*
- Unable to have former contracts until APUC re-reviews all power supply option studies already performed by OMB, legislature, utilities and their respective boards, and Alaska Power Authority and its Board (including four commissioners).
- No basis for future decisions.
- Delaying Bradley Lake by one year could increase construction costs by approximately \$10 million (less any additional arbitrage earnings.)

* Interest rate could increase 1.5 to 2.0 percent. Based on \$175 million in debt and 8.0 percent and 9.75 percent interest rate for with and without exemption, respectively, debt service would increase by approximately \$2.7 million per year - \$81 million over life of bonds.

2/6/118

13

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version: SSSB 22C Fin
Publish Date: 3-12-87

Revision Date: March 10, 1987

Title: Act exempting certain telephone utilities and certain transactions from APUC regulations

Agency Affected: Commerce & Econ. Dev.
Alaska Public Utilities Commission

Sponsor: _____

Components: Operations

Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
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						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS :

Passage of this version of SB 22 will return the Alaska Public Utilities Commission to the level of activity which it had prior to the passage of the legislation last year concerning AS 42.05.431(b). Therefore, there will be no increased costs associated with this legislation.

Prepared by: T.S. Moninski II, Executive Director

Phone: 276-6222

Division: Alaska Public Utilities Commission

Date: March 11, 1987

Approved by Commissioner: B. Anthony Smith, Commissioner

Date: March 11, 1987

Agency: Department of Commerce and Economic Development

Distribution (by preparer):

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

WOHLFORTH, FLINT & GRUENING

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

ATTORNEYS AT LAW

900 WEST 5TH AVENUE, SUITE 800
ANCHORAGE, ALASKA 99501

PETER ANGETSINGER
JULIUS J. BRECHT
CHARLES G. EVANS
ROBERT B. FLINT
CLARK S. GRUENING*
ROBERT M. JOHNSON
ROBERT S. SPITZFADEN*
KENNETH E. VASSAK
ERIC E. WOHLFORTH

JANICE COLEMAN GRAHAM**
STEPHEN E. GREER
THOMAS F. KLINKNER
ROGER A. LUBOVICH
BRADLEY C. MEYER
DANIEL PATRICK O'TIERNEY
PATRICK RUMLEY
JAMES R. SZENDER

*JUNEAU OFFICE
**ADMITTED IN NEW YORK ONLY

TELEPHONE
(907) 278-6401

TELECOPY
(907) 278-5093

JUNEAU OFFICE
217 SECOND STREET
JUNEAU, ALASKA 99801
TELEPHONE (907) 586-5110

OF COUNSEL
ROGER G. CONNOR
RICHARD W. GARNETT, III

MEMORANDUM

TO: Mr. Robert E. LeResche
Executive Director
Alaska Power Authority

FROM: Wohlforth, Flint & Gruening *ggw*

RE: Sponsor Substitute for Senate Bill No. 22

DATE: March 9, 1987

Enactment of the above Bill, which would exempt wholesale power agreements between the Alaska Power Authority and a public utility from review or approval by the Alaska Public Utilities Commission, is essential to the program of revenue bond financing of the Bradley Lake Hydroelectric Project.

The \$267,500,000 of Variable Rate Demand Bonds issued in October, 1985, are presently outstanding to provide short-term financing for the Bradley Lake Hydroelectric Project. These Variable Rate Demand Bonds, which are secured by Letters of Credit from three large Japanese banks, initially are due in 1991 and are subject to two one-year extensions. In order for successful long-term take-out financing to be marketed so as to retire the Variable Rate Demand Bonds, power sales agreements with the utilities to be served must be entered to secure the long-term debt.

Revenue bond financing of power generating facilities throughout the rest of the country is typically secured by power sales agreements, such as those which are in course of negotiation with the utilities to be served by Bradley Lake. The public body which is the authorizing entity and the participant utilities must be free to enter into the wholesale

WOHLFORTH, FLINT & GRUENING

Mr. Robert E. LeResche
March 9, 1987
Page 2.

power agreements unfettered by regulatory powers of a public utilities commission. Power sales agreements pledged to secure long term debt, once entered into, cannot be disturbed while the debt is outstanding. The provisions of AS 42.05.-031(b), which provide for initial approval and continuing Commission jurisdiction, would seriously impede and perhaps make impossible conventional revenue bond financing secured by power sales agreements of the Bradley Lake Project. Enactment of Sponsor Substitute for Senate Bill No. 22, eliminating these provisions, is therefore essential to financing of the project pursuant to power sales agreements with the utilities.

EEW:jg

Enclosure: Sponsor Substitute for
Senate Bill No. 22.

RESOLUTION 87-05

WHEREAS the Alaska Power Authority is an instrumentality of the State of Alaska and created by the legislature, in the interests of promoting the general welfare and public purposes of all the people of the state, to reduce consumer power costs and otherwise to encourage the long-term economic growth of the state, including the development of its natural resources, through the establishment of power projects;

WHEREAS the Alaska Power Authority is not subject to the jurisdiction of the Alaska Public Utilities Commission;

WHEREAS the Alaska Power Authority is authorized by statute to borrow money and issue bonds the principal and interest on which are payable from the income and receipts or other money derived from projects financed with the proceeds of the bonds and from revenue-producing contracts including a contract providing for the security of the bonds made by the authority with any person;

WHEREAS the Alaska Power Authority is currently concluding negotiations with the Railbelt utilities for the sale of project capacity and power from the Bradley Lake hydroelectric project;

WHEREAS a portion of the project's construction costs will be financed with the proceeds of a \$175,000,000 bond issuance by the Alaska Power Authority;

WHEREAS execution of the Bradley Lake agreement by June, 1987 is necessary in order that civil construction of the project may commence during this construction season;

WHEREAS, during the 1986 legislative session, the Legislature enacted AS 42.05.431(b) as part of a complex, lengthy and controversial package of amendments within the "sunset" reauthorization bill for the Alaska Public Utilities Commission;

WHEREAS AS 42.05.431(b) provides that a wholesale power agreement between public utilities is subject to advance approval of the commission and the Alaska Public Utilities Commission has ordered Anchorage Municipal Light and Power to submit the Bradley Lake power sales agreement to the commission for advance approval;

WHEREAS AS 42.05.431(b) permits the Alaska Public Utilities Commission to issue a comparable order to other Railbelt utilities who will be purchasers under the Bradley Lake wholesale power agreement;

WHEREAS AS 42.05.431(b) further provides that, once a wholesale power agreement is in effect and the commission determines that the rates set in accordance with the agreement

are not just and reasonable, the commission may order the parties to negotiate an amendment to the agreement, or to use the dispute resolution procedures contained in the agreement;

WHEREAS there now exists an anomaly between AS 44.83.090(b) which provides that the Alaska Public Utilities Commission does not have jurisdiction over the Alaska Power Authority and AS 42.05.720(4)(A) which seemingly gives the commission the authority to order the Alaska Power Authority to renegotiate its wholesale power agreements and to proceed under the contract's dispute resolution procedures;

WHEREAS the effect of AS 42.05.720(4)(A) on the Alaska Power Authority and its wholesale power agreements was never addressed to the 1986 Legislature;

WHEREAS AS 42.05.720(4)(A) creates a statutory conflict with the legislation authorizing the authority to finance the establishment of power projects through the issuance of bonds and with the legislation exempting the authority from the jurisdiction of the Alaska Public Utilities Commission;

WHEREAS prolonged hearings before the Alaska Public Utilities Commission and litigation subsequent to the hearings would jeopardize timely bond financing of the project, and

WHEREAS bondholders would be unable to rely on the rates agreed upon in a power sales agreement where there is a prospect of the Alaska Public Utilities Commission ordering a change in an agreement already in effect;

IT IS HEREBY RESOLVED that the Alaska Power Authority will ask the 1987 Alaska Legislature to enact legislation clarifying that wholesale power agreements for the sale of project capacity or power from a public works project of the state are not subject to review or approval by the Alaska Public Utilities Commission.

IT IS FURTHER RESOLVED that the Alaska Power Authority will ask for statutory language as provided in Option ___ and considered today at this meeting.

The resolution having been submitted to a vote, the vote thereon was as follows:

YEAS: Boe, Halloran, Allison, Schaeffer, Aufman, Mathis, Nunn

NAYS: Ø

ABSENT: Ø

And the resolution was declared adopted on this the 27th day of February, 1987.

ALASKA POWER AUTHORITY

BY: Lee R. Nunn, Chairman

BY: Robert D. Heath, Secretary

Senator John B. (Jack) Coghill
Alaska State Legislature

Box V
Juneau, Alaska 99811
(907) 465-4797

Box 55028
North Pole, Alaska 99705
(907) 488-0862



May 4, 1987

MEMORANDUM

To: Representative Donley,
House Labor and Commerce Committee

From: Senator Jack Coghill

Re: CSSSSB 22 (Fin), "An Act exempting certain telephone and electric utilities and certain transactions from regulation by the Alaska Public Utilities Commission; restricting the authority of the Alaska Public Utilities Commission in considering certain costs in connection with rates charged by a utility and with calculating power cost equalization; and providing for an effective date."

My original sponsor substitute was two-fold in purpose, the Senate Finance Committee version includes APUC dealings with certain power equalization calculations.

I will address each purpose separately. First, my original concept was to exempt small electric and telephone companies, those having less than 250 subscribers, from regulation by the APUC. The exemption now is raised to 500 subscribers. Presently the existing law specifies that small utilities with less than \$50,000 gross annual income are exempt from regulation. This bill expands the definition to include subscribers. The high costs of energy in the rural areas still means low subscriber levels.

Many small electric and telephone companies have contacted me in the last two years to vent their frustrations concerning the cost of regulation. These utilities have to go through much the same process that the big companies do. These costs have been passed along to the consumer. Many others can not even afford to begin the process, so they are saddled with uneconomical rate structures.

I believe that if the APUC can not come up with a reasonable process to assist these small owners, then they should be exempted. I believe that consumers are more apt to petition the APUC for regulation if rates become outrageous, than petition to ask for deregulation.

Secondly, within the last month, a serious problem has developed between the APUC and the Alaska Power Authority. Secs. 1, 2, 3, 5, and 6 address this problem.

Up until last year and the passage of HB 314, the APUC "sunset" legislation, a wholesale power purchase contract between the APA and a regulated utility was not within the jurisdiction of the APUC. Under AS 42.05.431(b) the Commission now has the authority to approve power purchase contracts. Included in your packet is an attorney general's opinion on the issue.

This legislation restores the jurisdictional balance that existed before 1986 legislation and again exempts wholesale power sale contracts from APUC jurisdiction and specifies that all costs incurred by a utility in connection with a contract with the APA are considered prudent.

Leaving this situation unchanged will seriously affect the Bradley Lake hydroelectric project and future large project financing through revenue bonds. It also could allow the APUC to retroactively call for review of any old AEA wholesale power agreements, for example the four dam pool.

Sec. 7 removes United States Department of Defense facilities from power cost equalization calculation.

I urge you to support this bill.

ELECTRIC AND TELEPHONE UTILITIES IMPACTED BY SB 22

I. 250 OF FEWER SUBSCRIBERS

Name of Electric Utility	Number of Users
Andreanof Electric Corporation	37
Aniak Light & Power Company, Inc.	170
Arctic Utilities, Inc.	25
Battles Light & Power, Inc.	50
Egegik Light and Power Homer Lee Leonard d/b/a	65
I-N-N Electric Cooperative, Inc.	226
Levelock Electric Cooperative, Inc.	57
Manley Utility Company, Inc.	70
McGrath Light & Power Company ¹	220
Northway Power & Light, Inc.	91
Pelican Utility Company ²	76
Tanana Power Company, Inc.	178
Teller Power Company ¹	73

13

Name of Telephone Utility	Number of Main Access Lines
Whittier Telephone Company	178

1

II. 251 TO 750 SUBSCRIBERS

Name of Electric Utility	Number of Users
Gwitchyaa Zhee Utility Company	296
Haines Light & Power Company, Inc.	740
Yakutat Power, Inc.	298

4

Name of Telephone Utility	Number of Main Access Lines
Bristol Bay Telephone Cooperative, Inc.	730
Bush-Tell, Incorporated	347
Yukon Telephone Company	333

18

Information derived from the Alaska Public Utilities Commission's 1985 Annual Report.

¹ Based on 1984 information

² Based on 1983 information

ELECTRIC UTILITIES
(1985 Calendar Year)

Utility	Net Plant	Revenues		Users
		Total Revenues	Net Income	
<u>(Gross Operating Revenue greater than \$5,000,000)</u>				
Alaska Electric Light & Power Company	\$ 26,526,452	\$ 16,351,630	\$ 158,097	10,710
Alaska Village Electric Cooperative, Inc. ⁽¹⁾	23,864,478	11,548,022	563,856	4,672
Chugach Electric Association, Inc.	360,541,250	97,051,827	14,533,318	58,713
Copper Valley Electric Association, Inc.	14,310,043	7,229,017	865,775	2,323
Golden Valley Electric Association, Inc.	122,259,215	42,647,009	3,373,060	25,059
Homer Electric Association, Inc.	70,947,394	28,477,467	2,655,173	16,165
Kodiak Electric Association, Inc.	26,568,384	12,106,789	2,804,601	4,024
Matanuska Electric Association, Inc.	99,197,479	38,021,882	4,316,796	26,678
Municipal Light & Power Department Municipality of Anchorage d/b/a	<u>144,442,370</u>	<u>56,579,459</u>	<u>1,011,063</u>	<u>30,558</u>
Subtotal	<u>\$898,657,065</u>	<u>\$310,213,102</u>	<u>\$30,881,739</u>	<u>178,902</u>
<u>(Gross Operating Revenue greater than \$1,500,000 but less than \$5,000,000)</u>				
Alaska Power & Telephone Company	\$ 2,902,490	\$ 3,047,178	\$ 352,082	1,529
Arctic Utilities, Inc. ⁽²⁾	2,732,249	4,183,866	535,897	25
Barrow Utilities and Electric Cooperative, Inc.	1,105,062	2,200,768	928,716	1,231
Bethel Utilities Corporation, Inc.	2,781,816	4,240,333	128,504	1,631
Kotzebue Electric Association, Inc.	3,383,891	2,982,594	312,398	944
Nunavut Electric Cooperative, Inc.	4,844,043	2,282,667	101,124	1,082
Tlingit-Haida Regional Electrical Authority	<u>5,501,162</u>	<u>2,864,219</u>	<u>249,277</u>	<u>911</u>
Subtotal	<u>\$23,250,713</u>	<u>\$21,773,625</u>	<u>\$2,690,998</u>	<u>7,353</u>

⁽¹⁾ Communities being furnished electric utility service by Alaska Village Electric Cooperative, Inc.

Alakanuk	Hooper Bay	New Stuyahok	Scammon Bay
Ambler	Huslia	Noatak	Selawik
Andreafsky	Kaltag	Noorvik	Shageluk
Avik	Kasigluk	Nulato	Shaktolik
Chevak	Kiana	Nunapitchook	Shishmaref
Eek	Kivalina	Old Harbor	Shungnak
Elim	Koyuk	Pilot Station	Stebbins
Emmonak	Lower Kalskag	Pitkas Point	Togiak
Gambell	Marshall	Quinhagak	Toksook Bay
Goodnews Bay	Mekoryuk	St. Marys	Tununak
Grayling	Minto	St. Michael	Upper Kalskag
Holy Cross	Mountain Village	Savoonga	Wales

⁽²⁾ Information Presented for Year Ended 6/30/85.

ELECTRIC UTILITIES (CONT.)
For Calendar Year

Utility	Net Plant	Revenues		Users
		Gross Revenues	Net Income	
<u>(Gross Operating Revenue greater than \$500,000 but less than \$1,500,000)</u>				
Aniak Light and Power Company, Inc.	\$ 314,789	\$ 618,573	\$ 93,597	170
G & K Inc.		(Not Reported)		
Gwitchyaa Zhee Utility Company ⁽³⁾	555,659	671,535	(26,331)	296
Haines Light & Power Company, Inc.	1,177,642	1,307,297	91,302	740
I-N-N Electric Cooperative, Inc.	1,535,948	636,877	28,603	226
McGrath Light & Power Company		(Not Reported)		
Sand Point Electric Company, Inc. ⁽⁴⁾		(Not Reported)		
Tanana Power Company, Inc.	791,297	621,920	22,810	178
Yukutat Power, Inc.	651,880	744,488	54,336	298
Subtotal	<u>\$ 4,987,175</u>	<u>\$ 4,610,681</u>	<u>\$ 285,398</u>	<u>1,908</u>
<u>(Gross Operating Revenue less than \$500,000)</u>				
Andreanof Electric Corporation ⁽²⁾	\$ 154,533	\$ 98,852	\$ 15,595	37
Bettles Light & Power, Inc.	305,347	443,071	24,903	50
Egegik Light and Power Homer Lee Leonard d/b/a	244,407	167,855	62,769	45
Lavelock Electric Cooperative, Inc. ⁽³⁾	64,082	155,592	17,865	57
Manley Utility Company, Inc. ⁽⁵⁾	187,974	50,976	(15,710)	70
Mankotuk Power Company, Inc.		(Not Reported)		
Napaklak Incinnq Power Company	124,300	163,175	(4,675)	Not reported
Northway Power & Light, Inc.	194,639	326,534	26,724	91
Pelican Utility Company		(Not Reported)		
Teller Power Company Helen M. and Robert R. Blodgett d/b/a		(Not Reported)		
Subtotal	<u>\$ 1,211,200</u>	<u>\$ 1,272,443</u>	<u>\$ 109,406</u>	<u>313</u>
TOTALS	<u>\$928,106,153</u>	<u>\$337,869,851</u>	<u>\$33,967,531</u>	<u>188,476</u>

(2) Information Presented for Year Ended 6/30/85.

(3) Information Presented for nine-month period 7/1/84 - 4/30/85.

(4) Certificate No. 233 was transferred from Pelican Utility Company to Sand Point Electric Company, Inc., in 1986.

(5) United Companies, Inc., acquired controlling interest of Manley Utility Company, Inc., in 1985.

TELECOMMUNICATION UTILITIES
(Long Lines and Local Exchange Carriers)
(1985 Calendar Year)

Utility	Net Plant	Total Revenues	Net Income	Main Access Lines
<u>(Gross Operating Revenue greater than \$4,000,000)</u>				
Alascom, Inc.	\$394,863,699	\$290,913,750	\$40,896,931	N/A
Anchorage Telephone Utility Municipality of Anchorage d/b/a	194,981,783	101,332,244	19,722,151	115,524
General Telephone Company of Alaska	11,507,574	7,409,694	892,607	9,867
Glacier State Telephone ⁽¹⁾ Company	81,032,595	38,183,932	6,815,238	26,212
Juneau and Douglas Telephone ⁽²⁾ Company	24,151,156	16,518,149	2,328,639	14,878
Matanuska Telephone Association, Inc.	84,761,609	24,646,697	2,289,692	-Not Reported-
Sitka Telephone Company ⁽¹⁾	17,098,806	7,678,049	394,816	6,550
United Utilities, Inc.	<u>10,987,615</u>	<u>5,150,501</u>	<u>484,279</u>	<u>3,160</u>
Subtotal	<u>\$819,384,837</u>	<u>\$492,035,016</u>	<u>\$73,824,353</u>	<u>176,191</u>
<u>(Gross Operating Revenue greater than \$1,000,000 but less than \$4,000,000)</u>				
Arctic Slope Telephone Association Cooperative, Inc.	\$ 4,301,006	\$ 4,390,249	\$ 829,683	1,215
Bristol Bay Telephone Cooperative, Inc.	3,312,409	1,417,223	(277,110)	730
Copper Valley Telephone Cooperative, Inc.	9,366,962	3,398,173	585,213	2,641
Interior Telephone Company	7,842,077	4,230,172	245,836	-Not Reported-
National Utilities, Inc.	1,271,048	1,305,041	279,438	1,081
Nushagak Telephone Cooperative, Inc.	3,078,305	1,606,325	223,807	1,120
OTZ Telephone Cooperative, Inc.	3,806,236	1,698,591	35,403	1,409
Telephone Utilities of ⁽²⁾ Alaska, Inc.	<u>2,620,592</u>	<u>1,638,047</u>	<u>206,915</u>	<u>1,450</u>
Subtotal	<u>\$35,806,335</u>	<u>\$19,683,823</u>	<u>\$2,129,185</u>	<u>9,646</u>

(1) In 1986, these utilities were consolidated into Telephone Utilities of the Northland, Inc.

(2) In 1986, Juneau and Douglas Telephone Company was consolidated with Telephone Utilities of Alaska, Inc.

TELECOMMUNICATION UTILITIES (CONT.)
 1985 Exchange (3) (4)
 1985 Calendar Year

Utility	Net Plant	Total Revenues	Net Income	Main Access Lines
<u>(Gross Operating Revenue less than \$1,000,000)</u>				
Bush-Tell, Incorporated	\$ 1,911,480	\$ 663,813	\$ 14,081	347
Mukluk Telephone Company, Inc.	2,861,082	952,095	44,782	-Not Reported-
Whittier Telephone Company ⁽³⁾	---	---	---	---
Yukon Telephone Company	<u>806,633</u>	<u>804,934</u>	<u>(151,792)</u>	<u>533⁽⁴⁾</u>
Subtotal	<u>\$ 5,579,197</u>	<u>\$ 2,220,842</u>	<u>\$ (92,929)</u>	<u>680</u>
TOTAL	<u>\$860,562,669</u>	<u>\$513,939,681</u>	<u>\$75,860,609</u>	<u>186,517</u>

⁽³⁾ Whittier Telephone Company was purchased by Yukon Telephone Company in 1985.

⁽⁴⁾ Number of main telephones.

MEMORANDUM

State of Alaska

TO: Marvin R. Weatherly, Chairman
Alaska Public Utilities Commission
420 "L" Street #100
Anchorage, Alaska 99501

DATE: February 18, 1987

FILE NO: 663-87-0365

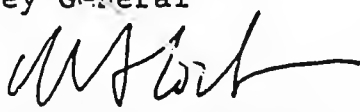
TELEPHONE NO: (907)465-3600

THRU:

SUBJECT: Power purchase contract between Alaska Power Authority and Municipal Light & Power

FROM: Grace Berg Schaible
Attorney General

By:


Richard D. Monkman
Assistant Attorney General

You have asked for our opinion on whether a power purchase contract between the Alaska Power Authority (Authority) and Municipal Light & Power (ML&P) is subject to approval by the Alaska Public Utilities Commission (Commission) under AS 42.05.431(b). In brief, our review indicates that the analysis in the Commission's Order No. 3 in Case U-86-96 is correct, and that this contract is subject to review by the Commission under AS 42.05.431(b).

First, it appears undisputed that the Authority is a "public utility" as that term is defined in AS 42.05.720(4)(A). The Authority is a public corporation empowered to operate and maintain power projects and "to enter into contracts with any person . . . for the purchase, sale, exchange, transmission, or use of power from a project[.]" AS 44.83.020; AS 44.83.080(5), (11). This fits squarely within the definition of a public utility: a corporation (including a public corporation) "that owns, operates, manages or controls any plant, pipeline or system for . . . furnishing, by generation, transmission or distribution, electrical service to the public for compensation[.]" AS 42.05.720(4)(A). 1/

The Authority is an unregulated public utility, exempt from the Commission's jurisdiction by operation of

1/ The "public" is defined in AS 42.05.720(3)(B) as including "any utility" which resells power to a group of 10 or more consumers, a definition which would include Anchorage's Municipal Light & Power.

Marvin R. Weatherly, Chairman
Power Purchase Contract Between Alaska Power
Authority and Municipal Light & Power
Our File: 663-87-0365

February 18, 1987
Page 2

AS 44.83.090(b). The exemption was apparently intended to enhance the ability of the Authority to obtain bond financing for its projects. See 1984 Memorandum to Larry Crawford (July 31; C. Jones, AAG) ("APUC jurisdiction over APA power sales agreements"), attached, and legislative history cited therein.

However, while the Authority is exempt from Commission jurisdiction by AS 44.83.090(b), ML&P is not. ML&P is a regulated public utility and is subject to the Commission's jurisdiction. The exemption provided to the Authority by AS 44.83.090(b) specifically states that:

Nothing in AS 44.83.101 -- 44.83.425 [the Alaska Power Authority statutes]. . . diminishes or otherwise alters the jurisdiction of the Alaska Public Utilities Commission with respect to any public utility, including any right the commission may have to review and approve or disapprove contracts for the purchase of electricity by a public utility.

AS 44.83.090(b) (emphasis supplied).

The question posed, therefore, is whether the Commission has "any right . . . to review and approve or disapprove contracts for the purchase of electricity" by ML&P, including the contract at issue.

Our 1984 memorandum concluded that the Commission did not have authority at that time to review, approve, or disapprove electric power purchase contracts by a public utility. 1984 Memorandum, supra (attached). 2/ Since the Commission did not have "any right . . . to approve or disapprove contracts for the purchase of electricity" by a public utility, electric power purchase contracts between regulated public utilities and the Authority were not subject to the Commission's review.

However, as you note, the legislature has since passed AS 42.05.431(b), sec. 5, ch. 104, SLA 1986. This section states

2/ "[W]e can find no authority in AS 42.05 which would permit the Commission to review these wholesale purchase agreements from the point of view of the utility as a purchaser" (emphasis in original).

that a "wholesale power agreement between public utilities is subject to advance approval" of the Commission. The new statute gives the Commission the "right" to review electric power purchase contracts by regulated public utilities which was lacking at the time of our 1984 opinion.

The primary guide in statutory interpretation is "the language used, construed in light of the purpose of the enactment." Commercial Fisheries Entry Commission v. Apokedak, 680 P.2d 486, 489-90 (Alaska 1984). The proposed power purchase contract is "for the purchase of electricity by a public utility." AS 44.83.090(b). It is a contract between "public utilities," and all such contracts are "subject to advance approval of the commission." AS 42.05.431(b). The plain words of these statutes indicate that the proposed agreement would be subject to review and prior approval by the Commission.

The "purpose of the enactment" in this instance does not conflict with the plain language. The 1986 enactment of AS 42.05.431(b) was in House Bill 314, which began as a short "sunset" re-authorization bill for the Commission. HB 314 grew into a complex, lengthy, and controversial package of amendments to the Commission statute, see, e.g., 1986 House J. 3181-90, 3197-209, but was drastically shortened again before final passage. Compare HB 314 with CSHB 314(Fin) and SCS HB 314(Fin). AS 42.05.431(b) surfaced without comment in the House Finance Committee version of the bill, and remained unchanged in all material respects from the date of its introduction until final passage.

The only comment we have found on the purpose of this section is in a letter from Attorney General Brown to Governor Sheffield, reviewing HB 314 after it was passed by the legislature. The letter states, "The commission's authority to approve wholesale power agreements would be made explicit" by AS 42.05.431(b). Letter, June 4, 1986, A.G. File No. 883-86-0135. This is in accord with our conclusion that the plain meaning of the statute gives the Commission authority to review the contract at issue.

We note also that the powers of the Commission are to be "liberally construed." AS 42.05.141. Review of a ten-year electric power purchase contract by a regulated public utility appears to be within the authority of the Commission under AS 42.05.431(b). Therefore, we conclude that the Commission does have the authority to review this contract.

Marvin R. Weatherly, Chairman
Power Purchase Contract Between Alaska Power
Authority and Municipal Light & Power
Our File: 663-87-0365

February 18, 1987
Page 4

We are informed by the Authority that Commission review of its contract with ML&P will adversely affect the Authority's ability to obtain bond financing for the Bradley Lake hydroelectric dam project in a timely manner. We suggest that the Commission promptly contact the Authority and discuss possible legislative action which would resolve the situation in the best interests of the public.

RDM:nb

attachment

cc: Alaska Power Authority

MEMORANDUM

TO: Sen. Don Bennett
Sen. John Binkley
Co-Chairmen
Senate Finance Committee

Date: April 2, 1987

Through: Becky Bear
Information Officer
DC & ED

From: Ted Moninski
Executive Director
Alaska Public Utilities Commission

Subject: Impact Analysis - SSSB22

Attached is the APUC's impact statement for the above referenced bill. Also attached is a copy of the Commission's reply to a letter from Rep. Kay Brown which addresses some of the same substantive issues evaluated in the impact statement. The Commission had previously submitted separate fiscal notes for the original bill and the sponsor substitute. To avoid confusion, I have merged these two notes and have included the new, combined fiscal note with this impact statement.

It is my understanding that the Senate Finance Committee will consider SSSB22 during a Committee hearing now scheduled for Tuesday, April 7, 1987, at 9:00 a.m. This hearing will, I am advised, be teleconferenced through the Legislative Teleconference Network. I would appreciate your distributing this memorandum and its attachments to the other members of the Finance Committee at your earliest convenience.

In light of the fact that a formal case touching upon many of the same issues to be considered in SSSB22 is now pending before the Commission, no Commissioner will provide testimony on Sections 1,2,4,5 and 6 of the Bill. Prior testimony on Section 3 has been given and further comment on Section 3 is included with this impact statement.

The Commission has asked that I be present to provide any necessary testimony or clarification for the attached materials. I will, therefore, be available for comment at the Anchorage LIO at the date and time referenced above. Please inform me of any schedule changes or any other information you may require prior to the Committee meeting.

Impacts of Sections 1,2,4;5,6 of SSSB22

The following is an evaluation of the probable impacts of adopting or not adopting the policies contained in the above referenced sections of SSSB22. The Commission's comments are directed at its own regulatory responsibilities and are not intended to reflect a comprehensive consideration of all issues.

If Passed:

Wholesale power sales transactions between regulated utilities and the APA are exempt from Commission oversight. The public interest responsibility for evaluating these transactions would reside solely with the APA and the various review mechanisms used to evaluate specific project proposals. Regardless of its other merits/demerits, this approach would lack the broader overview of power supply decisions which could be provided by the Commission.

Also, this Bill does not purport to alter the Commission's authority to judge the prudence of a utility's purchased power costs at the time of a specific rate case, under AS 42.05.511(a).¹ However, even if the Commission continues to have the authority to make case-specific adjustments, ratepayers and utility owners of cooperative and municipal utilities are one and the same, making any after-the-fact disallowance of APA-related costs for these entities relatively meaningless.

The proposed jurisdictional changes would effectively remove from Commission review a substantial percentage of a utility's costs which, as stated above, might be directly passed through to the ratepayers by operation of law. For retail utilities under the four-dam pool arrangement, for example, there are instances of APA-supplied power costs which account for as much as 50 percent or more of a utility's rates for service. Even under first-cut and conservative projections for Bradley Lake-supplied power, the range of impact, assuming sign-up of the full complement of railbelt utilities, appears to be between 8 percent and 20 percent of a utility's rates.

The Commission believes that this issue needs further consideration and clarification to determine whether the Commission can, in fact, disallow APA contract costs in rates after the contracts are in place, or whether all APA-related costs must be included in rates without any Commission review or adjustment.

To the extent that the purpose of this bill is to eliminate all Commission oversight for contractual transactions involving an APA project, that objective may not be achieved. Under the federal Public Utilities Regulatory Policies Act (PURPA), a utility is required to purchase power from a "Qualifying Facility" (QF). By Congressional delegation, the Commission is responsible for enforcing that obligation. Because of this, even if the authority over APA-utility contracts is removed by legislative action in Alaska, the Commission may still be required to act under federal law to prohibit purchases by regulated utilities where such purchases would threaten to subvert the intent of the federal statutes. QF's could also seek a remedy in the federal courts or before the Federal Energy Regulatory Commission to ensure that their rights are protected. Thus, the jurisdictional limits on the Commission established by this bill do not guarantee that there will be no impediments to APA contracting or financing.

If Not Passed:

The Commission would have to approve all future wholesale power contracts between regulated utilities and the APA.

The contract review process would entail a public notice period of thirty days, preliminary Staff investigation of the contract and Commission action based on any public comment and the initial Staff analysis. The Commission may approve, reject or suspend the contract, stating its findings and conclusions for taking action. Assuming the request for approval contains sufficient information, the Commission could take action within 45 days of the date of filing. In the event a party objects to Commission approval of the contract, procedures to effect an adjudicatory proceeding would ensue.

COMMISSION POSITION STATEMENT RE: SECTION 3 OF SSSB22

Under Section 3 of the bill (the original SB22 as amended), which would deregulate certain electric and telephone utilities, the Commission continues to believe that as a matter of public policy, the statutory procedure already in place is superior to automatic deregulation. AS 42.05.711(f) gives consumers a choice of what level of regulatory protection best serves their individual circumstances through an election. Consumers of five utilities affected by this bill have held deregulation elections. Of the five, the consumers of two utilities, Tanana Power and Iliamna-Newhalen Electric Cooperative, Inc., have voted to retain regulation. If Section 3 is adopted, it is not clear what continuing effect the previous vote to continue APUC jurisdiction would have in light of the "blanket" deregulation provided for in this proposal. However, if adoption of this section results in their deregulation, it will be in direct conflict with a democratic vote of the affected consumers.

THE COMMISSIONER OF THE PUBLIC UTILITIES COMMISSION
 STATE OF ALASKA
 1400 WASHINGTON STREET, SUITE 100
 ANCHORAGE, ALASKA 99501
 TELEPHONE: 277-6112
 FAX: 277-6113

STATE OF ALASKA

STEVE COWPER, GOVERNOR

ALASKA PUBLIC UTILITIES COMMISSION

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

420 "L" STREET
SUITE 100
ANCHORAGE, ALASKA 99501
(907) 276-6222

March 31, 1987

Representative Kay Brown
Alaska State Legislature
Pouch V
Juneau, AK 99811Re: APUC authority over APA Power Sales; Proposed Qualifying
Facilities in Alaska.

Dear Representative Brown:

In a recent inquiry you asked for: 1) additional information concerning Qualifying Facilities under PURPA which have been proposed for the Railbelt, and 2) comment on the legal status of Qualifying Facilities under federal law.

The Commission is aware of four private sector power projects proposed in the Railbelt. AEM Corp. proposes a 25 MW project located at the Healy coal mine and fired by "waste coal." Power from the AEM proposed facility would be sold to Golden Valley Electric Association, Inc., in the Fairbanks area. SGI International, Inc., proposes a 50 MW project, also fired by waste coal, with the output to be sold to Anchorage Municipal Light and Power. Mat-Su Energy Corporation proposes a 20 MW facility fired by peat from the Mat-Su Valley, with the output to be sold to Matanuska Electric Association, Inc. Valley Energy Corporation proposes a 15 MW facility fired by wood chips from forests in the Mat-Su Valley, with the output sold to MEA.

The developers of all four of these projects have filed complaints with the Commission against the utility to which they seek to sell power. Each complaint seeks to have the Commission determine the "avoided cost" which, under federal law (PURPA), the utility must pay for power generated by Qualifying Facilities.¹ The complaints, and particularly the SGI complaint, also seek to prohibit the utilities from making other power purchases, such as from the Bradley Lake Hydroelectric Project, which would eliminate the need for power from the private project. In the SGI case, ML&P disputes whether the SGI project is actually a Qualifying Facility under PURPA.

¹AEM's proposal has been before the Commission since November 1, 1984, much longer than the other three proposals.

PURPA requires a public utility to purchase electric power and energy from Qualifying Facilities at the utility's "avoided cost." Avoided cost means, in essence, the costs which the utility will avoid by purchasing power from the Qualifying Facility rather than generating the power itself or purchasing the power elsewhere.

PURPA also requires the Commission to enforce the obligation of regulated utilities to purchase power from Qualifying Facilities at avoided cost. Thus, whether or not state statutes exempt APA power project sales from Commission jurisdiction, federal law still requires the Commission to enforce the obligation of utilities to purchase power from Qualifying Facilities. In its case, SGI contended that it has a priority over other potential sellers of power to ML&P and that, based on PURPA, the Commission should prohibit ML&P from purchasing any other power, particularly from the APA's Bradley Lake Hydroelectric Project. Although properly before this Commission, the PURPA argument has not yet been addressed because the issue was resolved based on State law. It is highly probable that SGI will be able to continue to advance its position before the APUC based on the federal statutes even if SSSB22 is enacted. Federal law would require the Commission to decide the issue based on the rights granted by PURPA.

One final point needs clarification. The reason that SGI wishes to prevent ML&P from purchasing power from Bradley Lake concerns, in part, the "avoided cost" determination. A cost is an "avoided cost" only if it can actually be avoided by a utility. Thus, for example, a utility cannot avoid the cost of generating facilities which have already been installed; then, if the utility needs no further generating facilities, there is no avoided capacity cost of an additional generating plant (there might still be an avoided cost for the fuel the plant would burn). Similarly, after ML&P has signed a contract which requires it to pay for power from Bradley Lake, that cost is no longer an avoided cost.

In this sense it is not entirely correct that SGI feels it "can't compete" with a subsidized project such as Bradley Lake. SGI may be willing to sell its electricity for the same price as the APA would sell electricity from Bradley Lake. However, once ML&P is already committed to purchase from Bradley Lake, ML&P may need no further capacity and the avoided cost would then be less than the price of power from Bradley Lake.

I have also attached a copy of our impact statement concerning SSSB22, which addresses some of the same issues which you have raised.

Sincerely,

ALASKA PUBLIC UTILITIES COMMISSION



T.S. Moninski II
Executive Director

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST:

Revision Date: April 2, 1987
 Title: An Act exempting certain telephone and electric utilities and certain transactions from regulation by the APOC
 Sponsor: _____
 Requestor: _____

BUI Version: SSSB22

Publish Date: _____

Agency Affected: Commerce & Economic Development, Alaska Public Utilities Commission

BRU: APUC

Components: Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
	0	0	0	0	0	0

REVENUE	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
	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)

(See Attachment I)

Prepared by: T.S. Mninski, II Executive Director
 Division: Alaska Public Utilities Commission Phone: 276-6222
 Date: _____

Approved by Commissioner: _____
 Agency: Commerce & Economic Development Date: _____

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)
 Senate Secretary

PREFACE:

This fiscal note replaces all previous fiscal notes for Senate Bill 22 and Sponsor Substitute for Senate Bill 22. Specifically as it relates to Section 3 of the Bill, the Commission notes that while there may be some minimal workload reduction associated with deregulating certain electric and telephone utilities, the APUC has lost 13 of its 53 authorized positions during the last three fiscal years and the relatively small reduction in caseload will be used to assist in the Commission's attempt to cope with the reduction in force.

Sections 1,2,4,5 6 and 7:

Passage of these sections will have no workload impact upon the Commission and, therefore, no fiscal impact.

Section 3. AS 42.05.711(e) and Amendment to Line No. 28 (as shown on page 576 of the legislative journal).

The number of utilities affected by this section were 13 before the amendment to line 28. The amendment raised that number by 4 to a new total of 17. This is a very insignificant number of utilities (17 of 307) and there will be a very minor decrease in workload if this section is passed.

Impacts of Section 1,2,4,5,6 of SSSB22

The following is an evaluation of the probable impacts of ^{or not including} adopting the policy ^{ies} considerations contained in the above referenced sections of SSSB22. The ~~focus of the~~ Commission's ^{are} comments ~~is~~ directed at its own regulatory responsibilities and ^{are not intended to} ~~does not~~ reflect a comprehensive consideration of all issues.

If Passed:

Wholesale power sales transactions between regulated utilities and the AFA are exempt from Commission oversight. The public interest responsibility for evaluating these transactions would reside solely with the AFA and the various review mechanisms used to evaluate specific project proposals. Regardless of its other merits/demerits, this approach would lack the broader overview of power supply decisions which could be provided by the Commission.

Also, this Bill does not purport to alter the Commission's authority to judge the prudence of a utility's purchased power costs at the time of a specific rate case, under AS 42.05.511(a).¹ However, even if the Commission continues to have the authority to make case-specific adjustments, ratepayers and utility owners of cooperative and municipal utilities are one and the same, making any after-the-fact disallowance of AFA-related costs for these entities relatively meaningless.

[✓] The Commission believes that this issue needs further consideration and clarification to determine whether the Commission can, in fact, disallow APA contract costs in rates after the contracts are in place, or whether all APA-related costs must be included in rates without any Commission review or adjustment.

COMMISSION ACTION			
Referred to	Officer NO	Initials	Date
Monthly	OK	[Signature]	4/2/87
Graces	OK	[Signature]	4/2/87
Kirkwood	OK	[Signature]	4-2-87
Agri	OK	[Signature]	4-2-87
Unrecovered	[Signature]	[Signature]	4-2-87

The proposed jurisdictional changes would effectively remove from Commission review a substantial percentage of a utility's costs which, as stated above, might be directly passed through to the ratepayers by operation of law. For retail utilities under the four-dam pool arrangement, for example, there are instances of APA-supplied power ^{costs which} ~~accounting~~ for as much as 50 percent or more of ^{a utility's} rates for service. Even under first-out and conservative projections for Bradley Lake-supplied power, the range of impact, assuming sign-up of the full complement of railbelt utilities, appears to be between 8 percent and 20 percent of a utility's rates.

To the extent that the purpose of this bill is to eliminate all Commission oversight for contractual transactions involving an APA project, that objective may not be achieved. Under the federal Public Utilities Regulatory Policies Act (PURPA), a utility is required to purchase power from a "qualifying facility" (QF). By Congressional delegation, the Commission is responsible for enforcing that obligation. Because of this, even if the authority over APA-utility contracts is removed by legislative action in Alaska, the Commission may still be required to act under federal law to prohibit purchases by regulated utilities where such purchases would threaten to subvert the intent of the federal statutes. QF's could also seek a remedy in the federal courts or before the Federal Energy Regulatory Commission to ensure that their rights are protected. Thus, the jurisdictional limits ^{or} ~~established~~ ^{established} for the Commission by ~~this bill~~ do not guarantee that there will be no impediments to APA contracting or financing.

If Not Passed:

The Commission would have to approve all future wholesale power contracts between regulated utilities and the APA.

The contract review process would entail a public notice period of thirty days, preliminary Staff investigation of the contract and Commission action based on any public comment and

the initial Staff analysis. The Commission may approve, reject or suspend the contract, stating its findings and conclusions for taking action. Assuming the request for approval contains sufficient information, the Commission could take action within 45 days of the date of filing. In the event a party objects to Commission approval of the contract, procedures to effect an adjudicatory proceeding would ensue.

ELECTRIC AND TELEPHONE UTILITIES IMPACTED BY SB 22

I. 250 OF FEWER SUBSCRIBERS

Name of Electric Utility	Number of Users
Andreanof Electric Corporation	37
Aniak Light & Power Company, Inc.	170
Arctic Utilities, Inc.	25
Bettles Light & Power, Inc.	50
Egegik Light and Power Homer Lee Leonard d/b/a	65
I-N-N Electric Cooperative, Inc.	226
Levelock Electric Cooperative, Inc.	57
Manley Utility Company, Inc.	70
McGrath Light & Power Company ¹	220
Northway Power & Light, Inc.	91
Pelican Utility Company ²	76
Tanana Power Company, Inc.	178
Teller Power Company ¹	73

Name of Telephone Utility	Number of Main Access Lines
Whittier Telephone Company	178

II. 251 TO 750 SUBSCRIBERS

Name of Electric Utility	Number of Users
Gwitchyaa Zhee Utility Company	296
Haines Light & Power Company, Inc.	740
Yakutat Power, Inc.	298

Name of Telephone Utility	Number of Main Access Lines
Bristol Bay Telephone Cooperative, Inc.	730
Bush-Tell, Incorporated	347
Yukon Telephone Company	333

Information derived from the Alaska Public Utilities Commission's 1985 Annual Report.

¹ Based on 1984 information

² Based on 1983 information

Sent to Becky Bean
2/13/87

To: Becky Bear
Information Officer
Dept. of Commerce

Date: February 10, 1987

From: T.S. Moninski II
Executive Director
Alaska Public Utilities
Commission

Subject: Position Statement SB22

The Commission opposes SB22. From a public policy perspective, the Commission believes its current statute AS 42.05.711(f) is superior to the proposed legislation because it enables consumers of small electric and telephone utilities to decide whether or not the benefits of regulation; i.e., public protection, outweigh the costs of regulation by providing for a deregulation election to be held.¹

In addition, the proposed legislation appears to have the effect of deregulating Alaska Electric Generation and Transmission Cooperative, a generation electric utility which has two customers but provides wholesale power to potentially all the ratepayers of the railbelt utilities. It is also not clear what effect this legislation would have on Alascom, which may directly provide service to less than 250 subscribers but through the local exchange telephone utilities provides long distance service throughout Alaska.

In its fiscal note, the APUC stated that this proposal, if adopted, would affect only 13 of 307 certificated utilities. Given the relatively small number of impacted utilities and the nearly 25% reduction in staff resources already absorbed by the Commission over the past three fiscal years, a further reduction in staffing would not be expected as a result of the changes proposed in this bill.

¹Note that this legislation does not address the impact on utilities which have previously held deregulation elections and their consumers have voted to maintain economic regulation of their utilities by this Commission; i.e., Tanana Power Company and Iliamna-Newhalen Electric Cooperative.

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907.465-3800

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

HL+C

5-5-87

1:30 p.m.