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HOUSE COMMITTEE REPORT

(7)

Date referred: 5/2/88

FURTHER REFERRALS: Judiciary

DATE: 5/8/88

The Labor & Commerce Committee has considered CSSB 368 (L&C)

"An Act relating to simplified regulation by the Alaska Public Utilities Commission of certain public utilities; and providing for an effective date."

RECOMMENDS:

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

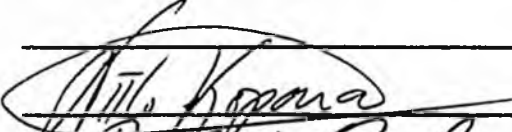
ADOPTS: Senate letter of intent

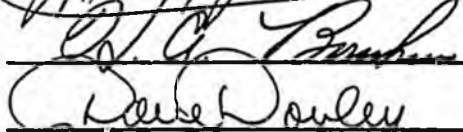
ATTACHES NEW FISCAL NOTE(s):

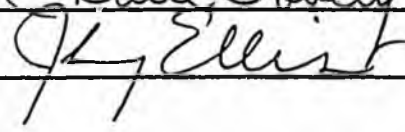
- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published 4/7/88
- zero with analysis

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:









 Chairman's signature

Senator John B. (Jack) Coghill
Alaska State Legislature

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Juneau, Alaska 99811
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Box 55028
North Pole, Alaska 99705
(907) 488-0862



M E M O R A N D U M

To: Members of the Senate Resources Committee
From: Senator John B. Coghill
Re: SB 368, simplified regulation of small utilities
Date: April 13, 1988

For years I have felt that the Alaska Public Utilities Commission has overregulated small utilities and as a result has caused undue expense for these utilities. This is why in 1987 I sponsored SB 22, which exempted small utilities from regulation.

SB 368 will achieve much of what I have tried to accomplish. This bill mandates that the APUC set up a streamlined system of regulation for utilities that gross less than \$1,000,000. A system such as this is already in place for cooperatives. According to the Alaska Rural Electric Cooperative Association, cooperatives are satisfied with the APUC regulations.

Also the APUC supports this approach.

ALASKA STATE SENATE



SENATOR TIM KELLY
ANCHORAGE/EAGLE RIVER
CHAIRMAN

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ANCHORAGE

SENATOR MIKE SZYMANSKI
ANCHORAGE

SB 368 (L&C) Letter of Intent

It is the intent of the Legislature that the exemptions currently existing in this chapter are not eliminated by the simplified rate filing procedure established in this bill.

A handwritten signature in cursive script that reads "Tim Kelly".

TIM KELLY, Chairman

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Development
 Title: Standards for construing regulatory powers of the APUC and public utility exemptions
 Sponsor: Coghill Components: Operations
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
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	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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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)

While enactment of this bill will streamline procedures to the benefit of small utilities, it is not expected to reduce APUC Staff resource requirements necessary to process the new "simplified rate filing".

Prepared by: T.S. Moninski, II Executive Director Phone: 276-6222
 Division: Alaska Public Utilities Commission Date: 4/6/88

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

Distribution (by preparer):

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

Alaska Public Utilities Commission
Comments on CS for SB368 (Work Draft)

April 4, 1988

Section 1:

The Commission has previously raised questions about the desirability of this statutory change and indicated that the existing language is preferable to the proposed language for a number of reasons. Specifically, it is neither practical nor possible to identify every duty or delegation of authority to the Commission in AS 42.05. Therefore, the statute must be sufficiently flexible to allow the Commission to apply legislative policies to specific situations in a manner which ultimately benefits both utilities and consumers. However, by implicitly reducing the Commission's discretion, the language change limits that flexibility, creates judicial confusion regarding the scope of the Commission's authority, and does not directly address areas where existing regulation may have been inconsistent with legislative intent.

Section 2:

The Commission supports the proposal set forth in this section to establish simplified filing procedures for small utilities and proposes that the language be expanded to include all utilities that gross \$1,000,000 or less annually (rather than just telephone and electric utilities of this size). A list of the utilities which would be impacted by this legislation, as proposed or as expanded, is appended to these comments.

The Commission has long recognized that the complexities of the regulatory process present unique challenges both for the small, unsophisticated utilities in the State and for regulators. For this reason, it has informally encouraged extensive Staff assistance in rate filings for these utilities in the past. This legislation presents an opportunity to institutionalize alternatives to current ratemaking procedures which will reduce the cost and complexity of regulation while preserving a level of consumer protection which would not be present with exemption from economic regulation.

LIST OF ELECTRIC AND TELEPHONE UTILITIES WITH GROSS ANNUAL
REVENUES OF \$1,000,000 OR LESS

<u>Electric Utility</u>	<u>Gross Annual Revenues</u>
Andreanof Electric Corporation	93,378
Aniak Light and Power Company, Inc.	\$594,764
Bettles Light & Power, Inc.	402,472
Far North Utilities	80,248
G & K, Inc.	727,206
Gwitchyaa Zhee Utility Company	681,783
I-N-N Electric Coop- erative, Inc.	694,254
Levelock Electric Cooperative, Inc.	146,234
Manley Utility Company, Inc.	80,338
McGrath Light & Power Company	983,718
Middle Kuskokwim Electric Cooperative, Inc.	324,701
Napakiaq Ircinaq Power Company	206,829
Northway Power & Light, Inc.	372,237
*Pelican Utility Company	
*Sand Point Electric, Inc.	
Tanana Power Company, Inc.	626,895
Teller Power Company	303,036
Yakutat Power, Inc.	680,413

<u>Telephone Utility</u>	<u>Gross Annual Revenues</u>
Yukon Telephone Company, Inc.	660,193

*Gross Annual Revenues not reported but believed to be less than \$1,000,000.

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY
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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

5-8-88

2:00 p.m.