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To: Senator Tim Kelly
Chairman
Senate Labor & Commerce Committee
Alaska Legislature

Date: March 12, 1987

From: Ted Moninski
Executive Director
Alaska Public Utilities Commission

Subject: SSSB22

At yesterday's Committee meeting, Senator Szymanski raised a question regarding the applicability of SSSB22 to the possible deregulation of Alascom, Inc. This question was generated as a result of comments submitted by the APUC regarding the potential effect of including a "customer count" threshold in determining the regulatory status of electric and telephone utilities.

As I stated in my testimony before the Committee yesterday, there was some confusion about Alascom's customer count in light of its fairly recently adopted practice to direct bill certain end users. A check with Alascom has verified the fact that this practice has been significantly expanded with Alascom now direct billing over 10,000 customers. Assuming this practice continues, SSSB22, even as amended, will not result in the deregulation of Alascom.

I would appreciate your circulating this memorandum to all of the Committee members and, in particular, to Senator Szymanski.

5 March 1987

TO: Senator Tim Kelly, Chairman
Labor & Commerce Committee

FROM: Ted Lehne, Executive Director

RE: SB 22



Thank you for the opportunity to testify on this legislation from Anchorage. Our association represents 20 of the 23 local telephone companies in Alaska. Our members serve about 98% of the Alaskans with telephones. The three very small companies that are not members all currently qualify for an exemption from regulation under the \$50,000 standard.

Our association supports limiting regulation for very small telephone companies. A typical tariff case with the APUC can cost a company \$20,000 or more for consultants and legal representation. This is a prohibitive amount for a small company with 50 or fewer customers. The real regulation of those companies is by their communities. The phrase "good community citizen" takes on new meaning for a company operating in a rural village of 200 people!

Section 3 of SB 22 adds language which would extend the exemption from regulation to utilities with 250 or fewer subscribers, in addition to the \$50,000 gross receipts test. The average phone bill in Alaska is about \$67, meaning the \$50,000 test would mean a firm with about 63 customers.

So the addition of a 250 subscriber test would appear to be a substantial extension of deregulation. But the four smallest companies in the state have 50 or fewer subscribers and are currently exempt, while the next largest has 337 customers. Here is a breakdown by number of access lines:

<u>Lines</u>	<u>Companies</u>
0 - 50	4
51 - 250	0
251 - 500	3
501 - 1,000	1
1,001 - 1,500	5
1,501 - 2,000	1
2,001 - 10,000	3
over 10,001	6

As the companies get larger they have an incentive to get a certificate from the APUC to protect their territory and their investment. But until they get to 1,000 customers or more it is still very difficult to afford tariff cases with the APUC because the cost must be spread over so few customers. Therefore we recommend that a new sentence be added to the bill to extend economic deregulation to a few more companies, while still requiring a certificate to operate. This is not a hardship since these

(*)

companies already have a certificate from the APUC. But the opportunity to make rate adjustments - both up and down - without the terrible expense of an APUC case, would help these companies keep their rates down. In short, the consumer would benefit by not having the expense of tariff filings built into their bill.

Here is the sentence we suggest adding:

* ["An electric or telephone utility with more than 250 but fewer than 500 subscribers is exempt from the provisions of this chapter, other than AS 42.05.221 - 42.05.281, unless 25 percent of the subscribers petition the commission for regulation."

We respectfully recommend that this be added between the first and second sentences of the section so the language in the last sentence applies to both of these exemptions.

If this sentence is added, it will extend economic deregulation to Bush-Tell Telephone Company in Aniak, which serves seven small communities in that area, Mukluk Telephone in Teller which serves ten small communities, and Yukon Telephone which serves Tanana, Ruby and Whittier.

This should give the legislature a fair test of economic deregulation of small utilities in Alaska. If there are abuses, the provision can be repealed and the utility will again come under APUC economic regulation. On the other hand, if the social pressure of the small communities is indeed the best regulator, then the cost of rate cases will disappear and the only costs will be those necessary to provide service. And the APUC, which is struggling with staff reductions, can concentrate its regulatory expertise in areas where it will benefit the most Alaskans.

We hope you will see this as a constructive addition to this legislation.

VERBATIM TESTIMONY OF DAVE HUTCHINS
SENATE L&C
MARCH 4, 1987

Mr. Dave Hutchins: I am the Executive Director of the Alaska Rural Electric Coop Association and I appreciate your letting me testify today because I won't be here after this week. Let me respond first to the question that Senator Szymanski raised and that Mr. Lane dealt with about Mr. Szymanski's friend out in Butte. It would be correct that a person can go serve some neighbors under this without being certified by the APUC if they are in an area where there is no certification. If the area is already certified to another utility for the same kind of service, as would be the case with your friend in the Butte area where the area is certified to MEA, he would not be able to engage in the commercial business of providing electric utility service in competition with MEA. There is the PURPA option open to him, whereby he could sell his power to MEA under the federal law that is administered in Alaska by the APUC. This is something you might suggest to him as an option to consider.

In regard to the basic proposal here of the deregulating utilities that serve less than 250 consumers, we think that this is a good idea. Similar legislation was under consideration last year and at that time we thought we had one or two members who would perhaps be deregulated as a result of that. They have since that time grown and are clearly above the 250 level so we don't have a single member in our association that would be directly affected by that provision. But in principal we think it is a good idea. We think that during a time of tight budget this is a way that you can cut back some on expenses at APUC without anyway jeopardizing the public interest because so long as the consumer does in fact have the option of bringing the utility under APUC regulation if they get out of line by petition. We don't see any danger involved in this at all.

In regard to the other sections of the bill that are new we are very much in support of those as well. The amendment put in the APUC statute last year that has caused the consternation in the rush between APE and APUC is section 1 of the bill. Other than the underlined language at the first of that section, and I was one very heavily involved with that legislation and I would like to simply give you my account of what happened as I recall, it might be useful to the committee to understand the background of what did happen. Our association was interested in getting what is the second sentence of this section, "After wholesale power

agreement is in effect, the commission may not invalidate any purchase or sale obligation under the agreement." We sought that because after the wholesale power agreement between Chugach and Matanuska and Homer had been in effect for a number of years, the APUC assumed jurisdiction over those contracts and invalidated them in effect, changed one half of the contract and invalidated the other. We felt that this was something that was really unfair, it was a very destabilizing effect on the railbelt utilities. They went through a very painful readjustment period coming out from under the problems that were created by that action by the APUC. They have pretty well worked themselves out of that problem now but it took a long time. We wanted to have the legislature tell the APUC that you can't do that in the future. Once a contract is in effect, you have to leave it alone. Let it operate under the terms of the contract. The APUC opposed that proposal and while the bill was in a House Finance subcommittee chaired by Representative Steve Frank, we were asked to negotiate with the APUC to try to work out a compromise. The language that you have here was provided by Marvin Weatherly with one exception. He wanted to add the first sentence that would provide that the wholesale power agreement is subject to advance approval of the commission. This was something that our attorneys suggested for the very purpose of making sure that it did not apply to the APA, because in our mind, an entity is not a public facility unless it is certificated by the APUC. It is not a utility unless APUC says it is, is basically what this says. We wanted to make sure that this did not apply to APA. We were quite shocked when the A.G.'s opinion said that it did in fact cover the power authority. I might add that in that A.G.'s opinion you will notice that part of the rationale they used to come to that conclusion is the language in the APUC statutes which says that their statutes should be liberally construed. This was another change that we wanted to get is to eliminate that phrase in the APUC statutes, but we were unsuccessful last year, and we hope that someday the legislature will agree that that 'liberally construed' language should be removed from the APUC statutes. It has caused mischief in many other cases as well.

The final sentence of that section was also added at Mr. Weatherly's request where there be a reopener of some sort after these contracts were in effect. The problem that the APA will face without this legislation are, 1) delay, I think you can look to anywhere from 6 months to a year and a half for say the Bradley Lake prior sales agreement to before the APUC before a decision be rendered, probably a year is a good estimate, 2) once they have decided that yes these contracts can be approved by the APUC then you have this reopener down here, the last sentence of section one, that leaves out an important party in this kind of case and that is the bond holders that bought the bonds issued by

the APA to finance the project. When they see this as a condition under which they will have to be buying bonds, I don't think you can sell bonds without a tremendous penalty on the interest rates. Maybe no at all, but certainly there will be a tremendous penalty. I think it is essential that this should be clarified and we strongly support this legislation.

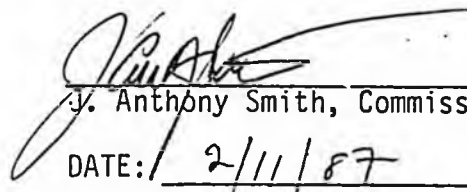
The final sentence of section 1 was also added at Mr. Weatherly's request where there would be a reopener of some sort after these contracts were in effect. The problem that the APA will face with out this legislation will be, 1) delay, anywhere from six months to a year and a half for say, the Bradley Lake prior sales agreement to be before the APUC before a decision will be rendered, 2) the second thing is that once they've decided that these contracts can be approved by the APUC, then you have this reopener down here, the last section of sentence one, that leaves out an important party, in this kind of case

SB 22 "An Act exempting certain telephone and electric utilities from regulation by the Alaska Public Utilities Commission."

The Commission opposes SB 22. From a public policy perspective, the Commission believes the current statute AS 42.05.711(f) is superior to the proposed legislation because it allows consumers of small electric and telephone utilities the choice of 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. (NOTE: 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.)

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.



J. Anthony Smith, Commissioner
DATE: 2/11/87

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____
 Bill Version: SB 22
 Publish Date: _____
 Revision Date: 1/29/87
 Title: Exemption of a telephone or electronic utility from regulation by the APUC Agency Affected: Commerce & Econ. Dev.
 Sponsor: Coghill BRU: APUC
 Requestor: Becky Bear, DCEO Components: 5303030100, Admin.

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 : (Attach a separate page if necessary)

This legislation affects only 13 of the total 307 utilities. It will not result in any reduction in personnel because of its relatively low percentage of Commission workload. The potentially minor reduction in workload will be more than offset by increasingly constrained processing schedules and the almost 25% reduction in staff resources absorbed over the last three fiscal years.

Prepared by: T.S. Moninski, II, Executive Director Phone: 276-6222
 Division: Alaska Public Utilities Commission Date: 2/11/87

Approved by Commissioner: Anthony Smith Date: 2/11/87
 Agency: Department of Commerce and Economic Development

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March 4, 1987

MEMORANDUM

To: Members of the Labor and Commerce Committee

From: Senator Jack Coghill

Re: SSSB 22, "An Act relating to the exemption of certain telephone and electric utilities and certain transactions from APUC regulations"

The purpose of this bill is two-fold, but each part relates to the powers of the Alaska Public Utilities Commission.

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.

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, 4, 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 removes the APUC's jurisdiction over these wholesale agreements for the sale of power between the APA and a public utility.

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

I believe the consequences of not taking this matter in hand will have a drastic effect on the future of our energy projects.

I urge you to support this bill.

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

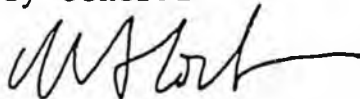
TELEPHONE NO. (907)465-3600

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

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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).

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Power Purchase Contract Between Alaska Power
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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. 3181-50, 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
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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

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

February 2, 1987

Honorable Grace Schaible
Attorney General
State of Alaska
Box K
Juneau, Alaska 99811

Dear Madame Attorney General:

This letter is to request a Formal Opinion on the issue of whether or not a wholesale power contract between the Alaska Power Authority (APA) and a regulated public utility is subject to the approval of the Alaska Public Utilities Commission (Commission). Although prior to 1986 it may have been clear that the Commission had no authority to approve such a contract, it appears that this may have changed with the passage of AS 42.05.431(b) in 1986.

This issue has been presented to the Commission in the context of a case involving an independent power producer who wishes to sell power to the Municipality of Anchorage d/b/a Municipal Light and Power Department (ML&P) pursuant to the Public Utility Regulatory Policies Act of 1978 and who has requested the Commission to prohibit ML&P from entering a contract for the purchase of power from the Bradley Lake Hydroelectric Project. A copy of our preliminary decision in that matter is enclosed. If you need any further information on the subject, please contact James Jackson, Hearing Officer, in this office.

I would respectfully request that primary responsibility for the drafting of the Opinion on this issue not be assigned to any of the Assistant Attorneys General assigned to either the APA or the Commission. In that way the Opinion cannot be questioned based on any alleged bias of the author.

I appreciate your assistance in this matter.

Sincerely,



Marvin R. Weatherly
Chairman

APPENDIX A
(U-86-96(3))

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-Tall, 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

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	\$ 16,551,630	\$ 158,097	10,710
Alaska Village Electric Cooperative, Inc. ⁽¹⁾	23,864,476	11,548,022	363,956	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>178,982</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	4,185,866	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	312,598	946
Nushagak Electric Cooperative, Inc.	4,844,043	2,282,667	104,124	1,002
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.

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

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

LIST OF UTILITIES (CONT.)
1985 Calendar Year

Utility	Net Plant	Revenues		Users
		Total 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)		
Gwitchya Zhee Utility Company ⁽³⁾	555,659	671,536	(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	691,920	99,810	178
Yakutat Power, Inc.	657,880	744,488	54,336	298
Subtotal	<u>\$ 4,987,175</u>	<u>\$ 4,610,681</u>	<u>\$ 285,358</u>	<u>1,908</u>
<u>(Gross Operating Revenue less than \$500,000)</u>				
Andreanof Electric Corporation ⁽²⁾	\$ 154,533	\$ 98,832	\$ 15,399	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	65
Levelock Electric Cooperative, Inc. ⁽³⁾	64,082	155,592	17,665	57
Manley Utility Company, Inc. ⁽⁵⁾	187,974	50,976	(15,710)	70
Manokotak Power Company, Inc.		(Not Reported)		
Napaklak Irceinaq Power Company	124,300	183,175	(4,675)	Not reported
Northway Power & Light, Inc.	194,639	328,534	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>\$337,869,85</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	24,846,697	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>\$75,824,353</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	3,398,175	585,213	2,841
Interior Telephone Company	7,842,077	4,230,172	245,836	-Not Reported-
National Utilities, Inc.	1,271,048	1,305,041	279,430	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>\$35,598,635</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.

COMMUNICATION UTILITIES (CONT.)
 1985 Exchange Corporation
 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>808,635</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>\$860,552,669</u>	<u>\$513,939,681</u>	<u>\$75,850,609</u>	<u>186,517</u>

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

(4) Number of main telephones.

1 IN THE SENATE

BY COGHILL

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 22
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act exempting certain telephone and electric
7 utilities and certain transactions from regulation by
8 the Alaska Public Utilities Commission, and providing
9 for an effective date."

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

11 * Section 1. AS 42.05.431(b) is amended to read:

12 (b) Except as provided in (c) of this section, a [A] wholesale
13 power agreement between public utilities is subject to advance ap-
14 proval of the commission. After a wholesale power agreement is in
15 effect, the commission may not invalidate any purchase or sale obliga-
16 tion under the agreement. However, if the commission finds that rates
17 set in accordance with the agreement are not just and reasonable, the
18 commission may order the parties to negotiate an amendment to the
19 agreement and if the parties fail to agree, to use the dispute resolu-
20 tion procedures contained in the contract.

21 * Sec. 2. AS 42.05.431 is amended by adding a new subsection to read:

22 (c) A wholesale agreement for the sale of power between the
23 Alaska Power Authority and a public utility is not subject to review
24 or approval by the commission.

25 * Sec. 3. AS 42.05.711(e) is amended to read:

26 (e) Notwithstanding any other provisions of this chapter, an
27 [ANY] electric or telephone utility that does not gross \$50,000 an-
28 nually or that has fewer than 250 subscribers is exempt from regu-
29 lation under this chapter unless 25 percent of the subscribers

1 petition the commission for regulation. The commission may not
2 combine the revenue or subscribers of different utilities owned by the
3 same company when determining whether a utility is exempt under this
4 subsection.

5 * Sec. 4. AS 42.05.711 is amended by adding a new subsection to read:

6 (m) The Alaska Power Authority is not a public utility under
7 this chapter.

8 * Sec. 5. AS 44.83.090(b) is amended to read:

9 (b) The authority is not subject to the jurisdiction of the
10 Alaska Public Utilities Commission. Nothing in this chapter [AS 44.-
11 83.010 - 44.83.425] grants the authority any jurisdiction over the
12 services or rates of any public utility or diminishes or otherwise
13 alters the jurisdiction of the Alaska Public Utilities Commission with
14 respect to any public utility, including any right the commission may
15 have to review and approve or disapprove contracts for the purchase of
16 electricity by a public utility other than a wholesale power agreement
17 for the purchase of power from the authority.

18 * Sec. 6. Sections 1, 2, 4, and 5 of this Act are retroactive to
19 June 7, 1986.

20 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).
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STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

March 4, 1987

SUBJECT: Opinion and sectional analysis of SSSB 22
(Exempting certain utilities and transactions
from APUC regulation)

TO: Senator Tim Kelly
Chairman, Senate Labor and Commerce Committee

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have requested a sectional analysis of SSSB 22 and a discussion concerning its relationship to the opinion of February 18, 1987, from the Attorney General concerning power purchase contracts between the Alaska Power Authority and Municipal Light & Power.

Sections 1 and 2 of the bill amend AS 42.05.431 to exempt wholesale power agreements between the Alaska Power Authority and a public utility from review or approval by the Alaska Public Utilities Commission.

As pointed out in the opinion, AS 42.05.431(b), added in ch. 104, SLA 1986, makes a wholesale power agreement between public utilities subject to advance APUC approval. Although the Alaska Power Authority is exempt from regulation by the APUC under AS 44.83.090(b), it does satisfy the definition to "public utility" under AS 42.05.720. Therefore, after the 1986 amendment took effect on June 7, 1986, wholesale power agreements between the APA and a public utility were subject to review and approval by the APUC. The sponsor substitute amends AS 42.05.431(b) and adds subsection (c) to remove wholesale power agreements from the jurisdiction of the APUC.

Section 3 exempts electric or telephone utilities with fewer than 250 subscribers from regulation by the Alaska Public Utilities Commission unless 25 percent of the subscribers petition for regulation.

Senator Kelly
Page 2
March 4, 1987

Section 4 declares that the Alaska Power Authority is not a public utility under the Alaska Public Utility Commission Act. This would make clear that in any situation in which the commission is empowered to regulate conduct "between public utilities," as is the case in AS 42.05.431(b), the Alaska Power Authority could not be considered a public utility, giving rise to APUC jurisdiction.

Section 5 conforms AS 44.83.090(b) to the amended AS 42.05.431 by noting that APUC jurisdiction does not extend to wholesale power agreements for the purchase of power from the Alaska Power Authority.

Section 6 makes those sections of the bill relating to the relationship of the Alaska Power Authority and the Alaska Public Utilities Commission retroactive to June 7, 1986, the effective date of ch. 104, SLA 1986, which extended APUC jurisdiction.

Section 7 is an immediate effective date clause.

If I may be of further assistance, please advise.

TC:mkr
m9/085

To: Senator Tim Kelly
Chairman
Senate Labor & Commerce Committee
Alaska Legislature

Date: March 12, 1987

From: Ted Moninski
Executive Director
Alaska Public Utilities Commission

Subject: SSSB22

At yesterday's Committee meeting, Senator Szymanski raised a question regarding the applicability of SSSB22 to the possible deregulation of Alascom, Inc. This question was generated as a result of comments submitted by the APUC regarding the potential effect of including a "customer count" threshold in determining the regulatory status of electric and telephone utilities.

As I stated in my testimony before the Committee yesterday, there was some confusion about Alascom's customer count in light of its fairly recently adopted practice to direct bill certain end users. A check with Alascom has verified the fact that this practice has been significantly expanded with Alascom now direct billing over 10,000 customers. Assuming this practice continues, SSSB22, even as amended, will not result in the deregulation of Alascom.

I would appreciate your circulating this memorandum to all of the Committee members and, in particular, to Senator Szymanski.