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SP3 368

- FIND LANGUAGE THAT WILL SATISFY APVC.
- FOR STATE - LEGAL CONSTRUCTION VS REASONABLY IMPLIED
- FOR TIME - <sup>APVC COMMENTS</sup> NO = (G) AEGIT Corp Inc.

STANDARDS OF CARE & FACILITY - SAFETY

Alaska Public Utilities Commission

Comments on SB 368

February 24, 1988

Section 1:

Section 1 of SB 368 changes the language describing the broad purpose and powers of the Commission by substituting "expressly conferred or reasonably implied" for "liberally construed." If the proposed language had been in the Commission's statute from the beginning, it would have been essentially equivalent to "liberally construed." However, as new language, it implicitly reduces the discretion of the Commission without expressly defining the scope of that reduction.

This is undesirable for several reasons:

(1) When a legislature establishes the jurisdiction of a regulatory commission, it is impractical, if not impossible, to specifically identify every duty or delegation of authority to the commission. As a result, most state statutes have language similar to "liberally construed" to allow for effective regulation over a wide variety of utilities operating under different circumstances.

(2) Regulation is a dynamic process, and the regulatory commission must have the flexibility to apply legislative policies to specific situations that benefit utilities and consumers.

(3) The change in language could create judicial confusion as to how to interpret Commission authority.

In addition, if the Commission should use its delegated powers in a manner which is inconsistent with legislative intent, it would be preferable to address that issue by a specific amendment to the statute rather than a generalized reduction in the Commission's authority. The latter limits flexibility and invites litigation which, in turn, may require the Legislature to become more and more involved in the details of regulation.

### Section 2:

At the present time the Commission does not combine companies for regulatory purposes unless requested to do so by the companies; this language conforms to existing practice. Further, it is assumed that the Legislature does not intend for this provision to be used by a utility to avoid certification by artificially dividing itself into subcomponents.

### Section 3:

Section 3 proposes to exempt from all regulation, except certification, electric and telephone utilities with fewer than 500 subscribers. Attached for your information are lists of the existing and prospective utilities that would be economically deregulated by this legislation.

The Commission believes that it is appropriate to regularly evaluate the scope of its jurisdiction and to expand the exemptions currently allowed under statute when it serves the public interest. The sunset audit scheduled for the Fall of 1988 would be the ideal vehicle for performing this assessment.

In the meantime, the proposed legislation raises a number of policy questions, including the following:

(1) Is it desirable to certificate entities as de facto monopolies which are not subsequently economically regulated?

(2) Is it appropriate to limit this type of exemption to telephone and electric utilities?

(3) Is it appropriate to economically deregulate any telephone utilities given their mandatory interconnection into a statewide network and given their joint sharing of costs and revenues with Alascom?

(4) What is the regulatory status of utilities falling under the proposed exemption whose consumers have previously voted to remain regulated?

(5) In the case of affected electric utilities, does the exemption produce a gap in safety oversight between the jurisdiction of the Commission and the Department of Labor? (For example, the Department of Labor's authority regarding utility plant apparently does not apply to generation facilities and their environs or to maintenance of operational safety standards for those facilities.)

2X  
(6) What is the status of the Alaska Electric Generation & Transmission Cooperative, Inc. under this legislation?

The Commission is not aware of the specific reasons for this exemption proposal. However, to the extent it may be related to the cost of regulation, the Commission believes that the preferred approach is to expand opportunities for consumers of all utilities to have deregulation elections. Then, the cost of regulation can be weighed against its benefits by those ultimately responsible for paying those costs.

In any event, the Commission does not believe that either the proposed legislation or an alternative expanding deregulation election options should be applied to the Alaska Electric Generation & Transmission Cooperative. To do so would deregulate a major power supplier to Southcentral Alaska and de facto deregulate a major cost element of electric distribution utilities which would not otherwise qualify for the exemption in SB 368.

The Commission also questions the advisability of exempting any telephone utilities from economic regulation. As part of the overall telecommunications network, they are accountable for maintaining facilities and services at acceptable levels. It is also doubtful that the exemption will relieve these utilities from maintaining the detailed financial records that are required in order to justify the costs to be reimbursed by Alascom for long distance telephone service. In addition, many telephone utilities are currently engaged in both regulated and unregulated services, and it is essential that the public, which is captive of the regulated sector, not pay through rates any of the costs associated with the unregulated sector.

Similarly, when considering the regulatory cost and burden to both utilities and the Commission, it should be noted that all of the electric utilities that are listed on the attachment as candidates for exemption under SB 368, with two exceptions, are participants in the power cost equalization (PCE) program. As such, they are required to maintain financial records sufficient to verify their PCE requests and to submit annual filings as well as periodic filings when fuel cost or efficiency changes. Thus, the "savings" from economic deregulation may not be sufficient to justify the overall lack of public protection that results.

Finally, the Commission believes that the Legislature should assure itself that, absent Commission regulation, there is an agency with sufficient authority to address health and safety problems arising from a utility's operations.

REGULATED ELECTRIC AND TELEPHONE UTILITIES IMPACTED BY SB 368

<u>Name of Electric Utility</u>	<u>Number of Users</u>	<u>Pending Dkts</u>
Alaska Electric Generation & Transmission Cooperative, Inc.	2*	U-85-13
Andreanof Electric Corporation	37	
Aniak Light & Power Company, Inc.	151	
Arctic Utilities, Inc.	27	
Bettles Light & Power, Inc.	49	U-87-12
Far North Utilities	35	
G&K, Inc.	69	U-85-48
Gwitchyaa Zhee Utility Company	296	U-85-23
**I-N-N Electric Cooperative, Inc.	208	
Levelock Electric Cooperative, Inc.	67	
Manley Utility Company, Inc.	81	U-87-76
McGrath Light & Power Company	237	U-80-89
		U-85-11
Middle Kuskokwim Electric Cooperative, Inc.	139	
Napaklak Ircinaq Power Company	84	
Northway Power & Light, Inc.	107	
Pelican Utility Company	112	
Sand Point Electric	421	
**Tanana Power Company, Inc.	189	
Teller Power Company	83	
Yakutat Power, Inc.	286	

<u>Name of Telephone Utility</u>	<u>Number of Main Access Lines</u>	<u>Pending Dkts</u>
Bush-Tell, Incorporated	442	U-87-82
North Country Telephone	48	
Yukon Telephone Company	359	U-86-47

\* It is unclear from the statute whether AEG&T's subscriber count should include only the two utilities it sells power to, or whether its subscriber count should include all the subscribers of those two utilities.

\*\*Indicates utilities that have held deregulation elections and customers have voted to remain under APUC regulation.

ELECTRIC UTILITIES WITH PENDING CERTIFICATION APPLICATIONS THAT  
MAY BE IMPACTED BY SB 368

<u>Name of Electric Utility</u>	<u>Number of Users</u>	<u>Pending Dkts</u>
Akiachak Native Community Electric Company	92	U-86-66
Beaver Village Electric Utility	40	U-87-90
Coffman Cove Utility Association, Inc.	70	U-87-89
Gustavus, City of	146	U-86-74
Perryville, Native Village of	32	U-86-73
Pilot Point Village Council	34	U-87-32
Puvurnaq Power Company	62	U-87-71
Snyder Mercantile Electric Utility	01	U-86-94
Takotna Community Association, In.	46	U-87-7
Tulkisarmute Power Utility	72	U-87-81
Venatie, Village of	67	U-87-72

# STATE OF ALASKA

ALASKA PUBLIC UTILITIES COMMISSION  
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

STEVE COWPER, GOVERNOR

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

February 26, 1988

Senator Tim Kelly  
Chairman Labor & Commerce  
P.O. Box V  
Juneau, AK 99811  
(Mail Stop 3100)

Dear Senator <sup>Tim</sup> Kelly:

SB 368

The attached comments on ~~SB 368~~ were telecopied to you on February 26, 1988. If you have any questions, please do not hesitate to contact me.

Sincerely,

ALASKA PUBLIC UTILITIES COMMISSION

*Susan*

Susan M. Knowles  
Chairman

Enclosure

Alaska Public Utilities Commission

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February 24, 1988

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Takotna Community Association, In.	46	U-87-7
Tulkisarmute Power Utility	72	U-87-81
Venetie, Village of	67	U-87-72

Kelly<sup>P.1</sup> Ltr

March 3, 1988

Senator Tim Kelly, Chairman  
Senate Labor and Commerce Committee  
Alaska State Senate  
P. O. Box V  
Juneau, Alaska 99811

Dear Senator Kelly:

At the hearing on SB 368 held on Monday, February 29, a question came up with respect to what utilities would be exempt under Sections 2 and 3 of the bill. Specifically, the issue was raised about what was meant by "different utilities owned by the same company."

As I testified, the Commission has interpreted this language to mean that each entity which holds a certificate of public convenience and necessity is a utility. That utility may operate in one or in several locations; it is the ownership of the company that makes the decision about corporate structure. However, if the same owners have more than one certificate to operate more than one utility, those utilities may not be combined by the Commission in order to keep them from being exempted from regulation.

At the hearing, it was suggested that a utility might be defined by location rather than by certificate. As requested, we have prepared a list of the additional companies that would be affected by this interpretation. As you can see by the list, this approach has far reaching implications for the level of regulation of electric and telephone utilities throughout the state. If effected, it would also mean that a number of companies would be deregulated in part and regulated in part. This introduces a level of complexity and cost into the regulatory process that does not now exist and is not desirable.

We would urge you not to adopt the broader definition of utility which is encompassed in the attached list. We believe this approach exacerbates the problems we discussed in our earlier comments as well as those described above. In any event, we continue to believe that it is preferable to expand opportunities for deregulation elections for all utilities rather than to institute wholesale exemptions by utility type or size without regard to the regulator's preferences of the affected consumers.

If I can be of any assistance to the Committee and to the sponsors of this bill in attempting to resolve this definitional problem or any other issues raised during the hearing, please do

not hesitate to contact me.

Sincerely yours,

Susan M. Knowles  
Chairman

cc: Senator Coghill  
Senator Zharoff

REGULATED ELECTRIC AND TELEPHONE UTILITIES SERVING MORE THAN ONE  
COMMUNITY

<u>Name of Electric Utility</u>	<u>Service Area</u>	<u>Number of Users</u>
Alaska Power & Telephone Company	Dot Lake	**
	Hydaburg	161
	Skagway	421
	Tanacross	**
Alaska Village Electric Cooperative, Inc.	Alakanuk	119
	Amoler	89
	Andreafsky	**
	Anvik	45
	Chevak	140
	Eek	81
	Elim	81
	Emmonak	35
	Fortuna Ledge	**
	Gambell	136
	Goodnews Bay	71
	Grayling	69
	Holy Cross	95
	Hooper Bay	191
	Huslia	74
	Kaltag	74
	Kasigluk	**
	Kiana	105
	Kivalina	68
	Koyuk	58
	Lower Kalskag	76
	Marshall	78
	Mekoryuk	71
	Minto	78
	Mountain Village	194
	New Stuyahok	85
	Noatak	85
	Noorvik	120
	Nulato	106
	Nunapitchuk	195
	Old Harbor	118
	Pilot Station	103
	Pitkas Point	25
	Quinhagak	127
	Russian Mission	60
	Saint Mary's	137
Saint Michael	78	
Savoonga	138	
Scammon Bay	102	

	Selawik	152
	Shageluk	37
	Shaktolik	56
	Shishmarif	129
	Shungnak	68
	Stebbins	87
	Togiak	30
	Toksook Bay	95
	Tununak	86
	Upper Kalsag	47
	Wales	49
Chugach Electric Association, Inc.	Girdwood	**
	Hops	**
	Moose Pass	**
	*Whittier	333
Copper Valley Electric Association, Inc.	Copper Center	**
	Glennallen	**
Golden Valley Electric Association, Inc.	Cantwell	**
	Clear	**
	Healy	**
	McKinley Park	**
	Murphy Dome	**
	Usibelli	**
	Usibelli Mine	**
Homer Electric Association, Inc.	Anchor Point	**
	Cooper Landing	**
	Halibut Cove	**
	Kalifornsky	**
	Kasilof	**
	Nikishka	**
	Ninilchik	**
	Port Graham	**
	*Seldovia	403
	Sterling	**
Kodiak Electric Association, Inc.	Port Lions	**
	Port Moller	**
Matanuska Electric Association, Inc.	Big Lake	**
	Montana	**
	Sutton	**
	Talkeetna	**
	Twin Peaks	**
	Willow	**

Nushagak Electric Cooperative, Inc.	*Aleknagik	180
Tlingit Haida Regional Electrical Authority	Angoon	172
	Hoonah	277
	Kake	234
	Kasaan	26
	Klawock	267
<u>Name of Telephone Utility</u>	<u>Service Area</u>	<u>Number of Main Access Lines</u>
Anchorage Telephone Utility	Girdwood	**
	Hope	**
	Indian/Bird Portage	**
		**
Arctic Slope Telephone Association Cooper- ative, Inc.	Anaktuvuk Pass	80
	Atkasuk	60
	Kaktovik	84
	Nuiqsut	78
	Point Hope	106
	Point Lay	49
	Wainwright	136
Bristol Bay Telephone Cooperative, Inc.	*Ekwok	110
	*Igiugig	33
	King Salmon	**
	*Koliganek	154
	*Levelock	110
	*New Stuyahok	380
Copper Valley Telephone Cooperative, Inc.	*Chitina	42
	Copper Center	**
	Gakona	**
	Glennallen	**
	Gulkana	**
	Mentasta	**
	Paxson	**
	*Tatitlek	105
General Telephone Company of Alaska	Hyder	**
	Klukwan	**
	Metlakatla	**
	Moose Pass	**

Interior Telephone Company	Cold Bay	124
	Cooper Landing	144
	Fort Yukon	223
	Galena	243
	Iliamna	108
	King Cove	154
	Port Lions	109
	Sand Point	274
Unalaska	450	

Matanuska Telephone Association, Inc.	Big Lake	**
	Cantwell	**
	Chickaloon	**
	Clear	**
	Glacier View	**
	Healy	**
	Kantishna	**
	McKinley Park	**
	Montana	**
	Perkinsville	**
	Sutton	**
	Talkeetna	**
	Twin Peaks	**
	Tyonek	**
Usibelli	**	
Usibelli Mine	**	
Willow	**	

Mukluk Telephone Company, Inc.	*Elim	257
	*Golovin	139
	*Koyuk	216
	*Saint Micheal	305
	*Shaktoolik	187
	*Shishmaref	444
	*Stebbins	384
	*Teller	247
	*Wales	150
	*White Mountain	170

National Utilities, Inc.	Craig	404
	Dot Lake	20
	Hydaburg	115
	Skagway	413
	Tanacross	**
	Tatlin	10
	Tok	492

Nushagak Telephone Cooperative, Inc.	*Aleknagik	180
	Clark's Point	21
	Ekuk	22
	Manokotak	70

OT Telephone Cooperative, Inc.	*Ambler	255
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*Buckland	259
*Deering	157
*Kiana	434
*Kivalina	285
*Kobuk	65
*Noatak	273
*Shungnak	245

Telephone Utilities of  
Alaska

Sterling \*\*

Telephone Utilities of the  
Northland, Inc.

*Akhiok	109
*Akutan	274
*Allakaket	197
Anchor Point	**
*Atka	93
Border City	**
Chatham	**
*Chignik	132
Chignik Lake	**
Chignik-Lagoon	**
Clam Gulch	**
*Coffman Cove	175
Cuba Cove	**
*Egegik	96
*Elfin Cove	65
English Bay	**
*False Pass	72
*Gustavus	151
Halibut Cove	**
Harding Lake	**
Hobart Bay	**
*Hughes	93
*Huslia	258
Ivanof Bay	**
Kaguyak	**
Kakhonak Bay	**
Kalifornsky	**
*Kaltag	295
Karluk	**
*Kasaan	80
Kasilof	**
*Koyukuk	131
*Larsen Bay	217
Long Island	**
Meshik	**
Mount Edgecumbe	**
*Nelson Lagoon	58
Nikishka	**
*Nikolski	50
Ninilchik	**
*Nondalton	247
*Northway	342
*Nulato	368
*Old Harbor	380

*Ouzinkie	235
*Pedro Bay	50
*Pelican	273
*Perryville	110
*Pilot Point	67
Point Baker	**
*Port Alexander	131
Port Alsworth	**
Port Graham	**
Port Protection	**
Portage Creek	**
*Saint George	216
*Saint Paul	
Island	466
*Seldovia	403
*Tenakee Springs	123
*Thorne Bay	475
*Yakutat	456

United Utilities, Inc.

*Akiachak	448
*Akiak	247
Arctic Village	**
*Atmautluak	234
*Beaver	75
Birch Creek	**
*Central	42
Chalkyitsik	**
*Chauthbaluk	123
*Chafornek	329
Circle Hot	
Springe	**
*Eek	257
*Goodnews Bay	219
*Kasigluk	413
Kipnuk	**
Kongiganak	**
*Kotlik	432
*Kwigillingok	354
Lime Village	**
*Manley Hot	
Springe	99
*Marshall	270
*Mekoryuk	173
*Minto	152
*Napakiak	353
*Napaskiak	311
*New Chenega Bay	80
*Newtok	213
*Nightmute	153
*Nikolai	119
*Nunapitchuk	365
Oscarville	**
*Pilot Station	419
*Platinum	62
*Quinhagak	493
*Rampart	50

*Russian Mission	231
*Saint Marys	458
*Savoonga	487
*Scammon Bay	326
*Sheldon Point	134
*Stevens Village	110
*Takotna	76
*Telida	26
*Toksook Bay	396
*Tuluksak	321
*Tuntutuliak	216
*Tununak	337
Twin Hills	**
Venetie	**

\* Indicates population figure used because the number of users or main access lines (in the case of telephone) were not available.

\*\*Indicates communities the Commission believes have fewer than 500 customers, but cannot confirm subscriber or population count at this time.

# STATE OF ALASKA

## ALASKA PUBLIC UTILITIES COMMISSION DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

STEVE COWPER, GOVERNOR

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

March 12, 1988

Mr. John Ringstad  
Administrative Assistant  
Senator Tim Kelly  
Alaska State Senate  
P. O. Box V  
Juneau, Alaska 99811

Dear John:

I really appreciate having the opportunity to meet with you last Tuesday on SB368. I thought the discussion was very productive.

When I returned to my office, I asked the Commission staff to research rate case expense incurred by some of the smaller electric and telephone utilities that would be exempted from regulation under this legislation. Following is the result of that review. I think that it is appropriate to note that for ratemaking purposes, the expenses of a rate case are amortized over a two or more year period to recognize that rate cases are not an annual event. Thus, if a utility had a rate case expense of \$6,000 and was expected to file for new rates approximately every three years, only \$2,000 would be reflected in the consumers' rates each year.

### Electric:

1. Bettles Light & Power, Inc.: Estimated rate case expense in the proceeding currently pending before the Commission is \$6,000. Staff has reviewed all costs, and the estimated costs approximate actual costs.

2. G & K, Inc.: The last rate case was done by management personnel with substantial assistance from the Commission Staff. No rate case expense was requested (or documented) in the permanent rate approval.

John Ringstad  
March 12  
Page 2

3. Manley Utility Company, Inc.: The total rate case expense in the proceeding to date before the Commission is \$13,405.

4. Northway Power & Light, Inc.: The rate case filing was prepared by Staff with the utility assuming no direct costs and only allocated costs of approximately \$1,000.

5. Pelican Utility Company: In its last rate case in 1981, the total allowable rate case expense was \$15,542.

6. Tanana Power Company, Inc.: The last rate case was in 1986; it was largely prepared by the Commission Staff and resulted in total allowable rate case expenses to the utility of \$3,982.

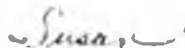
7. Yakutat Power, Inc.: The utility had rate cases in 1980 and 1981 which resulted in approved rate case cost of \$3,723 and \$6,000, respectively.

Telephone:

1. Bush-Tell, Incorporated: \$26,320
2. Yukon Telephone Company, Inc.: \$22,446

I hope that this information is useful as you consider the existing bill and any amendments to it. As I mentioned to you, I will be out of the office until the first week in April, but if you need further information, please do not hesitate to contact the Commission's Executive Director, Ted Moninski. Thanks again.

Sincerely yours,



Susan M. Knowles  
Chairman

# 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 3, 1988

Senator Tim Kelly, Chairman  
Senate Labor and Commerce Committee  
Alaska State Senate  
P. O. Box V  
Juneau, Alaska 99811

Dear Senator Kelly:

At the hearing on SB 368 held on Monday, February 29, a question came up with respect to what utilities would be exempt under Sections 2 and 3 of the bill. Specifically, the issue was raised about what was meant by "different utilities owned by the same company."

As I testified, the Commission has interpreted this language to mean that each entity which holds a certificate of public convenience and necessity is a utility. That utility may operate in one or in several locations; it is the ownership of the company that makes the decision about corporate structure. However, if the same owners have more than one certificate to operate more than one utility, those utilities may not be combined by the Commission in order to keep them from being exempted from regulation.

At the hearing, it was suggested that a utility might be defined by location rather than by certificate. As requested, we have prepared a list of the additional companies that would be affected by this interpretation. As you can see by the list, this approach has far reaching implications for the level of regulation of electric and telephone utilities throughout the state. If effected, it would also mean that a number of companies would be deregulated in part and regulated in part. This introduces a level of complexity and cost into the regulatory process that does not now exist and is not desirable.

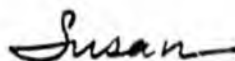
We would urge you not to adopt the broader definition of utility which is encompassed in the attached list. We believe this approach exacerbates the problems we discussed in our earlier comments as well as those described above. In any event, we continue to believe that it is preferable to expand opportunities

Senator Tim Kelly  
March 3, 1988  
Page 2

for deregulation elections for all utilities rather than to institute wholesale exemptions by utility type or size without regard to the regulatory preferences of the affected consumers.

If I can be of any assistance to the Committee and to the sponsors of this bill in attempting to resolve this definitional problem or any other issues raised during the hearing, please do not hesitate to contact me.

Sincerely yours,



Susan M. Knowles  
Chairman

cc: Senator Coghill  
Senator Zharoff

REGULATED ELECTRIC AND TELEPHONE UTILITIES SERVING MORE THAN ONE  
COMMUNITY

<u>Name of Electric Utility</u>	<u>Service Area</u>	<u>Number of Users</u>
Alaska Power & Telephone Company	Dot Lake	**
	Hydaburg	161
	Skagway	421
	Tanacross	**
Alaska Village Electric Cooperative, Inc.	Alakanuk	119
	Ambler	89
	Andreafsky	**
	Anvik	45
	Chevak	140
	Eek	81
	Elim	81
	Emmonak	35
	Fortuna Ledge	**
	Gambell	136
	Goodnews Bay	71
	Grayling	69
	Holy Cross	95
	Hooper Bay	191
	Huslia	74
	Kaltag	74
	Kasigluk	**
	Kiana	105
	Kivalina	68
	Koyuk	58
	Lower Kalskag	76
	Marshall	78
	Mekoryuk	71
	Minto	78
	Mountain Village	194
	New Stuyahok	85
	Noatak	85
	Noorvik	120
	Nulato	106
	Nunapitchuk	195
	Old Harbor	118
	Pilot Station	103
	Pitkas Point	25
Quinhagak	127	
Russian Mission	60	
Saint Mary's	137	
Saint Micheal	78	
Savoonga	138	
Scammon Bay	102	

	Selawik	152
	Shageluk	37
	Shaktoolik	56
	Shishmarif	129
	Shungnak	68
	Stebbins	87
	Togiak	30
	Toksook Bay	95
	Tununak	86
	Upper Kalsag	47
	Wales	49
Chugach Electric Association, Inc.	Girdwood	**
	Hope	**
	Moose Pass	**
	*Whittier	333
Copper Valley Electric Association, Inc.	Copper Center	**
	Glennallen	**
Golden Valley Electric Association, Inc.	Cantwell	**
	Clear	**
	Healy	**
	McKinley Park	**
	Murphy Dome	**
	Usibelli	**
	Usibelli Mine	**
Homer Electric Association, Inc.	Anchor Point	**
	Cooper Landing	**
	Halibut Cove	**
	Kalifonsky	**
	Kasi'of	**
	Nikishka	**
	Ninilchik	**
	Port Graham	**
	*Seldovia	403
	Sterling	**
Kodiak Electric Association, Inc.	Port Lions	**
	Port Moller	**
Matanuska Electric Association, Inc.	Big Lake	**
	Montana	**
	Sutton	**
	Talkeetna	**
	Twin Peaks	**
	Willow	**

Nushagak Electric Cooperative, Inc.	*Aleknagik	180
Tlingit Haida Regional Electrical Authority	Angoon	172
	Hoonah	277
	Kake	234
	Kasaan	26
	Klawock	267

<u>Name of Telephone Utility</u>	<u>Service Area</u>	<u>Number of Main Access Lines</u>
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Anchorage Telephone Utility	Girdwood	**
	Hope	**
	Indian/Bird	**
	Portage	**

Arctic Slope Telephone Association Cooper- ative, Inc.	Anaktuvuk	
	Pass	80
	Atkasuk	60
	Kaktovik	84
	Nuiqsut	78
	Point Hope	106
	Point Lay	49
Wainwright	136	

Bristol Bay Telephone Cooperative, Inc.	*Ekwok	110
	*Igiugig	33
	King Salmon	**
	*Koliganek	154
	*Levelock	110
	*New Stuyahok	380

Copper Valley Telephone Cooperative, Inc.	*Chitina	42
	Copper Center	**
	Gakona	**
	Glennallen	**
	Gulkana	**
	Mentasta	**
	Paxson	**
	*Tatitlek	105

General Telephone Company of Alaska	Hyder	**
	Klukwan	**
	Metlakatla	**
	Moose Pass	**

Interior Telephone Company	Cold Bay	124
	Cooper Landing	144
	Fort Yukon	223
	Galena	243
	Iliamna	108
	King Cove	154
	Port Lions	109
	Sand Point	274
	Unalaska	450
	Matanuska Telephone Association, Inc.	Big Lake
Cantwell		**
Chickaloon		**
Clear		**
Glacier View		**
Healy		**
Kantishna		**
McKinley Park		**
Montana		**
Perkinsville		**
Sutton		**
Talkeetna		**
Twin Peaks		**
Tyonek		**
Usibelli		**
Usibelli Mine		**
Willow		**
Mukluk Telephone Company, Inc.	*Elim	257
	*Golovin	139
	*Koyuk	216
	*Saint Micheal	305
	*Shaktoolik	187
	*Shishmaref	444
	*Stebbins	384
	*Teller	247
	*Wales	150
	*White Mountain	170
National Utilities, Inc.	Craig	404
	Dot Lake	20
	Hydaburg	115
	Skagway	413
	Tanacross	**
	Tetlin	10
	Tok	492
Nushagak Telephone Cooperative, Inc.	*Aleknagik	180
	Clark's Point	21
	Ekuk	22
	Manokotak	70
OTZ Telephone Cooperative, Inc.	*Ambler	255

*Buckland	259
*Deering	157
*Kiana	434
*Kivalina	285
*Kobuk	65
*Noatak	273
*Shungnak	245

Telephone Utilities of  
Alaska

Sterling	**
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Telephone Utilities of the  
Northland, Inc.

*Akhiok	109
*Akutan	274
*Allakaket	197
Anchor Point	**
*Atka	93
Border City	**
Chatham	**
*Chignik	132
Chignik Lake	**
Chignik-Lagoon	**
Clam Gulch	**
*Coffman Cove	175
Cube Cove	**
*Egegik	96
*Elfin Cove	65
English Bay	**
*False Pass	72
*Gustavus	151
Halibut Cove	**
Harding Lake	**
Hobart Bay	**
*Hughes	93
*Huslia	258
Ivanof Bay	**
Kaguyak	**
Kakhonak Bay	**
Kalifonsky	**
*Kaltag	295
Karluk	**
*Kasaan	80
Kasilof	**
*Koyukuk	131
*Larsen Bay	217
Long Island	**
Meshik	**
Mount Edgecumbe	**
*Nelson Lagoon	58
Nikishka	**
*Nikolski	50
Ninilchik	**
*Nondalton	247
*Northway	342
*Nulato	368
*Old Harbor	380

*Ouzinkie	235
*Pedro Bay	50
*Pelican	273
*Perryville	110
*Pilot Point	67
Point Baker	**
*Port Alexander	131
Port Alsworth	**
Port Graham	**
Port Protection	**
Portage Creek	**
*Saint George	216
*Saint Paul	
Island	466
*Seldovia	403
*Tenakee Springs	123
*Thorne Bay	475
*Yakutat	456

United Utilities, Inc.

*Akiachak	448
*Akiak	247
Arctic Village	**
*Atmautluak	234
*Beaver	75
Birch Creek	**
*Central	42
Chalkyitsik	**
*Chauthbaluk	123
*Chefornak	329
Circle Hot	
Springs	**
*Eek	257
*Goodnews Bay	219
*Kasigluk	413
Kipnuk	**
Kongiganak	**
*Kotlik	432
*Kwigillingok	354
Lime Village	**
*Manley Hot	
Springs	99
*Marshall	270
*Mekoryuk	173
*Minto	152
*Napakiak	353
*Napaskiak	311
*New Chenega Bay	80
*Newtok	213
*Nightmute	153
*Nikolai	119
*Nunapitchuk	365
Oscarville	**
*Pilot Station	419
*Platinum	62
*Quinhagak	493
*Rampart	50

*Russian Mission	231
*Saint Marys	458
*Savoonga	487
*Scammon Bay	326
*Sheldon Point	134
*Stevens Village	110
*Takotna	76
*Telida	26
*Toksook Bay	396
*Tuluksak	321
*Tuntutuliak	216
*Tununak	337
Twin Hills	**
Venetie	**

\* Indicates population figure used because the number of users or main access lines (in the case of telephone) were not available.

\*\*Indicates communities the Commission believes have fewer than 500 customers, but cannot confirm subscriber or population count at this time.

1 IN THE SENATE

BY COGHILL AND ZHAROFF

2

SENATE BILL NO. 368

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to standards for construing the  
7 regulatory powers of the Alaska Public Utilities  
8 Commission and to public utility exemptions from  
9 regulation by the Alaska Public Utilities Commission;  
10 and providing for an effective date."

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

12 \* Section 1. AS 42.05.141(a) is amended to read:

13 (a) The Alaska Public Utilities Commission may

14 (1) regulate every public utility engaged or proposing to  
15 engage in such a business inside the state, except to the extent  
16 exempted by AS 42.05.711; in exercising its authority, the commission  
17 has the powers expressly conferred or reasonably implied by this  
18 chapter [, AND THE POWERS OF THE COMMISSION SHALL BE LIBERALLY CON-  
19 STRUED TO ACCOMPLISH ITS STATED PURPOSES];

20 (2) investigate, upon complaint or upon its own motion, the  
21 rates, classifications, rules, regulations, practices, services and  
22 facilities of a public utility and hold hearings on them;

23 (3) make or require just, fair and reasonable rates, clas-  
24 sifications, regulations, practices, services and facilities for a  
25 public utility;

26 (4) prescribe the system of accounts and regulate the  
27 service and safety of operations of a public utility;

28 (5) require a public utility to file reports and other  
29 information and data;



1 does not apply to a proceeding begun before the effective date of this Act.

2 \* Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

Original sponsors: Coghill and Zharoff

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 368 ( )

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to standards for construing the  
7 regulatory powers of the Alaska Public Utilities  
8 Commission and to simplified regulation by the Alaska  
9 Public Utilities Commission of electric and telephone  
10 utilities; and providing for an effective date."

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

12 \* Section 1. AS 42.05.141(a) is amended to read:

13 (a) The Alaska Public Utilities Commission may

14 (1) regulate every public utility engaged or proposing to  
15 engage in such a business inside the state, except to the extent  
16 exempted by AS 42.05.711; in exercising its authority, the commission  
17 has the powers expressly conferred or reasonably implied by this  
18 chapter [, AND THE POWERS OF THE COMMISSION SHALL BE LIBERALLY CON-  
19 STRUED TO ACCOMPLISH ITS STATED PURPOSES];

20 (2) investigate, upon complaint or upon its own motion, the  
21 rates, classifications, rules, regulations, practices, services and  
22 facilities of a public utility and hold hearings on them;

23 (3) make or require just, fair and reasonable rates, clas-  
24 sifications, regulations, practices, services and facilities for a  
25 public utility;

26 (4) prescribe the system of accounts and regulate the  
27 service and safety of operations of a public utility;

28 (5) require a public utility to file reports and other  
29 information and data;

1 (6) appear personally or by counsel and represent the  
2 interests and welfare of the state in all matters and proceedings  
3 involving a public utility pending before an officer, department,  
4 board, commission or court of the state or of another state or the  
5 United States and to intervene in, protest, resist, or advocate the  
6 granting, denial or modification of any petition, application, com-  
7 plaint or other proceeding;

8 (7) examine witnesses and offer evidence in any proceeding  
9 affecting the state and initiate or participate in judicial proceed-  
10 ings to the extent necessary to protect and promote the interests of  
11 the state.

12 \* Sec. 2. AS 42.05.381(e) is amended to read:

13 (e) The commission shall adopt regulations for electric coopera-  
14 tives, and for other electric and telephone utilities that gross  
15 \$1,000,000 or less annually, setting a range for adjustment of rates  
16 by a simplified rate filing procedure. A utility or cooperative may  
17 apply for permission to adjust its rates over a period of time under  
18 the simplified rate filing procedure regulations. The commission  
19 shall grant the application if the utility or cooperative satisfies  
20 the requirements of the regulations. The commission may review imple-  
21 mentation of the simplified rate filing procedure at reasonable in-  
22 tervals and may revoke permission to use the procedure or require  
23 modification of the rates to correct an error.

24 \* Sec. 3. The amendment to AS 42.05.141(a) made by sec. 1 of this Act,  
25 does not apply to a proceeding begun before the effective date of this Act.

26 \* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).  
27  
28  
29

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
Napakiak 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.



\* DO LETTER OF INTENT TO ENSURE EXISTING EXEMPTIONS REMAIN

ORDERED CS 4/9 4:50

ZHAROFF'S SECTION

5-1455B  
Cramer  
4/6/88

\* PULLED OUT

CS ONLY INCLUDES SEC 2.4

Original sponsors: Coghill and Zharoff

1 IN THE SENATE

BY THE LABOR AND COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 368 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to standards for construing the  
7 regulatory powers of the Alaska Public Utilities  
8 Commission and to simplified regulation by the Alaska  
9 Public Utilities Commission of certain public  
10 utilities; and providing for an effective date."

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

12 \* Section 1. AS 42.05.141(a) is amended to read:

13 (a) The Alaska Public Utilities Commission may

14 (1) regulate every public utility engaged or proposing to  
15 engage in such a business inside the state, except to the extent  
16 exempted by AS 42.05.711; in exercising its authority, the commission  
17 has the powers expressly conferred or reasonably implied by this  
18 chapter [, AND THE POWERS OF THE COMMISSION SHALL BE LIBERALLY CON-  
19 STRUED TO ACCOMPLISH ITS STATED PURPOSES];

20 (2) investigate, upon complaint or upon its own motion, the  
21 rates, classifications, rules, regulations, practices, services and  
22 facilities of a public utility and hold hearings on them;

23 (3) make or require just, fair and reasonable rates, clas-  
24 sifications, regulations, practices, services and facilities for a  
25 public utility;

26 (4) prescribe the system of accounts and regulate the  
27 service and safety of operations of a public utility;

28 (5) require a public utility to file reports and other  
29 information and data;

1 (6) appear personally or by counsel and represent the  
2 interests and welfare of the state in all matters and proceedings  
3 involving a public utility pending before an officer, department,  
4 board, commission or court of the state or of another state or the  
5 United States and to intervene in, protest, resist, or advocate the  
6 granting, denial or modification of any petition, application, com-  
7 plaint or other proceeding;

8 (7) examine witnesses and offer evidence in any proceeding  
9 affecting the state and initiate or participate in judicial proceed-  
10 ings to the extent necessary to protect and promote the interests of  
11 the state.

12 \* Sec. 2. AS 42.05.381(e) is amended to read:

13 (e) The commission shall adopt regulations for electric coopera-  
14 tives, and for other public utilities that gross \$1,000,000 or less  
15 annually, setting a range for adjustment of rates by a simplified rate  
16 filing procedure. A utility or cooperative may apply for permission  
17 to adjust its rates over a period of time under the simplified rate  
18 filing procedure regulations. The commission shall grant the applica-  
19 tion if the utility or cooperative satisfies the requirements of the  
20 regulations. The commission may review implementation of the simpli-  
21 fied rate filing procedure at reasonable intervals and may revoke  
22 permission to use the procedure or require modification of the rates  
23 to correct an error.

24 \* Sec. 3. The amendment to AS 42.05.141(a) made by sec. 1 of this Act,  
25 does not apply to a proceeding begun before the effective date of this Act.

26 \* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).  
27  
28  
29

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.

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: SB 368  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Commerce  
Title: Standards for construing regulatory powers of the APUC and public utility exemptions BRU: APUC  
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
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Enactment of this bill will have some workload reduction benefits to the APUC. However, the Commission has absorbed a 25% staffing reduction since FY 85. Any workload benefits associated with this bill will be used to contribute to the APUC's efforts to bring its workload in line with the resources available. Therefore, there is no budget reduction associated with this bill.

Prepared by: T.S. Moninski, II Executive Director Phone: 276-6222  
Division: Alaska Public Utilities Commission Date: 2/23/88

Approved by Commissioner: John Marshall Date: 2/25/88  
Agency: Commerce & Economic Development

Distribution (by preparer):

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



# Takotna Community Association, Inc.

BOX 86, TAKOTNA, ALASKA 99675  
DICK NEWTON, CHAIRMAN

PHONE 298-2211

JANUARY 19, 1988

## RESOLUTION 88-1

WHEREAS, The Alaska Public Utilities Commission now requires every utility that earns more than \$50,000.00 annual either to file a Tarriff or a Certificate of Public Convience and Necessity.

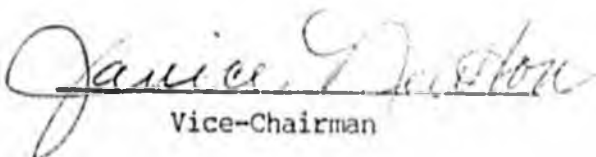
WHEREAS, This law or regulation was enacted about the time of Statehood or before when \$50,000.00 was a large sum of money. Now even a small utility such as ours earns this much or a little more. This only increases the work load for the APUC Staff, places undue hardships and paper work on small struggling utilities.


WHEREAS, It doesn't seem possible that the Legislature intended for the Takotna Community Utilities and Chugiach Electric to be operated under the same set of regulations due to many of reasons.

WHEREAS, We are not in an area where another utility company would want to provide power to us and therefore not in competition with anyone.

NOW THEREFORE BE IT RESOLVED THAT THE TAKOTNA COMMUNITY ASSOCIATION UTILITIES RESPECTFULLY REQUESTS THE LEGISLATURE TO CONSIDER UPDATING THIS ANTIQUATED LAW OR REGULATION TO BETTER FIT THE SITUATION AS IT NOW EXISTS.

I, Janice Newton, Vice-Chairman for the Takotna Community Association, hereby certify that the above resolution was adopted at a duly called meeting of the Takotna Community Association and the resolution being thereby adopted on the 12 day of January, 1988

  
Vice-Chairman

  
Secretary/Treasurer

Senator John B. (Jack) Coghill  
Alaska State Legislature

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

Box 55028  
North Pole, Alaska 99705  
(907) 488-0662



MEMORANDUM

To: Members of the Senate Labor  
and Commerce Committee

From: Senator Jack Coghill

Re: SB 368, relating to standards of the APUC and to public  
utility exemptions from regulation by the APUC

Date: February 29, 1988

I believe that small utilities should be exempt from economic regulation. Presently there is little distinction between what a small utility and a large utility must do to satisfy the regulatory requirements of the Alaska Public Utilities Commission.

Many small electric and telephone companies have contacted me in the last two years to vent their frustration concerning the cost of regulation. These costs are passed along to the consumer, who certainly can ill afford any increases in today's economy.

If APUC cannot come up with a reasonable process to assist these small owners, then they should be exempted from economic regulation.

This bill differs from SB 22, in that the certificate of public convenience and necessity is still needed to operate the utility. This will ensure that the safety needs of our rural communities are protected.

SB 368 also clearly defines what powers the APUC has in administering this chapter. These powers are to be expressly conferred or reasonably implied.