

HB

104

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: "An Act relating to power cost equalization."  
Sponsor: Cato  
Requestor: House Labor & Commerce Cmte.

Agency Affected: Commerce & Econ. Deve  
BRU: APUC  
Components: Operations

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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)

Adoption of this legislation will add a limited number of new participants to the PCE program. Current participation numbers 104 utilities. Therefore, the incremental increase in workload is not likely to require additional resources.

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Date: \_\_\_\_\_

Approved by Commissioner: S. Merrill  
Agency: Commerce & Economic Development

Date: 2-1-89

**Distribution (by preparer):**

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# STATE OF ALASKA

STEVE COWPER, GOVERNOR

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

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### ALASKA PUBLIC UTILITIES COMMISSION

#### COMMENTS ON HB 104

January 30, 1989

#### Section 1:

Under the present law, only electric utilities which have a certain level of total residential consumption and which have used diesel generation for more than 75 percent of electrical consumption since 1984 are eligible for participation in the Power Cost Equalization (PCE) Program. An eligible utility is then entitled to receive PCE if its power costs exceed 8.5 cents per kilowatt-hour (kWh).

It is the Commission's understanding that HB 104 changes the criteria for eligibility by allowing all utilities whose "average cost" exceeds 14 cents per kWh to participate regardless of their level of residential consumption or use of diesel generation. It is not clear whether the criteria for eligibility of subsidiaries have also been changed.

The Commission believes that the decision of what electric utilities are eligible to participate in the PCE Program is strictly a matter of legislative policy. However, the Commission would request clarification of the term "average cost" used in proposed (B) in order to assure proper implementation of the bill. The Commission does not know what utilities will become eligible

for PCE assistance as a result of HB 104<sup>1</sup>, but, by expanding eligibility, the bill can only increase the cost of the PCE Program or decrease the benefits available to current recipients of PCE assistance. The Commission does not anticipate any budgetary impact on its current administration of the PCE Program.

Section 2:

This section of the bill creates a separate definition for eligible subsidiary electric utility using the existing language in the statute. This is a desirable clarification. However, it appears as if the last clause of the original language was intended to apply to all electric utilities and has been rewritten in HB 104 to apply only to subsidiaries. The Commission respectfully suggests that this change be reviewed to be sure it does not adversely affect eligibility under Section 1.

Original Language: "if an electric utility did not receive power cost assistance in 1983 but is otherwise eligible for power cost equalization under this section, the utility is an 'eligible electric utility'."

Proposed Language: "an electric utility may qualify as an eligible subsidiary electric utility even if the utility did not receive power cost assistance in 1983 if the utility is otherwise eligible for power cost equalization under this section."

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<sup>1</sup>Copper Valley Electric Association, Inc. and Kodiak Electric Association, Inc. appear to be the major regulated utilities which may become eligible for PCE assistance under HB 104. No financial information is available for unregulated electric utilities that are not now receiving PCE assistance, such as, Ketchikan, Petersburg, and Wrangell.