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SENATE FINANCE COMMITTEE REPORT

DATE: 4/10/90

FURTHER:

DATE TURNED INTO OFFICE: 4/30/90

The Finance Committee considered

SB 514

"An Act relating to the exemption from regulation by the Alaska Public Utilities Commission of public utilities owned and operated by political subdivisions."

and recommended:

replace with _____ CS _____
 or adopt _____ CS SB 514 (L&C)
 attached amendment(s)
 _____ letter of intent adopted

same title
 new title
 technical title change (HB only)

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):

fiscal note(s) _____ Dept/Date: _____

zero fiscal note(s) _____

appropriation-no fiscal note

SIGNING DO PASS:

David Brand
Paul Grub

1. _____

APPROVES PREVIOUS:

fiscal note(s) DELED (47.1) 4/10/90 Dept/Date: _____

zero fiscal note(s) _____

OTHER RECOMMENDATIONS:

J. Duncan No Rec
Paul Grub No Rec
Paul Grub (No Rec)

2. _____

Co-Chairs: Signatures and Recommendations

FISCAL NOTE

REQUEST:

Revision Date: 4/17/90
Title: Relating to the exemption of
municipal utilities from APUC
Sponsor: Senate Labor & Commerce
Requestor: Senate Finance

Agency Affected: Commerce & Economic Dev.
BRU: APUC
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	(47.1)	(47.1)	(47.1)	(47.1)	(47.1)	(47.1)
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	(47.1)	(47.1)	(47.1)	(47.1)	(47.1)	(47.1)
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	(47.1)	(47.1)	(47.1)	(47.1)	(47.1)	(47.1)
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary) No fiscal impact for FY 90.

SEE ATTACHED

Prepared by: T.S. Moninski II, Executive Director Phone: 276-6222
Division: Alaska Public Utilities Commission Date: _____
Approved by Commissioner: Larry Merculieff Date: 4/17/90
Agency: Department of Commerce & Economic Development

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

ANALYSIS - FISCAL NOTE FOR CSSB 514 (L&C)

CSSB 514 (L&C) leaves the largest and most complex utility, Anchorage Telephone Utility, fully jurisdictional. The CS also results in certain transactions of Municipal Light & Power Company (ML&P) remaining jurisdictional.

It is APUC's position that, even though we will not fully regulate ML&P, the level of analysis necessary to segregate the competitive transactions will closely approximate the staff resources requirement for a fully regulated utility.

This fiscal note assumes the elimination of .5 Utility Financial Analyst (Range 19A, \$27.2) and .5 Consumer Protection and Information Officer (Range 14A, \$19.9).

Original sponsor(s): Labor & Commerce Committee by Request

1 IN THE SENATE BY THE LABOR & COMMERCE COMMITTEE
2 CS FOR SENATE BILL NO. 514 (L&C)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - SECOND SESSION
5 A BILL

6 For an Act entitled: "An Act relating to the exemption from regulation by
7 the Alaska Public Utilities Commission of public
8 utilities owned and operated by political subdivi-
9 sions."

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

11 * Section 1. AS 42.05.711(b) is amended to read:

12 (b) Except as otherwise provided in this subsection, public
13 utilities owned and operated by a political subdivision of the state,
14 or electric operating entities established as the instrumentality of
15 two or more public utilities owned and operated by political subdivi-
16 sions of the state, are exempt from this chapter, other than AS 42.-
17 05.221 - 42.05.281 and 42.05.385. However,

18 (1) the governing body of a political subdivision may elect
19 to be subject to this chapter; [AND]

20 (2) a utility or electric operating entity that is owned
21 and operated by a political subdivision and that directly competes
22 with another utility or electric operating entity is subject to this
23 chapter with respect to the service for which there is direct competi-
24 tion; and

25 (3) a utility furnishing telecommunications service that is
26 owned and operated by a political subdivision that has a population of
27 more than 150,000 is subject to this chapter [AND ANY OTHER UTILITY OR
28 ELECTRIC OPERATING ENTITY OWNED AND OPERATED BY THE POLITICAL SUBDIVI-
29 SION IS ALSO SUBJECT TO THIS CHAPTER].

Municipality of Anchorage



P.O. BOX 198650
ANCHORAGE, ALASKA 99519-8650
(907) 343-4906

Tom Fink,
Mayor

ENTERPRISE ACTIVITIES

April 27, 1990

Senator Rick Uehling, Co-Chair
Senate Finance Committee
P.O. Box V, Room 518
Juneau, Alaska 99811

APR 27 1990

Subject: SB514 - Self-Regulation of Municipal Utilities

Dear Senator Uehling:

The Municipality of Anchorage willingly compromised its original recommendation to delete Section 42.05.711(b)2 to accommodate the industry concerns. After the industry and competitors were satisfied we now have only a bureaucracy that is against SB514. The APUC, contrary to how all other municipalities in the state are allowed to operate, will not let Home Rule prevail. All other municipalities economically self-regulate their utilities. Anchorage was singled out because of a border dispute many years ago. The dispute is long since over, and we feel the Statute should be made current and Home Rule should prevail.

The people of Anchorage through the elected officials should be allowed to self-regulate the municipal public utilities. These elected officials, the Anchorage Assembly, are accountable to the people of Anchorage, the APUC is not. We can no longer afford to waste finances by having a bureaucracy manage a city.

The APUC voices concerns over how to regulate, about cross-subsidization, about many things that we see as a method by which Home Rule will be bypassed. The issue here is one of local control by the elected officials.

Please support the people of Anchorage, please support local control by changing the Alaska State Statute. The Municipality of Anchorage should be exempt from APUC regulation just like every other municipality. Please support the Legislative Audit and Budget Committee's recommendation to exempt Anchorage's utilities. Please support the Mayor and the Assembly who unanimously agree in their support of self-regulation. On April 10, 1990, the Assembly passed a resolution re-affirming their support of self-regulating the utilities. Anchorage needs the support of the Senate this session.

Sincerely,

Will Gay
Executive Manager

cc: Senator Pat Rodey
Senator Drue Pearce

3/7/90
(5) L&C
FIN

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Relating to the exemption of
municipal utilities from APUC
Sponsor: Senate Labor & Commerce
Requestor: Senate Labor & Commerce

Agency Affected: Commerce & Economic Dev.
BRU: APUC
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	(176.4)	(176.4)	(176.4)	(176.4)	(176.4)	(176.4)
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	(176.4)	(176.4)	(176.4)	(176.4)	(176.4)	(176.4)
CAPITAL						
REVENUE						

SB 514

FUNDING: (Thousands of Dollars)

GENERAL FUND	(176.4)	(176.4)	(176.4)	(176.4)	(176.4)	(176.4)
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

SEE ATTACHED

Prepared by: T.S. Moninski II, Executive Director
Division: Alaska Public Utilities Commission

Phone: 276-6222
Date: 3/5/90

Approved by Commissioner: Larry Mercurieff
Agency: Department of Commerce & Economic Development

Date: 3/4/90

Distribution (by preparer):

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

ANALYSIS - FISCAL NOTE FOR SB 514

If enacted, SB 514 would operate to immediately deregulate the utilities owned by the Municipality of Anchorage (MOA) which are currently regulated by the APUC. Although only 4 of 119 regulated entities (3.4%), given their size and complexity, the MOA utilities constitute a much larger work load component. Even when factoring out those areas which will continue to be jurisdictional under other sections of AS 42.05 (i.e., certifications, interconnections, wholesale power agreements, access charges, etc.), the APUC estimates that its work load will be decreased by approximately 10% if SB 514 becomes law.

A 10% reduction in the Personal Services line item, commensurate with the anticipated work load decrease, equates to 4.0 FTE positions. The distribution of impact results in staffing reductions per the following probable scenario: 1.5 Utility Financial Analysts; .5 Utility Tariff Analyst; .5 Utility Engineer; .5 Consumer Protection and Information Officer; and 1.0 support position.