

SB

54

SFIN

FILE

orig FN transferred to
House Finance 1/21/96

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CSSB 54 (Rules)

Revision Date 1/25/96
Title: Exclusive Service Territories for Certificated
Electric Utilities
Sponsor: Senate Labor and Commerce Committee
Requestor: Senate Rules

Department: Commerce and Economic Development
BRU: Alaska Public Utilities Commission
Component: Alaska Public Utilities Commission

COMPONENT SERIAL NO. 364

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: \$ 0.0

POSITIONS

FULL-TIME	
PART-TIME	
TEMPORARY	

ANALYSIS: (Attach a separate page if necessary)

See attached analysis.

Prepared by: Don Schroer, Chairman
Division: Alaska Public Utilities Commission
Approved by Commissioner: William L. Hensley
Agency: Commerce and Economic Development

Phone: 276-6222
Date: January 25, 1996
Date: 1/25/96

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POSITION OF THE ALASKA PUBLIC UTILITIES COMMISSION
ON SENATE BILL 54

The Commission does not support adoption of sections 1, 4 and 5 of Senate Bill 54; the sections that make all existing certificated electric utility service areas exclusive.

The Alaska Supreme Court concluded that certificates issued under the current statute do not confer an exclusive right to serve customers within the defined area. Chugach Electric Association v. City of Anchorage, 426 P.2d 1001 (Alaska 1967). This bill is an attempt to change that precedent.

Since the Chugach case was decided, the Commission has not authorized direct competition between electric utilities. Each time the question has been presented to the Commission, the Commission has evaluated the potential impact of allowing competition on rates and service and decided to not allow competition. If the legislature adopts this bill, the Commission would lose the ability to analyze each case presented to it on an individual basis.

Adoption of this legislation would set Alaska on a policy course that is directly opposed to the nationwide trend. Alaska is unique, and the adoption of nationwide trends here should be done only after thoughtful analysis; but the reasons for the change elsewhere in the country are equally applicable here. A

recent survey by the National Association of Regulatory Utility Commissioners indicates that in more than half of the states, competition between electric utilities is either already allowed or is under consideration. As technology changes, the traditional reasons for allowing utility service to be provided by monopolies may no longer apply. Other states have found that consumers reap the benefit of reduced electric rates and improved service when competition is introduced into the market structure and utilities must make investment decisions to increase customer satisfaction and make their operations more cost efficient.

In Alaska, the Power Cost Equalization program subsidizes the cost of power for residents of rural Alaska where the cost of generating power is much higher than in urban areas. Any legislation that is more likely to increase the amount of that subsidy in the future by creating a disincentive to the more efficient generation of power should be rejected by the legislature.

Conferring the exclusive right on electric utilities to serve customers in their certificated areas also creates new issues for the Commission to address. What impact will this legislation have on a utility's obligation to extend service to all customers within their certificated areas? If customers who live far from an existing line are left without the option of collaborating with a group of neighbors to produce their own power, will the utility be required to pay more of the cost of line extensions to remote areas?

In summary, the Commission is opposed to this bill because it eliminates the opportunity for the Commission to analyze the potential benefits of competition and eliminates a potential for choice of service options by consumers.

Section 2 of SB 54 adds "two commission special assistants" to the list of partially exempt positions at the Commission. The Commission supports the addition of special assistants to this statute, but opposes the inclusion of "two." Defining the number of special assistants is inconsistent with the treatment of the other positions named in this section (hearing officers, administrative law judges). The Commission's needs may change over a period of years, and its budget, as approved by the legislature, is the appropriate place to determine the number of positions necessary to meet the current need.

The Commission supports the adoption of section 6 because it would eliminate the issues created by "lame duck" appointments to the Commission.

The Commission attached a zero fiscal note to this bill. The adoption of this legislation may create more work for the Commission, but the Commission cannot now adequately define that impact. If this legislation passes, there are likely to be more proceedings to modify service areas boundaries, and proceedings where utilities are required to show cause why their service areas boundaries should not be modified because they have failed to offer service. The Commission may also receive more consumer

SENATE FINANCE COMMITTEE REPORT

DATE: 3/22/95

FURTHER:

DATE TURNED INTO OFFICE: 4-13-95

The Finance Committee considered SENATE BILL NO. 54

"An Act relating to exclusive service areas for utilities certificated to provide electric utility service and to the definition of 'general public' for utilities furnishing electric service."

and recommends:

- be replaced with _____ CS SB54 (FIN)
- adopt previous _____ CS _____
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

Senate Bill:

- same title
- new title
- House Bill:
- same title
- technical change
- new: SCR# _____

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
		<i>Steve Pini</i>	✓		
		<i>Bill & JCCC</i>	✓		
		<i>And G. Hancock</i>	✓		
<i>Bob Noy</i>	✓				
Co-Chair: <i>Rick Halford</i>	✓	<i>DO NOT PASS without amendments</i>			

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

#1	DOVED (APLIC)	3/10/95	0	

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

No. 1
 Bill Version: SB 54
 (S) Publish Date: 3-10-95

Revision Date: _____
 Title: Exclusive Service Territories for
Certificated Electric Utilities
 Sponsor: Senate Labor & Commerce Committee
 Requestor: _____

Department Affected: Commerce and Economic Development
 BRU: Alaska Public Utilities Commission
 Component: _____

COMPONENT SERIAL NO. 364

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	0	33.1	66.2	33.1	33.1	0
TRAVEL	0	0.7	1.4	0.7	0.7	0
CONTRACTUAL	0	12.0	24.0	12.0	12.0	0
SUPPLIES	0	0.8	1.5	0.8	0.8	0
EQUIPMENT	0	0.7	1.3	0.7	0.7	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	47.3	94.4	47.3	47.3	0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA	0	47.3	94.4	47.3	47.3	0
Other						
TOTAL	0	47.3	94.4	47.3	47.3	0

Estimate of current year (FY 95) cost: \$ _____

POSITIONS

FULL-TIME	0	.5	1.0	.5	.5	0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

SB 54 could require a Utilities Engineering Analyst III to analyze the additional electric utility certification filings. This position would be \$0 for FY 96, half-time in FY 97, full-time in FY 98, half-time for FY 99 and FY 00, \$0 for FY 01.

(CONTINUED NEXT PAGE)

Prepared by: Robert A. Lohr
 Division: Alaska Public Utilities Commission

Phone: 276-6222
 Date: 2/14/95

Approved by Commissioner: William L. Hensley
 Agency: Commerce and Economic Development

Date: 3/10/95

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FISCAL NOTE

SB 54

ANALYSIS (CONTINUED):

Legal expenses would occur when exclusive boundaries were challenged in court. They are not included because it is unclear when they would occur. This would need to be addressed later.

This fiscal note assumes that the \$50,000 referred to in Section 2, (3)B, refers to customers who purchase \$50,000 or more.

Adopted

9-LS0542\M.1 ✓
Cramer
3/31/95

A M E N D M E N T

OFFERED IN THE SENATE
TO: CSSB 54(L&C)

BY SENATOR SHARP

1 Page 1, line 3, after ";":
2 Insert "**relating to employees of the Alaska Public Utilities Commission;**"

3 Page 1, after line 7:
4 Insert a new bill section to read:
5 **** Sec. 2.** AS 39.25.120(c)(6) is amended to read:
6 (6) the executive director, deputy director, hearing officers, [AND]
7 administrative law judges, and two special assistants of the Alaska Public Utilities
8 Commission;"

9 Renumber the following bill sections accordingly.

SENATE FINANCE
COMMITTEE
Amendment Number: 1
Bill Number: SB 54
Sponsor: Sharp Date: 4/1/95
Logged In By: [Signature]

Adopted

9-LS0542\M.2 v

Cramer

3/31/95

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR SHARP

TO: CSSB 54(L&C)

1 Page 1, line 3, after ";":

2 Insert "relating to the terms of members of the Alaska Public Utilities
3 Commission;"

4 Page 1, after line 7:

5 Insert a new bill section to read:

6 **** Sec. 2.** AS 42.05.030(a) is amended to read:

7 (a) The term of office of each member is six years and expires on
8 February 1. A commissioner, upon the expiration of a term, shall continue to hold
9 office until a successor is appointed and qualified."

10 Renumber the following bill sections accordingly.

11 Page 2, after line 16:

12 Insert a new bill section to read:

13 **** Sec. 6.** Notwithstanding AS 42.05.030(a), amended by sec. 2 of this Act, the terms of
14 members of the Alaska Public Utilities Commission who are currently serving will expire on
15 the first February 1 that occurs at least six year after the member's appointment to the
16 commission. For a member who is appointed to fill a vacancy, the term expires on the
17 February 1 that occurs at least six years after the vacating member's appointment."

SENATE FINANCE
COMMITTEE

Amendment Number: 2

Bill Number: _____

Sponsor: Sharp Date: 4/1/95

Logged In By: HK

Fin
CS FOR SENATE BILL NO. 54(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 3/22/95
Referred: Finance

Sponsor(s): SENATE LABOR AND COMMERCE COMMITTEE BY REQUEST

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to exclusive service areas for utilities certificated to provide
2 electric utility service and to the definition of 'general public' for utilities
3 furnishing electric service; and prohibiting certain exemptions from regulation."

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

5 * Section 1. INTENT. It is the intent of secs. 2 and 4 of this Act to state the policy only
6 concerning service areas for electric utilities and, in sec. 3 of this Act, to affect only refuse
7 collection utilities. The amendments made by this Act do not apply to other utility services.

8 * Sec. 2. AS 42.05.221 is amended by adding a new subsection to read:

9 (g) A certificate issued under this section to a public utility providing electric
service establishes an exclusive service area for the provision of electric service.

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

(d) Except for refuse collection utilities and service, the [THE] commission
may exempt a utility, a class of utilities, or a utility service from all or a portion of
this chapter if the commission finds that the exemption is in the public interest.

*3F
1P
7/11/95
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2-4*

1 * Sec. 4. AS 42.05.990(3) is amended to read:

2 (3) "public" or "general public" means

3 (A) a group of 10 or more customers that purchase the service
4 or commodity furnished by a public utility;

5 (B) one or more customers that purchase electrical service for
6 use within an area that is certificated to [AND PRESENTLY OR FORMERLY
7 SERVED BY] an electric utility if the total annual compensation paid by
8 customers located within that certificated area to entities that provide
9 electrical service other than the certificated utility [THAT THE
10 ELECTRICAL UTILITY RECEIVES FOR SALES OF ELECTRICITY]
11 exceeds \$50,000; and

12 (C) a utility purchasing the product or service or paying for the
13 transmission of electric energy, natural or manufactured gas, or petroleum
14 products that are re-sold to a person or group included in (A) or (B) of this
15 paragraph or that are used to produce the service or commodity sold to the
16 public by the utility;

4-13-95
BS-3
Failed

Letter to Honorable Pete Kott
March 22, 1995
Page 2

executive department are classified as partially exempt. The Commission expects to assign comparable duties to its Special Assistants.

2) Create an Exemption to the Procurement Act for Commission hiring of expert witnesses.

The Commission recommends adding an exemption to the Procurement Act, 36.30.350 to allow it to hire its expert witnesses for cases in a timely manner. A new subsection could be added to read:

contracts for professional services or testimony related to proceedings before the Alaska Public Utilities Commission, including procurement pursuant to AS 42.05.111(b);

This is modelled after an existing exemption provided to the Department of Law.

The Commission has been unable to procure the professional services of expert witnesses in a timely fashion. The deadlines established in proceedings do not permit the procurement process to operate to produce a successful bidder in time for the contractor to properly prepare the case. Other parties to the proceedings utilizing private sector procurement procedures are able to hire their expert witnesses on a timely basis, the Commission is not. This either delays the processing of cases, or forces the Commission's witness to rush through the preparation of a case, thus affecting the accuracy and credibility of the work, as well as costing the state more for overtime.

3) Change the appointment date for Commissioners from November 1 to February 1.

This change would eliminate the issue of "lame duck" appointments to the Alaska Public Utilities Commission and the associated uncertainty and controversy. This issue has the potential to arise every four years and it has led to legislative/executive branch battles each of the last two times the governorship has changed hands. The Commission suggests that the appointment date for Commissioners be moved from November 1 to February 1.

STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
Tony Knowles, Governor

ALASKA PUBLIC UTILITIES COMMISSION

1016 West 6th Avenue Suite 400
Anchorage Alaska 99501

Phone (907) 276-6222

Fax (907) 276-0160

FAX COVER SHEET

Number of pages (including cover sheet) 36

Date: April 12, 1995

Time: 11:00 a.m.

Transmittal Fax Number: Auto 465 4928

To: Senate Finance Committee (Re: SB 54)

From: Bob Lohr

Comments: Conditions recommended by staff. Four of these (#8, 12 14 & 16) were included in the Commission's Bench Order of March 31, but they were largely procedural. None of the conditions in the bench order focus on network modernisation. The other conditions will be considered in a new docket to be opened.

Bench order of March 31 is also included.

Testimony of Don Schröer, Chairman of the
Alaska Public Utilities Commission on SB 54

On behalf of the APUC I appreciate the opportunity to testify on SB 54. The Commission opposes this bill because it is contrary to the public interest and would take the state backwards.

The Alaska Supreme Court has concluded that under current law a certificate issued by the Alaska Public Utilities Commission does not confer an exclusive service area on a public utility.

Chugach Electric Association v. City of Anchorage, 426 P2d 1001 (1967). This has been the law in Alaska for 28 years.

This bill would overturn that decision for electric utilities. They already have de facto monopoly status, because the APUC has not authorized more than one provider in a given area. This makes sense in the vast majority of cases.

But conditions change and technology evolves. What if, in the future, competition makes sense to the legislature, benefits the customer and is in the public interest? By the way, these decisions are best left to the legislature, because inevitably they involve political as well as regulatory questions.

How would exclusionary jurisdiction be reversed to allow the customer these benefits? It may very well require significant

compensation to the electric utilities for their loss of monopoly rights. To my knowledge there has been no legal or economic analysis of this potentially massive transfer of wealth. However, if despite these concerns, you do decide to move the bill, the Commission supports Senator Sharp's two proposed amendments, one to Classify two vacant Commission positions as partially exempt; and the other to Change the appointment date for Commissioners from November 1 to February 1. We ask that you consider one other amendment: to Create an Exemption to the Procurement Act for Commission hiring of expert witnesses.

The Commission recommends adding an exemption to the Procurement Act, 36.30.850 to allow it to hire its expert witnesses for cases in a timely manner. A new subsection could be added to read:

contracts for professional services or testimony related to proceedings before the Alaska Public Utilities Commission, including procurement pursuant to AS 42.05.111(b);

This is modelled after an existing exemption provided to the Department of Law.

The Commission has been unable to procure the professional services of expert witnesses in a timely fashion. The deadlines established in proceedings do not permit the procurement process

to operate to produce a successful bidder in time for the contractor to properly prepare the case. Other parties to the proceedings utilizing private sector procurement procedures are able to hire their expert witnesses on a timely basis, the Commission is not. This either delays the processing of cases, or forces the Commission's witness to rush through the preparation of a case, thus affecting the accuracy and credibility of the work, as well as costing the state more for overtime.

I would like to thank Senator Sharp for moving two amendments this morning, which the Commission strongly supports.

Mr. Hutchens in his testimony on this bill mentioned the drafting changes to AS 42.05.990(3)(B). There are still language problems with this section, and I will fax down suggested changes to this section. (Attached).

R₂: SB 54

At the Senate Labor and Commerce Committee's hearing on March 21, the Alaska Public Utilities Commission pointed out that the proposed amendment to AS 42.05.990(3)(B) contained in SB 54 (as well as the provision that is now the existing law!) does not in fact accomplish the purpose expressed by its advocates. The Committee made an effort to correct the problem by a change now incorporated in CSSB 54 (L&C). Unfortunately, this new proposal still misses the mark.

The fundamental problem is that this subsection, in order to make sense, has to be clear about whose revenues of \$50,000 make the provision applicable. In the existing AS 42.05.990(3)(B), adopted in 1990, the \$50,000 in revenues refers to revenues of the certificated utility in the area, not the alternative power supplier, as apparently intended. In the amendment proposed by CSSB 54 (L&C), the \$50,000 refers to the total revenues of all alternative suppliers in a utility's certificated area. As proposed, the \$50,000 would include all the revenues of every tiny supplier who may provide his neighbor with power from a generator during an outage. But no one has any way of identifying all "entities that provide electrical service other than the certificated utility" because they are not required to report their activities or revenues. Therefore, as revised in CSSC 54 (L&C), this provision introduces a standard which is impossible to apply.

It seems most probable that in the 1990 amendment the \$50,000 was intended to refer either to payments made by a single sizeable customer, or to the total revenues of any alternative power supplier operating within the service area of a certificated electric utility. With either of these meanings, AS 42.05.990(3)(B) would require a power supplier to be certificated if it served a single customer that purchased \$50,000 worth of power in a year within the service area of a certificated electric utility. But in combination with SB 54's exclusive certificate language which would allow only one certificate to be issued in any given area, this provision would make it illegal under any circumstances for an alternative supplier to serve a customer purchasing more than \$50,000 worth of electricity anywhere within the service area of a certificated electric utility.

Furthermore, if the provision is rewritten so that the \$50,000 refers to the total revenues of the alternative supplier, rather than to the payments of a single customer, then it would also become illegal for an alternative supplier to serve from two to nine customers if its total revenues exceeded \$50,000 in a year. With the removal of the "presently or formerly served" language, this would be true even if these customers are located in a place where the certificated utility in the area is unwilling to extend its lines. In contrast, the AS 42.05.990(3)(A) rule that applies to utilities other than electric utilities is that an alternative supplier may serve up

to nine customers, with no limit on revenues, without being required to obtain a certificate.

SENATE COMMITTEE REPORT

DATE: 3/10/95

FURTHER: Finance

DATE TURNED INTO OFFICE: 3-22-95

gmk

Labor and Commerce Committee considered SENATE BILL NO. 54

"An Act relating to exclusive service areas for utilities certified to provide electric utility service and to the definition of 'general public' for utilities furnishing electric service."

and recommends:

- be replaced with CS SB 54 (L & C)
- adopt previous CS _____
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

EV

Senate Bill:

- same title
- new title
- House Bill:
- same title
- technical change
- new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	✓	<i>Mike Miller</i>	✓		
		<i>John Torgerson</i>	✓		
		<i>Dud. & G. Sales</i>	✓		
CHAIR: <i>Tom Kelly</i>	✓				

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

CS	DOED	3/10/95			X

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

2/14/95
(S) STA, LBC, FIN

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. SB 54

Revision Date: _____
Title: Exclusive Service Territory for Certificated Service Utilities
Sponsor: _____
Requestor: _____

Department Affected: Commerce and Economic Development
BRU: Alaska Public Utilities Commission
Component: _____
COMPONENT SERIAL NO. 364

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	66.2	66.2	66.2	66.2	66.2	66.2
TRAVEL	1.4	1.4	1.4	1.4	1.4	1.4
CONTRACTUAL	24.0	24.0	24.0	24.0	24.0	24.0
SUPPLIES	1.5	1.5	1.5	1.5	1.5	1.5
EQUIPMENT	1.3	1.3	1.3	1.3	1.3	1.3
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	94.4	94.4	94.4	94.4	94.4	94.4

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	94.4	94.4	94.4	94.4	94.4	94.4
1006 GF/MHTIA						
Other						
TOTAL	94.4	94.4	94.4	94.4	94.4	94.4

Estimate of current year (FY 95) cost: \$ _____

POSITIONS

FULL-TIME	1.0	1.0	1.0	1.0	1.0	1
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

SB 54 would require a full-time Utilities Engineering Analyst III to analyze the additional electric utility certification filings and to apply the new legal standard of exclusive territory.

Legal expenses would occur when exclusive boundaries were challenged in court. They are not included because it is unclear when they would occur. This would need to be addressed later.

Prepared by: Robert A. Lohr, Executive Director
Division: Alaska Public Utilities Commission

Phone: 276-6222
Date: _____

Approved by Commissioner: William L. Hensley
Agency: Commerce and Economic Development

Date: 2/14/95

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2/14/95
(S) STA, L&C, FIN

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. SB 54

Revision Date: _____
 Title: Exclusive Service Territory for Certificated Service Utilities
 Sponsor: _____
 Requestor: _____

Department Affected: Commerce and Economic Development
 BRU: Alaska Public Utilities Commission
 Component: _____
 COMPONENT SERIAL NO. 364

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	66.2	66.2	66.2	66.2	66.2	66.2
TRAVEL	1.4	1.4	1.4	1.4	1.4	1.4
CONTRACTUAL	24.0	24.0	24.0	24.0	24.0	24.0
SUPPLIES	1.5	1.5	1.5	1.5	1.5	1.5
EQUIPMENT	1.3	1.3	1.3	1.3	1.3	1.3
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	94.4	94.4	94.4	94.4	94.4	94.4

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	94.4	94.4	94.4	94.4	94.4	94.4
1006 GF/MHTIA						
Other						
TOTAL	94.4	94.4	94.4	94.4	94.4	94.4

Estimate of current year (FY 95) cost: \$ _____

POSITIONS

FULL-TIME	1.0	1.0	1.0	1.0	1.0	1
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

SB 54 would require a full-time Utilities Engineering Analyst III to analyze the additional electric utility certification filings and to apply the new legal standard of exclusive territory.

Legal expenses would occur when exclusive boundaries were challenged in court. They are not included because it is unclear when they would occur. This would need to be addressed later.

Prepared by: Robert A. Lohr, Executive Director
 Division: Alaska Public Utilities Commission

Phone: 276-6222
 Date: _____

Approved by Commissioner: William L. Hensley
 Agency: Commerce and Economic Development

Date: 2/13/95

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CS FOR SENATE BILL NO. 54(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE LABOR AND COMMERCE COMMITTEE BY REQUEST

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to exclusive service areas for utilities certificated to provide
2 electric utility service and to the definition of 'general public' for utilities
3 furnishing electric service; relating to employees and terms of members of the
4 Alaska Public Utilities Commission; and prohibiting certain exemptions from
5 regulation."

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

7 * Section 1. INTENT. It is the intent of secs. 4 and 6 of this Act to state the policy only
8 concerning service areas for electric utilities and, in sec. 5 of this Act, to affect only refuse
9 collection utilities. The amendments made by those sections of this Act do not apply to other
10 utility services.

11 * Sec. 2. AS 39.25.120(c)(6) is amended to read:

12 (6) the executive director, deputy director, hearing officers, [AND]
13 administrative law judges, and two special assistants of the Alaska Public Utilities

OK

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OKayed by Cam

1 Commission;

2 * Sec. 3. AS 42.05.030(a) is amended to read:

3 (a) The term of office of each member is six years and expires on February 1. ok

4 A commissioner, upon the expiration of a term, shall continue to hold office until a
5 successor is appointed and qualified.

6 * Sec. 4. AS 42.05.221 is amended by adding a new subsection to read:

7 (g) A certificate issued under this section to a public utility providing electric
8 service establishes an exclusive service area for the provision of electric service.

9 * Sec. 5. AS 42.05.711(d) is amended to read:

10 (d) Except for refuse collection utilities and service, the [THE] commission
11 may exempt a utility, a class of utilities, or a utility service from all or a portion of
12 this chapter if the commission finds that the exemption is in the public interest.

13 * Sec. 6. AS 42.05.990(3) is amended to read:

14 (3) "public" or "general public" means

15 (A) a group of 10 or more customers that purchase the service
16 or commodity furnished by a public utility;

17 (B) one or more customers that purchase electrical service for
18 use within an area that is certificated to [AND PRESENTLY OR FORMERLY
19 SERVED BY] an electric utility if the total annual compensation paid by
20 customers located within that certificated area to entities that provide
21 electrical service other than the certificated utility [THAT THE
22 ELECTRICAL UTILITY RECEIVES FOR SALES OF ELECTRICITY]
23 exceeds \$50,000; and

24 (C) a utility purchasing the product or service or paying for the
25 transmission of electric energy, natural or manufactured gas, or petroleum
26 products that are re-sold to a person or group included in (A) or (B) of this
27 paragraph or that are used to produce the service or commodity sold to the
28 public by the utility;

29 * Sec. 7. Notwithstanding AS 42.05.030(a), amended by sec. 3 of this Act, the terms of
30 members of the Alaska Public Utilities Commission who are currently serving will expire on
31 the first February 1 that occurs at least six year after the member's appointment to the

1 commission. For a member who is appointed to fill a vacancy, the term expires on the
2 February 1 that occurs at least six years after the vacating member's appointment.

4-18-95

Cam-

Please review the
final on C55B54 (Fin)
for inclusion of Sen.
Sharp's amendments
and advise if it
appears to be correct.

Thank You,
Kathy
2618