

HB

46

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSHB 46 (FIN)
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Environmental Conservation.
Title Permitting grants to certain regulated RDU Division of Water
utilities for water and wastewater systems Component Facility Construction
Sponsor Rep. Harris
Requester House Finance Committee Component No. 637

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
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						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: House Finance Committee

Phone 465-4945

Date/Time 2/8/05 3:16 PM

Approved by: Rep. Meyer, Co-Chair
Rep. Chenault

Date 2/8/2005

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number 1
Bill Version HB 46
(H) Publish Date: 1/28/05

Revision Date/Time (Note if correction): _____ Dept Affected Commerce
Title Water/Sewer/Waste Grants to Utilities RDU Regulatory Commission of Alaska (399)
Component Regulatory Commission of Alaska
Sponsor Harris, Coghill, Rokeberg, et al
Requester House Labor & Commerce Component No 2417

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPEATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

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)

The Regulatory Commission of Alaska's (RCA) mission is to protect consumer interests and promote economic development by ensuring affordable, reliable utility and pipeline services and ensuring that the utility and pipeline infrastructure is adequate to support community needs. The RCA believes that passage of this legislation will increase utility infrastructure throughout the state. Grant-funded infrastructure reduces rates for consumers.

ANALYSIS CONTINUED ON NEXT PAGE

Prepared by Kate Giard, Chair
Division Regulatory Commission of Alaska
Approved by Edgar Blatchford, Commissioner
Agency Commerce, Community & Economic Development

Phone 907 276 6222
Date/Time 1/28/05 5:38 PM
Date 1/28/2005

FISCAL NOTE #1

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. HB 46

ANALYSIS CONTINUATION

The RCA is in the process of implementing a reduced regulatory program for small water and sewer utilities. When fully implemented, this program will reduce the regulatory burden and reporting requirements on these utilities. However, passage of this legislation may cause some of these utilities to seek a higher degree of regulation in order to be eligible to receive grant funds. The RCA can identify the number of utilities which may seek expanded regulation, but it is more difficult to quantify the number or timing of these applications. At this juncture, the RCA anticipates that existing staff can absorb any additional applications resulting from this legislation in the normal course of Commission operations. Therefore, this legislation is anticipated to have no fiscal impact on the RCA.

RCA's budget is funded through the Regulatory Cost Charge (RCC) mechanism and direct charge mechanisms. No general funds are allocated for support of the agency. The RCC is recalculated each year and allows the agency to recover its operating costs through an assessment on the revenues of the utilities and pipeline carriers.

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: HB 46
(H) Publish Date: 1/28/05

Revision Date/Time (Note if correction): _____ Dept. Affected: Environmental Conservation
Title: Permitting grants to certain regulated public utilities for water and wastewater systems RDU: Division of Water
Component: Facility Construction
Sponsor: Harris, Coghill, and Rokeberg
Requester: House Labor and Commerce Component No.: 637

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	83.3	83.3	83.3	83.3	83.3	83.3
Travel	12.0	12.0	12.0	12.0	12.0	12.0
Contractual	29.0	29.0	29.0	29.0	29.0	29.0
Supplies	1.0	1.0	1.0	1.0	1.0	1.0
Equipment	6.9	0.5	0.5	0.5	0.5	0.5
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	132.2	125.8	125.8	125.8	125.8	125.8

CAPITAL EXPENDITURES	132.2	125.8	125.8	125.8	125.8	125.8
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1061 CIP Receipts	132.2	125.8	125.8	125.8	125.8	125.8
TOTAL	132.2	125.8	125.8	125.8	125.8	125.8

Estimate of any current year (FY2005) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

HB 46 will expand eligibility for Municipal Water, Sewer and Solid Waste Matching Grants to include privately-owned water and sewer utilities that are economically regulated by the Regulatory Commission of Alaska (RCA). The grant program is administered by the Department of Environmental Conservation (DEC). Eligibility is currently restricted to municipally-owned utilities. DEC, along with the RCA, estimates that there are 193 water and sewer utilities that could qualify for the expanded grant program. We estimate that approximately 50% -- or 96 utilities -- would seek to participate in the grant program over the next 10 years. This suggests that the expanded program would result in DEC administering nine or ten grants each year to these newly eligible, primarily small utilities. This would require an increase of \$132.2 to Ref Number 40142, Municipal Matching Grants Project Administration, in the capital budget. An additional Environmental Engineer I position will be required to manage these new grant projects, along with contractual funding to audit each grant upon completion in accordance with program requirements.

Prepared by: Dan Easton, Director
Division: Water
Approved by: Kurt Fredriksson, Acting Commissioner
Agency: Department of Environmental Conservation

Phone: 465-5135
Date/Time: 1/25/05 2:30 PM
Date: _____

Personal Services New Position Detail

Department of Environmental Conservation

Scenario: A Scenario for FY2006 Fiscal Notes (4191)
 Component: Facility Construction (637)
 RDU: Water (210)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range & Steps	Budgeted Months	Split / Annual Count	Annual Salary	COLA	Premium Pay	Annual Benefits	Total Costs
18-#018	Environmental Engineer I	FT	A	GG	Anchorage	2A	21 A	12.0		55,920	1,081	0	26,333	83,334

Justification: No justification provided.

Funding Detail:

1004	General Fund Receipts	100.00%	83,334
Total Funding:		100.00%	83,334

Component Summary:

Total New Positions: 1

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	100.00%	83,334
Total Funding:	100.00%	83,334

Note: If a position is split, an asterisk (*) will appear in the Split Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column.

+ amended pg 2 line 24
10 → 5

WORK DRAFT

WORK DRAFT

WORK DRAFT

adopted M/O 2/9/05

24-LS0313VY
Craver
2/8/05

CS FOR HOUSE BILL NO. 46()

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION**

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES HARRIS, COGHILL AND ROKEBERG, Holm, Kelly

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to grants to certain public utilities for water quality enhancement
2 projects and water supply and wastewater systems."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * Section 1. AS 46.03.030(b) is amended to read:

5 (b) The department may grant to a municipality or, to the extent allowed
6 under (i) of this section, to a public utility, as funds are available, a grant for any of
7 the following:

- 8 (1) a water quality enhancement project;
- 9 (2) a public water supply, treatment, or distribution system;
- 10 (3) a wastewater collection, treatment, or discharge system;
- 11 (4) a solid waste processing, disposal, or resource recovery system.

12 * Sec. 2. AS 46.03.030(e) is amended to read:

13 (e) A grant under this section to a municipality or public utility eligible
14 under (i) of this section for a project funded by an appropriation made by the

1 legislature

2 (1) before July 1, 1994, may not exceed 50 percent of the eligible costs
3 of the project;

4 (2) after July 1, 1994, may not exceed

5 (A) 85 percent of the eligible costs for a utility serving
6 [MUNICIPALITY WITH] a population of 1,000 persons or less;

7 (B) 70 percent of the eligible costs for a utility serving
8 [MUNICIPALITY WITH] a population of 1,001 to 5,000 persons; and

9 (C) 50 percent of the eligible costs for a utility serving
10 [MUNICIPALITY WITH] a population greater than 5,000 persons; however,
11 if a utility serving [MUNICIPALITY WITH] a population greater than 5,000
12 persons seeks a grant for a project that relates to a solid waste processing or
13 disposal system that incorporates resource recovery, the department may
14 provide a grant for up to 60 percent of the eligible costs of the project.

15 * Sec. 3. AS 46.03.030 is amended by adding new subsections to read:

16 (i) A public water and sewer utility is eligible for a grant for projects described
17 in (b)(1) - (3) of this section if

18 (1) the rates of the public utility are regulated by the Regulatory
19 Commission of Alaska under AS 42.05; or

20 (2) the utility is owned or operated by a political subdivision of the
21 state that is a municipality.

22 (j) A grant must be repaid in full by a public utility that is not owned or
23 operated by a municipality if

24 (1) the public utility is sold within ⁵~~10~~ years after receipt of the grant;
25 and

26 (2) the rates of the entity buying the public utility that is sold under (1)
27 of this subsection are not regulated by the Regulatory Commission of Alaska under
28 AS 42.05.

New Amendment # 1

AMENDMENT

discussed
briefly 2-3-05

OFFERED IN THE HOUSE FINANCE COMMITTEE
BY REPRESENTATIVE CROFT

TO: HB 46

Page 2, after line 18, insert:

"Sec. 4. AS 46.03.030 is amended by adding a new subsection to read:

(j) Any grant to a public utility that is not a municipality must be repaid with interest from the date the grant was issued if the public utility ceases to be regulated by the RCA within five years of receipt of the grant."

Renumber accordingly.

Replaced 2-3-05

AMENDMENT

OFFERED IN THE HOUSE FINANCE COMMITTEE
BY REPRESENTATIVE CROFT

TO: HB 46

Page 2, after line 18, insert:

"Sec. 4. AS 46.03.030 is amended by adding a new subsection to read:

(j) Any grant to a public utility that is not a municipality must be repaid with interest from the date the grant was issued if the public utility is sold to a non-governmental utility."

Renumber accordingly.

Alaska State Legislature

Session: (Jan-May)
 State Capitol, Room 208
 Juneau, AK 99801-1182
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 716 West 4th Avenue, Suite 300
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John Harris
 Speaker of the House

SPONSOR STATEMENT House Bill 46

"An Act relating to permitting grants to certain regulated public utilities for water quality enhancement projects and water supply and wastewater systems."

Four years ago, legislation passed that allowed privately owned economically regulated water and wastewater utilities to be eligible for the low-cost Municipal Water & Wastewater Loan Program. This legislation has been introduced to ensure that privately owned public utilities are eligible for grant funds through the Municipal Water and Wastewater Matching Grant Program within the Department of Environmental Conservation.

The residents of a community, the utility ratepayers, are the only beneficiaries of these grants through a reduction in costs for infrastructure improvements made to a utility system. The legislation is limited to only those privately owned companies economically regulated by the RCA. That is, the RCA sets the rates and thereby ensures the benefits of the grants to the ratepayers rather than the owners. Privately held companies regulated by the RCA may not generate a return on investment or receive depreciation expense credits for grant funds they receive.

Current residents of communities with municipally owned water and wastewater systems are already the benefactors of these grant funds. It is only fair that all residents of Alaska benefit from these federally generated funds.

All existing municipally owned water and wastewater utilities remain eligible for these grants.

THE
FOLLOWING
DOCUMENT(S)
ARE
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COPIES

STATE OF ALASKA

DEPARTMENT OF COMMUNITY AND
ECONOMIC DEVELOPMENT
REGULATORY COMMISSION OF ALASKA

TONY KNOWLES, GOVERNOR

701 WEST FIFTH AVENUE, SUITE 200
ANCHORAGE, ALASKA 99501-3409
PHONE: (907) 276-6222
FAX: (907) 276-0160
TTY: (907) 276-4533

April 8, 2002

*Rea
letter*

The Honorable Senator Gene Theriault
Alaska State Senate
State Capitol (MS: 3100)
Juneau, Alaska 99801-1182
Faxed to 907-485-3884 (attention Wilda Rodman)

Re: SB 280/HB 119 2003

Dear Senator Theriault:

You asked whether the owners of a utility that received grant funding under this proposed legislation would receive a profit based on those grant funds if the utility was ever sold. The brief answer is no, for the two reasons explained below.

First, any grant funds received by a utility are considered contributed capital and, with limited exception, a regulated utility is not permitted to recover contributed capital from its customers. The utility is also, with the same limited exceptions, not permitted to count the contributed capital as a portion of its investment in establishing the amount of return on its investment it may recover from its customers. AS 42.05.471(b). Utilities must account for contributed capital in a manner in which it is clearly identified or excluded from the utility's rate base under the uniform system of accounts prescribed by regulations. Utilities with annual revenues in excess of \$100,000 are also required to maintain continuing property records that reflect this treatment. AS 42.05.481.

Second, market value for a utility, similar to unregulated enterprises, is generally established using the net present value of expected future cash flows the purchasing entity will receive. The cost of purchasing a utility in excess of the net book value of the selling utility's assets (an acquisition adjustment) usually constrains market value. The new owner of a utility should know that they will not automatically be allowed to recover the acquisition adjustment from its customers through rates and will set the price accordingly.

Senator Thériault

April 8, 2002

Page 2

Either the stock or assets of a utility can be sold, and depending on the nature of the transaction, the prescribed uniform system of accounts will require the book value of the seller's plant to be carried forward by the purchaser rather than revaluing the assets to market value. At the time of the utility's next overall rate review, the RCA is directed by statute to establish the ratebase for the new owner using the lower of the purchase price or the value on the selling utilities' books. The book value represents the remaining value of the plant after the depreciation already paid by the utilities' customers has been deducted and the purchase price represents the market value of the utility. The statute requires rate base to be set at that value if lower so that the customers of the new utility are not paying for plant value the utility did not acquire.

The RCA has allowed acquisition adjustments to be recovered from ratepayers by the utility when the new owner provides evidence of public interest, like lower rates as the result of the acquisition. The RCA carefully scrutinizes proposed acquisition adjustments that utilities seek to recover through rates. The RCA's role is not to determine the purchase price in a utility sale, that is left to the parties. Rather, we regulate the amount of the purchase price that the utility will be allowed to recover from its ratepayers.

I hope this information is helpful to you. Please contact me if you need any further information.

Very Truly Yours,



G. Nanette Thompson
Chair

GNT:dea

(11)



Alaska State Legislature

REPRESENTATIVE JOHN HARRIS

District 12 - Eielson AFB, Valdez, Delta Junction, Palmer, Glennallen, Salcha, Paxson, Sutton, Chickaloon

SECTIONAL ANALYSIS

House Bill 46

"An Act relating to permitting grants to certain regulated public utilities for water quality enhancement projects and water supply and wastewater systems."

Section 1: Amends AS 46.03.030(b), Water quality enhancement, water supply, sewage, and solid waste facilities grants. Adds language referencing the new subsection (i), found in section 3 of this bill.

Section 2: Amends AS 46.03.030(e), Water quality enhancement, water supply, sewage, and solid waste facilities grants. Adds language that allows a public utility that is eligible under new subsection (i), to participate in the grant program. Also changes municipality to utility based on the population it serves, within this subsection.

Section 3: Adds a new subsection (i) to AS 46.03.030, Water quality enhancement, water supply, sewage, and solid waste facilities grants. States that a public water and sewer utility is eligible for the grant program as long as its rates are regulated by the Regulatory Commission of Alaska.

Co-Chair, Joint Armed Services Committee
 Co-Chair, House Finance Committee
 Member, Energy Council

Session: State Capitol, Juneau Alaska 99801-1182 • Phone: (907) 465-4859 Fax: (907) 465-3799
 Interim: P.O. Box 305, Valdez, Alaska 99686 • Phone (907) 835-2836 Fax: (907) 835-3732

Sec. 46.03.030. Water quality enhancement, water supply, sewage, and solid waste facilities grants.

(a) *[Repealed, Sec. 19 ch 220 SLA 1976].*

(b) The department may grant to a municipality, as funds are available, a grant for any of the following:

- (1) a water quality enhancement project;
- (2) a public water supply, treatment, or distribution system;
- (3) a wastewater collection, treatment, or discharge system;
- (4) a solid waste processing, disposal, or resource recovery system.

(c) There is a water quality enhancement and water supply, wastewater, and solid waste systems program created in the department to carry out the purposes of this section.

(d) The department shall, by regulation, identify those costs that are eligible costs for the purposes of this section. Eligible costs do not include interest and financing and right-of-way acquisition, or costs that are related to the operation, maintenance, or repair of a system.

(e) A grant under this section to a municipality for a project funded by an appropriation made by the legislature

(1) before July 1, 1994, may not exceed 50 percent of the eligible costs of the project;

(2) after July 1, 1994, may not exceed

(A) 85 percent of the eligible costs for a municipality with a population of 1,000 persons or less;

(B) 70 percent of the eligible costs for a municipality with a population of 1,001 to 5,000 persons; and

(C) 50 percent of the eligible costs for a municipality with a population greater than 5,000 persons; however, if a municipality with a population greater than 5,000 persons seeks a grant for a project that relates to a solid waste processing or disposal system that incorporates resource recovery, the department may provide a grant for up to 60 percent of the eligible costs of the project.

(f) *[Repealed, Sec. 14 ch 106 SLA 1994].*

(g) The match required for grants made under this section may include

(1) federal funds; or

(2) state funds, other than those funds received under this section or AS 37.06.

(h) Construction of a project for which a grant is made under this section may commence only after the department has approved in writing the plans and specifications for the project.

Municipal Water, Sewerage and Solid Waste Matching Grants Program Description

- The matching grants program provides technical and financial assistance to Alaska's larger, incorporated communities to design and construct water, wastewater and solid waste facilities.
- Each year, communities submit grant applications which are scored weighing primarily the extent to which proposed projects address critical public health needs. Grants are awarded to the highest ranking projects.
- Community requests for financial assistance through the Municipal Matching Grants program exceed available funding. In FY05 grant applications were received for over 75 projects. Funding was available for the 7 highest ranked projects.
- Program engineers assist communities by providing technical assistance with planning, design and construction, as well as helping secure needed state and federal permits and approvals.
- The engineers review and approve all grant disbursements to make sure that state and federal dollars are invested wisely and each project is audited to make sure that all funds were used properly.
- The percentage of local financial participation depends on the population of the community. Up to 85% of project costs can be granted for communities of less than 1,000 people. The grant amount can be 70% for municipalities with populations between 1,000 and 5,000. Communities with a population exceeding 5,000 are eligible for 50% grants.
- Federal grant funds are available to fund projects in smaller communities that are considered "rural". These federal funds require a 25% State match.
- The program has provided financial assistance to over 850 projects in 63 communities since 1970.

Municipal Loans Program Description

- The Municipal Loans Program consists of two revolving loan funds - the Alaska Drinking Water Fund and the Alaska Clean Water Fund.
- Both loan funds were established with federal and state grants to create perpetual sources of low-interest loans to municipalities and boroughs.
- Each annual federal capitalization grant requires a 20% State match. State matching funds have come from short-term bonds and general funds.
- Loans can be used to plan, construct and finance a variety of project types including drinking water facilities, water source rehabilitation, water treatment facilities, water storage facilities, water transmission and distribution systems, wastewater treatment facilities, sewer interceptor and collection systems, storm water collection and treatment, non-point source prevention and restoration, and estuary enhancement projects.
- Private utilities that are economically regulated by the Alaska Regulatory Commission may obtain loans for drinking water projects.
- Loans may finance up to 100 percent of a project's eligible costs.
- Loans may also be used to meet the local match requirements for the Municipal Water, Sewerage and Solid Waste Matching Grants program or most other federal or state funding sources.
- Since its inception in 1987 the Alaska Clean Water Fund has received \$137.7 million in federal capitalization grants and \$27.8 million in state match. It has loan commitments totaling \$186.8 million.
- The Alaska Drinking Water Fund is a slightly younger program (established in 1994). It has received \$73.5 million in federal capitalization grants and \$14.7 million in state match. It has loan commitments totaling \$76.6 million.

Water, Sewerage and Solid Waste Matching Grants SFY 2003 - SFY 2005

Community	Project Title	Federal	State	Total
SFY 2005				
Craig	East Hamilton Drive Pump Station and Force Main Upgrade	244,500	81,500	326,000
Wasilla	Stormwater Pumping and Treatment Facility, Phase 2	0	455,500	455,500
Palmer	Water System Improvements, Phase 3	0	1,045,000	1,045,000
Ketchikan	Tongass Avenue Water and Sewer Improvements, Phase 2	0	1,471,200	1,471,200
Palmer	Southwest Distribution Main Extension	0	500,000	500,000
Wrangell	Municipal Landfill Improvements	0	592,200	592,200
Anchorage	Water Loop Transmission Main, Phase 4 (modified amt)	0	2,000,000	2,000,000
Total:		244,500	6,145,400	6,389,900
SFY 2004				
Nome	Water Transmission Line Analysis	78,700	26,300	105,000
Seward	Water Source Study		99,800	99,800
Valdez	Outlying Wastewater Treatment Plant Analysis		141,400	141,400
Soldotna	Wastewater Treatment Plant Improvements		1,485,000	1,485,000
Wasilla	Storm Water Pumping and Treatment		271,500	271,500
Wasilla	Water Main Improvement Program, Phase 2		945,100	945,100
Hoonah	Water Storage Tank, Water and Sewer Mains	1,466,200	488,800	1,955,000
Sitka	Granite Creek Water Quality Improvements	33,700	11,300	45,000
Valdez	Sewer Treatment Plant Aeration Improvements, Phase 2		494,900	494,900
Juneau	Third Street Douglas Water and Sewer Replacement		750,000	750,000
Cordova	Wastewater Treatment Plant Upgrade, Phase 3	1,410,200	470,100	1,880,300
Anchorage (Revised)	Water, Wastewater and Water Quality Projects		1,250,000	1,250,000
Total:		2,988,800	6,434,200	9,423,000
SFY 2003				
Haines	Mud Bay Water and Sewer Study	41,100	13,700	54,800
Ketchikan	Shoreline Drive Water and Sewer Analysis and Prelim Design		140,000	140,000
Sand Point	Wastewater Improvement Analysis	75,000	25,000	100,000
Soldotna	Funny River Road Water and Sewer Analysis and Prelim Design		150,000	150,000
Unalaska	Leachate Collection and Treatment Analysis		49,000	49,000
Matanuska-Susitna	Central Landfill Expansion, Phase 2		160,000	160,000
Palmer	Wastewater Treatment Expansion, Phase 3		362,300	362,300
Juneau	North Douglas Sewer Extension Project, Phase 2		1,900,000	1,900,000
Cordova	Wastewater Treatment Plant Upgrade, Phase 2	1,464,900	488,300	1,953,200
Ketchikan	Tongass Avenue Water and Sewer Improvements		1,230,000	1,230,000
Palmer	Water System Improvements, Phase 2A		1,176,800	1,176,800
Kenai	Well House No. 4 with Main Line Trenches, Phase 3		700,000	700,000
Klawock	Three-Mile Water Intake	431,200	147,800	579,000
Wasilla	Septage Facility Emergency Generator		61,900	61,900
Matanuska-Susitna	Garden Terrace Water System Renovation		491,000	491,000
Petersburg	Airport Sewer Project	321,000	107,000	428,000
Wrangell	Bennet Street Watermain Extension, Phase 1	32,500	11,900	44,400
Wrangell	Cassara and Weber Sewer and Water Main Replacement	162,700	57,300	220,000
Craig	Water Treatment Plant Upgrades	284,200	97,800	382,000
Sitka	Sawmill Cove Industrial Park Wastewater Outfall	239,500	74,000	313,500
Homer	One Million Gallon Storage Reservoir	1,179,600	392,000	1,571,600
King Cove	Landfill Expansion Design		162,600	162,600
Soldotna	Funny River Road Water and Sewer Mainline Extension		1,400,000	1,400,000
Valdez	Wastewater System Improvements		402,500	402,500
Kodiak	Mohashka Dam Enlargement, Phase 2	1,463,900	481,000	1,944,900
Nome	Water and Sewer System Expansion, Phase 4	1,125,000	375,000	1,500,000
North Pole	Badger - Hurst Water Transmission Main		1,049,000	1,049,000
Matanuska-Susitna	Talkeetna Wastewater Treatment Facility	1,409,700	465,900	1,875,600
Ketchikan Gateway	Ketchikan International Airport Wastewater Plant		50,000	50,000
Petersburg	Landfill Closure		79,300	79,300
Seward	Gateway to Forest Avenue Waterline Extension	297,400	99,200	396,600
Anchorage	Water, Wastewater and Water Quality Projects		3,000,000	3,000,000
Total:		8,517,800	15,404,100	23,921,900

Private Water and Sewer Utilities Economically Regulated by RCA

From the 2001 Annual Report (latest published data)

Wednesday, March 26, 2003

Summarized by James A. Evensen, PM MG&L

Sewer Utilities Certified/Regulated	Water Utilities Certified/Regulated
College Utilities Corp Fairbanks	Chugiak Utilities, Inc. Eagle River
Crystal Cathedrals W&S, INC Haines	College Utilities Corp Fairbanks
Golden Heart Utilities, Inc. Fairbanks	Crystal Cathedrals W&S, INC Haines
Trillium Corp. Wasilla	Dawn Development Corp Eagle River
	Eagle Utilities, Inc. Palmer
	Golden Heart Utilities, Inc. Fairbanks
	Kake Tribal Corp. Pelican
	McGahan Utilities, Inc. Nikiski
	Mckinley Utilities, Inc. Eagle River
	N.L.T. Water Co., Inc. Wasilla
	Potter Creek Water Co. Anchorage
	Scott Hebertson & Randy Hestand D/B/A/ Sandlake Services Anchorage
	Southcentral Utilities, Inc. Anchorage
	Spenard Heights Water System Wayne Cates D/B/A Anchorage
	Swiss Castle Estates Water Works, Ron Alleva D/B/A Wasilla
	Trillium Corp Wasilla
	Valley Water Co., Inc. Fairbanks

Municipal Grant Communities that Qualify for Federal Assistance

Wednesday, April 02, 2003

James A. Evensen, PE

Community	Federal and State Funding	State Funding
Anchorage Public Works		X
Anchorage Solid Waste		X
Bristol Bay Borough	X	X
Cordova	X	X
Craig	X	X
Dillingham	X	X
Eagle River		X
Fairbanks		X
Girdwood		X
Haines	X	X
Homer	X	X
Juneau, City and Borough		X
Kenai		X
Kenai Peninsula Borough	X (Off Road System)	X
Ketchikan		X
Ketchikan Gateway Borough	X (Off Road System)	X
King Cove	X	X
Kodiak	X	X
Kodiak Island Borough	X	X
Kotzebue	X	X
Mat-Su Borough		X
Nenana	X	X
Nome	X	X
North Pole		X
North Slope Borough	X	X
Palmer		X
Petersburg	X	X
Sand Point	X	X
Seward	X	X
Sitka, City and Borough	X	X
Skagway	X	X
St. Paul	X	X
Unalaska	X	X
Valdez	X	X
Wasilla		X
Wrangell	X	X
Yakutat	X	X

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101


State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 9, 2005

SUBJECT: Water and Sewer Utility Grants
(Work Order No. 24-LS0313\A, HB 46)

TO: Representative John Coghill
Attn: Rynniva Moss

FROM: Barbara R. Craver 
Legislative Counsel

We discussed HB 46 in regard to trailer park and homeowner associations eligibility for grants under this bill. You were concerned that such groups might seek rate regulation by the Regulatory Commission of Alaska (RCA) to become eligible for the grants under AS 46.03.030(b).

With your permission, I spoke to staff at the RCA in regard to the type of certificate that trailer parks and homeowner associations might be operating under. I was directed to the regulations adopted in June of 2004 which provides that these types of associations are generally exempt from the requirement to obtain a certificate from the RCA.¹ Depending on the circumstances, a community association might also operate under a "provisional certificate," which is not subject to rate regulation by the RCA.² The regulations do provide that a utility that is either exempt, or operating under a provisional certificate, may apply for a certificate of public convenience and necessity,³ which would presumably allow that utility, once certificated, to seek rate regulation. However, it is my impression that the process of obtaining a certificate and submitting to rate regulation is

¹ 3 AAC 52.700(a)(5) and (6) provide that water or wastewater utilities are exempt entirely from AS 42.05 if the water or sewer service receives bulk water or sewer service from a certificated utility and does not charge the recipients of the service under a separate line-item on a bill. This would be the case where residents of a trailer park or homeowner's association pay a flat fee for several services.

² 3 AAC 52.720(a) provides that utilities operating under a provisional certificate are not rate regulated. 3 AAC 52.720(b) provides that a water or sewer utility may be eligible for a provisional certificate if it owns water or sewer utilities and it is structured so that all customers can vote at a local election for members that control the utility.

³ 3 AAC 52.710(a).

Representative John Coghill

February 9, 2005

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quite complex and expensive. You may wish to follow up with James Keen or Brad Pierson at the RCA about the actual expenses involved in these processes.⁴

If I may be of further assistance, please advise.

BRC:jad

05-078.jad

⁴ The Regulatory Commission of Alaska number is (907) 276-6222.

2-3-05

**Alaska State Legislature
HOUSE FINANCE COMMITTEE
AGENDA**

1:30 pm

HB 46-WATER/SEWER/WASTE GRANTS TO UTILITIES

Amendment?

Presenting:

Tom Wright, Staff, Representative Harris

Testifying via teleconference:

✓ **Steve Thompson**, Mayor, City of Fairbanks

✓ **Kara Moriarty**, CEO, Fairbanks Chamber of Commerce

✓ Fairbanks Economic Development Corporation

Moriarty

Questions:

✓ **Jim Strandberg**, Regulatory Commission of Alaska (tele)

✓ **Dan Easton**, Director, Division of Water, DEC

✓ **Ben Brown**, Legislative Liaison, DEC

✓ **George Gordon**, Utility Services of Alaska (tele)

Shirley Walter, Feb 2005