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Revised 01/08/2007

LEGISLATIVE TASK FORCE (CSHCR 8/(L&C)Legislative Resolve No. 11)

REGULATORY COMMISSION OF ALASKA

RESOURCE PACKET



EXECUTIVE SUMMARY

DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Regulatory Commission of Alaska

Sarah Palin, Governor
Emil Notti, Commissioner
Anthony A. Price, Chairman

EXECUTIVE SUMMARY

September 14, 2007

Senator Lesil McGuire
Chair
RCA Task Force

Senator McGuire:

This packet of materials is provided to you (with additional copies for the Task Force members) on behalf of the Regulatory Commission of Alaska (RCA). It is designed to be a ready resource for the Task Force as it begins its work. We will gladly supplement the information contained in this packet upon your request and will continue to update the contents as new information becomes available.

This Executive Summary provides a brief overview of the RCA's unique missions and the staffing expertise required to meet those missions. In addition, the packet provides an overview of the RCA organization, the current staffing and recruitment efforts, as well as the salary ranges for each position.

TASK FORCE MISSION:

Make recommendations on job descriptions and salary changes for the commissioners and support staff and the possible need for additional support staff of the Regulatory Commission of Alaska. [1]

HISTORY (REASONS FOR THE TASK FORCE):

Independent analysis of the RCA has noted that retaining high quality staff is an issue among utility regulatory agencies. [2] The RCA has itself experienced this problem. It has lost 3 of its 4 Advisory Section supervisors in the past 2 years to

[1] CSHCR8(L&C) Legislative Resolve No. 11.

[2] National Regulatory Research Institute, June 13, 2000, Evaluation of the RCA: A Follow-up Report, page 18. ("High turnover among staff is an unfortunate aspect of the regulatory environment around the country, and there is little hope that it can be slowed without dramatic increase in staff salaries.")

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other employers.[3] This has resulted in requiring mandatory overtime of some staff and extended acting appointments for others. In addition, the RCA has found it very difficult to hire professional staff to fill even its entry level advisory staff positions.

A recent legislative audit[4] has recommended that the RCA continue to adopt timelines applicable to its business in order to provide certainty to the regulated utilities and pipelines. The State Legislature has adopted the recommendation and added new timelines, effective July 1, 2007. The new timelines considerably narrow the RCA's flexibility in scheduling and hearing matters that come before it.

The current structure of the RCA places an emphasis on "working" Commissioners, which is to say that the Commissioners each carry a significant case load for which they, and not RCA staff, are the lead managers. Commissioners actively participate in the analysis, hearing and adjudication of every issue raised in their respective cases. Unlike many of the other States' PUC Commissioners (and without intending to disparage them), Alaska's RCA Commissioners are active participants, and not once-a-month signatories, to the decision-making process. By 6-year appointment, the Commissioners are sheltered from the to and fro of politics, unlike many of their brethren who are elected. If that active, non-political, adjudicatory model should be maintained, this Task Force can determine whether the model should continue to rely on highly qualified (and properly compensated) Commissioners.

It is not apparent to this agency that the job descriptions and salaries of its staff and Commissioners are keeping pace with the mission placed upon them and the marketplace around them. It is not that attrition by retirement is taking its toll, as it is in other departments. Instead, indications are that wage disparity alone is driving away staff to other state agencies and private sector employment and drying up the eligible pool of replacements. I believe you will find that our staff, given their unique qualifications and expertise find it easy to transfer to other jobs, while the converse is simply not true.

In order to meet our mission, we seek stability in staffing, resulting in a level of expertise that can handle the complexity of the work we do, while providing continuity over time. Stability is not attainable if we cannot attract and retain qualified people. Now, more than ever, expert staff and Commissioners are

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[3] The Engineering Supervisor left in May of 2005 for a job with the Department of Transportation. The Tariff supervisor left in November of 2006 for a job in the private sector. The Finance supervisor left in August of 2007 for a job with the Department of Revenue.

[4] LB&A Committee, Regulatory Commission of Alaska Sunset Review, October 20, 2006, Audit Control Number 08-20048-06.

needed in order to maintain the high quality, timely work production we expect of ourselves and you expect of us.

Our relationships with utilities and their consumers are enduring. Year after year we regulate the utilities' activities; we review their filings, audit their reports, examine their financial statements, and ultimately, among many other things, determine whether their rates are just and reasonable. As in any other governmental or business endeavor, experienced staff who have long-standing familiarity with the entities they regulate and the applicable laws and precedent can provide higher quality, and more prompt, analysis. This leads to quicker, and better, decision-making, avoiding the assertions of regulatory lag and regulatory uncertainty which come with high staff turnover.

With another four years ahead of us, the addition of new timelines, and the loss of staff to outside employment, the time is right for the Task Force to examine the job descriptions and salaries of the Commissioners and staff that are critical to the core missions of the RCA. I look forward to providing whatever assistance or information you may require in that mission.

My staff and I are available to you as needed. We also have meeting rooms with conference calling, wireless or network computing, and projection capabilities, should you wish to make use of them. Also, please do not hesitate to contact me at aaprice@alaska.gov or (907) 263-2112. If you cannot reach me immediately, you may call Ann Wilde, the Commission Section Manager, at (907) 263-2163.

Sincerely,

Anthony A. Price
Chairman
Regulatory Commission of Alaska
(907) 263-2112

RCA MISSION

RCA MISSION (AS 42.05 and 42.06):

The Regulatory Commission of Alaska may do all things necessary or proper to carry out its obligations under statute and exercise its powers, including:

(1) regulate every public utility, pipeline, and pipeline carrier, except to the extent exempted;

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

(3) make or require just, fair, and reasonable rates, classifications, regulations, practices, services, and facilities for a public utility or pipeline carrier;

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

(5) require a public utility or pipeline carrier to file reports and other information and data;

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

(7) examine witnesses and offer evidence in any proceeding affecting the state and initiate or participate in judicial proceedings to the extent necessary to protect and promote the interests of the state.

(8) require permits for the construction, enlargement in size or operating capacity, extension, connection and interconnection, operation or abandonment of any oil or gas pipeline facility or facilities, subject to necessary and reasonable terms, conditions and limitations.[1]

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[1] AS 42.05.141; AS 4.06.140.

UNIQUE EXPERTISE REQUIRED

UNIQUE EXPERTISE REQUIRED TO MEET THE RCA MISSION:

Common Carrier (Telecomm):

- Depreciation studies– evaluation of the expected useful life of utility facilities, taking into consideration statistical theory and methodologies as applied to depreciable plant, survivor curves, the nature of the plant in service, potential for technological obsolescence, and other factors.
- Communications Act of 1934, as amended by the Telecommunications Act of 1996; FCC Regulations; FCC orders; Court decisions – federal laws and court decisions that govern state and interstate utilities, services, rates, and level of state preemption; competitive market policies; telecommunications subsidy mechanisms; universal service obligations of states; interconnection and service obligations of carriers; and other policies.
- Telecommunications utility facilities & technologies – such as the design, construction, capabilities, costs, and interconnection of networks using satellite, microwave, fiber optic and copper cable technologies; electronic switching equipment; impacts of technological advances such as Voice Over the Internet protocols on network design, interconnection obligations, consumer rates and subsidy mechanisms; evaluation of utility plans for implementing and upgrading service and network changes as they may affect other carriers, consumers, and demands for state and federal subsidies. Each telecommunications utility operates as part of a *nationwide* network of interconnected carriers, making the engineering, network and technology issues quite complex.
- Complex and Intricate Accounting and Rate Setting Practices and Policies - including, the state and federal Uniform System of Accounts; state and federal cost accounting, pricing, and jurisdictional allocation procedures; treatment of costs of extensive non-regulated operations; policies and practices governing explicit and implicit subsidies; cost of service and rate design to accommodate complex retail rate structures, location specific pricing, and emerging competition; federal requirements to employ forward looking cost models. To illustrate the complexity, local exchange "loop" costs can be recovered using eight different cost recovery mechanisms: 1) interstate Subscriber Line Charges; 2) intrastate "Bulk Bill" and related access fees paid by interexchange carriers; 3) intrastate Network Access Fees; 4) local telephone rates; 5) federal High Cost support (which includes multiple components); 6) Interstate access support; 7) Unbundled Network Elements; and 8) Wholesale resale.
- Market Policies – including effects of competition and intercarrier compensation mechanisms on revenue streams and obligations of the carrier of last resort; methods to promote fair competitive practices; evaluation of response to market failure; evaluation of extent of competition; the ability to analyze and determine when a carrier should be declared non-dominant in its market.
- Consumer Issues – including, evaluation of rate affordability in competitive and non-competitive markets; evaluation of rate comparability and rational pricing between urban and rural markets and between customer classes; quality of service

standards and review; fair billing practices; fair management and operational practices; evaluation of competition to determine when regulation may be reduced; award of eligibility for federal subsidies; requirements for deaf relay services.

Engineering:

- Depreciation Studies- evaluation of the expected useful life of utility facilities, taking into consideration statistical theory and methodologies as applied to depreciable plant, survivor curves, the nature of the plant in service, potential for technological obsolescence, and other factors.
- Federal codes and regulations – federal laws and regulations governing state and interstate utilities services and rates such as:
    - the Federal Energy Regulatory Commission Statutes and Regulations regarding Qualifying Facilities, the Public Utilities Regulatory Policy Act (PURPA), Best Management Practices for pipeline construction, and the Federal Power Act;
    - the United States Department of Transportation / Office of Pipe Line Safety Statutes and Regulations regarding pipeline classification, maintenance, and inspection requirements;
    - the Environmental Protection Agency Statutes and Regulations regarding the development of capacity (managerial, financial, and technical) and long term sustainability for water and wastewater utilities).
- Utility facilities and technologies such as the design, construction and maintenance of: electric interties, generation and transmission projects, water and wastewater treatment technology, hydropower projects, oil and gas pipelines, gas distribution systems, and steam/heating systems. Engineers must also understand the impacts of technological advances such as smart metering, remote monitoring equipment, security technologies, and refuse cycle times, handling methods, and disposal methods.
- Market Policies – including effects on revenue streams and obligations of the carrier of last resort; methods to promote fair competition for all utilities and hydropower project licenses; evaluation of response to market, utility, and hydropower project license failure; evaluation of effects of competition on both commercial and residential customers for all utilities and hydropower project licenses, understanding of the operation practices of all utilities and hydropower project license; wholesale power contracts which includes a familiarity with existing contracts (both firm and non-firm), the ability to analyze a proposed contract and determine its effect on existing customers and whether the rates and terms proposed are reasonable and non-discriminatory.
- Consumer Issues – including, evaluation of rate affordability in urban and rural markets, quality of service standards and review, fair billing practices, fair and proper management and operational practices of both urban and rural utilities; knowledge of key indicators of utility sustainability; evaluation of competition to determine when regulation may be reduced; award of eligibility for federal subsidies; environmental conditions, economic and socio-economic conditions,

fish and other aquatic resources, water resource, wildlife and botanical resources, subsistence/recreational/visual/cultural/historical resources, mitigation, enhancements, and impacts of hydropower license projects.

- Engineering principals - understanding of USGS mapping techniques including range, township, aliquot plots, and surveying techniques; understanding and ability to utilize aspects of chemistry, economic, accounting, biological sciences, and public health sciences; working knowledge of engineering standards and codes; technical writing skills; experience in presenting information to diverse groups; and understanding and knowledge of arctic engineering.

Finance:

- Uniform System of Accounts for Public Utilities
- Uniform System of Accounts for Pipelines
- Depreciation studies– evaluation of the expected useful life of utility facilities, taking into consideration statistical theory and methodologies as applied to depreciable plant, survivor curves, the nature of the plant in service, potential for technological obsolescence, and other factors.
- Audit and Analysis of Financial Fitness - auditing and analysis of financial data from regulated companies for the purpose of advising on financial fitness and ratemaking aspects of public utility and common carrier pipeline cases. Duties are accomplished by applying audit techniques to regulated companies' balance sheets, income statements, statements of cash flow, property records, accounting entries and source documents, and loan and other financing documents. Audit techniques employed include calculation of ratios, comparisons, analysis of market and industry trends, re-computation of company figures, company site visits, inspection of source documents, calculation of adjustments, interviews of company personnel, preparation of supporting schedules, and written analysis of test work performed.
- Applications for Certification- review of financial data and analysis in various types of studies filed by regulated companies in support of applications for certification and rate proposals, to verify compliance with statutes, regulations, and consistency with generally accepted practices in the specialized field of ratemaking for regulated utilities and pipelines. The various types of studies filed by regulated companies include revenue requirement studies, customer class-cost allocation studies, rate design studies, utility property depreciation studies, cost of equity studies, and capital projects and equity management plans.
- Bodies of Law- specialized knowledge on an extensive body of law covering the economic regulation of public utility and common carrier pipeline services. This includes:
    - Interstate Commerce Act of 1887 – 49 USC
    - Natural Gas Act of 1938 – 15 USC
    - Public Utilities Regulatory Policies Act of 1978 – 16 USC
    - Energy Policies Act of 2005
    - Alaska Public Utilities Regulatory Act – AS 42.05
    - Pipeline Act – AS 42.06
    - Rural and Statewide Energy Programs – AS 42.45

- Case Law developed over the years in both Federal and State Courts, including
  - Munn v. Illinois, 1877
  - Smyth v. Ames, 1898
  - Bluefield Water Works & Improvement Co. v. West Va. PSC, 1923
  - A.J. Industries, Inc. v. APUC, Alaska 1970
  - Jager v. State, 537 P.2d 1100, Alaska 1975
  - APUC v. Greater Anchorage Area Borough, Alaska 1975
- Uniform Systems of Accounts prescribed by the:
  - Federal Energy Regulatory Commission
    - Electric Utilities 18 CFR 101
    - Natural Gas Utilities 18 CFR 201
    - Oil Pipelines 18 CFR 352
  - U.S. Department of Agriculture's Rural Utility Service
    - Electric Cooperatives 7 CFR 1767
    - Telephone Cooperatives 7 CFR 1770
  - Federal Communications Commission
    - Telephone Utilities 47 CFR 32
- Jurisdictional Separations Procedures For Telecommunications Companies 47 CFR 36
- Allocation Of Costs Rules Relating To Telecommunication Common Carriers 47 CFR 64
- Specialized Pronouncements by the Financial Accounting Standards Board
  - Stmt. No. 71: Accounting for the Effects for Certain Types of Regulation
  - Stmt. No. 90: Regulated Enterprises – Accounting for Abandonments and Disallowances of Plant Costs
  - Stmt. No. 92: Regulated Enterprises – Accounting for Phase-In Plants
  - Stmt. No. 101: Regulated Enterprises – Accounting for the Discontinuation of Application of FASB Statement No. 71

- Cost Allocation Manuals (how should costs be allocated between a company's regulated and nonregulated activities)- reviews Cost Allocation manuals to ensure that the filing conforms with Commission regulations and the National Association of Regulatory as Commissioners Guidelines for Cost Allocations and Affiliate Transactions.
- Cost of Service Studies- Review of costs utilized in the study, ensuring that the filing reflects the most recent approved costs approved by the Commission; review of the methodology used to ensure that the methodology is consistent with the cost- of-service regulations; review of the filing to ensure that it reflects the general framework developed in the National Association of Regulatory Commissioners' Electric Utility Cost Allocation Manual.
- Revenue Requirements and other rate determinations (what is the particular rate of return a utility should have to make it sustainable or profitable, and yet also have reasonable rates for its customers)- the financial health and stability of utility and pipeline service providers, valuation of assets dedicated to public service, appropriateness of depreciation rates applied to such assets, optimal capital structure of utility and pipeline service providers, adequate rate of return on equity authorized for service providers, allowances for state and federal income taxes, determinations as to whether expenses incurred or investments made by utility and pipeline service providers were necessary to provide the service,

prudence of expenses incurred and investments made, appropriateness of service providers' earning distribution practices, and fairness of allocations of service costs among classes of ratepayers.

- Annual Reports covering all forms of ownership (cooperatives, corporations, LLCs, municipalities, native village utilities, native corporations)- examine and analyze the financial data of sole proprietorships, municipally-owned enterprises, partnerships, ratepayer-owned cooperatives, limited liability companies, and corporations that have accounting systems with wide ranges of complexity containing layers of financial data that is often hidden, obscure, or ambiguous, and must be scrutinized using professional judgment.[2] To be successful, UFAs must develop an overall knowledge of the industries to locate, research, and analyze relevant public utility and common carrier pipeline information and understand the information contained in the filings. This is particularly critical in order to detect non-service related costs of affiliates that may be included in the regulated companies' rate proposals.
- Annual Reports covering all forms of ownership (cooperatives, corporations, LLCs, municipalities, native village utilities, native corporations)
- SEC filings
- Power Cost Equalization for non regulated electric utilities (see Power Cost Equalization, discussed under Tariffs, below)
- Calculate Regulatory Cost Charges for regulated utilities. The calculations set the RCC rate for utilities each year. The funds collected under the RCC calculation are essentially the only funding source for the RCA.

Tariffs:

- Maintain each utility's and pipeline's tariffs and special contracts in accordance with AS 42.05.361 and Article 2 of the Alaska Administrative Code. Currently, the tariff section maintains 178 tariffs electronically and in hard copy. The tariff section is responsible for monitoring the tariff revision process and ensuring that all tariff information is accurate and all tariff records are retrievable.
- Administratively process all utility and pipeline tariff filings and prepare the staff recommendations on tariff filings relating to Cost of Power Adjustments (COPA), non-recurring charges, service connections, language revisions, and some special contracts. In Fiscal Year 2007, 618 tariff filings were filed with the agency; the review and analysis of 395 of the filings were completed by the tariff staff.
- Review all tariff filings for compliance with form and filing requirements as set out in 3AAC 48.200 – 3AAC 48.275.
- Prepare public notices and mailing lists for utility and pipeline tariff filings. The tariff section issued 106 public notices in FY 2007.
- Power Cost Equalization – In conjunction with the appropriations set by the Legislature and distributed by the Alaska Energy Authority, the tariff section calculates the PCE rates for regulated electric utilities. During each fiscal year,

[2] Frequently, regulated utilities and pipelines are owned by (or have subsidiaries) that are engaged in non-regulated activities and that receive and/or provide services to the regulated utility/pipeline.

the Commission adjusts the power costs for which power cost equalization may be paid to an electric utility based on the weighted average retail residential rate in Anchorage, Fairbanks, and Juneau. However, the Commission cannot adjust the power costs below the 12¢/kWh base amount established by statute. The tariff section initiates and prepares the calculation of the base rate change. If an adjustment to the base rate is needed the tariff staff is responsible for the initiation of the docket proceeding and serves as the primary Staff on the docket.

- Adjustment Clauses- 6 AAC Sec.500 provides for adjustment clauses. Adjustment clauses are a mechanism designed to recover changes in gas, fuel, and purchased power expenses; adjustment clauses include Cost of Power Adjustments (COPA) and Gas Cost Adjustment (GCA) clauses. The majority of the adjustment clauses are filed as quarterly tariff filings. The tariff section reviews and makes recommendations on all electric and some gas cost adjustments. In FY 2007, the tariff section processed 87 adjustment clause filings.
- Initiate and process annual Regulatory Cost Charge tariff revisions.
- Accountable for the administrative responsibilities for the conduct of 24 tariff action meetings.
- Prepare analysis and recommendations on tariff filings to determine the fair rules and practices for all classes of customers (residential, commercial, and industrial), including such things as new service connections, termination of service rules, and late fees.
- Respond to tariff inquiries from the public, utilities, outside agencies, and other RCA sections.
- Draft and issue Commission By Direction letter orders and pursuant to Commission Order letters to return validated tariff sheets to the utility or pipeline. By direction letter orders are the official statement of the Commission regarding action on a tariff filing. Pursuant to commission order letters return tariff sheets or special contracts that were approved in a docket proceeding.

Administrative Law Judges:

Familiarity with most of the above elements and:

Alaska Rules of Civil Procedure
Federal Rules of Civil Procedure
Rules of Evidence (although not mandatory in RCA proceedings)
Federal and State court decisions on procedural and due process issues

All professional staff – must be knowledgeable in:

- State and federal court decisions particular to public utilities and pipelines
- Federal Communication Commission (FCC) and Federal Energy Regulatory Commission (FERC) decisions
- Regulatory commission decisions, Alaska and all other commissions.
- AS 42.05 and 42.06, and regulations promulgated under them

- Applicable federal laws, including PURPA and the Telecommunications Act of 1996
- Procedures that apply to regulating utilities (e.g., tariff structures and features; scope of regulation; case processing, including due process obligations).
- Complex and intricate Accounting and Rate Setting Practices and Policies – including, the Uniform System of Accounts as prescribed by the National Association of Regulatory Utility Commissioners for water and wastewater (sewer) public utilities, the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission for gas and electric utilities along with and hydropower licenses, Uniform Systems of Accounts as prescribed by the Department of Public Utilities, State of New Jersey for refuse material public utility; state and federal cost accounting, pricing, and jurisdictional allocation procedures; cost of service and rate design to accommodate complex retail rate structures, location specific pricing, and emerging competition; cost of service and rate design to accommodate water, wastewater, and refuse utilities that do not have the capacity to provide long term services to communities with out grants and loans; federal requirements to employ forward looking cost models.

- must demonstrate skill in:

- Writing and proofing complex decisional documents, including draft orders
- Making oral presentations to the Commission, other regulatory bodies, legislative bodies, other agencies
- Presenting and defending technical, policy or legal analysis in adjudications, being responsive to challenging questioning from Commissioners, legal counsel for the Commission, administrative law judges, and other staff.
- Using word processing, spreadsheet and case management software applications
- Conducting thorough research of utility and pipeline accounts, filings, and documentation, as well as applicable legal decisions and laws.

- must demonstrate ability in:

- Public speaking and articulating complex concepts to commissioners, utility representatives, and the general public
- Analytical thought and examination
- Professional presentations and demeanor in often difficult situations

STAFFING

STAFFING

The RCA currently consists of 5 appointed Commissioners and 45 employees. The employees are divided into sections as indicated in the organization chart included in this packet. Included in this Staffing section is a brief overview of the Commissioner, the Advisory Section staff (excluding Information Systems), and the Administrative Law Judge positions. These three groups render the core services of the RCA. This does not diminish the roles of the RCA's other sections, including Consumer Protection, Administrative Support, and Records & Filing, but provides a logical place to start the discussion of what the RCA organization, job descriptions, and salaries should look like in the future.

COMMISSIONERS

STAFFING

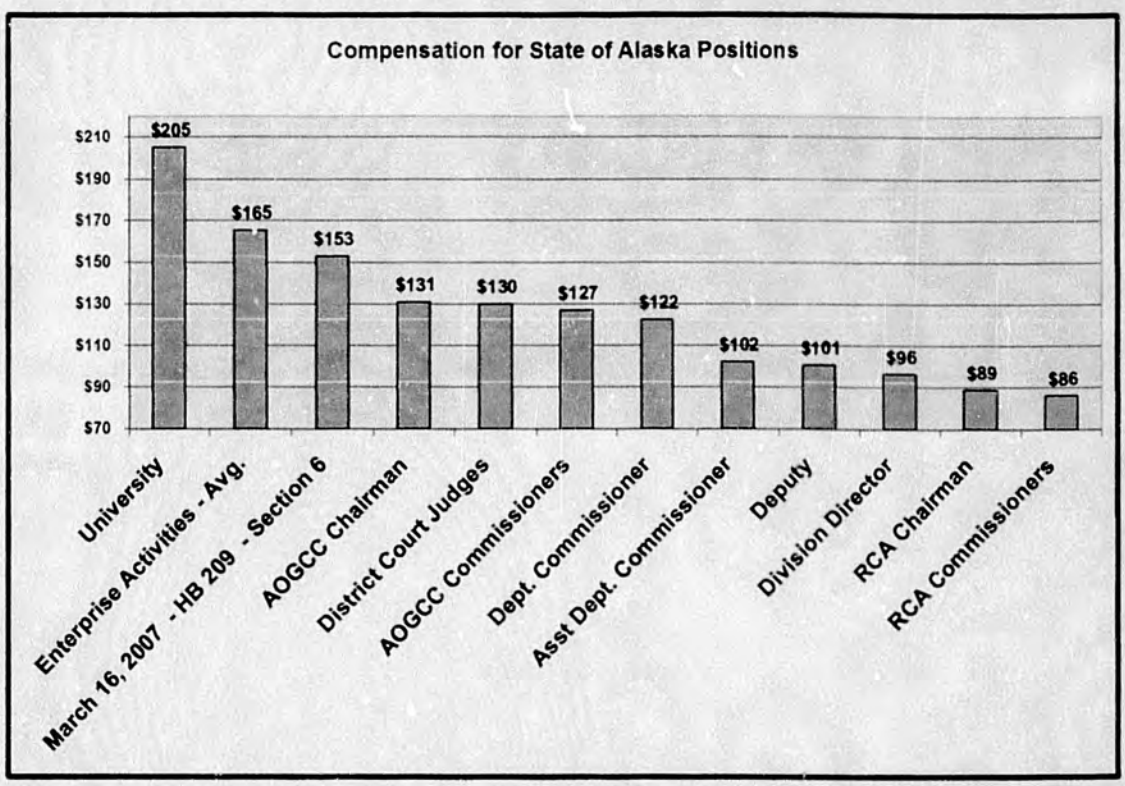
Commissioners:

To qualify for appointment as a commissioner, a person must be a member in good standing of the Alaska Bar Association or have a degree from an accredited college or university with a major in engineering, finance, economics, accounting, business administration, or public administration. Actual experience for a period of five years in the practice of law or in the field of engineering, finance, economics, accounting, business administration, or public administration is equivalent to a degree.

Members of the commission are in the exempt service and are entitled to a monthly salary equal to Step C, Range 26, of the salary schedule in AS 39.27.011 (a) for Juneau, Alaska. The chair of the commission is entitled to a monthly salary equal to Step C, Range 27, of the salary schedule in AS 39.27.011(a) for Juneau, Alaska. [1]

Commissioners serve 6 year terms.

Salaries – within Alaska (sampling - 2006)



[1] AS 42.04.020.

FY 2007 Salaries – other state utility commissions (sampling)[4]

Pacific Northwest

Alaska - Chairman - $88,824
Commissioners - $85,716

Idaho - Chairman and Commissioners - $89,483

Oregon - Ten step ranges - $71,952 to $111,312. Chairman 5% additional
Current – all Commissions at top step - $111,312; Chairman $116,877

Washington - all Commissioners - $114,550 (Effective September 1, 2007).

West

Arizona - Chairman and Commissioners - $79,000

Colorado - Chairman $109,020
Commissioners $102,852

East

Arkansas - Chairman FY 07-08 $107,682 FY 08-09 $109,835
Commissioners FY 07-08 $103,903 FY 08-09 $105,981

Connecticut - Chairman $149,000
Commission Vice Chairman $132,000
Commissioners $120,000 to $130,000.

Indiana - Chairman $104,500
Commissioners $99,500

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[4] We have some research covering most of the states. That material is provided in this packet under a separate tab, but is dated (2005). The commission salaries listed here are ones we sampled on September 13, 2007.

ADVISORY SECTION

Advisory Section

- **Broad scope of duties and requisite expertise to satisfy those duties**

Advisory staff consist of Telecomm (Common Carrier), Engineering, Finance, and Tariff (utility rules and rates) experts. These experts analyze a broad range of utility functions, utility financial filings (e.g., , annual reports, rate change requests, _depreciation practices); utility practices (e.g., quality of service, consumer complaints, management practices); federal and state decisions affecting utilities (including FCC and FERC decision as well as court decisions); and state and federal legislation. In addition, these experts have program functions with various federal and state programs, including Power Cost Equalization, Rural Broadband Grants, and Rural Utility Sustainability.

The Advisory Staff provide written and verbal analysis and policy options to Commissioners for their use in deliberations. These deliberations may be adjudicatory (similar to an appeals court setting) or quasi-legislative (in the development of regulations). Advisory Staff must be able to orally defend their recommendations during adjudications and in public meetings.

Advisory Staff supervisors:Name	**Title**	**Range**	**Starting Salary/ per month**	**Supervises**
Common Carrier Section Supervisor	CCCS IV	23	$5,601	Ranges 22-18
Finance Section Supervisor	UFA IV	23	$5,601	Ranges 22-17
Engineering Section Supervisor	UEA V	24	$5,993	Ranges 21-18
Tariffs Section Supervisor	UTA III	20	$4,585	Ranges 17-14

Similar Recently Vacant Positions (West Coast only):

State	**Job Title**	**Status**	**Starting Salary**
Alaska	- DOL -Public Advocate Utility Analyst I **(non-supervisory, but note that Dept of Law is using senior level RCA staff positions as minimum qualifications for this position)** - Department of Revenue - various	Open 6/25-current various	$5,155 per month various
Oregon	Utility and Energy Analyst 3	5 unfilled positions	$4,034 to $5,905 per month
Washington	Telecomm Analyst	Position open since July	$5,417 per month
California	Senior Utilities Engineer	unstated	$6,465 to $7,857 per month

AK LEGISLATURE SPECIAL COMMITTEE FILES SCOMM 154 3280

COMMON CARRIER SECTION

Common Carrier Section

- **Fast paced, complex federal and state issues**
- **Very limited pool of potential applicants**
- **Internal disparity in pay range at the supervisor level**
- **External pay disparity**

Created by statue (AS 42.04.100), the Common Carrier Section (CC Section) is obligated to "develop, recommend and administer policies and programs with respect to the regulation of rates, services, accounting and facilities of communications common carriers within the state involving the use of wire, cable, radio and space satellites." This obligation spans virtually all aspects of telecommunications regulation, including policy development; subsidy mechanisms and eligibility; utility contracts and tariff proposals; rate design and cost of service studies; depreciation studies; network structure and technology proposals; quality of service; inter-carrier obligations; compliance with state and federal laws; formal complaints; and certification proceedings. This broad scope requires the CC Section hold extensive knowledge of policy, economics, accounting, engineering, and legal requirements as they apply to the telecommunications industry. CC Section staff must be skilled in identifying issues, in clearly articulating and writing complex concepts, and in conducting research.

The CC Section advises the Commission on virtually all telecommunications cases and tariff filings addressed by the agency.[5] As indicated above, the range of work is broad in scope and varies in complexity from routine to highly complex and precedent setting cases. The rapid evolution of telecommunications technology, market innovations, and legal requirements makes this advisory role a challenging task.

The work product provided by the CC Section takes many forms, including written memorandum, recommendations, white papers, court affidavits; oral defense of positions before the Commission, the FCC, and related bodies; assistance to counsel, and if necessary testimony, in defense of Commission decisions on appeal; and draft of substantive Commission orders.

Members of the CC Section may also represent the State of Alaska when assigned to Federal Communication Commission (FCC) Joint Boards and Conferences, with the goal of ensuring that any recommendation to the FCC reflects the public interest and considers Alaska's unique circumstances.[6] Such assignments typically involve exercise of independent judgment, expert knowledge of the telecommunications issue under review, and the ability to effectively present and defend both oral and written positions on highly

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[5] Telecommunications rate cases may be assigned to either the Finance or the CC Section.

[6] One staff member is currently assigned to a) the CC Docket No. 96-45 State-Federal Joint Board on universal service addressing allocation of national subsidies, including disposition of over $100 M in federal subsidies currently received by Alaska carriers and b) the CC Docket No. 80-286 State-Federal Joint Board on jurisdictional separations. Recently another staff member was assigned to the Federal State Joint Conference on advanced services (broadband).

technical subjects with little to no oversight. The CC Section also reviews general activities at the interstate level, determines when such activities warrant Commission attention, and recommends a course of action.

Because of the explosion of companies, technologies, and services that now exist in the telecomm world, this section handles the highest volume of new applications and litigation between companies.

Position	*CBA*	*Range*	*Starting Salary*
Communications Common Carrier Spec. IV (lead)	SU	23	$5,601 per month
Communications Common Carrier Spec. III (3)	GGU	22	$5,155 per month
Communications Common Carrier Spec. I/II	GGU	18/20	/$4,511 per month

Although relatively stable, the section has and will face recruitment and retention problems. The last recruitment for one of the CCCS III positions could not be filled when the position was initially opened even though the period for filing applications was extended. When the position was opened for recruitment a second time, only four applicants met minimum standards. In all it took about five months to fill the position. The successful applicant was moved here from Boston. The supervisor for the section has over 20 years of experience and has expressed the intent to retire in 1-2 years. The next senior staff person is currently eligible for retirement from the State and has extensive experience in utility regulation, increasing options for employment in the private sector. In addition, this section is often called upon to fill in for the other sections. We recently had a person from this section as Acting Supervisor for the Tariff Section for 6 months. The section has also been asked to assist on non-telecommunications cases, primarily in utility depreciation.

ENGINEERING SECTION

Engineering Section

- **Pipeline construction, hydro-electric, electric interties, utility safety, rural water and sewer projects, and Certificates of all kinds are only some of the areas of responsibility.**
- **Unique to engineering, these analysts must know much more than the nuts and bolts of building physical plant.**
- **A broad range of topics need to become specialties handled by the engineers**

The RCA Engineering Section fulfills two basic functions for the Commission: providing general analysis in Commission proceedings, and providing technical expertise within our core disciplines. These core disciplines are defined as: Electric, Natural Gas, Oil Pipeline, Refuse, Hydroelectric, Water, Wastewater, and Steam utility operation.

RCA Engineers must possess expertise in multiple utility disciplines, having a familiarity with not only their technical operation, but also the finances and management of the utility. RCA Engineers are often involved in statewide discipline-specific meetings and are called upon to provide a regulatory perspective on major issues.

RCA Engineers must also be able to research and understand statutes, regulations, and legal precedent, and provide support to analysis and Commission decisions that will withstand legal scrutiny. They must also be able to communicate our analysis clearly in written reports and oral explanations before Commissioners.

Alaska is unique in the U.S. regulatory arena because of the size and isolation of many Alaskan utilities. Alaska also has abundant and varied natural resources that create opportunities uncommon to most lower 48 utility commissions. RCA Engineers are called upon to provide leadership on unprecedented regulatory initiatives, such as creating small hydropower regulations in order to allow FERC to delegate approval authority to Alaska, and the development of regulatory schemes for uniquely situated small Alaskan utilities. These initiatives often involve close working relationships with other state and federal agencies, such as the Environmental Protection Agency, Federal Energy Regulatory Commission, US Department of Agriculture Rural Development, Denali Commission, Alaska Native Tribal Health Consortium, Alaska Department of Environmental Conservation, and Alaska Energy Authority.

RCA Engineers are also involved in finding solutions to the often difficult problems faced by rural Alaskan communities when their utility no longer is providing safe, adequate, or reasonable service. Engineering Staff recently traveled to the Island of Adak to identify problems and propose solutions for an electric utility that is on the verge of leaving the residents of the island without power.

Finally, RCA Engineers are trained to provide technical depreciation analysis on the full gamut of utility infrastructure. A utility's depreciation rate is a significant component of its rate base, which is the basis upon which its rates are set. Properly analyzing a

depreciation study requires expertise in depreciation techniques specific to public utilities and pipelines, and an understanding of the underlying infrastructure in order to determine if its estimated life adequately corresponds to the actual life of the infrastructure.

Position	*CBA*	*Range*	*Starting Salary*
Utility Engineering Analyst V (Supervisor)	SU	24	$5,993 per month
Utility Engineering Analyst IV	GGU	22	$5,203 per month
Utility Engineering Analyst II/III	GGU	18/20	$3976/$4,551 per month

This section has only two staff at this time and has a back log of work. The two staff members were assigned to mandatory overtime for several months at the end of 2006. That possibility is looming again. Also on the horizon is the possibility of being the focal point for state permitting of small hydro-electric projects, a responsibility that may be delegated from the Federal Energy Regulatory Commission.

FINANCE SECTION

Finance Section

- **Requires a high degree of financial expertise that is difficult to acquire**
- **External pay disparity has resulted in employees leaving for other state and private sector jobs**
- **People with the requisite expertise will not apply for the jobs, based on the offered wages**

The Finance Section consists of Utility Financial Analysts (UFA). These analysts become subject matter experts for particular utilities and utility sectors. For example, they become intimately familiar with the rates, rules and financial history of electric utilities like MEA or Chugach, as well as the interrelationships electric utilities can have with each other, such as is present in Kwaan Electric Transmission Intertie Cooperative, Inc.

In August of 2005, the Division of Personnel completed a study of the Revenue Auditor series which consists largely of employees within the Department of Revenue. Among other things, that study resulted in the creation of two new auditor classes: Oil and Gas Revenue Auditor (OGRA) and Corporate Income Tax Auditor (CITA).

Although created for different purposes, OGRAs, CITAs, and UFAs perform virtually the same function, which is to audit financial accounting records of large and complex business entities. OGRAs and CITAs perform their audit function to identify tax and royalty liabilities that ultimately generate revenue for the state. UFAs perform their audit function to determine the total revenues that regulated utilities and pipelines are allowed to collect through rates from utility and pipeline service users in the state. OGRAs, CITAs, and UFAs apply statutes, regulations, case law, and specialized accounting and industry knowledge in the performance of their duties. But then on top of this, UFAs analyze and recommend to the Commission whether the utility should or should not be allowed to change its rates for customer services, and at what specified percentages.

OGRAs and CITAs were initially assigned salary ranges 16 through 22 based in part on the extensive similarities between the work performed by personnel in these new auditor classes and the work performed by UFAs. In July of 2006, the OGRAs and CITAs salaries were increased to ranges 18 through 24 as a result of a market based study. Such studies are performed to address difficulties in personnel recruitment and retention. However, the market based study was performed on classes within the "*Revenue and Audit*" family (PC05). Because UFAs are not part of the "*Revenue and Audit*" family, they did not receive a market based salary increase, even though they were used as a benchmark when establishing the original salary ranges for the OGRAs and CITAs classes less than a year before. A more detailed analysis and comparison is available upon request.

The UFA series has historically experienced high personnel turn-over. Since fiscal year 1995, the five UFA positions within the RCA (and the former APUC) have been held by 18 different employees. In that same period, eight different employees have held the

entry level position (UFA I), and five different employees have held the supervisory position (UFA IV).

Position FY	UFA IV	UFA III	UFA III	UFA II	UFA I
1995*	Franco	Nation**	Martin	Schroder	O'Hara
1996*	Nation**	O'Hara	Martin	Schroder	VACANT
1997*	Nation**	O'Hara	Martin	Schroder	Bishop
1998*	Johnston**	Nation**	Vittone	Day**	Goodloe
1999*	Day**	Nation**	Vittone	Fairchild**	Melendez
2000*	Day**	Smith**	Fairchild**	Melendez	Irons
2001*	Day**	Smith**	Fairchild**	Melendez	Irons-Herrera
2002	Day**	Smith**	Melendez**	Clark	Irons-Herrera
2003	Day**	Smith**	Melendez**	Clark	Russell**
2004	Melendez**	Smith**	Clark	Russell**	Wethington
2005	Melendez**	Smith**	Clark	Russell**	Vogler
2006	Melendez**	Smith**	Clark	Vogler	VACANT
August 4, 2007	VACANT	VACANT	Clark	Vogler	VACANT

*Source: APUC and RCA Annual Reports to the Alaska State Legislature
** Certified Public Accountant (CPA)

These positions have been difficult to recruit for. Most recently, the RCA closed a recruitment for its UFA I position, which has been vacant since last summer. This most recent recruitment was the third attempt in a year and was opened for all applicants for a month and a half period, with additional out of state advertising.

Other recent and significant examples of recruitment problems are the Department of Law's UFA III positions.[7] One was vacant for an 18 month period that concluded in February of 2005. Shortly after that, in the summer of 2005, the Department of Law lost its most experienced UFA to a higher paying employer (a local pipeline company) and as of today, that position remains vacant. In the Spring of 2007, the Department of Law reclassed these positions to new positions called Public Advocate Utility Analysts I and II, which are now ranges 22 and 24, respectively.

The Department of Revenue has experienced recruitment problems for very similar positions. The senior positions Revenue just filled to help with PPT were with employees from the RCA; both the supervisor and the most senior staff person in the RCA's Finance Section have taken advantage of the pay disparity and jumped to the Department of Revenue to work on PPT.

Given that Revenue has trouble filling positions at range 24, we think it noteworthy that we are trying to fill similar positions, which in our opinion require more specialized expertise, and are only range 21 and 23.

[7] The Department of Law's Regulatory Affairs and Public Advocacy section (RAPA) had the only two Utility Financial Analyst positions outside the RCA.

The RCA's Finance Section is left with two analysts operating in Acting capacities. One, formerly a specialist in pipeline issues, is now learning to supervise and at the same time learning the public utility sector. The other staffer is learning to cover UFA III work, although having only recently moved to a UFA II position.

After review of the equivalent positions, we are of the firm opinion that the UFA position pay ranges should be adjusted. We think you will find that the recent jumps in ranges enjoyed by the RAPA PAUA staff, RCA Engineers, and Revenue and Audit Family (including Revenue Auditors) at the Department of Revenue should be considered in determining how much the UFA pay range should be adjusted. We think you will also find, for example, that a range 24 revenue auditor could not be expected to be proficient as an equivalent UFA without 2-3 years of training as a UFA, while a UFA at range 21 or 23 can perform as a Revenue Auditor[8] almost immediately. There is ample support to conclude that the UFA ranges should be at least equivalent to Revenue Auditor ranges.

[8] Includes Oil and Gas Revenue Auditor, Corporate Income Tax Auditor, Tax Auditor, Revenue Audit Supervisor

TARIFF SECTION

Tariff Section

- **High volume**
- **All utility types**
- **Rules and rates**

The RCA tariff section staff is comprised of four analysts. It is a high volume operation, processing hundreds of filings every year. The duties of the tariff section include but are not limited to:

- Maintain current and master tariffs for 178 regulated utilities in electronic and hardcopy formats.
- Draft and issue public notices and mailing lists for utility tariff filings. 106 public notices were issued in FY 2007.
- Process, analyze, and make recommendations on utility and pipeline tariff filings relating to Cost of Power Adjustments (COPA), non-recurring charges, language revisions, and some special contracts. 395 tariff filings were processed in FY 2007.
- Respond to inquiries from utilities and the public regarding open and archived tariff filings.
- Process Power Cost Equalization tariff and regulation changes.
- Process Regulatory Cost Charge tariff revisions.
- Draft and issue Commission "By Direction" and "pursuant to" Letter Orders.
- Review draft orders for appropriate language relating to tariff matters.
- Prepare agendas and institute semi-monthly tariff action meetings.
- Respond to legislative inquires and commission special requests as needed.
- Prepare statistical data for RCA annual report to the legislature.
- Review incoming tariff filings for completeness and compliance with statutes and regulations.
- Open and close tariff filings in database and hardcopy and archive all tariff related documents.

The position titles and starting salaries are listed below:

Position	*CBA*	*Range*	*Starting Salary*
Utility Tariff Analyst III	SU	20	$4,585 per month
Utility Tariff Analyst II (2)	GGU	17	$3,698 per month
Utility Tariff Analyst I	GGU	14	$3,006 per month

Currently there is a vacant Utility Tariff Analyst II position. The agency has been recruiting to fill this position since June of 2007. We have had few qualified applicants. We made one offer, which was declined. The recruitment is still open.

ADMINISTRATIVE LAW SECTION

Administrative Law Section:

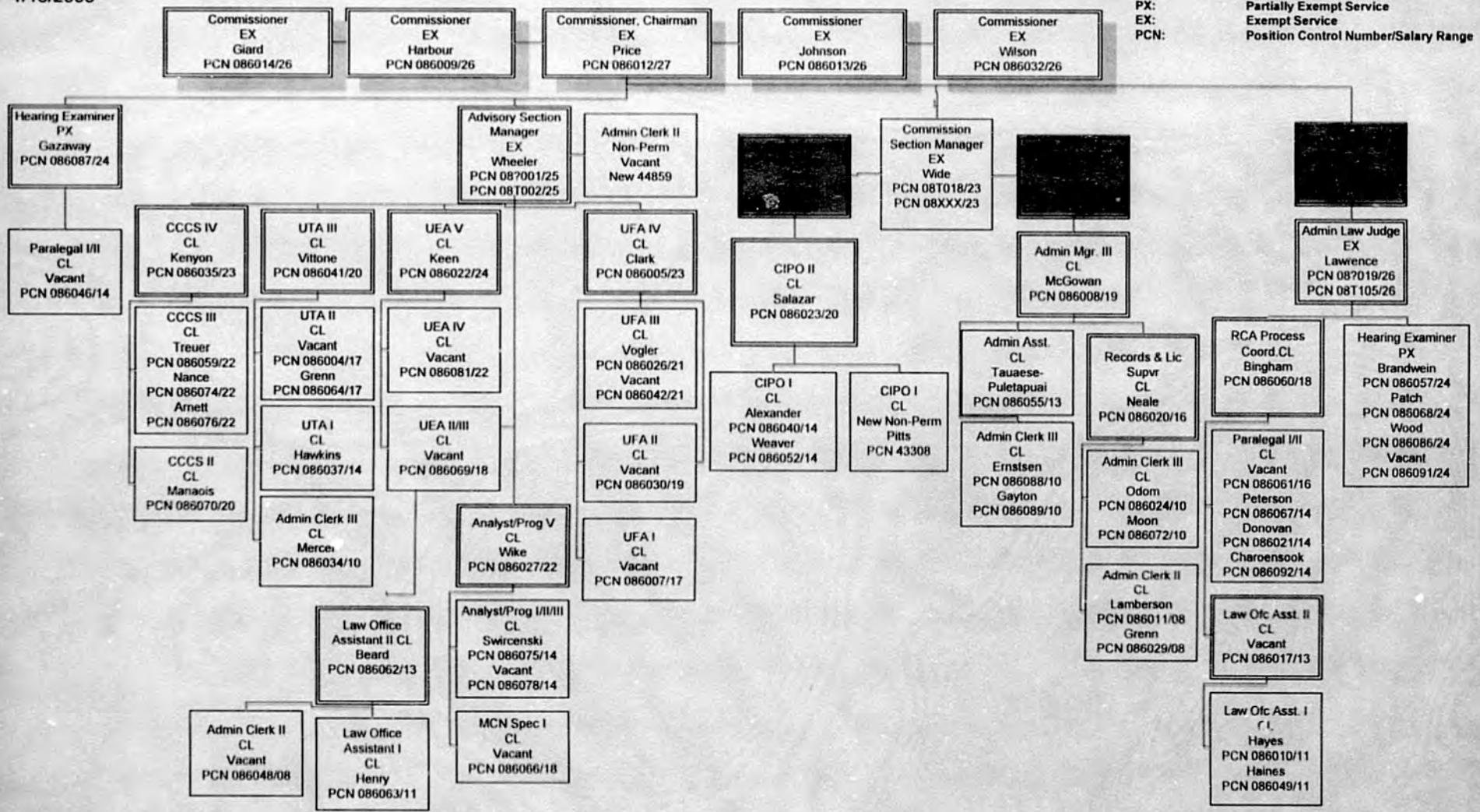
The Administrative Law Section consists of a Chief ALJ who oversees the section (Range 26), four ALJs (Range 24) including one unfilled new position, a process coordinator, three paralegals (one position currently unfilled), and three law office assistants. The RCA's ALJs are responsible for all pipeline and utility (electric, gas, telecommunications, water, sewer, and solid waste) dockets from initial filing through final order and reconsiderations. Their functions include drafting commission order, presiding at hearings, making procedural rulings, providing legal research and memoranda on contested issues, and working with commissioners in case adjudication. The RCA's ALJs must have broad knowledge of the several regulated industries, hearing rules and procedures, principles of regulation, RCA practices and precedent, pertinent statutes and regulations, and underlying financial, accounting, engineering, and economic principles.

The range for RCA's Range 24 ALJs is $70,000 to $82,000 per year. Some of the current ALJs are at or near the top of their range (needed for recruitment last year), and absent legislative changes will not see increases other than cost-of-living for several years. Low salary levels in the context of the eroding state benefits base will make recruitment of highly qualified people (from a very small pool) a challenge. The more pertinent consideration, however, is retaining the ALJs we now employ to continue to benefit from their expanding experience and training. In addition, it is important that the pay levels reflect the high level of skill and expertise required to perform the work, the financial and strategic importance of their dockets to the state's infrastructure, and the complexity of the subject matter.

ORGANIZATION CHART

Regulatory Commission of Alaska
State of Alaska
Department of Commerce, Community
and Economic Development
1/16/2008

UTA:	Utility Tariff Analyst
UFA:	Utility Financial Analyst
UEA:	Utility Engineering Analyst
CPIO:	Consumer Protection & Information Officer
CCCS:	Communications Common Carrier Specialist
MCN Tech:	Microcomputer/Network Technician
CL:	Classified Service
PX:	Partially Exempt Service
EX:	Exempt Service
PCN:	Position Control Number/Salary Range



LEGISLATIVE RESOLVE 11

STATE OF ALASKA
THE LEGISLATURE

2007

Source
CSHCR 8(L&C)

Legislative Resolve No.
11

- possible recommendations
- Bring them to Shalon

Establishing a legislative task force to make recommendations regarding job descriptions and salary changes for the commissioners and support staff and the possible need for additional support staff of the Regulatory Commission of Alaska.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS there is a need to evaluate the current job descriptions and salaries of the commissioners and support staff of the Regulatory Commission of Alaska; and

WHEREAS increased duties have been given to the commissioners; and

WHEREAS the Regulatory Commission of Alaska may need additional support staff;

BE IT RESOLVED by the Alaska State Legislature that there is established a legislative task force to make recommendations regarding job descriptions and salary changes for the commissioners and support staff and the possible need for additional support staff of the Regulatory Commission of Alaska; and be it

FURTHER RESOLVED that the task force shall be composed of nine members as follows:

(1) two majority members of the House of Representatives appointed by the

presiding officer;

(2) one minority member of the House of Representatives appointed by the presiding officer;

(3) two majority members of the Senate appointed by the presiding officer;

(4) one minority member of the Senate appointed by the presiding officer;

(5) the attorney general or the attorney general's designee;

(6) the commissioner of the Department of Commerce, Community, and Economic Development or the commissioner's designee; and

(7) the governor or the governor's designee; and be it

FURTHER RESOLVED that the task force may meet between legislative sessions; and be it

FURTHER RESOLVED that the legislative task force shall select a chair from the members of the legislature on the task force; and be it

FURTHER RESOLVED that the staff of the legislative task force shall make a final report of its findings and recommendations to the legislature not later than February 1, 2008; and be it

FURTHER RESOLVED that the task force is terminated May 30, 2008.

SALARY SCHEDULE

-REPLACE "COMMISSIONER SALARY SCHEDULE" & CONTENTS WITH "SALARY SCHEDULES" & CONTENTS

DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Regulatory Commission of Alaska

Sarah Palin, Governor
Emil Notti, Commissioner
Anthony A. Price, Chairman

January 11, 2008

To: HCR 8 Task Force Members
Senator Lesil McGuire
Senator Gene Therriault
Senator Johnny Ellis
Representative Nancy Dahlstrom
Representative Jay Ramras
Representative Beth Kerttula
Craig Tillery, Deputy Attorney General
Dianne Kiesel, Human Resource Manager II
Ted Leonard, Deputy Commissioner

Re: History of RCA Commissioner Salaries

The salary schedule for the RCA commissioners is set by statute (AS 42.04.020(f)). The salary level is fixed at 26C, and has not changed since 1980. Below is a brief chronology of RCA commissioner salary levels:

1959 - Alaska Public Service Commission created; commissioners were part-time employees who only received per diem and travel expenses.[1]

1970 - Alaska Public Utilities Commission (APUC) created; commissioners were paid $26,500 per year.[2]

1974 - Legislation ties APUC commissioner salaries to the salary of a District Court Judge.[3]

1980 - Legislation establishes the current salary level of 26C.[4]

1999 - Regulatory Commission of Alaska (RCA) created; commissioner salaries remain at 26C, except the chairman's salary level was raised from 26C to 27C.[5]

Salary levels for district court judges and commissioners have substantially increased. RCA commissioners act in a quasi-judicial role and are required to possess considerable expertise in rendering decisions, however, they are compensated less than other full-time commissioner positions within the executive branch.

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[1] *See* § 2 ch 199 SLA 1959; am § 1 ch 156 SLA 1960.

[2] *See* § 6 ch 113 SLA 1970.

[3] *See* § 6 ch 47 SLA 1974.

[4] *See* §§ 10, 25 ch 3 SLA 1980.

[5] *See* § 1, 25 ch 3 SLA 1999.

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Public Utility Commissions
Scope of Authority and Salary Comparison

Agency	Commissioner Salaries	Chairman Salaries	Term of Office (in years)	Elected (E) or Appointed (A)	Calculations includes value of benefits
Alabama	$81,013.92	$86,800.56	4 yr	E	No
Alaska (2007)	**$85,716.00**	**$88,824.00**	**6yr**	**A**	**No**
Arizona	$79,500.00	$79,500.00	4yr	E	No
Arkansas	$99,465.00	$103,115.00	6yr	A	No
California (2007)	**$123,897.00**	**$127,833.00**	**6yr**	**A**	**No**
Colorado	$95,568.00	$96,504.00	4yr	A	No
Connecticut	110,846 - 142,185	119,720 -153,788	4 yr	A	No
Delaware	$30,000.00	$35,000.00	5yr	A	No
Florida	$128,825.00	$128,825.00	4yr	A	No
Georgia	$106,130.00	$106,130.00	6yr	E	No
Hawaii	$75,873.00	$79,866.00		A	No
Idaho	$82,700.00	$82,700.00	6yr	A	No
Illinois	$99,414.00	$113,836.00	5 yr	A	No
Indiana	$87,223.00	$94,282.00	4 yr	A	No
Iowa	79,405 - 119,107	$104,758.00	5 yr	A	No
Kansas	$115,544.00	$118,598.00	4 yr	A	No
Kentucky	$115,000.00	$95,000.00	4 yr	A	No
Louisiana				E	No
Maine	$98,384.00	$102,731.00	6 yr	A	No
Maryland	$99,586.00	$116,880.00	5 yr	A	No
Massachusetts	$82,000.00	$82,000.00	3 yr	A	No
Michigan	$108,202.00	$113,612.00	6 yr	A	No
Minnesota	$88,500.00	$88,500.00	6 yr	A	No
Mississippi				E	No
Missouri	$95,229.00	$95,229.00	6 yr	A	No
Montana	$77,400.00	$78,200.00	4 yr	E	No
Nebraska	$50,000.00	$50,000.00	6 yr	E	No
Nevada	$106,080.00	$112,200.00	4 yr	A	No
New Hampshire	$70,523.00	$94,024.00	6 yr	A	No
New Jersey				A	No
New Mexico	$90,000.00	$90,000.00	4 yr	E	No
New York	$109,800.00	$127,000.00	6 yr	A	No
North Carolina	$107,136.00	$119,315.00	8 yr	A	No
North Dakota	$70,000.00	$70,000.00	6 yr	E	No
Ohio	$99,964.00	$109,595.00	5 yr	A	No
Oklahoma	$89,850.00	$87,850.00	7 yr	E	No
Oregon (2007)	**$123,924.00**	**$143,136.00**	**4 yr**	**A**	**No**
Pennsylvania	$117,910.00	$120,403.00	4 yr	A	No
Rhode Island				A	No
South Carolina	$77,834.00	$82,396.00	4 yr	A	No
South Dakota	$88,000.00	$88,000.00	6 yr	E	No
Tennessee	$98,000.00	$98,000.00	6 yr	A	No
Texas	$109,200.00	$111,799.00	6 yr	A	No
Utah	$76,300.00	$102,533.00	6 yr	A	No
Vermont	$72,765.00	$109,000.00	6 yr	A	No
Virginia	$141,250.00	$142,815.00	6 yr	E	No
Washington (2007)	**$114,550.00**	**$120,578.00**	**6 yr**	**A**	**No**
West Virginia	$70,000.00	$75,000.00	6 yr	A	No
Wisconsin	$96,000.00	$112,000.00	6 yr	A	No
Wyoming	$87,524.00	$91,025.00		A	No

Public Utility Commissions
Scope of Authority and Salary Comparison

Agency	Hearing Examiner \ Admin. Law Judge	Section Manager\Senior Management	Telecomm Entry level\Senior	Engineering Entry level\Senior	Financial Analysts Entry level\Senior	Tariffs Entry level\Senior	Calculations includes value of benefits
Alaska (2007)	**$72,264 \ 96,448**	**$67,536 \ 92,136**	**$54,120 \ 95,964**	**$47,280 \ 68,766**	**$43,968 \ 71,916**	**$35,736 \ 58,884**	**No**
California	$84,852 \ 102,612	$120,064 \ 138,528	$35,268 \ 89,100	$51,348 \ 91,404	$55,332 \ 85,164	$35,268 \ 89,100	No
Oregon	$66,324 \ 97,320	$72,660 \ 112,416	$32,724 \ 72,984	$32,724 \ 72,984	$32,724 \ 72,984	$32,724 \ 72,984	No
Washington	$85,152 \ 96,396	$87,792 \ 98,983	$37,800 \ 68,388	$40,692 \ 79,308	$37,800 \ 68,388	$37,800 \ 68,388	No

CORRESPONDENCE

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DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Regulatory Commission of Alaska

Sarah Palin, Governor
Emil Notti, Commissioner
Anthony A. Price, Chairman

December 28, 2007

Donn Heflin
HR Specialist II
PO Box 110201, MS-0201
Juneau, AK 99811

Re: Professional level staffing within the Regulatory Commission of Alaska Advisory Section

Dear Ms. Heflin:

Please find enclosed my response to your inquiry.

Salaries of professional staff are not keeping pace with the marketplace and the mission placed upon them. It is not attrition by retirement taking its toll. Instead, wage and benefit disparity is the primary factor driving away staff and deterring qualified applicants. Our staff, given their unique qualifications and expertise, find it easy to transfer to other much better compensated jobs, while we can't attract qualified professionals.

Last summer we lost our two and only CPAs to DNR. They accepted positions as PPT auditors and received greater compensation. Both CPAs were trained, experienced and effective utility financial analysts and critical members of our advisory staff. Audit and financial skills are in high demand and easily transfer. The unique expertise and experience in utility regulation is very rare in Alaska. So rare and unique in fact that we received no such experienced applicants from Alaska or the entire USA for the two positions vacated. Had we been successful recruiting a CPA without utility expertise and experience, three years of training and experience would be required before we could consider him/her expert enough to rely on his/her work product and recommendations.

The above example is representative of the dilemma we face in acquiring and retaining professional advisory staff. The truly unique expertise required of these professionals is, at current compensation levels, irreplaceable. Our only recourse is to hire green professionals, invest three years of time and money in training and hope we retain them for a few years. The marketplace, particularly the utilities, will tempt them with much greater compensation.

We are now in an extended period of high staff turnover. The advisory staff sections, comprised of the Common Carrier, Engineering, Finance, Tariffs and Information Technology sections, have 17 professional level positions. Since approximately March of 2005, 11 professional advisory staff have resigned and accepted better compensated positions. Clearly, our inability to match salary and benefit opportunities affects our ability to retain professional staff and attract qualified applicants.

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Website: http://www.state.ak.us/rca/

There are currently 6 vacancies: 3 in Finance, 2 in Engineering, and 1 in Tariffs. There are no vacancies in Common Carrier, but there is concern that another FTE may be needed given the large influx of new matters coming into this section. Of the 6 vacancies, 4 are currently posted, 2 more will be posted again shortly.

In order to meet our mission we seek stability in staffing providing a level of expertise that can handle the complexity of the work and statutory requirement for timely conclusion. Stability is not attainable if we cannot attract and retain qualified people. Given the host of new statutory deadlines enacted last summer, now, more than ever, expert staff are needed in order to maintain the high quality, timely work product we expect of ourselves and the Administration, Legislature, utilities and pipelines expect of us.

The attachment with this letter lists the current staffing for each section, knowledge and skills needed for the positions, examples of duties, and recruitment activities for the vacant positions. With these elements, you should have a complete picture of what we have, what we are looking for, and our efforts to get it.

Sincerely,

Anthony A. Price
Chairman
Regulatory Commission of Alaska
(907) 263-2112

I. KNOWLEDGE AND SKILLS REQUIRED.

Advisory staff consist of Telecomm (Common Carrier), Engineering, Finance, and Tariff (utility rules and rates) experts, as well as the Information Technologies staff. These experts analyze a broad range of utility functions, utility financial filings (e.g., annual reports, rate change requests, depreciation practices); utility practices (e.g., quality of service, consumer complaints, management practices); federal and state decisions affecting utilities (including FCC and FERC decision as well as court decisions); and state and federal legislation. In addition, these experts have program functions with various federal and state programs, including Power Cost Equalization, Rural Broadband Grants, and Rural Utility Sustainability (especially water and wastewater systems – Denali Commission and other agencies).

The Advisory Staff provide written and verbal analysis and policy options to Commissioners for their use in deliberations. These deliberations may be adjudicatory (similar to an appeals court setting) or quasi-legislative (in the development of regulations). Advisory Staff must be able to orally defend their recommendations during adjudications and in public meetings.

A. ALL PROFESSIONAL LEVEL ADVISORY STAFF MUST BE KNOWLEDGEABLE IN:

- State and federal court decisions particular to public utilities and pipelines
- Federal Communication Commission (FCC) and Federal Energy Regulatory Commission (FERC) decisions
- Regulatory commission decisions, Alaska and all other commissions.
- AS 42.05 and 42.06, and regulations promulgated under them
- Applicable federal laws, including the Federal Public Utility Regulatory Policy Act (PURPA) and the Telecommunications Act of 1996
- Procedures that apply to regulating utilities (e.g., tariff structures and features; scope of regulation; case processing, including due process obligations).
- Complex and intricate Accounting and Rate Setting Practices and Policies – including, the Uniform System of Accounts as prescribed by the National Association of Regulatory Utility Commissioners for water and wastewater (sewer) public utilities, the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission for gas and electric utilities along with and hydropower licenses, Uniform Systems of Accounts as prescribed by the Department of Public Utilities, State of New Jersey for refuse material public utility; state and federal cost accounting, pricing, and jurisdictional allocation procedures; cost of service and rate design to accommodate complex retail rate structures, location specific pricing, and emerging competition; cost of service and rate design to accommodate water, wastewater, and refuse utilities that do not have the capacity to provide long term services to communities with out grants and loans; federal requirements to employ forward looking cost models.

B. ALL PROFESSIONAL STAFF MUST DEMONSTRATE SKILL IN:

- Writing and proofing complex decisional documents, including draft orders

- Making oral presentations to the Commission, other regulatory bodies, legislative bodies, other agencies
- Presenting and defending technical, policy or legal analysis in adjudications, being responsive to challenging questioning from Commissioners, legal counsel for the Commission, administrative law judges, and other staff.
- Using word processing, spreadsheet and case management software applications.
- Conducting thorough research of utility and pipeline accounts, filings, and documentation, as well as applicable legal decisions and laws.
- Public speaking and articulating complex concepts to commissioners, utility representatives, and the general public.
- Analytical thought and examination.
- Professional presentations and demeanor in often difficult situations.
- Exercise well-reasoned and independent judgment.
- Ability to work in group environments or alone, on multiple and extensive long-term assignments.
- Self-motivated and able to accomplish tasks with minimal guidance.

C. EXAMPLES OF DUTIES (senior positions, excluding supervisory duties).

Plan, prepare, and conduct comprehensive regulatory investigations and coordinate the efforts with professional common carrier, accounting, engineering or tariff personnel in the evaluation of major, complex, precedent setting dockets of investigation before the RCA and, as applicable, the FCC or FERC.

Develop, recommend, and defend regulations and policies, including those on infrastructure; inter-carrier disputes; interconnection disputes between utilities or pipelines, interpretation of existing regulations, policies, statutes, and historical precedents; evaluation of utility or pipeline rates, quality of service, subsidy mechanisms, network structure, competitive market structure, and utility operations.

Publicly, or within closed adjudications, defend positions, provide written recommendations and draft Commission decisions on complex, precedent-setting cases.

Prepare and defend written comments, pleadings and requests for reconsideration before the FCC or FERC on behalf of the RCA. Participate in federal and state Joint Board or Joint Conferences developing formal recommendations concerning national policy to the FCC. Participate in other national utility-related organizations, representing the interests of the commission or its constituencies.

Review and evaluate power cost assistance tariff filings; insure compliance with applicable statutes and regulations; calculate and verifies power cost per kilowatt hour; determine appropriate level of power cost assistance.

Review and evaluate regulated utilities annual reports; perform ratio analyses; determine annual rate of return; and assists in the compilation of the Commission's annual report.

Assist in specific segments of field audits; prepare reports, summaries, and charts on factors pertinent to regulated utility's accounting practices, financial condition and operating revenues and expenses.

Review and evaluate complex, precedent setting tariff filings for compliance with regulations, statutes, RCA policy, general accounting principles, general rate design principles, and effect on quality and availability of service.

Evaluate the general reasonableness of the proposed change in rate or term and condition for service to determine whether the proposal is in the public interest, generally reasonable, non-discriminatory and competitively neutral.

Plan, prepare and conduct comprehensive financial rate case audits; identify possible accounting problems; document pertinent background data and relevant Commission rulings; identify involvement required by other sections.

Establish the elements of the revenue requirement including normalization of the components, verification of operating expenses, allowances for taxes and depreciation; calculation of net plant, rate base, weighted costs of capital and fair return on rate base; and, identifies revenue deficiency.

Respond to public requests for information, surveys, and other written and oral requests made by the public, other RCA sections, or the RCA Commissioners.

II. COMMON CARRIER POSITIONS.

Although currently relatively stable, the section has and will face recruitment and retention problems. The last recruitment for one of the Common Carrier Communications Specialist (CCCS) III positions could not be filled when the position was initially opened even though the period for filing applications was extended. When the position was opened for recruitment a second time, only four applicants met minimum standards. In all, it took about five months to fill the position. The successful applicant was moved here from Boston. Out of the last 6 vacancies in this section, only 2 hires have come from outside the agency. The odds of this continuing to work are low, given the likelihood of upcoming retirements and the limited pool of potential staff applicants, due to the number of current vacancies in all the sections. The supervisor for the section has over 20 years of experience and has expressed the intent to retire in 1-2 years. The next senior staff person is currently eligible for retirement from the State and has extensive experience in utility regulation, increasing options for employment in the private sector. In addition, this section is often called upon to fill in for the other sections. We recently had a person from this section as Acting Supervisor for the Tariff Section for 6 months.

A. STAFFING.

The current staffing is as follows:

1.	CCCS IV. PCN 08-6035	This supervisory position is filled. This 25 year employee is eligible to retire and expects to retire within a year or two.
2.	CCCS III PCN 08-6059	The employee in this position is eligible for retirement.
3.	CCCS III PCN 08-6076	The employee in this position is a long standing employee and moved over from our Tariffs section.

4.	CCCS III PCN 08-6074	This employee was hire out of Boston after several recruitment efforts. The recruitment history is described above.
5.	CCCS II PCN 08-6070	This employee moved over from our Engineering section.

B. UNIQUE EXPERTISE REQUIRED TO MEET THE RCA MISSION.

To be effective, Common Carrier Communications Specialists must acquire the following additional knowledge.

Created by statute (AS 42.04.100), the Common Carrier Section (CC Section) is obligated to "develop, recommend and administer policies and programs with respect to the regulation of rates, services, accounting and facilities of communications common carriers within the state involving the use of wire, cable, radio and space satellites." This obligation spans virtually all aspects of telecommunications regulation, including policy development; subsidy mechanisms and eligibility; utility contracts and tariff proposals; rate design and cost of service studies; depreciation studies; network structure and technology proposals; quality of service; inter-carrier obligations; compliance with state and federal laws; formal complaints; and certification proceedings.

- Depreciation studies– evaluation of the expected useful life of utility facilities, taking into consideration statistical theory and methodologies as applied to depreciable plant, survivor curves, the nature of the plant in service, potential for technological obsolescence, and other factors.
- Communications Act of 1934, as amended by the Telecommunications Act of 1996; FCC Regulations; FCC orders; Court decisions – federal laws and court decisions that govern state and interstate utilities, services, rates, and level of state preemption; competitive market policies; telecommunications subsidy mechanisms; universal service obligations of states; interconnection and service obligations of carriers; and other policies.
- Telecommunications utility facilities & technologies – such as the design, construction, capabilities, costs, and interconnection of networks using satellite, microwave, fiber optic and copper cable technologies; electronic switching equipment; impacts of technological advances such as Voice Over the Internet protocols on network design, interconnection obligations, consumer rates and subsidy mechanisms; evaluation of utility plans for implementing and upgrading service and network changes as they may affect other carriers, consumers, and demands for state and federal subsidies. Each telecommunications utility operates as part of a *nationwide* network of interconnected carriers, making the engineering, network and technology issues quite complex.
- Complex and Intricate Accounting and Rate Setting Practices and Policies - including, the state and federal Uniform System of Accounts; state and federal cost accounting, pricing, and jurisdictional allocation procedures; treatment of costs of

extensive non-regulated operations; policies and practices governing explicit and implicit subsidies; cost of service and rate design to accommodate complex retail rate structures, location specific pricing, and emerging competition; federal requirements to employ forward looking cost models. To illustrate the complexity, local exchange "loop" costs can be recovered using eight different cost recovery mechanisms: 1) interstate Subscriber Line Charges; 2) intrastate "Bulk Bill" and related access fees paid by interexchange carriers; 3) intrastate Network Access Fees; 4) local telephone rates; 5) federal High Cost support (which includes multiple components); 6) Interstate access support; 7) Unbundled Network Elements; and 8) Wholesale resale.

- Market Policies – including effects of competition and intercarrier compensation mechanisms on revenue streams and obligations of the carrier of last resort; methods to promote fair competitive practices; evaluation of response to market failure; evaluation of extent of competition; the ability to analyze and determine when a carrier should be declared non-dominant in its market.
- Consumer Issues – including, evaluation of rate affordability in competitive and non-competitive markets; evaluation of rate comparability and rational pricing between urban and rural markets and between customer classes; quality of service standards and review; fair billing practices; fair management and operational practices; evaluation of competition to determine when regulation may be reduced; award of eligibility for federal subsidies; requirements for deaf relay services.

III. UTILITY FINANCIAL ANALYST POSITIONS.

The Finance section of the RCA is the primary section responsible for advising the Commission on whether the rates public utilities and pipelines charge their customers are just and reasonable, and whether the public utilities and pipelines are earning a fair rate of return.

A. STAFFING.

The current staffing is as follows:

1.	UFA IV PCN 08-6005	Supervisory – recently filled by staff applicant. Only 2 people applied. Only the staff person met the minimum qualifications.
2.	UFA III PCN 08-6026	Recently filled by staff applicant. Only 3 people applied. Only the staff person met the minimum qualifications.
3.	UFA III PCN 08-6042	**Vacant.** The position posting opened 12/11 and closes 1/14. We have no applicants yet.
4.	UFA II PCN 08-6030	**Vacant.** Posting to occur as soon as the other two positions are filled, in order to be able to adequately train new hires.
5.	UFA I PCN 08-6007	**Vacant.** The position posting closed 12/14 and applicants are under review.

B. UNIQUE EXPERTISE REQUIRED TO MEET THE RCA MISSION.

To be effective, Utility Financial Analysts must acquire the following additional knowledge.

The Finance section is primarily responsible for advising on the proper rates for regulated utilities and pipelines. This requires the ability to conduct audits, read and understand financial filings, and apply rate making principles. The Finance section advises on the determination revenue requirements and rates of return, reviews and advises on Cost Allocation Manuals to ensure utilities do not subsidize their unregulated businesses with rate payer monies, reviews Cost of Service Studies, audits Annual Reports and other financial statements, and in all respects works with the financial aspects of utility and pipeline operations. The Finance section has also traditionally been utilized in collecting and analyzing financial information across industry sectors for purposes of policy decision-making, as well as assisting the Commission in budgetary issues and determination of RCCs (the agency's primary, and virtually sole, funding source for operations).

- Uniform System of Accounts for Public Utilities
- Uniform System of Accounts for Pipelines
- Depreciation studies– evaluation of the expected useful life of utility facilities, taking into consideration statistical theory and methodologies as applied to depreciable plant, survivor curves, the nature of the plant in service, potential for technological obsolescence, and other factors.
- Audit and Analysis of Financial Fitness - auditing and analysis of financial data from regulated companies for the purpose of advising on financial fitness and ratemaking aspects of public utility and common carrier pipeline cases. Duties are accomplished by applying audit techniques to regulated companies' balance sheets, income statements, statements of cash flow, property records, accounting entries and source documents, and loan and other financing documents. Audit techniques employed include calculation of ratios, comparisons, analysis of market and industry trends, re-computation of company figures, company site visits, inspection of source documents, calculation of adjustments, interviews of company personnel, preparation of supporting schedules, and written analysis of test work performed.
- Applications for Certification- review of financial data and analysis in various types of studies filed by regulated companies in support of applications for certification and rate proposals, to verify compliance with statutes, regulations, and consistency with generally accepted practices in the specialized field of ratemaking for regulated utilities and pipelines. The various types of studies filed by regulated companies include revenue requirement studies, customer class-cost allocation studies, rate design studies, utility property depreciation studies, cost of equity studies, and capital projects and equity management plans.

- Bodies of Law- specialized knowledge on an extensive body of law covering the economic regulation of public utility and common carrier pipeline services. This includes:
    - Interstate Commerce Act of 1887 – 49 USC
    - Natural Gas Act of 1938 – 15 USC
    - Public Utilities Regulatory Policies Act of 1978 – 16 USC
    - Energy Policies Act of 2005
    - Alaska Public Utilities Regulatory Act – AS 42.05
    - Pipeline Act – AS 42.06
    - Rural and Statewide Energy Programs – AS 42.45
    - Case Law developed over the years in both Federal and State Courts, including
        - Munn v. Illinois, 1877
        - Smyth v. Ames, 1898
        - Bluefield Water Works & Improvement Co. v. West Va. PSC, 1923
        - A.J. Industries, Inc. v. APUC, Alaska 1970
        - Jager v. State, 537 P.2d 1100, Alaska 1975
        - APUC v. Greater Anchorage Area Borough, Alaska 1975
    - Uniform Systems of Accounts prescribed by the:
        - Federal Energy Regulatory Commission
            - Electric Utilities 18 CFR 101
            - Natural Gas Utilities 18 CFR 201
            - Oil Pipelines 18 CFR 352
        - U.S. Department of Agriculture's Rural Utility Service
            - Electric Cooperatives 7 CFR 1767
            - Telephone Cooperatives 7 CFR 1770
        - Federal Communications Commission
            - Telephone Utilities 47 CFR 32
    - Jurisdictional Separations Procedures For Telecommunications Companies 47 CFR 36
    - Allocation Of Costs Rules Relating To Telecommunication Common Carriers 47 CFR 64
    - Specialized Pronouncements by the Financial Accounting Standards Board
        - Stmt. No. 71: Accounting for the Effects for Certain Types of Regulation
        - Stmt. No. 90: Regulated Enterprises – Accounting for Abandonments and Disallowances of Plant Costs
        - Stmt. No. 92: Regulated Enterprises – Accounting for Phase-In Plants
        - Stmt. No. 101: Regulated Enterprises – Accounting for the Discontinuation of Application of FASB Statement No. 71
- Cost Allocation Manuals (how should costs be allocated between a company's regulated and nonregulated activities)- reviews Cost Allocation manuals to ensure that the filing conforms with Commission regulations and the National Association of Regulatory as Commissioners Guidelines for Cost Allocations and Affiliate Transactions.
- Cost of Service Studies- Review of costs utilized in the study, ensuring that the filing reflects the most recent approved costs approved by the Commission; review of the

methodology used to ensure that the methodology is consistent with the cost- of-service regulations; review of the filing to ensure that it reflects the general framework developed in the National Association of Regulatory Commissioners' Electric Utility Cost Allocation Manual.

- Revenue Requirements and other rate determinations (what is the particular rate of return a utility should have to make it sustainable or profitable, and yet also have reasonable rates for its customers)- the financial health and stability of utility and pipeline service providers, valuation of assets dedicated to public service, appropriateness of depreciation rates applied to such assets, optimal capital structure of utility and pipeline service providers, adequate rate of return on equity authorized for service providers, allowances for state and federal income taxes, determinations as to whether expenses incurred or investments made by utility and pipeline service providers were necessary to provide the service, prudence of expenses incurred and investments made, appropriateness of service providers' earning distribution practices, and fairness of allocations of service costs among classes of ratepayers.
- Annual Reports covering all forms of ownership (cooperatives, corporations, LLCs, municipalities, native village utilities, native corporations)- examine and analyze the financial data of sole proprietorships, municipally-owned enterprises, partnerships, ratepayer-owned cooperatives, limited liability companies, and corporations that have accounting systems with wide ranges of complexity containing layers of financial data that is often hidden, obscure, or ambiguous, and must be scrutinized using professional judgment.[1] To be successful, UFAs must develop an overall knowledge of the industries to locate, research, and analyze relevant public utility and common carrier pipeline information and understand the information contained in the filings. This is particularly critical in order to detect non-service related costs of affiliates that may be included in the regulated companies' rate proposals.
- Annual Reports covering all forms of ownership (cooperatives, corporations, LLCs, municipalities, native village utilities, native corporations)
- SEC filings
- Power Cost Equalization for non regulated electric utilities (see Power Cost Equalization, discussed under Tariffs, below)
- Calculate Regulatory Cost Charges for regulated utilities. The calculations set the RCC rate for utilities each year. The funds collected under the RCC calculation are essentially the only funding source for the RCA.

C. RECRUITMENT.

The Finance section has lost 3 of its 5 financial analysts in the past 2 years, 2 of them leaving in the first quarter of FY 2008 (July, August 2007) – including the section supervisor. The two recent departures – the senior analyst and the supervisor, jumped over to Revenue, moving from ranges 21 and 23, respectively, to range 24. As you will see below, the turnover has been an ongoing issue for some time, but has now become a true crisis.

[1] Frequently, regulated utilities and pipelines are owned by (or have subsidiaries) that are engaged in non-regulated activities and that receive and/or provide services to the regulated utility/pipeline.

Since fiscal year 1995, the five UFA positions within the RCA (and the former APUC) have been held by 18 different employees. In that same period, eight different employees have held the entry level position (UFA I), and five different employees have held the supervisory position (UFA IV) (Table attached). These positions, whether at the entry level or the full professional level, have also been difficult to fill.

Entry Level

The RCA is actively recruiting for its UFA I position – the entry level position, which has been vacant since the summer of 2006. In the third attempt, the position was posted for 30 days. We had 11 applications. One withdrew, eight did not meet the minimum qualifications, one failed to show for the scheduled interview. We interviewed the remaining candidate, but it turned out he also did not meet the minimum qualifications.

The most recent recruitment is the fourth attempt. The posting was open for 30 days and advertised in the Anchorage Daily News, posted at Monster.com, and posted with the National Association of Regulatory Utility Commissioners. The posting closed December 14. We are in the process of reviewing applications and scheduling interviews. We have not enjoyed the difficulty of sorting through well-qualified or overqualified applicants. Instead, we end up culling candidates who should not have applied.

Advanced Level

For the professional level positions, recruitment has been equally difficult. When the Department of Revenue offered attractive salaries for its vacant PPT positions and our engineers received a salary increase by virtue of being in the right "family" as a matter of job classification, our senior financial analyst staff began working with us in early 2007 to find some way to increase the salaries of our equivalent positions. Our efforts to address this during the last legislative session received some attention, which culminated in the formation of the Task Force. We also worked with Personnel and the Governor's office over the spring and summer.

We looked at reclassing one of our UFA III positions to a II\III position, so we could potentially attract applicants looking for clear advancement possibilities. We cannot do this, however, due to the personnel rules governing flex positions.

We then researched whether our positions should be moved into a different family or completely rewritten. In August of 2005, the Division of Personnel completed a study of the Revenue Auditor series which consists largely of employees within the Department of Revenue. Among other things, that study resulted in the creation of two new auditor classes: Oil and Gas Revenue Auditor (OGRA) and Corporate Income Tax Auditor (CITA).

Although created for different purposes, OGRAs, CITAs, and UFAs perform virtually the same function, which is to audit financial accounting records of large and complex business entities. OGRAs and CITAs perform their audit function to identify tax and royalty liabilities that ultimately generate revenue for the state. UFAs perform their audit function to determine the total revenues that regulated utilities and pipelines are allowed to collect through rates

from utility and pipeline service users in the state. OGRAs, CITAs, and UFAs apply statutes, regulations, case law, and specialized accounting and industry knowledge in the performance of their duties. But then on top of this, our UFAs analyze and recommend to the Commission whether the utility should or should not be allowed to change its rates for customer services, and at what specified percentages.

OGRAs and CITAs were initially assigned salary ranges 16 through 22 based in part on the extensive similarities between the work performed by personnel in these new auditor classes and the work performed by UFAs. In July of 2006, the OGRAs and CITAs salaries were increased to ranges 18 through 24 as a result of a market based study. Such studies are performed to address difficulties in personnel recruitment and retention. However, the market based study was performed on classes within the "*Revenue and Audit*" family (PC05). Because UFAs are not part of the "*Revenue and Audit*" family, they did not receive a market based salary increase, even though they were used as a benchmark when establishing the original salary ranges for the OGRAs and CITAs classes less than a year before. A more detailed analysis and comparison is available upon request.

We looked at the possibility of a class study. Although we put together some relevant comparisons and memorandum for purposes of justifying the class study, worked with all the necessary parties, and received a high degree of interest and assistance, the effort has borne no readily ripe fruit. Getting a class study done takes a significant amount of time and takes place only after other pending class studies are completed or is prioritized over other worthy, pending class studies. It may be some time before the effort can end in anything approaching a salary increase. Our understanding is that current personnel rules and policies that apply do not make change in this area an imminent possibility. We are also under the impression that the outcome of a class study would, at best, result in only a one step increase.

An example of this likely outcome, and of recruitment problems generally, is the Department of Law's UFA III positions.[2] One position was vacant for an 18 month period that concluded in February of 2005. Shortly after that, in the summer of 2005, the Department of Law lost its most experienced UFA (Range 21) to a higher paying employer (a local pipeline company) and as of today, that position remains vacant. In the spring of 2007, the Department of Law reclassed these positions to new positions called Public Advocate Utility Analysts I and II, which are now ranges 22 and 24, respectively, moving up one step each. The vacancy has been posted for a long time as a PAUA I at the new Range 22. It is currently open (03-LAW08). Law's inability to fill this position at Range 22 is a clear sign of how we will fair offering essentially the same position for less money.

The Department of Revenue has also experienced recruitment problems for very similar positions at an even higher range. The senior positions Revenue just filled to help with PPT were filled with our employees; as mentioned above, both the supervisor and the most senior staff person in the RCA's Finance Section have taken advantage of the pay disparity and jumped to the Department of Revenue to work on PPT.

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[2] The Department of Law's Regulatory Affairs and Public Advocacy section (RAPA) had the only two Utility Financial Analyst positions outside the RCA. These positions are now called PAUAs.

After coming to the obvious conclusion that no change to the salary structure was imminent, we posted the advanced level UFA positions this fall. The postings for the UFA IV and UFA III positions, which were open for 30 days and advertised with the National Association of Regulatory Utility Commissioners (NARUC), Monster.com, Anchorage Daily News, and with Workplace Alaska, yielded just 2 and 3 applicants, respectively. Of those applicants, only the two current RCA staff members who applied met the Minimum Qualifications. Again, we would appreciate being able to pick from a pool of qualified candidates, but did not have that option.

IV. UTILITY ENGINEERING ANALYST POSITIONS.

The Engineering section of the RCA is the primary section responsible for advising the Commission on new and amending public utility and pipeline applications and whether the public utilities and pipelines are technically and managerially fit to provide services. As of early 2005, the Engineering section consisted of 5 FTE. It was reduced to 3 positions in the spring of 2005.

A. STAFFING.

The current staffing is as follows:

1.	UEA V. PCN 08-6022	This supervisory position was filled by one of two staff applicants last year. There were no other applicants.
2.	UEA IV. PCN 08-6081	Vacant as of October 16. The second posting closes January 7. There were no applicants in the first posting.
3.	UEA II\III. PCN 08-6069	Vacant. This position was recently reclassed down from a IV and made into a flex position. The second posting closes January 7. There were no applicants in the first posting.

B. UNIQUE EXPERTISE REQUIRED TO MEET THE RCA MISSION.

To be effective, Utility Engineering Analysts must acquire the following additional knowledge.

The RCA Engineering Section fulfills two basic functions for the Commission: providing general analysis in Commission proceedings, and providing technical expertise within our core disciplines. These core disciplines are defined as: Electric, Natural Gas, Oil Pipeline, Refuse, Hydroelectric, Water, Wastewater, and Steam utility operation.

RCA Engineers must possess expertise in multiple utility disciplines, having a familiarity with not only their technical operation, but also the finances and management of the utility. RCA Engineers are often involved in statewide discipline-specific meetings and are called upon to provide a regulatory perspective on major issues.

RCA Engineers are called upon to provide leadership on unprecedented regulatory initiatives, such as creating small hydropower regulations in order to allow FERC to delegate approval authority to Alaska, and the development of regulatory schemes for uniquely situated small Alaskan utilities. These initiatives often involve close working relationships with other state and federal agencies, such as the Environmental Protection Agency, Federal Energy Regulatory Commission, US Department of Agriculture Rural Development, Denali Commission, Alaska Native Tribal Health Consortium, Alaska Department of Environmental Conservation, and Alaska Energy Authority.

- Depreciation Studies- evaluation of the expected useful life of utility facilities, taking into consideration statistical theory and methodologies as applied to depreciable plant, survivor curves, the nature of the plant in service, potential for technological obsolescence, and other factors.
- Federal codes and regulations – federal laws and regulations governing state and interstate utilities services and rates such as:
    - the Federal Energy Regulatory Commission Statutes and Regulations regarding Qualifying Facilities, the Public Utilities Regulatory Policy Act (PURPA), Best Management Practices for pipeline construction, and the Federal Power Act;
    - the United States Department of Transportation / Office of Pipe Line Safety Statutes and Regulations regarding pipeline classification, maintenance, and inspection requirements;
    - the Environmental Protection Agency Statutes and Regulations regarding the development of capacity (managerial, financial, and technical) and long term sustainability for water and wastewater utilities).
- Utility facilities and technologies such as the design, construction and maintenance of: electric interties, generation and transmission projects, water and wastewater treatment technology, hydropower projects, oil and gas pipelines, gas distribution systems, and steam/heating systems. Engineers must also understand the impacts of technological advances such as smart metering, remote monitoring equipment, security technologies, and refuse cycle times, handling methods, and disposal methods.
- Market Policies – including effects on revenue streams and obligations of the carrier of last resort; methods to promote fair competition for all utilities and hydropower project licenses; evaluation of response to market, utility, and hydropower project license failure; evaluation of effects of competition on both commercial and residential customers for all utilities and hydropower project licenses, understanding of the operation practices of all utilities and hydropower project license; wholesale power contracts which includes a familiarity with existing contracts (both firm and non-firm), the ability to analyze a proposed contract and determine its effect on existing customers and whether the rates and terms proposed are reasonable and non-discriminatory.
- Consumer Issues – including, evaluation of rate affordability in urban and rural markets, quality of service standards and review, fair billing practices, fair and proper management and operational practices of both urban and rural utilities; knowledge of key indicators of utility sustainability; evaluation of competition to determine when

regulation may be reduced; award of eligibility for federal subsidies; environmental conditions, economic and socio-economic conditions, fish and other aquatic resources, water resource, wildlife and botanical resources, subsistence/recreational/visual/cultural/historical resources, mitigation, enhancements, and impacts of hydropower license projects.

- Engineering principals - understanding of USGS mapping techniques including range, township, aliquot plots, and surveying techniques; understanding and ability to utilize aspects of chemistry, economic, accounting, biological sciences, and public health sciences; working knowledge of engineering standards and codes; technical writing skills; experience in presenting information to diverse groups; and understanding and knowledge of arctic engineering.

C. RECRUITMENT.

The Engineering section has lost 4 of its 5 engineers in the past 2 and a half years. The staff has consisted of only 2 engineers since the summer of 2005. We have on at least one occasion required mandatory overtime of these staffers, lasting for a period of over a month. Duties normally assigned to this section have in the recent past been shuffled to other staff. We have made every effort to not unnecessarily increase staffing. However, we most definitely have confirmed, based on this effort, that we need 3 FTE.

Just as we began the process to hire a 3rd engineer, one of our engineers jumped over to the Joint Pipeline Office in October. The remaining staffer has voluntarily modified his work hours from 80 to 90% FTE, but would most definitely leave if required to go to 100%.

Entry Level

The RCA is actively recruiting for its UEA I\III position – the entry level position, to bring its staffing level back up to 3 engineers. The Engineering section has not had 3 engineers since the summer of 2005. The current recruitment is the second attempt since November 15, 2007. The first posting was open for 15 days and advertised in the Anchorage Daily News, Monster.com, and posted with the National Association of Regulatory Utility Commissioners. There were no applicants. The current posting closes January 7 and also is in the Anchorage Daily News, Monster.com, and posted with the National Association of Regulatory Utility Commissioners. We have two applicants so far. We have not yet reviewed them to see if they meet the minimum qualifications.

Advanced Level

For the professional level position, recruitment has been equally difficult. The current recruitment is the second attempt since November 15, 2007. The first posting was open for 15 days and advertised in the Anchorage Daily News, Monster.com, and posted with the NARUC. There were no applicants. The current posting closes January 7 and also is in the Anchorage Daily News, Monster.com, and posted with NARUC. We have no applicants so far.

V. UTILITY TARIFF ANALYST POSITIONS.

The Tariff section of the RCA is the primary section responsible for advising the Commission on new and amending public utility and pipeline tariffs (the published rules and rates of each utility or pipeline) and whether the public utilities and pipelines are operating in compliance with their approved tariffs.

A. STAFFING.

The current staffing is as follows:

1.	UTA III. PCN 08-6041	This Supervisory position was filled in March of 2006, after a 6 month recruitment effort.
2.	UTA II PCN 08-6004	This position has been vacant since June of 2007. In the first posting, there were 3 interviews and only one candidate was acceptable. The candidate declined to accept our offer.
3.	UTA II PCN 08-6064	This position has been filled as of August 2006 by the staffer from the UTA I position.
4.	UTA I PCN 08-6037	This position was filled as of June 1, 2007, after two rounds of recruitment efforts.

B. UNIQUE EXPERTISE REQUIRED TO MEET THE RCA MISSION.

To be effective, Utility Tariff Analysts must acquire the following additional knowledge.

The Tariff section maintains all the current tariffs for each utility and pipeline. In order to do so, the Tariff section closely monitors all rule and rates changes proposed or directly implemented by utilities and pipelines, including special contracts these entities might enter into with specific customers, including complex arrangements with other utilities or pipelines. The Tariff section creates and publishes public notices about rule and rates changes. In order to do so, the section analyzes every proposed change in order to fully and accurately inform all customers of the changes and ensure both compliance with law and commission decisions, as well as promote some consistency in the rules used within and across utility types.

- Maintain each utility's and pipeline's tariffs and special contracts in accordance with AS 42.05.361 and Article 2 of the Alaska Administrative Code. Currently, the tariff section maintains 178 tariffs electronically and in hard copy. The tariff section is responsible for monitoring the tariff revision process and ensuring that all tariff information is accurate and all tariff records are retrievable.
- Administratively process all utility and pipeline tariff filings and prepare the staff recommendations on tariff filings relating to Cost of Power Adjustments (COPA), non-recurring charges, service connections, language revisions, and some special

contracts. In Fiscal Year 2007, 618 tariff filings were filed with the agency; the review and analysis of 395 of the filings were completed by the tariff staff.

- Review all tariff filings for compliance with form and filing requirements as set out in 3AAC 48.200 – 3AAC 48.275.
- Prepare public notices and mailing lists for utility and pipeline tariff filings. The tariff section issued 106 public notices in FY 2007.
- Power Cost Equalization – In conjunction with the appropriations set by the Legislature and distributed by the Alaska Energy Authority, the tariff section calculates the PCE rates for regulated electric utilities. During each fiscal year, the Commission adjusts the power costs for which power cost equalization may be paid to an electric utility based on the weighted average retail residential rate in Anchorage, Fairbanks, and Juneau. However, the Commission cannot adjust the power costs below the 12¢/kWh base amount established by statute. The tariff section initiates and prepares the calculation of the base rate change. If an adjustment to the base rate is needed the tariff staff is responsible for the initiation of the docket proceeding and serves as the primary Staff on the docket.
- Adjustment Clauses- 6 AAC Sec.500 provides for adjustment clauses. Adjustment clauses are a mechanism designed to recover changes in gas, fuel, and purchased power expenses; adjustment clauses include Cost of Power Adjustments (COPA) and Gas Cost Adjustment (GCA) clauses. The majority of the adjustment clauses are filed as quarterly tariff filings. The tariff section reviews and makes recommendations on all electric and some gas cost adjustments. In FY 2007, the tariff section processed 87 adjustment clause filings.
- Initiate and process annual Regulatory Cost Charge tariff revisions.
- Accountable for the administrative responsibilities for the conduct of 24 tariff action meetings.
- Prepare analysis and recommendations on tariff filings to determine the fair rules and practices for all classes of customers (residential, commercial, and industrial), including such things as new service connections, termination of service rules, and late fees.
- Respond to tariff inquiries from the public, utilities, outside agencies, and other RCA sections.
- Draft and issue Commission By Direction letter orders and pursuant to Commission Order letters to return validated tariff sheets to the utility or pipeline. By direction letter orders are the official statement of the Commission regarding action on a tariff filing. Pursuant to commission order letters return tariff sheets or special contracts that were approved in a docket proceeding.

C. RECRUITMENT.

The current UTA II vacancy has been posted twice since June of 2007. In the first round, there were 3 interviews and only one candidate was acceptable. The candidate declined to accept our offer. We are ready to post again and will adjust our advertising efforts depending on whether our other postings in the Anchorage Daily News, with NARUC, and at Monster.com generate any interest.

Utility Financial Analyst positions – vacancy history

Position	UFA IV	UFA III	UFA III	UFA II	UFA I
FY					
1995*	Franco	Nation**	Martin	Schroder	O'Hara
1996*	Nation**	O'Hara	Martin	Schroder	VACANT
1997*	Nation**	O'Hara	Martin	Schroder	Bishop
1998*	Johnston**	Nation**	Vittone	Day**	Goodloe
1999*	Day**	Nation**	Vittone	Fairchild**	Melendez
2000*	Day**	Smith**	Fairchild**	Melendez	Irons
2001*	Day**	Smith**	Fairchild**	Melendez	Irons-Herrera
2002	Day**	Smith**	Melendez**	Clark	Irons-Herrera
2003	Day**	Smith**	Melendez**	Clark	Russell**
2004	Melendez**	Smith**	Clark	Russell**	Wethington
2005	Melendez**	Smith**	Clark	Russell**	Vogler
2006	Melendez**	Smith**	Clark	Vogler	VACANT
2007	VACANT	VACANT	Clark#	Vogler##	VACANT

*Source: APUC and RCA Annual Reports to the Alaska State Legislature
** Certified Public Accountant (CPA)
Acting Supervisor since August
Acting UFA III since July

PRESENTATION

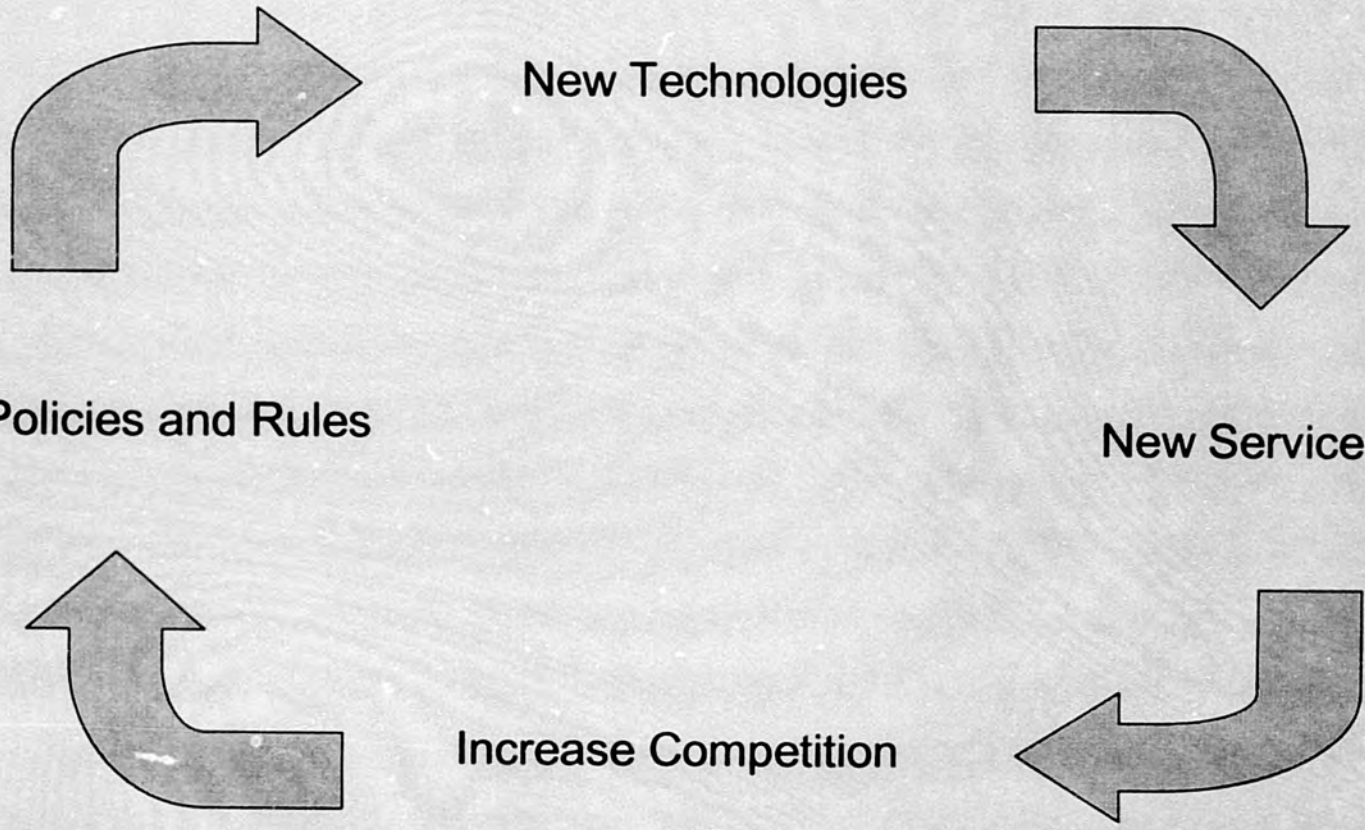
Common Carrier Section

12/17/2007

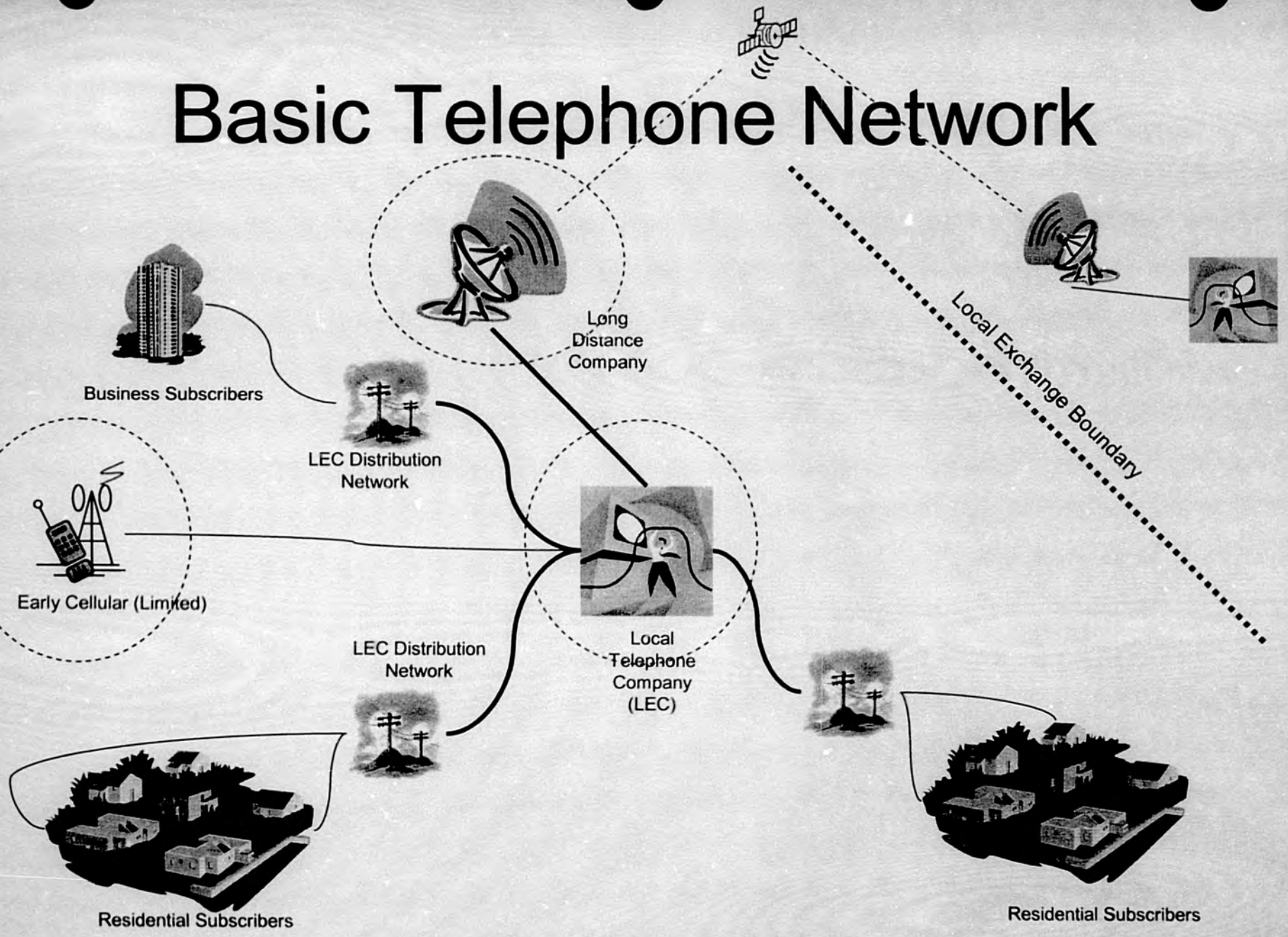
Numerous & Diverse Entities

- Administrative Entities
  - Alaska Exchange Carriers Association
  - Alaska Universal Service Fund Administrator
  - Telecommunications Relay Services Provider
- Broadband Internet Grant Applicants
- Cable Television Providers
  - Rate regulated: 1 Not Rate Regulated: 42
- Interexchange carriers
  - Certificated nondominant: 50+ Registered: 26
  - Certificated carrier of last resort: 1
- Local Exchange
  - Exempt: 6
  - Incumbent, rate regulated, monopoly: 11
  - Incumbent, rate regulated, dominant, competitive market: 2
  - Incumbent, rate regulated, nondominant, competitive market: 4
  - Competitor: 13
- Private Pay Telephone Providers – 56
- Wireless Eligible Telecommunications Carriers - 10+

Dynamics Driving Telecom Regulation



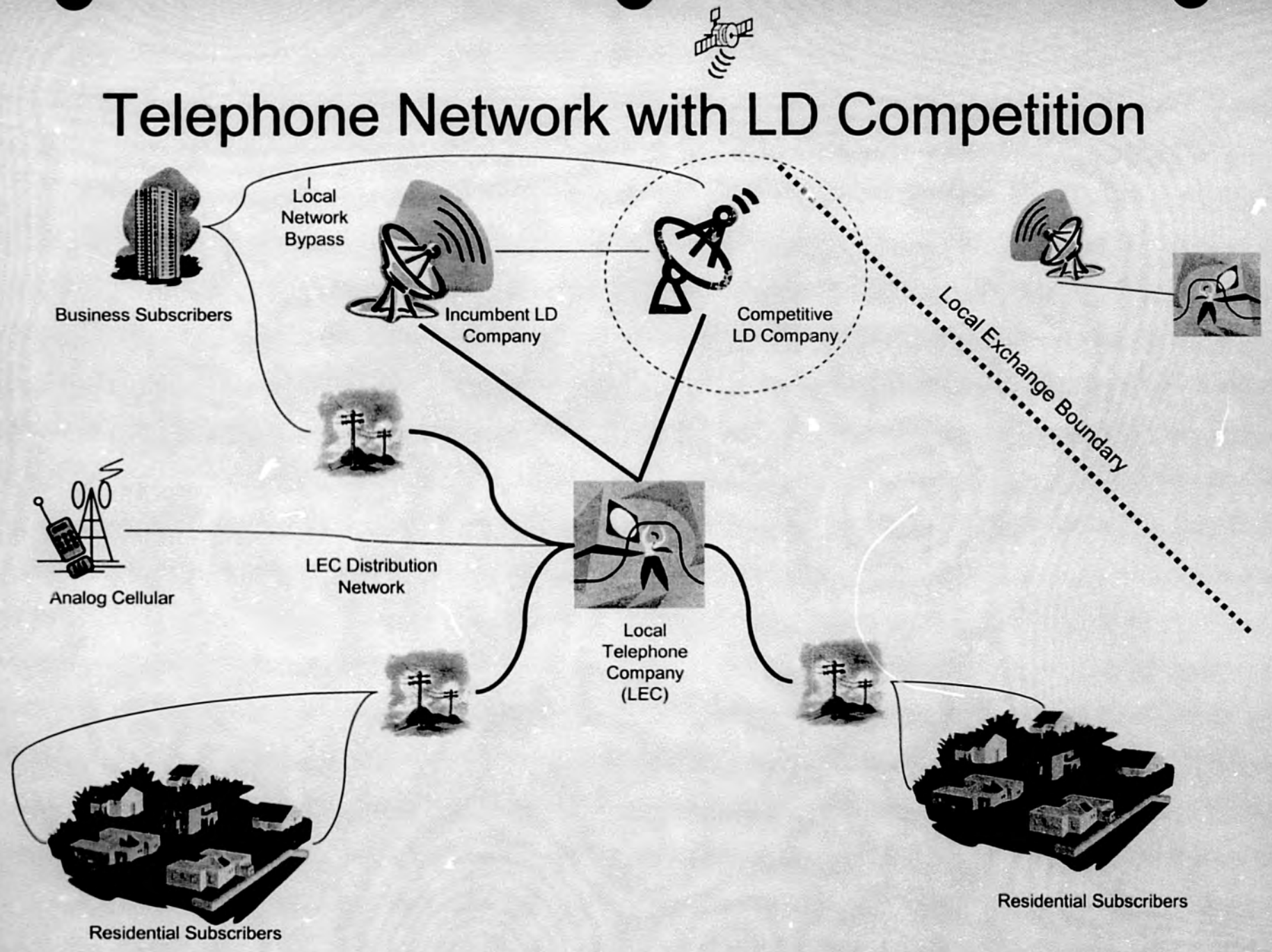
Basic Telephone Network



Issues Associated with Basic Telephone Network (mid to late 1980's)

- Rates
- Service Quality
- Certification of Monopolies

Telephone Network with LD Competition



Issues Associated with LD Competition (1990 – Present)

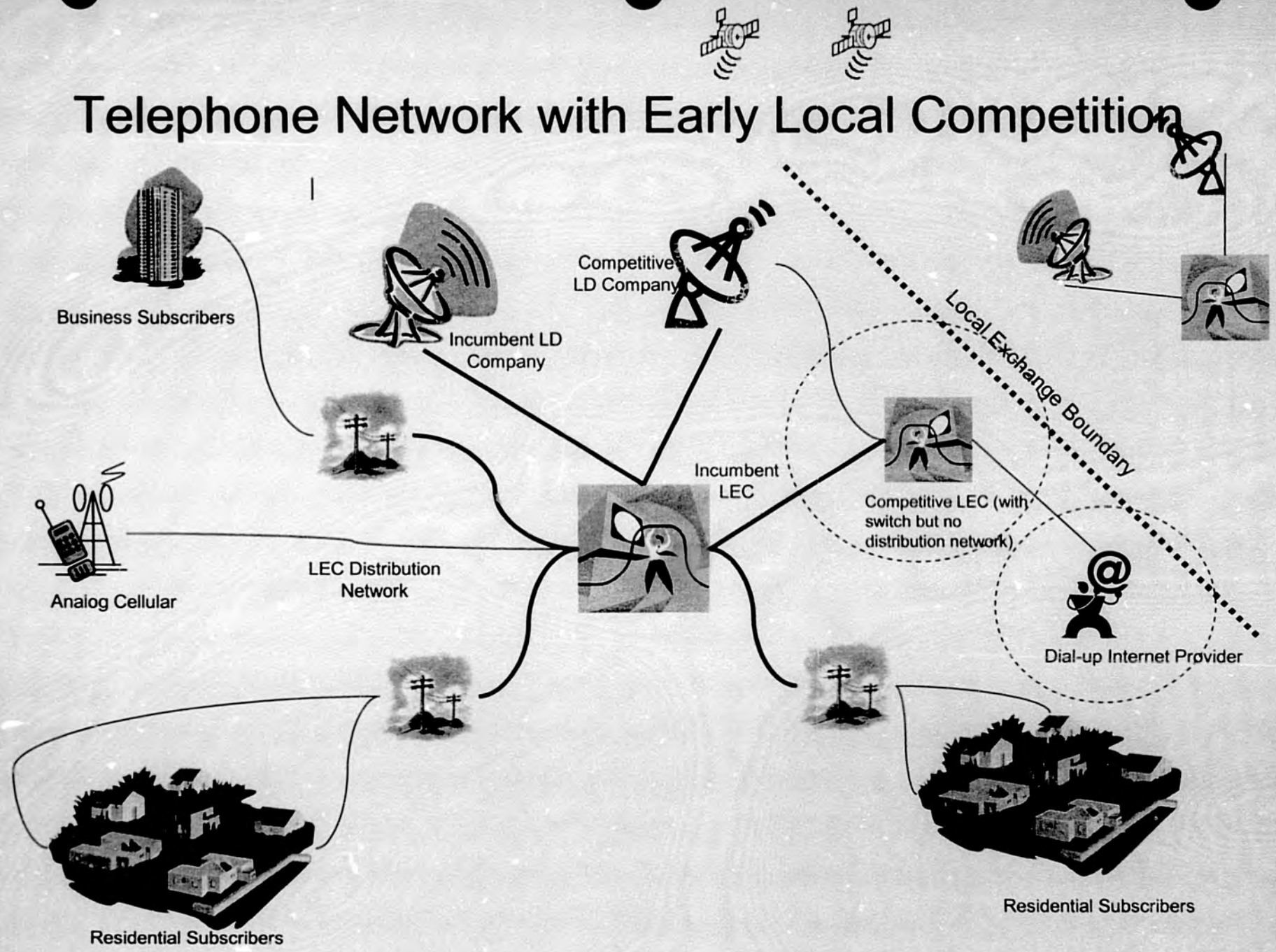
Exisiting

- Rates
- Service Quality
- Certification of Monopolies

New

- Long Distance Competition
  - Market rules & Competitive Neutrality
  - Interconnection & Access Charges
  - Network Bypass & Technology Issues
  - Universal Service
  - Competitor Certification & Regulation
  - Equal Access
  - New & evolving services

Telephone Network with Early Local Competition



Issues Associated with LEC Competition (1996 – Present)

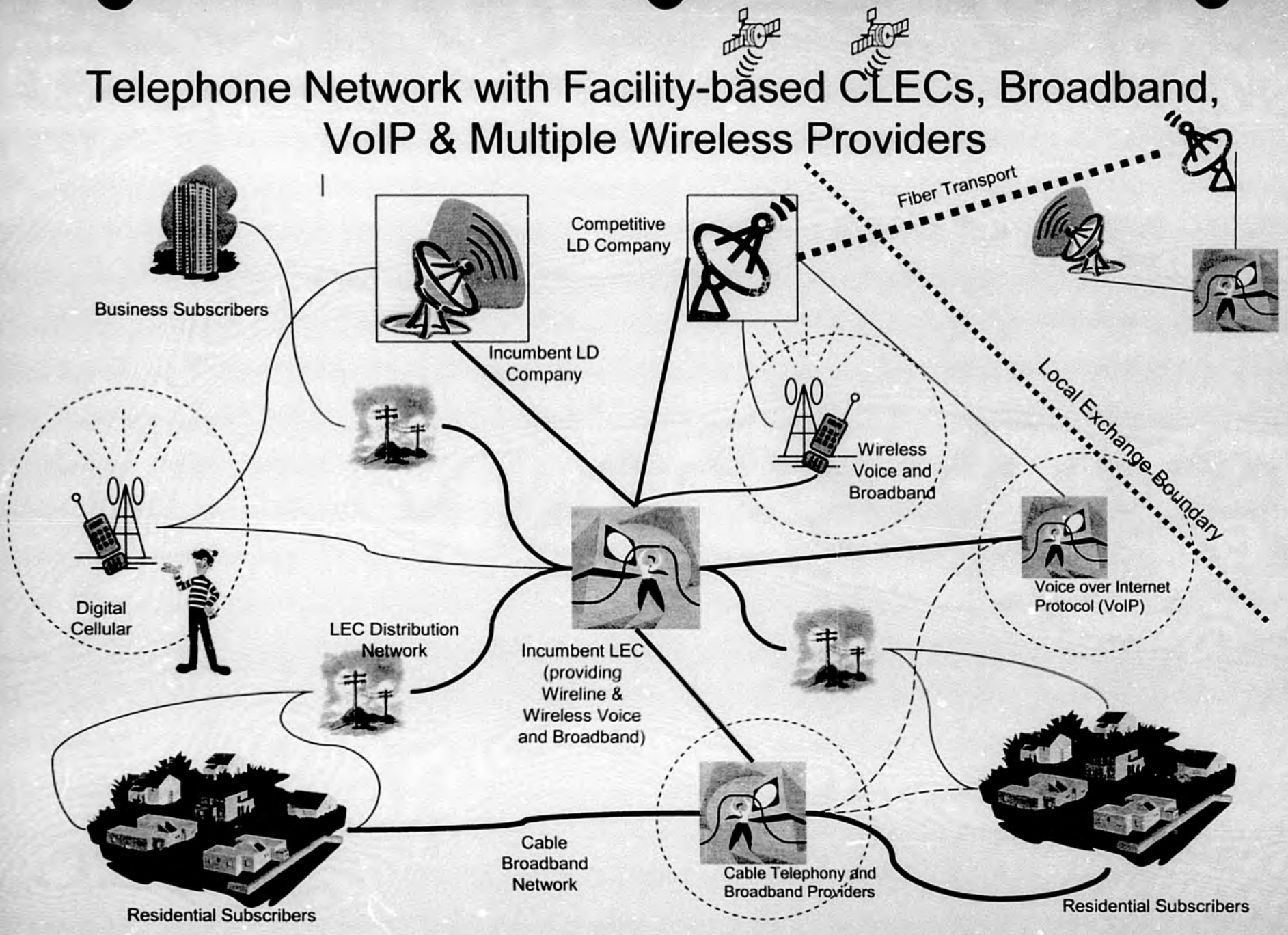
Existing

- Rates
- Quality of Service
- Certification of Monopolies
- Long Distance Competition

New

- Local Competition
  - New law – Telecom Act of 1996
  - Market rules & Competitive Neutrality
  - Arbitration and Review of Interconnection Agreements between carriers
  - Rural Exemptions
  - Competitor Certification & Regulation
- Bundling
- Universal Service Rules
  - Eligible for federal and state Universal Service Funds
  - Annual Review of USF Funds
  - New Schools, Libraries, and Rural Health Care funds
  - Broadband Internet Grant

Telephone Network with Facility-based CLECs, Broadband, VoIP & Multiple Wireless Providers



New Broadband Era Issues (2000 to Present)

Existing

- Rates
- Quality of Service
- Certification of Monopolies
- Long Distance Competition
- Local Competition
- Universal Service Rules

New Issues

- Internet & Internet telephony
- Advanced Network & Broadband
- Broadband Internet Grant Program
- Wireless
- Federal Reforms

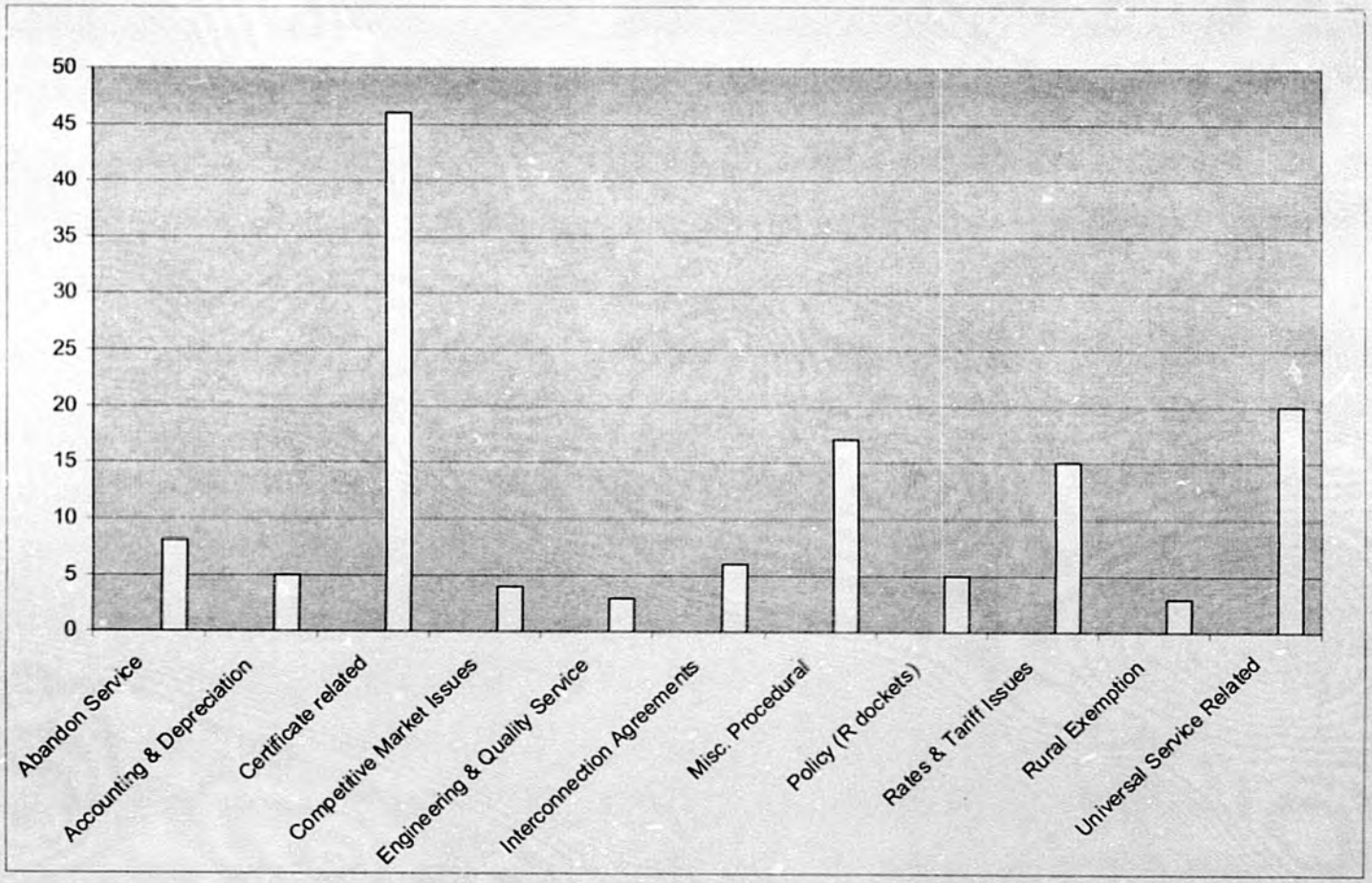
High Volume of Work - 2006

- Regulations Dockets - 5
- Adjudicatory Dockets - 93
- Registration Dockets - 36
- Federal Dockets - 2
- Tariff Filings - 98

TOTAL 234

About 1 new case every business day

Types of Dockets - 2006



Scope of Knowledge

- Telecom Policy
- Rate development
- Financial impacts
- Engineering & Technologies
- Universal Service
- State requirements
- Federal requirements

Example of Complexity:

R-05-007 – Affordability Issues:

- Policy issues
  - Effect of local telephone rates on subscribership
  - Factors that affect affordability
  - Review of need for additional state subsidy
  - Reliance on Lifeline programs to ensure affordability
- Accounting & rate issues
  - Treatment of federal subsidies
  - Ability to maintain local rate averaging in competitive markets

Examples of Complexity

U-06-109: First Point of Switching in Cooper Landing, Alaska.

- Network engineering issues:
  - Location of AT&T Alascom & Interior Telephone Co. interconnection
  - Nature of equipment to be installed
  - Call routing
  - Quality of service and dependability under the options proposed
  - Ability to meet service obligation
  - Stranding of existing facilities
- Accounting & rate issues:
  - Validity and reasonableness of project cost estimates
  - Effect on local customer rates
  - Effect on long distance access rates
  - Effect on local interconnection rates
  - Jurisdictional allocations and consequences to rates
- Effects on markets
  - Local competition
  - Long distance competition
- Policy
  - Governing laws
  - Standard of review/ past precedents

Examples of Complexity

Docket U-05-046 Matanuska Telephone Association; suspension and modification of duties under the Telecom Act

- Financial Impacts
  - Economic burden of providing interconnection services
  - Financial models
- Effects on Markets
  - Competitor's need for interconnection
  - Impact on incumbent of providing interconnection
- Policy
  - Application of federal law, requirements

Regulatory Commission of Alaska
Engineering Section

Overview

- The Engineering Section consists of three Engineers
  - Section Supervisor (UEA V) – James Keen
  - Utility Engineering Analyst IV – VACANT
  - Utility Engineering Analyst II/III - VACANT
- Historically comprised of Mechanical, Civil, and/or Electrical Engineers with Industry Experience

Numerous & Diverse Entities



- Oil Transmission Companies
  - 19 Certificated
- Electric Utilities
  - Rate regulated: 32 Not Rate Regulated: 92
- Water & Wastewater Utilities
  - Rate regulated: 14 Not Rate Regulated: 169
- Natural Gas Utilities/Pipelines
  - Rate regulated: 5 Not Rate Regulated: 4
- Refuse Utilities
  - Rate regulated: 6 Not Rate Regulated: 42
- Steam
  - Rate regulated: 0 Not Rate Regulated: 1

Work Volumes

July 1, 2006 – June 31, 2007

- Dockets open at Start of Year: 17
- Dockets opened during year: 46
- Dockets closed during year: 30
- Dockets open at end of year: 33

Not including Provisional Certificate Proceedings



What We Do…

- Provide Analysis of Certification Applications, including
  - Technical competence
  - Public Interest
  - Utility Interaction
  - Multi-Agency Interface



What We Do…

- Take Lead on Investigatory Proceedings
  - Determining ongoing fitness
  - What is an acceptable level of service
  - What alternatives does a community have



What We Do…

- Analyze Special Contracts and Technical Tariff Revisions
  - What are the consequences:
    - to customers?
    - to other utilities?
    - to the community?



What We Do…

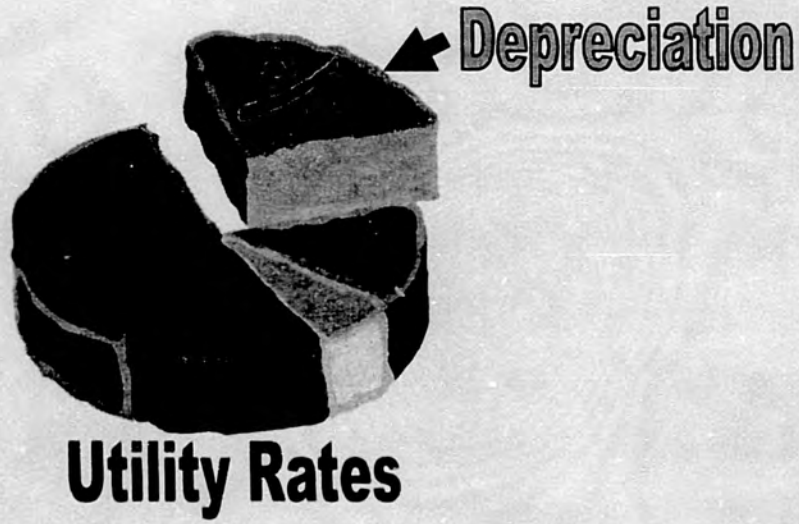
- Provide Expertise in Rulemaking Proceedings



  - Should the generation and transmission components of railbelt electric utilities be consolidated?
  - How should National Energy Policy be implemented in Alaska?
  - Development of hydroelectric licensing procedures to receive primacy from FERC

What We Do…

- Analyze Depreciation Studies
  - Amount of depreciation allowed has a significant affect on utility rates



Finance Section:

Finance Section- Overview

- Finance Section Staffing Consists of five analysts:
  - 1 Utility Financial Analyst (UFA) I- vacant.
  - 1 UFA II- vacant.
  - 2 UFA IIIs- 1 vacant, 1 filled.
  - 1 UFA IV- Section Chief- filled.
  - 5 total positions, **3 of which are *vacant***.
  - Have not had full staff since 2005.
  - Two analysts have 24% of open dockets.

Finance Section- Staffing

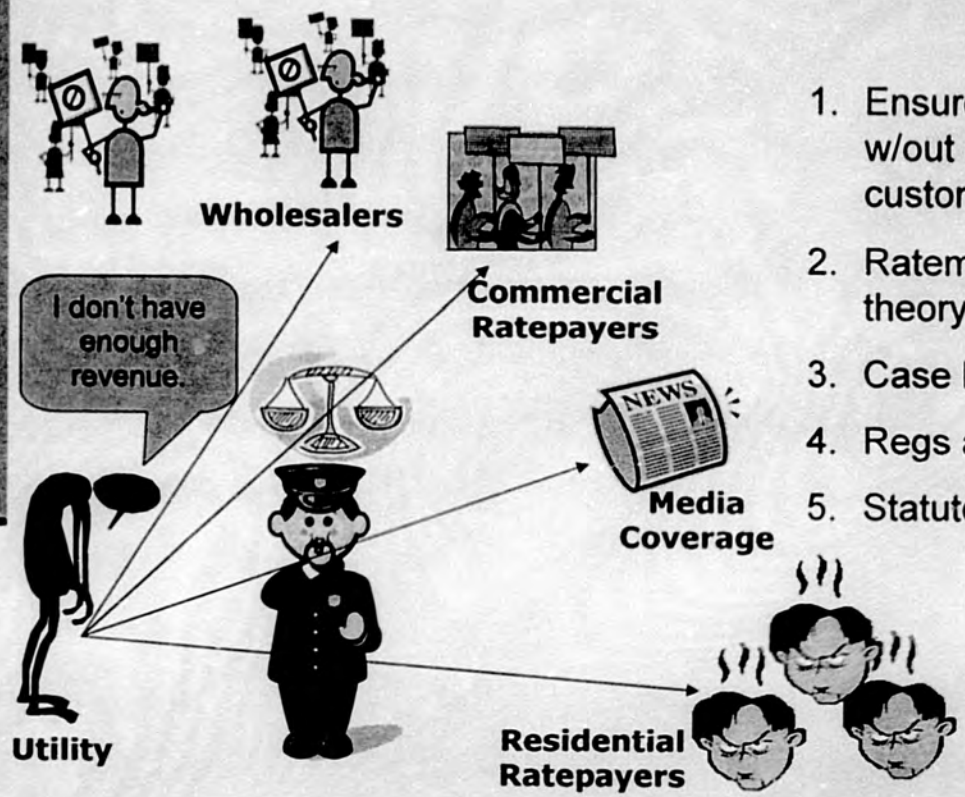
- Heavy specialization allows Staff to become experts.
- Expertise must be grown over time.
- Candidates rarely come with regulatory ratemaking experience.
- Analysts are usually lost to other regulatory bodies and utilities.

Finance Section- What We Do:

- Audit, Anal yze, Review and Advise:
  - *Revenue Requirement Studies*: How much revenue should a utility collect?
  - *Cost of Service Studies*: How should the revenue requirement be allocated among various classes of customers?
  - *Rate Design Studies:* How should the rates be collected from each class of customer?
  - *Cost Allocation Manuals*: How should costs be allocated between regulated and non-regulated activities?

NOTE: These audits are often performed in controversial, highly charged proceedings where significant amounts of money are at stake.

Cases are Complex



Constraints:

1. Ensure health of utility w/out overcharging the customers.
2. Ratemaking principles and theory.
3. Case law.
4. Regs and statutes.
5. Statutory deadlines.

Expertise Needed to be Successful:

- Audit and Analytical Skills.
- Knowledge of Case Law, Regulations, and Statutes.
- Ratemaking Theory.
- Ratemaking Methodologies.
- Asset Valuation.
- Weighted Average Cost of Capital.



Expertise Needed to be Successful: (Contd.)

- Depreciation Methods and Applications.
- Ability to Assess Financial Fitness.
- Writing Skills.
- Ability to Recreate Working Rate Models.
- Analyze and Troubleshoot Pre-filed Testimony.



Finance Work Volumes- Dockets FY07 (July 1, 2006- June 30, 2007)

- Tariff Filings Assigned: 41
- Dockets Assigned: 68
- PCE Filings Assigned: 205

Tariff Section Overview

- The tariff section is comprised of 4 tariff analysts and one administrative clerk
- The tariff section is responsible for maintaining regulated utility and pipeline tariffs and special contracts
- Fiscal Year 07 tariff section statistics:
  - 618 tariff filings were filed with the Commission
  - 395 of those filings were analyzed by tariff section staff
  - 106 public notices were issued by tariff section staff
  - 24 tariff actions meetings were held by the Commission

What is a Tariff?

- 3AAC 48.320 provides in part

…the effective tariff of the utility or pipeline carrier must set out the rates, charges, regulations, terms, and conditions applicable to the service.



Complex and Diverse

- Fast paced shorter time frames

  30/45/90 Days

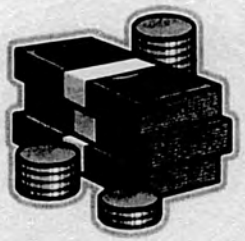


- All Utility Sectors



Tariff Section Knowledge and Skills

- Finance



- Engineering



- Telecommunications



- Legal

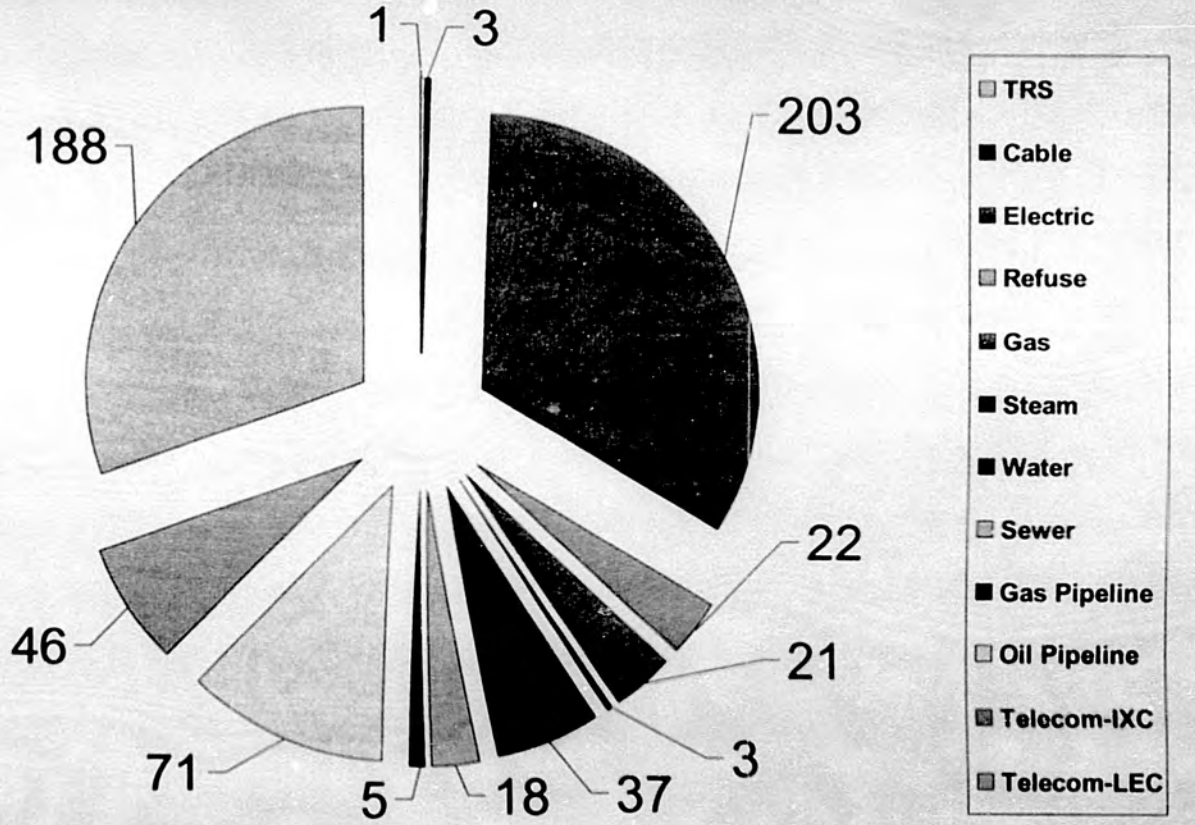


- Customer Service



FY07 Tariff Section Activity

- 618 Tariff Filings
- 106 Public Notices



Primary Duties of Tariff Section

- Maintain 178 current and master tariffs for regulated utilities and pipelines*
- Review incoming tariff filings for completeness and compliance with statutes and regulations
- Draft and issue public notices and mailing lists for utility tariff filings
- Process, analyze and make recommendations on utility and pipeline tariff filings
- Prepare agendas and institute semi-monthly tariff action meetings
- Draft and issue Commission "By Direction" and "Pursuant To" letter orders

*Additionally, there are 44 Provisionally Certificated water/sewer tariffs on file in the RCA's Engineering Section and 22 Registered IXC tariffs on file in the RCA's Common Carrier Section.

Additional Tariff Section Duties

- Respond to inquires from utilities, outside agencies, general public and the legislature regarding tariff filings and related matters
- Review draft orders for appropriate language relating to tariff matters
- Prepare statistical data for RCA annual report
- Process power cost equalization (PCE) tariff filings and regulation changes
- Initiate and process annual regulatory cost charge (RCC) tariff revisions
- Open and close tariff filings in RCA database and in hardcopy format

Tariff Section Staffing

- **Tariff Section Position Titles**
  - **Utility Tariff Analyst III (Supervisor)**
  - **Utility Tariff Analyst II (2 positions)**
  - **Utility Tariff Analyst I**
  - **Administrative Clerk III**
- **Vacant position for Utility Tariff Analyst II**
  - **June 2007: Recruitment for position began**
    - **Position has been offered and declined**
    - **Recruitment is still open**

ADMINISTRATIVE LAW SECTION

(OVERVIEW)

- **SCOPE OF RESPONSIBILITY**
- **ELEMENTS OF WORK**
  - **PREHEARING**
  - **HEARINGS**
  - **POST-HEARING**
- **NECESSARY TRAINING AND SKILLS**
- **CURRENT STAFFING**

SCOPE OF RESPONSIBILITY

- **<u>All</u> RCA utility and pipeline dockets (about 200/year)**
- **800 formal orders per year, plus many electronic orders**
- **Begins with filing, ends after final order or reconsideration**
- **Litigants range from small *pro se* to multinational companies with national law firms**
- **Larger dockets similar to complex multi-party civil litigation with multiple experts**
- **ALJs team with commission and staff to move cases forward and meet deadlines**

ELEMENTS OF WORK - Prehearing

- **Read and analyze filings, testimony and exhibits**
- **Initiating and completeness orders – launch dockets quickly**
- **Prehearing conferences, procedural schedules, interventions**
- **Discovery Master – issues of large volume, confidentiality and relevance**
- **Motions – summary disposition, compel discovery, exclude testimony, etc.**
- **Settlement conferences, mediation, ADR**

ELEMENTS OF WORK – Hearings

- **Preside at evidentiary hearings – akin to complex multi-party civil trials**
- **Rule on admission of testimony and exhibits**
- **Rule on objections during questioning**
- **Public input sessions (sometimes evenings, remote locations)**
- **Insure due process and fairness for parties; make a clear and complete record**

ELEMENTS OF WORK – Post-Hearing

- **Study testimony, exhibits, transcript, and briefs**
- **Research and apply statutes, regulations, and decisions of RCA and Courts**
- **Adjudicatory memos – parties' positions, analysis, options, recommendations**
- **Participate in commission adjudication**
- **Draft (and redraft) orders reflecting decisions, carefully footnote to record**
- **Issue of final orders and reconsiderations within statutory deadlines**

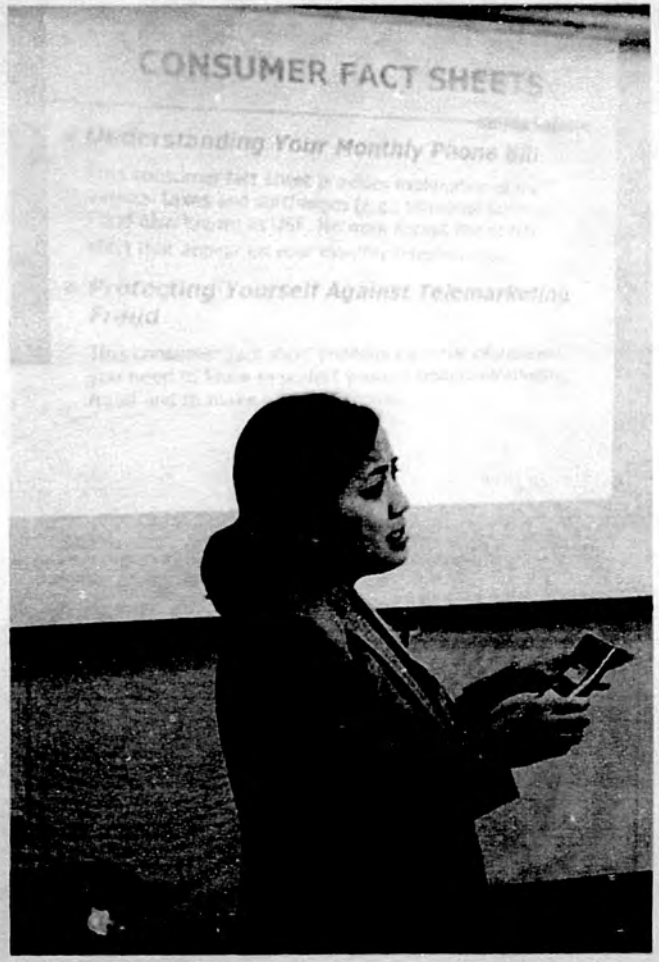
NECESSARY TRAINING, SKILLS, AND BACKGROUND

- **Legal: Law Degree + administrative law, procedure, evidence, due process, ethics**
- **Technical: finance, accounting, engineering, economics, utility industries**
- **Skills: legal analysis, writing, public speaking**
- **Knowledge: RCA precedent, statutes, regulations, cases, Alaska utility history**
- **Character: respected, untainted, temperate, discreet, cool under fire**

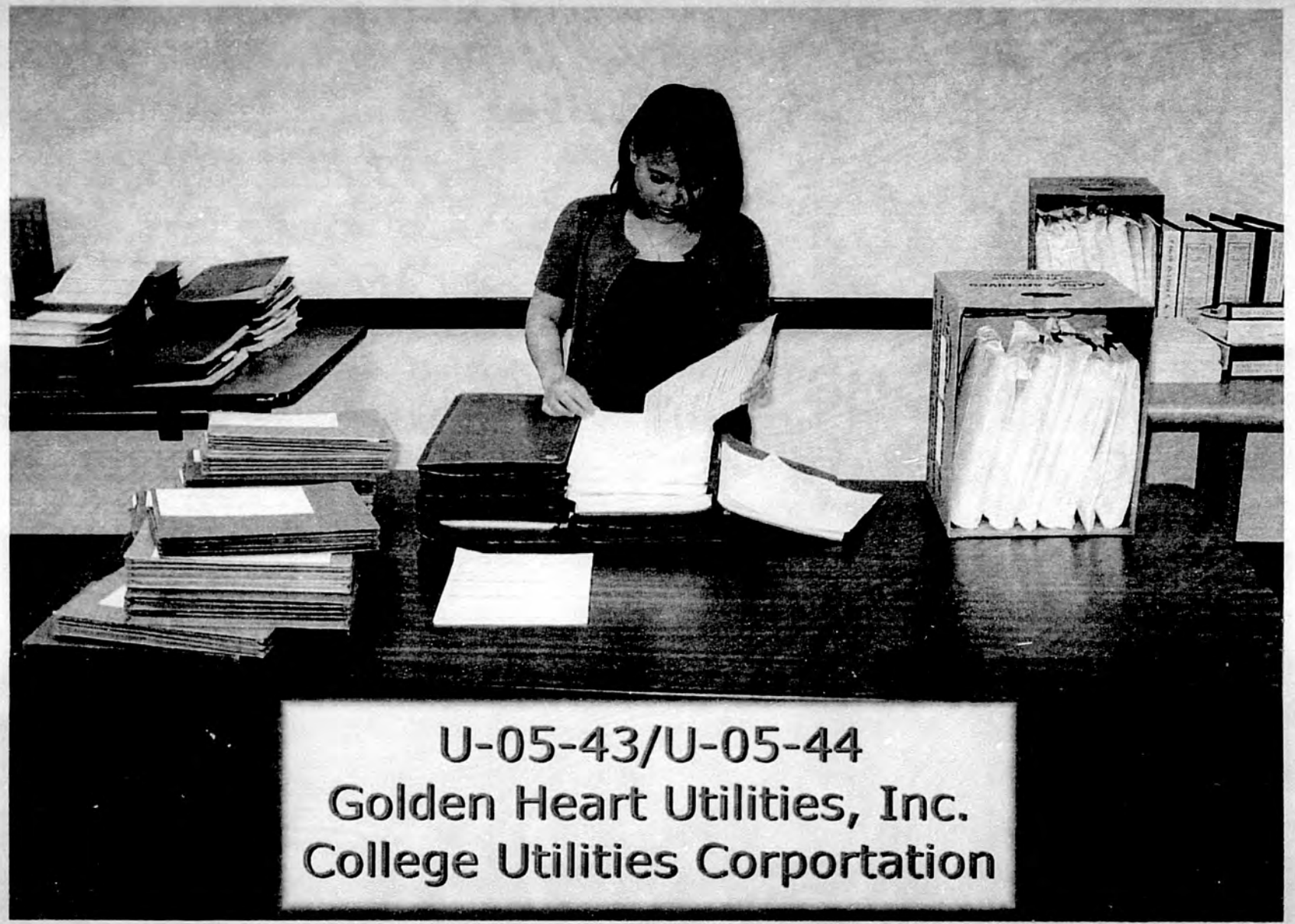
CURRENT STAFFING

- **Chief ALJ and 3 ALJs**
- **Process Coordinator – insures quality and timeliness, supervises staff**
- **3 Legal Assistants – assist judges in order writing and research**
- **2 Law Office Assistants**

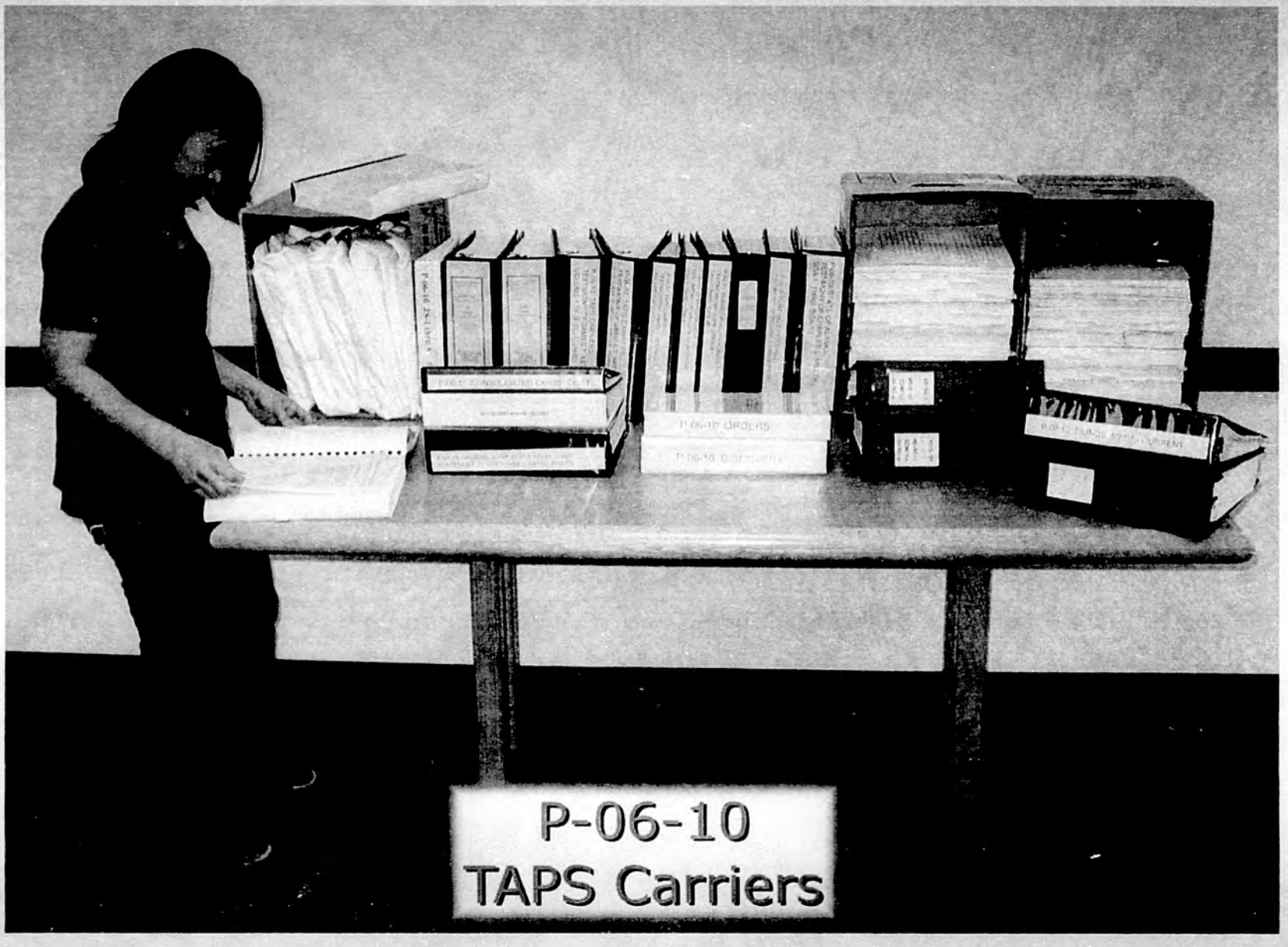
Consumer Protection & Information

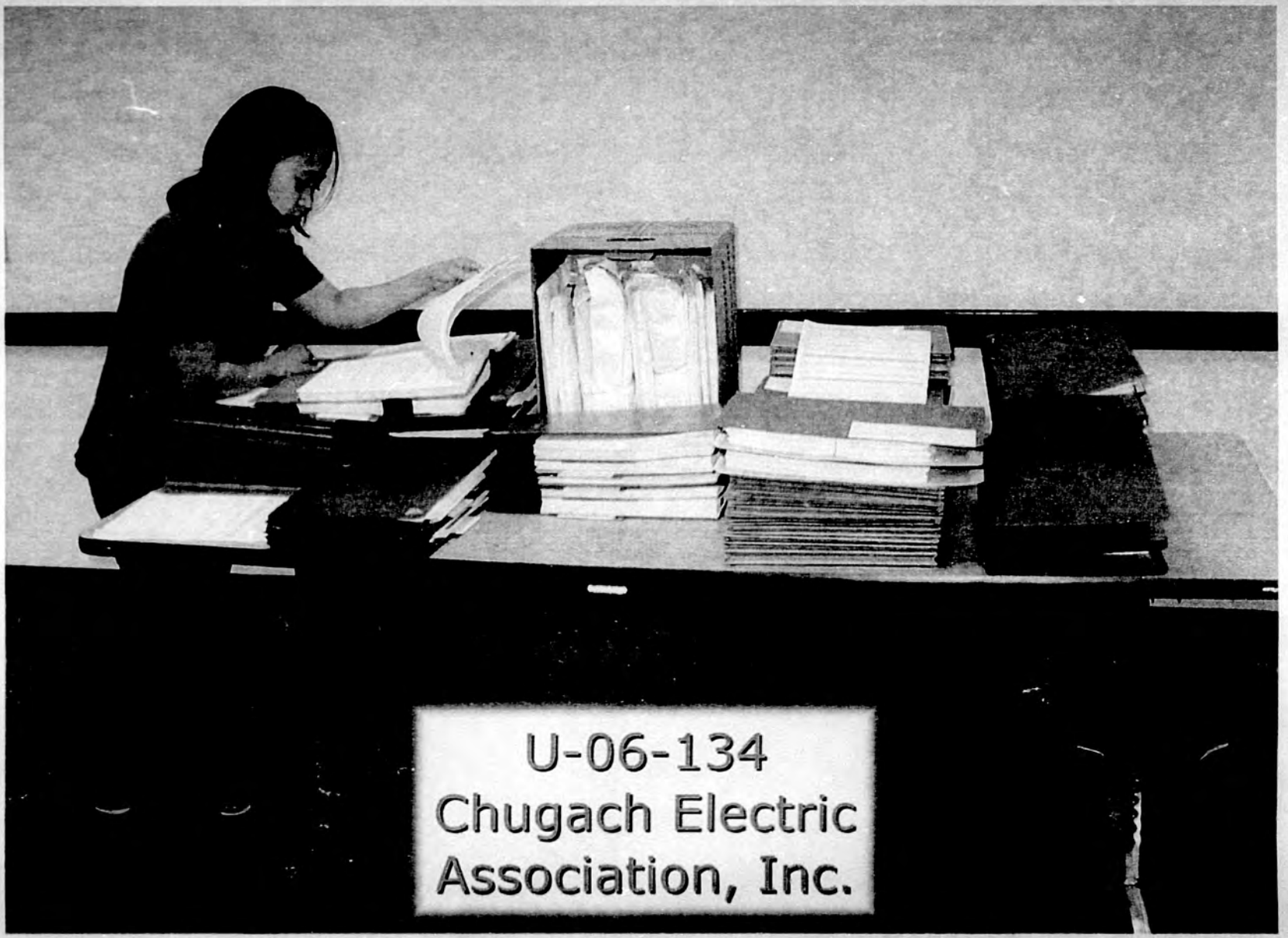


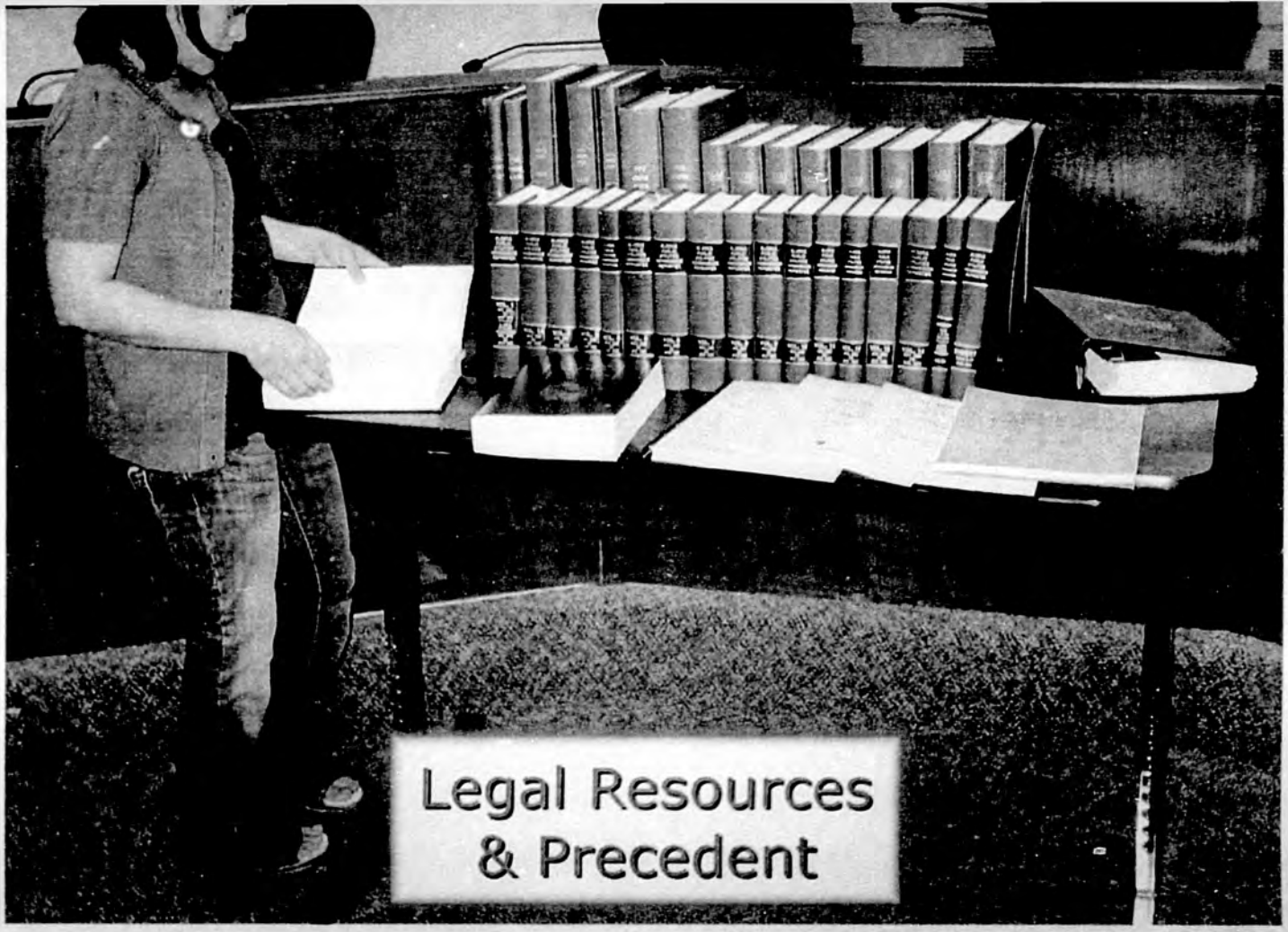




U-05-43/U-05-44
Golden Heart Utilities, Inc.
College Utilities Corportation


P-06-10
TAPS Carriers


U-06-134
Chugach Electric
Association, Inc.


Legal Resources
& Precedent