

ALASKA LEGISLATURE

2326

HOUSE and SENATE FINANCE COMMITTEE FILES, 2001 - 2002

Telida	\$19.80	1.172%	\$ 19.23	United Utilities, In
Teller	\$15.71	1.172%	\$ 15.20	Mukluk Telephon
Tenakee Springs	\$16.83	1.172%	\$ 16.30	ACS of the Northl
Tetlin	\$14.29	1.172%	\$ 13.80	Alaska Telephone
Thorne Bay	\$16.83	1.172%	\$ 16.30	ACS of the Northl
Togiak	\$19.80	1.172%	\$ 19.23	United Utilities, In
Tok	\$14.29	1.172%	\$ 13.80	Alaska Telephone
Toksook Bay	\$19.80	1.172%	\$ 19.23	United Utilities, In
Tuluksak	\$19.80	1.172%	\$ 19.23	United Utilities, In
Tuntutuliak	\$19.80	1.172%	\$ 19.23	United Utilities, In
Tununak	\$19.80	1.172%	\$ 19.23	United Utilities, In
Twin Hills	\$19.80	1.172%	\$ 19.23	United Utilities, In
Tyonek	\$13.98	1.172%	\$ 13.50	Matanuska Teleph
Unalakleet	\$14.29	1.172%	\$ 13.80	United-KUC, Inc.
Unalaska	\$20.43	1.172%	\$ 19.85	Interior Telephone
Usibelli	\$13.98	1.172%	\$ 13.50	Matanuska Teleph
Valdez	\$13.98	1.172%	\$ 13.45	Copper Valley Tel
Venetie	\$19.80	1.172%	\$ 19.23	United Utilities, In
Wales	\$15.71	1.172%	\$ 15.20	Mukluk Telephon
Wasilla	\$13.98	1.172%	\$ 13.50	Matanuska Teleph
Whale Pass	\$14.29	1.172%	\$ 13.80	Alaska Telephone
White Mountain	\$15.71	1.172%	\$ 15.20	Mukluk Telephon
Whittier	\$17.54	1.172%	\$ 17.00	Yukon Telephone
Willow	\$13.98	1.172%	\$ 13.50	Matanuska Teleph
Wiseman	\$22.62	1.172%	\$ 22.00	Summit Telephon
Women's Bay	\$16.83	1.172%	\$ 16.30	ACS of the Northl
Wrangell	\$14.29	1.172%	\$ 13.80	Alaska Telephone
Yakutat	\$16.83	1.172%	\$ 16.30	ACS of the Northl

Question and Comment

Regulator - Commission on Alaska

1400 Westchester Suite 300

Juneau, Alaska 99801-2400

Phone: 907-586-2200 Fax: 907-586-2200

www.ak.gov

Feedback

Regulatory Commission of Alaska

2001 Annual Report - Statistical Section

Telecommunications Relay Services Certificated

GCI Communication Corp.

The banner image is very dark and contains several elements: on the left, there are some faint icons and text; in the center-right, there is a prominent button labeled "Feedback"; and to the right of the button, there is some illegible text that appears to be part of a form or a list.

Pay Telephone Providers Certificated

ALASKA COMMUNICATIONS SYSTEM, INC. (ACS)

ALASKA HOTEL & BAR, INC. (AHBI)

**ALASKA INDOOR SPORTS MCBRIDES/WINNERS/ATHLETES FOOT/PLAZA SHOES
d/b/a (AIS)**

ALASKA NATIVE HERITAGE CENTER, INC. (ANHC)

ALASKA PAYPHONE (ALASKA PAY)

ALASKA PAYTEL (AKPAY)

ALASKA PRODUCTS AND SERVICES (ALASKA PRO)

ALASKA TEL-CARD (AKTEL-CARD)

ALASKA TELEPHONE COMPANY (FORMERLY NATIONAL UTILITIES, INC.) (ATC)

ARCTIC SLOPE TELEPHONE ASSOCIATION COOPERATIVE, INC. (ASTAC)

BETTLES TELEPHONE, INC. (BTI)

BRISTOL BAY TELEPHONE COOPERATIVE, INC. (BBTC)

BUSH-TELL INCORPORATED (BUSH-TELL)

CENTURY THEATRES, INC. (CENTURY)

COPPER VALLEY TELEPHONE COOPERATIVE, INC. (CVTC)

CJRDOVA TELEPHONE COOPERATIVE, INC. (CTCI)

CROSSROADS LOUNGE, D/B/A DONALD P. SKEWIS (CROSSROADS)

DANLOR COMMUNICATIONS, INC. (DCI)

DOW INTERNATIONAL (DOW)

EASTFORK, LLC (EASTFORK)

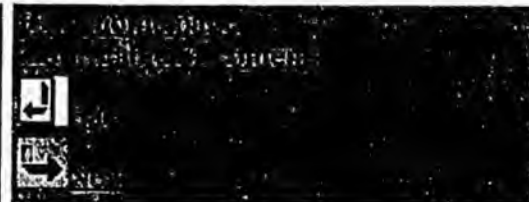
FORWARD AMUSEMENT COMPANY, D/B/A FRED HENRY ROWAN (FORWARD)

FOX RUN CAMPGROUND ENTERPRISES (FOX RUN)

GENERAL COMMUNICATION, INC., AND GCI GCI COMMUNICATION CORP. d/b/a (GCI)

GLACIER TELECOM JAMES E. CARTER D/B/A (GLACIER)
GTE ALASKA INCORPORATED (GTE)
HOMER CLEANING CENTER (HCC)
INTERNATIONAL TELECOM, INC. (ITI)
INTERSTATE TELECOMMUNICATIONS, INC. (INTERSTATE)
KETCHIKAN PUBLIC UTILITIES KETCHIKAN, CITY OF d/b/a (KPU)
LEXCOM TELECOMMUNICATIONS (LEXCOM)
MAIL CACHE, INC. (MAIL CACHE)
MATANUSKA TELEPHONE ASSOCIATION, INC. (MTA)
METROPHONE TELECOMMUNICATIONS, INC. (METROPHONE)
NORTH COUNTRY TELEPHONE, INC. (NCTI)
NUSHAGAK TELEPHONE COOPERATIVE, INC. (NTCI)
OTZ TELEPHONE COOPERATIVE, INC. (OTZ)
OZZIE'S ARCADE & COFFEE SHOP (OZZIE'S)
PARACOM INCORPORATED (PARACOM)
PIONEER TELECOM, INC. (PIONEER)
PTI COMMUNICATIONS OF ALASKA, INC. (PTIC)
SAL'S ENTERPRISES (SAL)
SHORT STOP STORAGE D/B/A LINDA SUE WHITAKER (SHORT STOP)
SKYTALKWEST (STW)
SUMMIT TELEPHONE COMPANY SUMMIT TELEPHONE & TELEGRAPH CO. OF ALASKA
d/b/a (SUMMIT)
TELALASKA LONG DISTANCE, INC. d/b/a TELALASKA (TALDI)
TELEPHONE UTILITIES OF ALASKA, INC. (A DIVISION OF ACS) (TUA)
TELEPHONE UTILITIES OF THE NORTHLAND, INC., (A DIVISION OF ACS) (TUNI)
TOLSONA COMPANY (TOLSONA)
UNITED UTILITIES, INC. (UUI)
ZIP ZAPS (ZIPZAPS)

Water Utilities Certificated



ALPAT WATER UTILITY COMPANY (ALPAT)

Provides service to Anchorage

ANCHORAGE WATER AND WASTEWATER UTILITY MUNICIPALITY OF ANCHORAGE D/B/A (AWWU)

Provides service to Anchorage, Chugiak, Eagle River, Girdwood

* BARROW UTILITIES AND ELECTRIC COOPERATIVE, INC. (BUECI)

Provides service to Barrow

* BETHEL, CITY OF (BETHEL)

Provides service to Bethel

CHUGIAK UTILITIES, INC. (CUI)

Provides service to Eagle River

COLLEGE UTILITIES CORPORATION (CUC)

Provides service to College, Fairbanks

* COPPER VALLEY CONSTRUCTION COMPANY (CVCC)

Provides service to Copper Center, Glennallen

* CORDOVA, CITY OF (CORDOVA)

Provides service to Cordova

* CRAIG, CITY OF (CRAIG)

Provides service to Craig

CRYSTAL CATHEDRALS WATER & SEWER SYSTEM, INC. (CCWSS)

Provides service to Haines

DAWN DEVELOPMENT CORPORATION (DAWN)

Provides service to Eagle River

* DILLINGHAM, CITY OF (DILLINGHAM)

Provides service to Dillingham

EAGLE UTILITIES, INC. (EAGLE)

Provides service to Palmer

*** EGEGIK, CITY OF (CITY)**

Provides service to Egegik

*** EKLUTNA UTILITIES, INC. (EUI)**

Provides service to Chugiak, Eagle River, Eklutna

*** GALENA, CITY OF (GALENA)**

Provides service to Galena

GOLDEN HEART UTILITIES, INC. (GHU)

Provides service to Fairbanks

*** HAINES, CITY OF (HAINES)**

Provides service to Haines

*** HOMER, CITY OF (HOMER)**

Provides service to Homer

*** HOONAH, CITY OF (HOONAH)**

Provides service to Hoonah

*** HYDABURG, CITY OF (HYDABURG)**

Provides service to Hydaburg

*** JUNEAU, CITY AND BOROUGH OF (JUNEAU)**

Provides service to Douglas, Juneau

KAKE TRIBAL CORPORATION (KAKE TRIBA)

Provides service to Pelican

*** KAKE, CITY OF (KAKE)**

Provides service to Kake

*** KENAI, CITY OF (KENAI)**

Provides service to Kenai

*** KETCHIKAN GATEWAY BOROUGH D/B/A SHOUP STREET SERVICE AREA (SSSA)**

Provides service to Ketchikan

* **KING COVE, CITY OF (KING COVE)**

Provides service to King Cove

* **KLAWOCK, CITY OF (KLAWOCK)**

Provides service to Klawock

* **KODIAK, CITY OF (KODIAK)**

Provides service to Kodiak

* **KOTZEBUE MUNICIPAL UTILITIES CITY OF KOTZEBUE D/B/A (KMU)**

Provides service to Kotzebue

* **MATANUSKA-SUSITNA BOROUGH (MAT-SU)**

Provides service to Talkeetna

MCGAHAN UTILITIES, INC. (MCGAHAN)

Provides service to Nikiski

* **MCGRATH, CITY OF (MCGRATH)**

Provides service to McGrath

MCKINLEY UTILITIES, INC. (MUI)

Provides service to Eagle River

* **MOUNTAIN POINT SERVICE AREA OF THE KETCHIKAN GATEWAY BOROUGH (MPSA)**

Provides service to Ketchikan

N.L.T. WATER CO., INC. (NLT)

Provides service to Wasilla

* **NENANA, CITY OF (NENANA)**

Provides service to Nenana

* **NOME JOINT UTILITY SYSTEMS (NOME)**

Provides service to Nome

* **NORTH POLE UTILITY CITY OF NORTH POLE D/B/A (NORTH POLE)**

Provides service to North Pole

* **NORTH SLOPE BOROUGH UTILITIES (NSB)**

Provides service to Anaktuvuk Pass, Atkasuk, Deadhorse/Prudhoe Bay, Kaktovik,

Nuiqsut, Point Hope, Point Lay, Wainwright

*** PETERSBURG, CITY OF (PETERSBURG)**

Provides service to Petersburg

POTTER CREEK WATER COMPANY (PCWC)

Provides service to Anchorage

*** RANGEVIEW UTILITIES (RANGEVIEW)**

Provides service to Anchorage

*** ROMIG PARK IMPROVEMENT COMPANY (RPIC)**

Provides service to Anchorage

*** SAXMAN, CITY OF (SAXMAN)**

Provides service to Saxman

SCOTT HEBERTSON & RANDY HESTAND D/B/A SANDLAKE SERVICES (SANDLAKE)

Provides service to Anchorage

*** SELDOVIA, CITY OF (SELDOVIA)**

Provides service to Seldovia

*** SEWARD, CITY OF (SEWARD)**

Provides service to Seward

*** SITKA, CITY AND BOROUGH OF (SITKA)**

Provides service to Mount Edgecumbe, Sitka

*** SOLDOTNA, CITY OF (SOLDOTNA)**

Provides service to Soldotna

SOUTHCENTRAL UTILITIES, INC. (SCUI)

Provides service to Anchorage

SPENARD HEIGHTS WATER SYSTEM WAYNE CATES D/B/A (SHWS)

Provides service to Anchorage

*** ST. PAUL, CITY OF (ST. PAUL)**

Provides service to Saint Paul

SWISS CASTLE ESTATES WATER WORKS, RON ALLEVA D/B/A (SWISS CASTLE)

Provides service to Wasilla

*** THORNE BAY, CITY OF (THORNE BAY)**

Provides service to Thorne Bay

TRILLIUM CORPORATION (TRILLIUM)

Provides service to Wasilla

*** UNALASKA, CITY OF (UNALASKA)**

Provides service to Dutch Harbor, Unalaska

*** VALDEZ, CITY OF (VALDEZ)**

Provides service to Valdez

VALLEY WATER COMPANY, INC. (VWCI)

Provides service to Fairbanks

*** WASILLA, CITY OF (WASILLA)**

Provides service to Wasilla

*** WHITTIER, CITY OF (WHITTIER)**

Provides service to Whittier


*** WRANGELL, CITY OF (WRANGELL)**

Provides service to Wrangell

*** YAKUTAT, CITY AND BOROUGH OF (YAKUTAT)**

Provides service to Yakutat

*Not regulated by the Regulatory Commission of Alaska as to rates and service.

 <p>RCA Home Water Pot of Gold Valuable Investments</p>	<p>Questions or comments: Regulatory Commission of Alaska 701 W. 8th Avenue, Suite 800 Anchorage, Alaska 99501-2416 (907) 276-6222 / (800) 490-2785 or e-mail: rc@rcak.com</p> <p>Feedback</p>
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*Regulatory Commission of Alaska**2001 Annual Report - Statistical Section***Water Utilities - Gross Operating Revenues**

Prepared by Chris D. Smith

2000 Calendar Year

Revenues ¹

Utility	Net Plant ²	Gross Revenue	Ne
Gross Operating Revenue \$1,000,000 or Greater			
Anchorage Water & Wastewater Utility, d/b/a Municipality of Anchorage	\$ 106,225,431	\$ 28,691,037	\$ 5
College Utilities Corporation	4,177,023	2,022,006	
Golden Heart Utilities	12,560,542	4,938,689	
Subtotal	\$ 122,962,996	\$ 35,651,732	\$ 6
Gross Operating Revenue Less Than \$250,000			
Alpat Water Utility Company	\$ 59,903	\$ 21,324	
Crystal Cathedral Water System, Inc.	1,273,380	9,048	
Dawn Development Corporation ³	45,284	95,574	
Eagle Utilities, Inc.	240,390	48,270	
Eklutna Utilities, Inc.	Not Reported	Not Reported	Not
McGahan Utilities, Inc. ³	4,718	21,227	
McKinley Utilities, Inc. ³	24,408	14,649	
N.L.T. Water Co., Inc.	34,657	19,270	
Norfolk Utilities, Inc.	Not Reported	Not Reported	Not
Pelican Utility District a/d/o Kake Tribal Corp.*	Not Reported	7,293	Not
Potter Creek Water Company	433,404	45,394	
Romig Park Improvement Company	Not Reported	Not Reported	Not
Sandlake Services, R.J. & Clara	50,009	32,358	

Rhodes d/b/a			
Snowshoe Water Company, B & J Ventures d/b/a	Not Reported	Not Reported	Not
South Central Utilities, Inc.	409,915	26,589	
Spenard Heights Water System, Wayne Cates d/b/a	12,152	14,475	
Swiss Castle Estates Water Works, Ron Alleva d/b/a	1,959	11,181	
Trillium Corporation	26,766	11,343	
Valley Water Company, Inc.	Not Reported	Not Reported	Not
Subtotal	\$ 2,616,945	\$ 377,995	\$
TOTAL	\$ 125,579,941	\$36,029,727	\$6

¹ Revenue Classes per 3AAC 48.277.

² For water utilities net plant is shown net of contributions-in-aid-of-construction which grants from customers or other sources which are used to fund plant.

³ The utilities did not report the average number of customers. Rather, the utilities report units.

* Gross revenues reported from Regulatory Cost Charge Report.

<p>RCA Home Page</p> <p>Home Page</p> <p>Volunteer Information</p> <p>Back</p> <p>Next</p>	<p>Questions or comments</p> <p>Regulatory Commission of Alaska</p> <p>701 W. 8th Avenue, Suite 2910</p> <p>Anchorage, Alaska 99501-5410</p> <p>(907) 276-6225 or (907) 276-6226</p> <p>e-mail:</p> <p>Feedback</p>
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Regulatory Commission of Alaska

2001 Annual Report - Statistical Section

Water Rates - Sample Monthly Residential

Prepared by Matt Anger

As of June 30, 2001

Community	Location	Unmetered Flat Rate (Except as Noted)	RCC	Total Monthly Rate
Anchorage				
	Strutz & Morehand	23.65	0.00%	23.65
	Anchorage	25.80	0.59%	25.96
	Highlands Subd	41.75	0.59%	42.00
	Northcreek Subd	41.75	0.59%	42.00
	Southcreek Subd	41.75	0.59%	42.00
	Seacliff Subd	17.74	0.59%	17.84
	Country Lane Est	39.41	0.59%	39.65
	Tanaina Valley Subd	39.41	0.59%	39.65
	Spenard Heights	35.00	0.00%	35.00
Chugiak				
	North Woods Subd	27.35	0.00%	27.35
	Peters Creek	37.50	0.59%	37.72
	Thunderbird Hghts	40.72	0.59%	40.96
	Chugiak	26.00	0.59%	26.15
Eagle River				
	Eagle River	25.80	0.59%	25.95
	Eagle River	34.97	0.59%	35.18
Fairbanks				
	College	40.42	0.59%	40.66
	Fairbanks	25.74	0.59%	25.99
	Lukloey Subd	55.13	0.59%	55.46
Girdwood				
	Alyeska	25.80	0.59%	25.95
Haines				
	Haines	23.00	0.59%	23.14
Kenai Peninsula				

	Nikiski	12.50	0.00%	12.50
Palmer				
	Equestrian Acres	35.30	0.00%	35.30
Pelican				
	Pelican	5.60	0.00%	5.60
Wasilla				
	Northern Lights Terrace Subd	32.50	0.00%	32.50
	Showshoe West	37.03	0.00%	37.03
	Swiss Castle	36.00	0.00%	36.00
	Knik Road	21.00	0.59%	21.12

¹ Rates set out for College Utilities, Inc., Golden Heart Utilities, Inc., South Central Utilities, Inc., and Potter Creek Water

Company, Inc. are based on average monthly bills for metered residential customers

² This rate includes a \$5.75 fire protection charge

³ Average monthly bill, including an \$8.24 fire protection charge, for metered residential customers

⁴ This rate includes a \$5.42 fire protection charge

Questions or comments?

Regulatory Commission of Alaska

701 W. 3rd Avenue, Suite 300

Anchorage, Alaska 99501-3499

907-276-6222 (voice) 907-276-6223 (fax)

or e-mail: rc@alaska.gov

Feedback

Pipeline Carriers Certificated

AMERADA HESS PIPELINE CORPORATION (AMERADA)

TAPS

BP PIPELINES (ALASKA) INC. (BP)

TAPS

BP TRANSPORTATION (ALASKA) INC. (BPTA)

*Crude - Badami Unit's Central Production Unit to a tie-in point with the Endicott Pipeline
Crude - Northstar Unit, Seal Island to PS-1
Gas - Prudhoe Bay Unit Central Gas Compression Facility to Northstar Seal Island
Products - Endicott field's Main Production Island to the Badami Central Processing Unit*

COOK INLET PIPE LINE COMPANY (CIPL)

Crude - Granite Point to the Drift River Terminal (Cook Inlet)

ENDICOTT PIPELINE COMPANY (ENDICOTT)

Crude - Endicott Main Production Island to PS-1

EXXONMOBIL PIPELINE COMPANY (EXXONMOBIL)

TAPS

GOLDEN VALLEY ELECTRIC ASSOCIATION, INC. (GVEA)

Crude and Residual - TAPS to North Pole refineries.

KENAI PIPE LINE COMPANY (KPL)

*Crude - Swanson River and Soldotna Creek production units (onshore fields on the Kenai Peninsula)
Middle Ground Shoals production unit (an offshore field in Cook Inlet) to Nikiski (Tesoro refinery)*

KUPARUK TRANSPORTATION COMPANY (KTC)

Crude - Kuparuk Development Area to PS-1

MILNE POINT PIPE LINE COMPANY (MPPLC)

Crude - Milne Point Production Unit to Kuparuk Pipeline

MOBIL ALASKA PIPELINE COMPANY (MOBIL)

TAPS

NORTH SLOPE BOROUGH d/b/a NUIQSUT NATURAL GAS PIPELINE (NNGP)

*Provides service to
Gas - Alpine Development Project and the Colville River Crossing*

OLIKTOK PIPELINE COMPANY (OLIKTOK)

*Provides service to
Natural Gas & Natural Gas Liquids - Kuparuk River Unit to PS-1*

PHILLIPS ALASKA PIPELINE CORPORATION (PHILLIPS)

TAPS

PHILLIPS PETROLEUM COMPANY (PPCO)

Crude - Alpine production facilities to Kuparuk Pipeline

TESORO ALASKA PIPELINE COMPANY (TESORO)

Refined Petroleum - Nikiski to Anchorage

UNOCAL PIPELINE COMPANY (UNOCAL)

TAPS

**TAPS - Trans-Alaska Pipeline System (Crude Oil Shipping)
PS-1 - Pump Station #1 of TAPS**

<p>RCA Alaska Regulatory Commission 1000 North Seward Anchorage, Alaska 99501 Phone: 907-222-3888 Fax: 907-222-3889</p>	<p>Questions or comments Regulatory Commission of Alaska 1000 North Seward Anchorage, Alaska 99501 Phone: 907-222-3888 Fax: 907-222-3889</p> <p>Feedback</p>
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*Regulatory Commission of Alaska**2001 Annual Report - Statistical
Section***Pipeline Carriers - Gross Operating
Revenues****Prepared by Chris D. Smith****2000 Calendar Year**

Pipeline Company	Gross Property	Net Property
Alpine Transportation Company	\$ 94,442,945	\$ 94,005,445
Amerada Hess Pipeline Corporation	158,396,123	50,797,254
BP Pipelines (Alaska) Inc.	5,229,090,944	1,683,442,767
BP Transportation (Alaska) Inc.	62,070,544	55,294,654
Cook Inlet Pipe Line Company	72,323,513	25,871,214
Endicott Pipeline Company	60,041,496	14,954,661
ExxonMobil Pipeline Company	2,623,859,845	1,082,235,938
Golden Valley Electric Association, Inc.	6,223,249	3,387,274
Kenai Pipe Line Company	22,561,304	10,201,059
Kuparuk Transportation Company	133,211,177	57,311,928
Milne Point Pipe Line Company	34,810,325	17,530,252
Mobil Alaska Pipeline Company	-	-
Oliktok Pipeline Company	33,430,436	33,320,847
Phillips Alaska Pipeline Corporation	140,817,228	49,732,498
Phillips Transportation Alaska, Inc.	2,276,371,659	832,287,658
Tesoro Alaska Pipeline Company	23,262,697	4,946,120

Unocal Pipeline Company	135,390,752	46,801,058
Williams Alaska Pipeline Company, LLC	315,886,134	106,993,155
TOTAL	\$ 11,422,190,371	\$ 4,169,113,782

Pipeline Company	Total Revenue	Net Income	Throughput Barrels
Alpine Transportation Company	\$ 2,578,848	\$ 1,631,077	2,206,120
Amerada Hess Pipeline Corporation	3,010,398	5,438,988	1,500,901
BP Pipelines (Alaska) Inc.	385,406,763	(22,486,967)	185,190,601
BP Transportation (Alaska) Inc.	4,105,309	5,530,823	930,909
Cook Inlet Pipe Line Company	17,028,094	3,315,500	8,344,596
Endicott Pipeline Company	6,746,052	3,291,323	13,433,303
ExxonMobil Pipeline Company	395,841,179	226,531,589	75,456,160
Golden Valley Electric Association, Inc.	3,732,017	870,585	54,296,793
Kenai Pipe Line Company	7,120,778	1,761,567	21,122,658
Kuparuk Transportation Company	22,217,454	11,717,591	107,069,115
Milne Point Pipe Line Company	8,965,096	2,506,793	19,074,573
Mobil Alaska Pipeline Company	12,732,339	(28,194,585)	3,862,101
Oliktok Pipeline Company	6,190,169	3,623,380	11,254,850
Phillips Alaska Pipeline Corporation	13,460,193	1,118,248	5,342,254
Phillips Transportation Alaska, Inc.	380,540,208	79,823,489	111,598,758
Tesoro Alaska Pipeline Company	6,376,484	3,143,684	10,148,742
Unocal Pipeline Company	16,166,011	3,524,994	5,491,030
Williams Alaska Pipeline Company, LLC	15,761,526	3,113,886	6,450,591
TOTAL	\$1,307,978,918	\$306,261,965	642,774,155

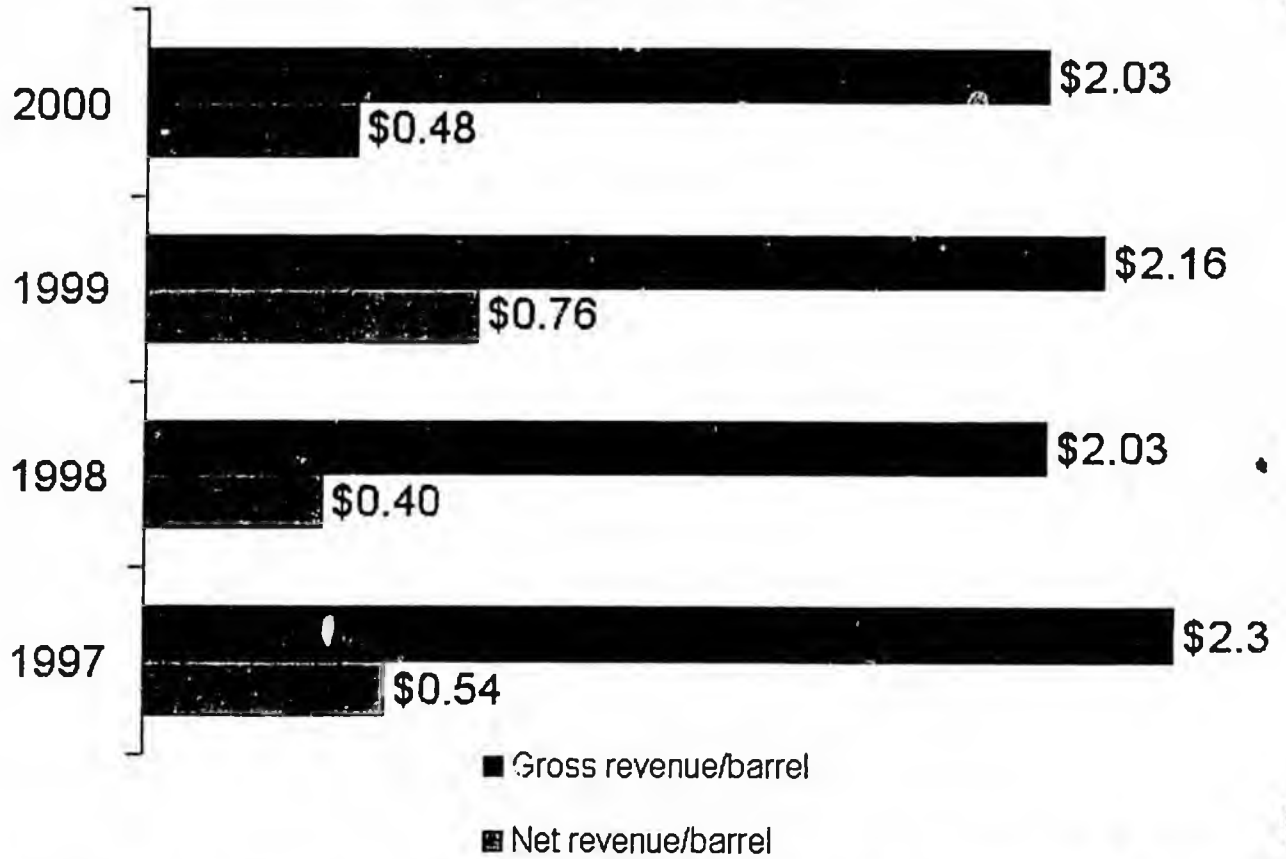
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*Regulatory Commission of Alaska**2001 Annual Report - Statistical Section***Financial Information for Fully Regulated Oil Pipeline Carriers**

Prepared by Chris D. Smith

Carrier property	1997	1998	1999	2000
Gross	\$10,870,626,467	\$11,143,942,613	\$11,167,509,117	\$11,422,190,371
Net	4,520,270,591	4,409,150,310	4,202,504,850	4,169,113,782
Revenue				
Gross	\$1,476,996,502	\$1,395,820,949	\$1,440,629,200	\$1,307,978,918
Net	347,415,918	274,463,173	504,581,438	306,261,965
Throughput (barrels)	638,076,891	686,390,088	668,104,686	642,774,155
Gross revenue (per barrel)	\$2.31	\$2.03	\$2.16	\$2.03
Net revenue (per barrel)	\$0.54	\$0.40	\$0.76	\$0.48

Figure 1
Total revenue per barrel of oil



<p>RCA Home</p> <p>Navigation icons</p>	<p>Questions or comments:</p> <p>Regulatory Commission of Alaska</p> <p>701 W. 31st Avenue, Suite 301</p> <p> Anchorage, Alaska 99501</p> <p>(907) 261-6222 / (800) 451-7222</p> <p>4/10/2002 10:28 AM</p> <p>Feedback</p>
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*Regulatory Commission of Alaska**2001 Annual Report - Statistical Section*

Results of Utility Deregulation Elections

Prepared by Jeanne McPherran

Year	Utility	Election Results
1980	Matanuska Electric Association, Inc.	Member/subscribers voted against utility being deregulated.
1980	Glacier Highway Electric Association, Inc. ¹	Member/subscribers elected in favor of utility being deregulated.
1980	Tanana Power Company, Inc.	Subscribers voted against utility being deregulated.
1981	Cordova Electric Cooperative, Inc.	Member/subscribers voted in favor of utility being deregulated.
1981	Cordova Telephone Cooperative, Inc.	Member/subscribers voted in favor of utility being deregulated.
1981	Naknek Electric Association, Inc.	Member/subscribers voted in favor of utility being deregulated.
1983	Circle Electric, Richard Hutchinson d/b/a	Subscribers voted in favor of utility being deregulated.
1984	I-N-N Electric Cooperative, Inc.	Member/subscribers voted against utility being deregulated.
1986	Nelson Lagoon Electric Cooperative, Inc.	Member/subscribers voted in favor of utility being deregulated.
1987	Manokotak Power Company	Subscribers voted in favor of utility being deregulated.
1987	Eagle Power Company, Inc., Ralph E. Helmer d/b/a	Subscribers voted in favor of utility being deregulated.
1988	Egegik Light and Power, Homer Lee Leonard d/b/a ²	Subscribers voted in favor of utility being deregulated.
1988	Nushagak Electric Cooperative, Inc.	Member/subscribers voted in favor of utility being deregulated.
1989	I-N-N Electric Cooperative, Inc.	Member/subscribers voted in favor of utility being deregulated.
1989	Levelock Electric Cooperative, Inc.	Member/subscribers voted in favor of utility being deregulated.
1989	Kodiak Electric Association, Inc.	Election invalidated due to election improprieties.
1989	Kodiak Electric Association, Inc.	Member/subscribers voted against utility being deregulated.
1989	Coffman Cove Utilities Association	Subscribers voted in favor of utility being deregulated.
1990	Akiachak Native Community Electric Company	Subscribers voted in favor of utility being deregulated.
1990	Umnak Power Company, Native Village of Nikolski d/b/a	Subscribers voted in favor of utility being deregulated.

1991 Andeanof Electric Corporation	Subscribers voted in favor of utility being deregulated.
1992 Beaver Village Electrical Utilities	Subscribers voted in favor of utility being deregulated.
1993 Far North Utilities, Inc.	Subscribers voted against utility being deregulated.
1993 Romig Park Improvement Company	Subscribers voted in favor of utility being deregulated.
1993 Barrow Utilities and Electric Cooperative, Inc.	Member/subscribers voted in favor of utility being deregulated.
1993 Kotzebue Electric Association, Inc.	Member/Subscribers voted in favor of utility being deregulated.
1994 Tanalian Electric Cooperative, Inc.	Member/subscribers voted in favor of utility being deregulated.
1995 Egegik Light and Power, Homer Lee Leonard d/b/a ³	Subscribers voted against the utility being deregulated.
1996 Far North Utilities, Inc.	Subscribers voted against utility being deregulated. ⁴
1997 Circle Telephone, Richard Hutchinson d/b/a	Subscribers voted in favor of utility being deregulated.
1997 Arctic Slope Telephone Association Cooperative, Inc.	Member/subscribers voted in favor of utility being deregulated.
1997 Alaska Village Electric Cooperative, Inc.	Member/subscribers voted in favor of utility being deregulated.
1998 Copper Valley Electric Association, Inc.	Member/subscribers voted in favor of utility being deregulated.

¹ In FY89 this utility was acquired by Alaska Electric Light and Power, which is a fully regulated utility.

² See 1995 election results below in which subscribers voted to have the utility subject to regulation by the Commission.

³ The effect of this election reversed the vote in 1988 to have the utility be exempt from Commission regulation.

⁴ This utility also held a deregulation election in 1993, *supra*.

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Feedback

SECTION 13

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STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

G. Nanette Thompson, Chair
Bernie Smith
Patricia M. DeMarco
Will Abbott
James S. Strandberg

In the Matter of the Tariff Revision, Designated
as TA11-290, Filed by GOLDEN HEART
UTILITIES, INC., for Its Sewer Division, for a
Rate Increase and Rate Redesign

U-00-115
ORDER NO. 18

In the Matter of the Tariff Revision, Designated
as TA14-118, Filed by GOLDEN HEART
UTILITIES, INC., for Its Water Division, for a
Rate Increase and Rate Redesign

U-00-116
ORDER NO. 17

In the Matter of the Tariff Revision, Designated
as TA72-37, Filed by COLLEGE UTILITIES
CORPORATION, for its Sewer Division, for a
Reduction in Sewer Treatment Charges

U-00-146
ORDER NO. 15

ORDER DENYING MOTION FOR RECONSIDERATION

BY THE COMMISSION:

Summary

After reviewing Golden Heart Utility's (GHU) arguments and the evidence on benefits to ratepayers presented by GHU at hearing, we deny GHU's petition for reconsideration. We conclude that GHU's model demonstrating benefits is based on assumptions too speculative to demonstrate that there are any tangible benefits to the ratepayers to outweigh the costs of the acquisition adjustment that the ratepayers will bear. We also affirm our requirement that GHU submit a plan of consolidation by

1 March 26, 2002, with further explanation of the proceedings in which we intend to
2 consider this issue.

3
4 Background

5 In Order U-00-115(13),¹ we determined the revenue requirements and
6 rate changes supported by GHU's rate case filing in TA11-290 and TA14-118 and by
7 College Utility Corporation (CUC)² in TA72-37. GHU filed a motion for emergency stay
8 of Order U-00-115(13) on October 3, 2001. We granted the stay pending our decision
9 on the petition for reconsideration that GHU promised to file. See Order
10 U-00-115(16).³ On October 10, 2001, we received GHU's petition for reconsideration
11 of Order U-00-115(13).
12

13 In its petition, GHU contended that we failed to appreciate all that was
14 accomplished and promised to GHU when the APUC⁴ approved the acquisition of the
15 sewer and water utilities of the City of Fairbanks (the City) by GHU's parent company
16

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18
19 ¹Order Establishing Revenue Requirement and Rate Design and Requiring
20 Filings, Order U-00-115(13)/U-00-116(12)/U-00-146(10) dated September 24, 2001,
(hereafter, Order U-00-115(13)).

21 ²CUC, also a subsidiary of Fairbanks Sewer & Water (FSW) and a party to
22 these consolidated dockets, did not join in GHU's petition for reconsideration.

23 ³Order Affirming Electronic Ruling Granting Motion for Stay and Vacating Filing
24 Requirement, Order U-00-115(16)/U-00-116(15)/U-00-146(13) dated
25 October 26, 2001.

26 ⁴The Alaska Public Utilities Commission (APUC or Commission) was the
predecessor to this agency. We assumed the responsibilities of the APUC on
July 1, 1999 under Ch. 25, SLA 1999.

1 FSW in 1997. GHU asserted that the APUC's decision in Order U-96-114(5)⁵ rejected
2 arguments that we considered or relied on in our reasoning in Order U-00-115(13).
3 GHU also argued that the rates we approved in Order U-00-115(13) will "render GHU
4 unsustainable." See Pet. Recons., p. 4. According to GHU, the rates approved in
5 Order U-00-115(13) are unreasonable because they produce less revenue than the
6 utility had five years ago. GHU also asserted that the depreciation allowed in Order
7 U-00-115(13) is insufficient to sustain a utility with \$110 million in plant and will not
8 allow GHU to pay the dividends necessary to purchase CUC.
9

10 GHU argued that the only remaining acquisition adjustment issue was
11 whether it showed that benefits to ratepayers outweighed the additional costs of the
12 acquisition adjustment. GHU said the ratepayer benefits it enumerated were
13 uncontested at hearing. GHU also contended that our order regarding consolidation is
14 contrary to past orders.
15

16 The Public Advocacy Section (PAS) and Intervenor JL Properties filed
17 oppositions to GHU's petition on October 16 and October 22, respectively.
18 JL Properties argued that the return we granted GHU was more than generous, that
19 Order U-96-114(5) did not make the promises GHU contends, that AS 42.05.441(b) is
20
21

22 ⁵Order Affirming Bench Rulings; Denying Motion to Strike and in limine;
23 Approving Applications, with Conditions; Approving Initial Tariff, with Modifications;
24 Approving Rates; and Requiring Filings, Order U-96-114(5)/ U-96-115(5)/ U-96-116(5)/
25 U-96-117(5)/ U-96-118(5)/ U-96-119(5), dated September 24, 1997 (hereafter, Order
26 U-96-114(5)). Dockets U-96-114 through U-96-119 dealt with the transfer and
acquisition applications from public to private operation for the water and sewer utilities
in the Fairbanks area.

1 a mandatory statute, and that higher rates based on nonexistent investment are not in
2 the public interest.

3 The PAS argued that AS 42.05.441(b) should be interpreted to require
4 any analysis of public benefits to include a showing of extraordinary circumstances.

5 GHU filed a reply to the opposition of JL Properties on October 25, 2001.
6 GHU argued that it did not mischaracterize Order U-96-114(5) as JL Properties
7 asserted. GHU reiterated its claim that its evidence of benefits of these acquisitions
8 outweighs the costs is undisputed.
9

10 Discussion

11 When the APUC approved FSW's acquisition of GHU from the City in
12 Order U-96-114(5) in 1997, it rejected GHU's request to approve a rate base of
13 \$15 million dollars as a part of the deal.⁶ Order U-96-114(5) did promise GHU a future
14 opportunity to demonstrate that the benefits of the acquisition outweighed the costs to
15 the ratepayers of including the acquisition adjustment in GHU's rate base.⁷ GHU had
16 that opportunity in this proceeding. Order U-96-114(5) does not imply that success in
17 demonstrating benefits would be a foregone conclusion. Rather, Order U-96-114(5)
18

19
20 ⁶The City transferred its sewer and water utilities to a new entity called GHU.
21 FSW then purchased GHU for a cash price of \$2 million and other non-cash
22 consideration. The City and FSW negotiated a rate base value of \$15 million dollars,
23 which they asked the APUC to approve as a condition of the acquisition. Throughout
24 this proceeding we have referred to the difference between the \$2 million and the
25 \$15 million (less current booked depreciation) as the "acquisition adjustment." See
26 Order U-00-115(13), p. 6.

⁷In Order U-96-114(5) at p. 43, the APUC said: "The commission notes that it is
willing to favorably consider an acquisition adjustment if a utility can demonstrate that
the public benefit outweighs the expense of the acquisition adjustment."

1 stated clearly that GHU would have to demonstrate benefits to ratepayers in excess of
2 the costs of the acquisition adjustment. Order U-96-114(5) then cited an APUC
3 decision that approved the purchase of a utility by a new owner as in the public
4 interest, but denied the requested acquisition adjustment. See *RCA Alaska*
5 *Communications, Inc.*⁸ In that decision, the APUC ruled that the claimed benefits were
6 not the kind of benefits that would justify allowing the acquisition adjustment.
7

8 In this rate proceeding, we considered GHU's evidence of ratepayer
9 benefits. We concluded, for reasons described at pp. 8-11 of Order U-00-115(13) and
10 in more detail in this order, that the benefits GHU asserted at hearing do not meet the
11 test of "tangible benefits that outweigh the additional costs." This order explains how
12 the benefits test we applied is consistent with AS 42.05.441(b) and with Order
13 U-96-114(5) and further explains our reasoning in determining that the economic
14 model GHU offered is not convincing evidence of ratepayer benefits outweighing the
15 additional cost of the acquisition adjustment. We also explain some utility ratemaking
16 fundamentals that guide our decisions in establishing GHU's rates.
17

18 GHU's Opportunity to Demonstrate Ratepayer Benefits

19 In its petition, GHU asserted that the APUC's commitment to favorably
20 consider the acquisition adjustment precluded other positions that were argued by the
21 parties or adopted as part of the reasoning in our Order U-00-115(13) decision. See
22 Pet. Recons., pp. 2-3. Among other things, GHU argued that the APUC determined it
23 would not be guided by AS 42.05.441(b). See Pet. Recons., pp. 2, 30. We believe
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25 _____
26 ⁸U-78-4(33), 3 APUC 371 (1981).

1 GHU reads into Order U-96-114(5) many things that are neither expressly stated nor
2 reasonably inferred from the decision. We particularly take issue with GHU's assertion
3 that the APUC decided not to be guided by AS 42.05.441(b).

4 The APUC was not free to decide to ignore the statutory directive of the
5 legislature; neither are we. Therefore, in Order U-00-115(13) at p. 6-8, we explained
6 that we interpret AS 42.05.441(b) in a way that reconciles it with Order U-96-114(5)
7 and other commission decisions holding an acquisition adjustment may be allowed if
8 the ratepayer benefits outweigh the ratepayers burdens associated with the
9 acquisition adjustment. We rejected arguments that AS 42.05.441(b) imposes a
10 mandatory requirement to establish the rate base at the lower of acquisition cost or
11 original cost when first devoted to utility service. We interpreted AS 42.05.441(b) to
12 allow some flexibility to consider the public interest in a particular case. The statute
13 states the rule to be followed generally in valuing public utility property.⁹ However, we
14 think the "guided by" language permits (but does not obligate) us to make exceptions
15 to the rule if, after considering both costs and benefits to ratepayers, we find the
16 ratepayers would benefit from ratemaking valuation on a different basis. Therefore,
17 we followed the promise of Order U-96-114(5) by examining GHU's evidence of
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22 ⁹GHU argues that that AS 42.05.441(b) does not use the language of a
23 presumption. However, GHU does not dispute that it had the burden of demonstrating
24 benefits in excess of the costs. We made clear at Order U-00-115(13) at p. 7 that
25 GHU could "overcome the statutory presumption if it demonstrates that the acquisition
26 provides specific, tangible benefits to the ratepayers in an amount at least equal to the
additional cost of rates they will pay because of any acquisition adjustment." This is
the same burden of proof that the commission told GHU in Order U-96-114(5) it would
have to meet.

1 benefits to the ratepayers in this proceeding. We denied the acquisition adjustment
2 because we concluded, among other things, that GHU's evidence of ratepayer
3 benefits was too speculative.

4 Nothing in Order U-96-114(5) or other APUC precedents suggests that
5 the benefits test is easy to meet. In Order U-96-114(5), the APUC cited *RCA Alaska*
6 *Communications, Inc.*¹⁰ which set out the benefits rule but showed that it is not easily
7 met. There the commission found that the benefits test was not met by a showing that
8 ratepayers would receive benefits of \$40 million in rate savings and \$27 million in new
9 plant investment. That decision makes a distinction that is important here. By
10 concluding that a transfer of ownership is in the public interest, the commission is not
11 also concluding that an acquisition adjustment is in the public interest. The issues are
12 separate.
13

14 However, we point out that the promise to consider ratepayer benefits in
15 connection with an acquisition adjustment is not an illusory promise. An example of
16 ratepayer benefits that could satisfy our standard for approving an acquisition
17 adjustment would be the cost savings from eliminating a second general manager's
18 salary and other administrative costs upon the combination of two utilities. A
19 combined utility could cut its costs through economies of scale. If the resulting savings
20 exceed any additional costs of purchasing the utility at a price higher than the
21 depreciated original cost of the utility property, then the acquisition adjustment would
22 benefit the public. We would expect that a benefit of this kind would be demonstrated
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¹⁰See n. 8.

1 in a clear and tangible way by showing the expenses to be avoided and the overall
2 impact on customer rates. Merely speculative or hoped for benefits will not satisfy the
3 test. A projected rate reduction could be a benefit justifying an acquisition adjustment,
4 but is not necessarily required to meet the test. We will consider all the circumstances
5 of a given case to decide if it is in the public interest to allow an acquisition adjustment.
6

7 GHU's Demonstration of Benefits

8 In this rate proceeding, GHU had an opportunity to demonstrate benefits
9 that would outweigh the costs to its ratepayers of the acquisition adjustment. In fact,
10 GHU had an unusual second chance to demonstrate that benefits it predicted in 1997
11 had actually materialized after four years. But, after considering GHU's evidence and
12 arguments, we concluded that GHU did not demonstrate benefits within the meaning
13 of the benefits rule. At pp. 8-12 of Order U-00-115(13), we explained our reasons.
14 We said there that we found it "inappropriate to compare GHU's proposed rates with
15 the speculative rates developed in the FMUS cost-of-service study," but we did not
16 discuss in any detail the benefits model presented in the testimony of GHU witness
17 Rogers. This order explains in more detail why we concluded that this model does not
18 show ratepayer benefits that meet our standard of clear and tangible benefits
19 exceeding the cost of the acquisition adjustment GHU seeks.
20

21 The benefits model is discussed in Rogers' prefiled direct testimony,
22 H-3, pp. 11-12, 15, 21-26, in Exhibit BDR-6, and in cross-examination beginning at
23 Tr.-392. Rogers explained that the basic approach of the model was to compare
24 GHU's rates and projected rates with rates proposed in a cost-of-service (COSS)
25 study prepared for the City in 1996. At H-3, p. 11, Rogers said: "I explored several
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1 scenarios in this model to allow projected comparisons between what rates would
2 have been under FMUS management and what they are and I project to be under
3 GHU management." On the basis of this model, Rogers concluded that GHU's rates
4 were favorable in comparison to the cost-of-service study rates. "Under the GHU
5 proposal, ratepayers will pay less in 2001 than the FMUS Cost of Service Study
6 indicated they would have been paying in 1996 under the Cost of Service Study,
7 notwithstanding substantial system improvements." (H-3, p. 19).

8
9 However, the City never implemented rates based on the COSS. The
10 COSS was never examined or approved by the APUC. We consider the COSS rates
11 unreliable as a basis for comparison with GHU rates because they were never used by
12 the utility, or adopted by the City Council. Those rates were speculative. Indeed, it is
13 not even clear that the COSS projections reflect the reality of what engineers believed
14 would be necessary, given the political nature of municipal ratesetting and budget
15 allocations. (Tr. 395-397).

16
17 Rogers' model also incorporated other highly uncertain assumptions. At
18 H-3, p. 24, Rogers said:

19
20 Creating a comparison between what would have been FMUS operating
21 and capital costs and what are and will be GHU's operating and capital
22 costs is subject to significant variation based on the assumptions chosen.
23 Most problematic is creating the scenario for capital plant acquisition by
24 FMUS, since part of the problem in recent years was the failure of the City
25 of Fairbanks to invest in FMUS. The hidden subsidy of water and
26 wastewater by the telephone utility also distorts the picture.

To allow direct comparison of operating costs, for FMUS I used the 1996
FMUS Cost of Service Study as a basis for operating costs, allowing
modest inflation on wages, goods and services. For GHU, I used the actual
experience in 1998 and 1999, and projections for 2000 and thereafter.

1 To allow comparison of capital costs, I used GHU's current plan as a base
2 case. In Exhibit BDR-6, I assumed FMUS constructed the same capital
improvements as GHU, but at a cost premium of 50%.

3 Rogers' testimony and cross-examination clarified other assumptions.
4 He used the same debt cost for FMUS and GHU. (H-3, p. 25). He predicted both
5 GHU and FMUS would reinvest 80 percent of retained earnings in the utility. *Id.* He
6 did not model any federal or state grants as capital sources under FMUS ownership.
7 (Tr. 403).

8
9 Each of these assumptions in Rogers' model is based on unknown and
10 unknowable future circumstances. While it is the nature of a model to test the results
11 of different assumptions about unknown factors, the end product becomes so
12 speculative that we cannot use it as a reliable method for quantifying the benefits to
13 GHU consumers.¹¹

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18 ¹¹GHU contends that it demonstrated benefits through a model similar to the
19 one the APUC relied on approving an acquisition adjustment in Order U-96-120(5)
20 authorizing Golden Valley Electric Association (GVEA) to acquire the FMUS electric
21 utility. See Pet. Recons., p. 32. However, the benefits demonstrated by that model
22 differ significantly from those claimed here. Upon acquisition of the FMUS electric
23 utility, GVEA planned to apply its existing rate schedules to all FMUS customers,
24 realizing actual rate savings for all customers except those using small amounts of
25 electricity. The GVEA benefits model demonstrated "real resource savings" in the
26 form of lower electric rates and increased capital credits for ratepayers. These
savings were derived from more efficient use of generators and through economies of
scale in administration, distribution and customer services costs. See Order
U-96-120(5)/U-97-188(1), September 24, 1997, p. 22-25. Dockets U-96-120 and
U-97-188 dealt with the transfer and acquisition applications from public to private
operation for the electric utility.

1 We believe that GHU might have demonstrated credible ratepayer
2 benefits of the acquisition if it had initiated wholesale water sales or economies from
3 consolidation with CUC. Order U-96-114(5) noted that in 1997 FSW predicted savings
4 of approximately \$10 million from wholesale water sales from GHU to CUC. See
5 Order U-96-114 (5), p. 37. At the time of the GHU hearing in June of this year, GHU
6 had not captured these savings as benefits to the ratepayers.
7

8 Basic Ratemaking Principles

9 GHU's petition for reconsideration makes some arguments or assertions
10 that are contrary to the basic utility ratemaking principles that we follow. In this
11 section, we discuss the basic "compact" of utility regulation and other underlying
12 principles that we consider to be the foundation of the public interest protection that
13 economic regulation by this commission provides.
14

15 First, rates must be justified by cost information. Passage of time alone
16 does not justify any rate increase for a utility, especially where we have never before
17 seen evidence of the utility's actual costs of providing service. For more than four
18 years, GHU has been permitted to charge rates that were established without cost
19 justification, merely by adding fifteen percent to the previous FMUS rates. Order
20 U-96-114(5) indicates this rate increase was allowed on the basis of evidence that
21 FMUS rates did not recover all the utility's costs, and on the basis of GHU's agreement
22 with the City to limit rate increase requests to fifteen percent for three years after the
23 transfer. Although GHU repeatedly refers to the fifteen percent increase as a "rate
24 cap," the evidence of costs we have reviewed in this proceeding indicates that the
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1 fifteen percent rate increase in 1997 permitted GHU to raise rates above its justified
2 costs.

3 Second, we discuss GHU's concept of a "sustainable" utility. GHU
4 argues that FSW and GHU/CUC will not be "sustainable" at the rates we approved in
5 Order U-00-115(13). See Pet. Recons., pp. 4, 12-13, 17-18, 47. GHU appears to
6 mean "self-sustaining," that is, capable of making necessary capital improvements
7 without any additional owner investment even while paying off the substantial loans
8 obtained to acquire CUC. Utility regulation recognizes a "regulatory covenant" that
9 promises public utility owners an opportunity to earn a fair return on their investment in
10 property used and useful in providing service to the public. But the regulatory
11 covenant does not promise utility owners that they will be able to "sustain" a utility
12 without supplying equity capital when the utility needs new investment. Of course,
13 owner investment can be supplied through retained earnings, but when a utility needs
14 large capital infusions, it may be necessary to raise more equity capital than retained
15 earnings can supply.
16

17
18 In Order U-00-115(13), we granted GHU a generous return on equity
19 enhanced by a hypothetical capital structure (which has the effect of raising the equity
20 return to an even higher level). Our purpose in granting this generous return is to
21 recognize that the old FMUS plant is in need of upgrading and repair. Thus, existing
22 investment is at higher risk than usual, and as a reward for GHU taking over a utility in
23 need of better management. Higher returns generally provide positive incentive to
24 investors to invest in troubled utilities. The high return on equity and the favorable
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1 hypothetical capital structure we granted GHU should not be considered normal, nor
2 should GHU expect that these generous allowances will continue in the future.

3 GHU likewise argues that it is not "sustainable" without a larger
4 depreciation allowance. In utility ratemaking, depreciation is the allowance to return
5 the owners' capital invested in plant as plant is used up or wears out. It does not
6 replace owner investment. When utility capital has been contributed, by customers or
7 by government grants, for example, depreciation is not allowed. A leading text says:
8

9 The basic purpose of depreciation accounting is to recover through
10 revenues the costs invested in the physical plant contributing to the
11 production of those revenues. By matching capital recovery with capital
12 consumption, a more accurate measure of current costs of operation is
13 possible. Stated another way, depreciation accounting is necessary to
14 reimburse those supplying the capital used to purchase the related assets
15 and should properly be charged to consumers as a cost of the service they
16 receive. It is the exhaustion of service life, not the particular cause of
17 retirement, that is important.

14 It should be noted that the basic purpose of depreciation accounting is not
15 to finance replacements. Even if facilities are not to be replaced,
16 depreciation must be charged to operating expenses in order to record the
17 cost of property consumed in providing service, thereby maintaining the
18 integrity of the investment. Nor does depreciation result in a fund.¹²

17 Finally, GHU points out that it has spent \$9.5 million for capital
18 investments, yet we have approved a revenue requirement less than the City of
19 Fairbanks received five years ago. See Pet. Recons., p. 62. GHU is entitled to have
20 an opportunity to earn a return on new investment when it becomes used and useful in
21 providing service to the public. If its new investment was not included in utility plant in
22 the test year in this case, GHU is entitled to file a new rate case supporting its
23 additional investment. But projected plant additions have to be treated very carefully,
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25 _____
26 ¹²Charles F. Philips, Jr., The Regulation of Public Utilities, p. 258.

1 so that there is a match between the inclusion in rate base of new investment and the
2 revenue requirement. For example, if new investment replaces some existing pipe
3 that requires high maintenance, then the maintenance costs would be expected to go
4 down.

5
6 Consolidation Plan and Implementation

7 GHU contends that, based upon Order U-00-115(8)¹³ dated
8 April 12, 2001, it reasonably believed that consolidation would not be an issue in this
9 proceeding. Order U-00-115(8) granted reconsideration of a previous order that
10 required FSW to show cause why operations of its various subsidiaries should not be
11 consolidated. In Order U-00-115(8), p. 6 we said: "It would be inappropriate to
12 consider the concept of consolidation on a piecemeal basis. Therefore, FSW is not
13 required to show cause why these operations should not be consolidated. However,
14 we may investigate the issue of consolidation of these operations in the future."

15
16 Our requirement that GHU file a consolidation plan by March 26, 2002,
17 is intended to initiate our proceedings to investigate the issue of consolidation. We
18 intend to monitor the FSW corporate family's effort to capture the benefits of

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24 ¹³Order Granting Reconsideration, in Part; Vacating Filing Requirements;
25 Requiring Filings; and Amending Docket Title for Docket U-00-116, Order
26 U-00-115(8)/U-00-116(7)/U-00-146(6)/U-01-24(2)/U-01-29(2)/U-01-30(2), dated
April 12, 2001 (Order U-00-115(8)).

1 consolidation that were predicted when it gained the APUC's approval to acquire the
2 FMUS water and sewer utilities. Order U-00-115(13) explored the current corporate
3 structure of FSW and why we found the argument for consolidation compelling. By
4 requiring GHU to file a consolidation plan, we intend that the utility inform us of its
5 intent and its progress toward the consolidation they discussed at the time of the
6 acquisition. We have made no final decision on the consolidation issue but will review
7 GHU's plan before determining whether any additional requirements should be
8 imposed.
9

10 We reopened the evidentiary record during the reconsideration period to
11 consider the many letters and e-mail communications from the public regarding bulk
12 water sales. Because we found that GHU may not have issued adequate notice to its
13 customers in advance of the hearing on this matter, we held consumer input hearing
14 on November 26, 2001. We will not lift the stay on the portions of Order U-00-115(13)
15 pertaining to the cessation of bulk water service until we have completed deliberations
16 on this matter.
17

18 ORDER

19 THE COMMISSION FURTHER ORDERS:

- 20
- 21 1. The petition for reconsideration filed by Golden Heart Utilities, Inc.,
22 is denied.
 - 23 2. The stay of Order U-00-115(13)/U-00-116(12)/U-00-146(10), dated
24 September 24, 2001, is lifted, except for the provisions related to bulk water.
25
- 26

1 3. By 4 p.m., January 6, 2002 Golden Heart Utilities, Inc., Water and
2 Sewer divisions, shall file revised cost-of-service studies and tariffs to reflect the
3 determinations in Order U-00-115(13)/U-00-116(12)/U-00-146(10), dated
4 September 24, 2001.

5
6 4. By 4 p.m., January 6, 2002, College Utilities Corporation shall file
7 revised tariffs to reflect the determinations in Order
8 U-00-115(13)/U-00-116(12)/U-00-146(10), dated September 24, 2001.

9 5. By 4 p.m. March 26, 2002, Golden Heart Utilities, Inc., Water and
10 Sewer Divisions, shall file a plan to clarify its intent for consolidating all operations and
11 comments on the Staff Recommendation regarding the Cost Allocation Manual, as
12 more fully discussed in Order U-00-115(13)/U-00-116(12)/U-00-146(10) dated
13 September 24, 2001, and in this Order.

14
15 DATED AND EFFECTIVE at Anchorage, Alaska, this 7th day of December, 2001.

16 BY DIRECTION OF THE COMMISSION

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19 (S E A L)

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Regulatory Commission of Alaska
701 West Eighth, Suite 300
Anchorage, Alaska 99501
(907) 276-6222; TTY (907) 276-4533

SECTION 14

Regulatory Commission of Alaska
701 West Eighth Avenue, Suite 300
Anchorage, Alaska 99501
(907) 276-6222; TTY (907) 276-4533

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STATE OF ALASKA

REGULATORY COMMISSION OF ALASKA

Before Commissioners:

G. Nanette Thompson, Chair
Bernie Smith
Patricia M. DeMarco
Will Abbott
James S. Strandberg

In the Matter of the Consideration of)
Processes Dealing with Applications for a)
Certificate of Public Convenience and)
Necessity to Operate as a)
Telecommunications Intrastate Interexchange)
Public Utility)

R-00-4

ORDER NO. 2

ORDER ISSUING PROPOSED REGULATIONS FOR COMMENT AND
ESTABLISHING HEARING AND FILING SCHEDULE

BY THE COMMISSION:

Summary

In this Order we seek comment on proposed regulations in 3 AAC 52.350 – 3 AAC 52.399 governing the criteria for intrastate interexchange (IXC) telephone competition. We discussed the proposed regulations at our public meeting on February 27, 2002, and determined that they should be noticed for public comment.

Background

On March 17, 2000, we issued a Notice of Inquiry¹ seeking comments, including a list of specific questions on ways to improve the application procedures to promote efficient processing and competitive entry into the interexchange market while

¹See Order R-00-4(1) dated, March 17, 2000.

1 Registration: 3 AAC 52.358

2 We also propose to exempt the class of IXCs subject to the proposed
3 3 AAC 52.358 from the certification requirement of AS 42.05.221. Instead, this class
4 must register in compliance with 3 AAC 52.358. With the registration process, we will
5 not make an explicit finding that the applicant is fit, willing, and able. We are not
6 eliminating the standard, but are streamlining the fit, willing, and able review process
7 to be more automatic and less resource intensive. It is not in the public interest to
8 devote significant Staff time to review of application and tariffs for this class of carriers
9 which is estimated to be less than one percent of the market. It is our expectation that
10 this exemption and rule change will permit us to make some much needed
11 improvements in our current use of Staff resources.
12

13 We believe this alternative approach to determining fitness, willingness,
14 and ability is justified for a number of reasons. Today, many carriers are pure resellers
15 that rely more on marketing skills than technological expertise or access to large
16 amounts of capital. Many do not provide any prescribed services but rather are
17 alternative or secondary providers offering dial around or calling card services
18 exclusively. Requiring extensive financial or technological information from these
19 carriers may be an unnecessary and undesirable barrier to entry. These carriers tend
20 to be rather small when compared to Alaska's established facilities-based carriers. By
21 definition they must be less than two percent of the market to qualify; and despite the
22 large number of these carriers in the Alaska market (roughly 50 or more companies)
23 their total market share appears to be quite small. If a carrier goes out of business we
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25
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1 carriers offering prepaid services (including prepaid calling cards), or a \$1000 bond for
2 carriers without any prepaid services. An entity registering must provide a copy of its
3 online tariff, which must be based upon the Commission's Model Tariff (Appendix B).
4 After receiving a registration submittal, Staff will return a numbered receipt to the
5 entity. The carrier may begin operating 45 days after registering, unless Staff rejects
6 the registration submittal. The carrier must pay an initial registration fee and an annual
7 registration renewal fee. The rate for these fees will be based upon an estimate of the
8 average amount of time it takes Staff to process the registrations and renewals. There
9 will be no order approving a successful registration and no explicit finding that the
10 registered carrier is fit, willing, and able. Finally, we note that a registered carrier will
11 not pay the regulatory cost charge but will be required to pay actual Commission costs
12 if necessary under 3 AAC 47.100.
13
14

15 Simplified Tariff for Registered IXCs: 3 AAC 52.367

16 We also propose simplified tariff rules for registered IXCs which we
17 believe are consistent with AS 42.05.361. We will require each registered carrier to
18 maintain its tariff online at an Internet address associated with the company. Tariff
19 revisions will continue to go into effect automatically after 30 days notice to the public.
20 However, notices for registered carriers will not have to be published in a newspaper.
21 Rather, notices will be filed with us, posted in the carriers' online tariff, and e-mailed to
22 customers that request e-mail notification. Rates may not exceed rate caps
23 established and periodically modified by Commission order. Initially, we intend to
24 impose a rate cap of \$0.35 per minute (including fees and surcharges) for switched
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1 exchange carriers, but remain with respect to incumbent local exchange carriers,
2 which continue to be monopolies or can retain market power even with the entry of
3 other providers. We therefore propose to amend 3 AAC 52.350(d) by changing the
4 "local exchange carrier" references to "incumbent local exchange carrier." With this
5 change, an incumbent local exchange carrier that proposes to provide intrastate
6 interexchange service must apply for a certificate under 3 AAC 48.600 – 3 AAC
7 48.661.
8

9 The proposed regulations are attached to this Order as Appendix A and
10 the Model Tariff is attached as Appendix B. Commentors should discuss whether we
11 should adopt the proposed regulations and/or whether any other changes to our
12 current or proposed regulations are necessary.

13 Comments on the regulations must be filed by 4:30 p.m., May 24, 2002.
14 Reply comments must be filed by 4:30 p.m., June 21, 2002. We request that
15 commentors include a diskette with their comments in IBM compatible text (.txt)
16 format, Word 97 (or earlier) format, or Adobe Acrobat (.pdf) format.

17 Since this is a rulemaking proceeding, commentors are not required to
18 serve their comments on the other entities set out on the service list of this Order.
19 Interested persons may request copies of the comments filed in the proceeding from
20 the Commission's Records and Filing Section.

21 A public hearing to receive oral comments in this proceeding will be held
22 at 8:30 a.m., July 12, 2002. The hearing is scheduled from 8:30 a.m. – 1:30 p.m., on
23 that date, out the time may be extended to accommodate those present before
24

25 (. . . continued)
26 process are addressed satisfactorily." *Re Regulations Governing the Market Structure
for Intrastate Interexchange Telecommunications Service*, 10 APUC 407, 416 (1990).

Regulatory Commission of Alaska
701 West Eighth Avenue, Suite 300
Anchorage, Alaska 99501
(907) 276-6222; TTY (907) 276-4533

1 Avenue, Anchorage, Alaska, for the purpose of taking public comment on the
2 proposed regulations.

3 5. Those individuals wishing to present oral comment at the public
4 hearing scheduled in this proceeding are requested to notify the Commission of their
5 intent by 4:30 p.m., June 21, 2002, but such notification is not mandatory.

6
7 DATED AND EFFECTIVE at Anchorage, Alaska, this 15th day of April, 2002.

8 BY DIRECTION OF THE COMMISSION

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11 (SEAL)

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25 (. . . continued)
26 1-907-276-4533 by no later than 4:30 p.m., June 21, 2002, to make any necessary
arrangements.

Register _____ 2002 COMMUNITY AND ECON. DEV.

services;

(B) a reprimand, penalty, or conviction of the entity or its officers, directors, or affiliates related to operations, gross misrepresentations, fraudulent transactions, or securities violations; or

(C) an adjudication of bankruptcy or a reorganization in bankruptcy of the entity or its officers, directors, or affiliates;

(9) a list of all cases and locations in which the entity, its officers, directors, or affiliates, has abandoned service in violation of applicable statutes, regulations, or orders;

(10) a list of the names, titles, and responsibilities of key management now employed or to be employed by the entity, and resumes for each person;

(11) a list of all services proposed, together with an explanation of the entity's technical ability to provide the proposed services;

(12) a copy of the entity's initial on-line tariff;

(13) the world wide web address of its on-line tariff; and

(14) an explanation as to whether resold services will be obtained from:

(A) another carrier's intrastate wholesale tariff;

(B) another carrier's intrastate retail tariff;

(C) from an interstate contract or tariff; or

(D) some other mechanism.

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(9) it will pay all intrastate access charges required by state law and applicable access charge tariffs;

(10) it will pay all commission assessments for actual costs associated with any adjudicatory proceeding opened to investigate the practices or rates of the entity; and

(11) it will verify that all of the information provided in the registration is true, accurate, and complete.

(e) An entity registering under this section shall submit a

(1) \$5,000 bond if it requires prepayment of services, or

(2) \$1000 bond if it does not require the prepayment of services.

(f) An entity registering under this section shall submit a registration renewal on a form prescribed by the commission by January 31 of each year. The registration renewal submission must include any changes to information submitted with the entity's registration submittal, an annual registration renewal fee of \$50, and a certificate verifying that the entity is in compliance with the requirements of (d) of this section.

(g) The commission will verify receipt of a registration submittal and a re-registration renewal submittal by returning a numbered registration or re-registration receipt marked with the date the commission received the submittal.

(h) Unless notified that its registration submittal is rejected, the entity registering under this section may begin operation 45 days after the date the commission received the submittal. Commission staff may reject an incomplete registration submittal without

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application for a certificate of public convenience and necessity in compliance with this section.

(b) An application for a certificate must include

(1) the legal name and the name under which the applicant proposes to do business;

(2) the address of the principal national and Alaskan place of business;

(3) the name, title, and telephone number of the individual who is the liaison with the commission in regard to the application;

(4) applicant's business structure (corporation, partnership, etc.), including proof of incorporation and name and address of registered agent if applicable;

(5) proof of authority to do business in Alaska;

(6) a list of the owners of five percent or more of the applicant's equity;

(7) a list of persons or entities that are affiliated interests of the applicant;

(8) a list of all administrative and judicial proceedings that resulted in

(A) suspension, revocation, or denial of the authority, license, or certification of the applicant or its officers, directors, or affiliates to provide utility services;

(B) a reprimand, penalty, or conviction of an applicant or its officers, directors, or affiliates related to operations, gross misrepresentations, fraudulent transactions, or securities violations; or

(C) an adjudication of bankruptcy or a reorganization in bankruptcy

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(19) a description of all existing facilities, or facilities planned for construction within five years, that are or will be used to provide interstate interexchange service;

(20) a tariff of rates and services; and

(21) a verification signed by the person authorized to sign on behalf of the applicant that all of the information provided in the application is true, accurate, and complete.

(c) Notice of an application for a certificate of public convenience and necessity to provide intrastate interexchange telephone service will be given in accordance with 3 AAC 48.645(a).

(d) Subject to 3 AAC 52.361, a certificate of public convenience and necessity will be issued, within 90 days of the date of filing a complete certificate application, to an entity that proposes to provide intrastate interexchange telephone service under this section and that is found by the commission to be fit, willing, and able to provide the proposed service.

(e) The commission will, in its discretion, place conditions on a certificate of public convenience and necessity that it considers appropriate, including a condition that the interexchange carrier post a bond to assure compliance with commission rules and payment of access charges. (Eff. 3/16/91, Register 117; am ___/___/2002, Register ___)

Register _____, _____ 2002 COMMUNITY AND ECON. DEV.

(1) filed a paper and a computer copy (Adobe Acrobat formatted) of the tariff change with the commission; and

(2) noticed the tariff revision to the public

(A) in the section of the carrier's on-line tariff for proposed tariff changes; and

(B) by e-mail to members of the public that request e-mail notification of tariff modifications.

(e) The public notice of tariff modification must contain a general description of the filing that is accurate, written in plain English, and sufficient to alert consumers of tariff revisions that may affect either the rules or rates applicable to them. The notice must contain the following information

(1) the date the utility made, or will make, its filing with the commission;

(2) the date the revisions are expected to become effective;

(3) a statement that both the proposed revisions and the utility's current tariff are available for review at the utility's office and for which an address and office hours are provided; and

(4) a statement that any person may file comments on the tariff revision with the Regulatory Commission of Alaska at 701 West Eighth Avenue, Suite 300, Anchorage, Alaska 99501.

(f) A notice must allow at least 10 days from the date of publication

AS 42.05.221

AS 42.05.711

[AS 42.05.990(4)]

3 AAC 52.375(a) and (b) are amended to read:

(a) A certificated [AN] interexchange carrier shall offer all its services for resale to other carriers. Services must be offered for resale at wholesale rates to the extent determined appropriate in view of the facilities and general service offerings of the interexchange carrier.

(b) The certificated dominant carrier shall maintain a current tariff of wholesale rates and all special contracts for wholesale rates on file with the commission. The dominant carrier may reduce wholesale rates without approval of the commission after 30 days' notice to the commission of a tariff filing submitted in accordance with 3 AAC 48.220, 3 AAC 48.240, and 3 AAC 48.270. A tariff revision by the dominant carrier to increase wholesale rates, to offer new or repackaged wholesale services, or to implement special contracts for wholesale service is subject to the provisions of 3 AAC 48.200 – 3 AAC 48.442 [3 AAC 48.200 - 3 AAC 48.430].

(Eff. 3/16/91, Register 117; am 7/8/93, Register 127; am ___/___/2002, Register ___)

Authority:	AS 42.05.141	AS 42.05.241	[AS 42.05.711(d)]
	AS 42.05.151	AS 42.05.431	<u>AS 42.05.990</u>
	AS 42.05.221	<u>AS 42.05.711</u>	[AS 42.05.990(4)]

Register _____, _____ 2002 COMMUNITY AND ECON. DEV.

through which the long distance calls are routed. The card may be rechargeable, allowing the user to add more calling time by dialing a toll-free number or accessing a web site and using a major credit card. (Eff. ___/___/2002, Register ____)

Authority: AS 42.05.141 AS 42.05.711 AS 42.05.810
AS 42.05.151

3 AAC 52.380 is amended to add a new subsection to read:

(e) An interexchange carrier shall, within 30 days after the end of each calendar quarter, submit to the commission monthly traffic data necessary for the calculation of statewide market share. The traffic data must be submitted on a form prescribed by the commission. (Eff. 3/16/91, Register 117; am ___/___/2002, Register ____)

Authority: AS 42.05.141 [AS 42.05.151(a)] AS 42.05.431
[AS 42.05.141(a)] AS 42.05.221 AS 42.05.990
AS 42.05.151 AS 42.05.241 [AS 42.05.720(4)]

3 AAC 52.390 is amended to add a new subsection to read:

(f) The commission may revoke a registered carrier's operating authority for good cause, including failure to comply with the provisions of 3 AAC 52.350 - 3 AAC

DRAFT

(Name of Company. Must match name
on AK Bus. License)

(RCA IXC Registration No. __)
Original Page 1

[Model Online Tariff for Registered Interexchange Carriers]

Online-Tariff Applicable to

Intrastate Interexchange

Telecommunications Services Furnished by

(insert name of Company)

Between Points Within the State of Alaska

Issued:
. 2002

Effective date:

(Leave blank until tariff is approved)

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(Name of Company. Must match name
on AK Bus. License)

(RCA IXC Registration No. ___)
Original Page 3

CHECK SHEET

Sheets 1 through (insert number) inclusive of this tariff are effective as of the date shown (MUST MATCH EFFECTIVE DATE ON TARIFF SHEET). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this sheet. (SAMPLE CHECK SHEET TABLE FOLLOWS.)

Sheet number	Revision Number	Effective Date	Sheet number	Revision Number	Effective Date
1	Original	Jan. 1, 2001	4	Original	Jan. 1, 2001
2	Second	July 1, 2001	5	Original	Jan. 1, 2001
2.1	Original	July 1, 2001	6	Original	Jan. 1, 2001
2.2	Original	July 1, 2001	7	Original	Jan. 1, 2001
3	Original	Jan. 1, 2001	8	Original	Jan. 1, 2001

Issued: _____
2002

Effective date: _____

(Leave blank until tariff is approved)

DRAFT

(Name of Company. Must match name
on AK Bus. License)

(RCA IXC Registration No. __)
Original Page 5

1 GENERAL

1.1 Explanation of Symbols

- (C) – To signify a changed regulation
- (D) – To signify a discontinued rate or regulation
- (I) – To signify an increase in a rate
- (M) – To signify text or rates relocated without change
- (N) – To signify a new rate or regulation or other text
- (R) – To signify a reduction in a rate
- (S) – To signify reissued regulations
- (T) – To signify a change in text but no change in rate
- (Z) – To signify a correction

1.2 Application of the Tariff

- 1.2.1 This tariff governs the Carrier's intrastate interexchange services that originate and terminate in Alaska.

Issued:
2002

Effective date:

(Leave blank until tariff is approved)

DRAFT

(Name of Company. Must match name
on AK Bus. License)

(RCA IXC Registration No. ___)
Original Page 7

2 RULES AND REGULATIONS

2.2 Obligations of the Customer

2.2.1 The customer shall be responsible for:

2.2.1.1 The payment of all applicable charges pursuant to this tariff;

2.2.2 With respect to any service provided by the Company, the customer shall indemnify, defend and hold harmless the Company from all claims, actions, damages, liabilities, costs and expenses for:

2.2.2.2 Any claim, loss, damage, expense or liability for infringement of any copyright, patent, trade secret, or any proprietary infringement of any copyright, patent, trade secret, or any proprietary or intellectual property right of any third party, arising from any act or omission by the customer.

2.3 Liability of the Company

2.3.1 Services provided by the Company are subject to the terms, conditions and limitations herein specified:

2.3.2 Service Irregularities

2.3.2.1 The liability of the Company for damages arising out of mistakes, omissions, interruptions, delays, errors or defects in transmission, furnished by the Company, occurring in the course of furnishing service and not caused by the negligence of the customer, shall in no event exceed an amount equivalent to the proportionate charge to the customer for the service affected during the period such mistake, omission, interruption, delay, error or defect in transmission continues after notice and demand to Company.

Issued:
2002

Effective date:

(Leave blank until tariff is approved)

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(Name of Company. Must match name
on AK Bus. License)

(RCA IXC Registration No. __)
Original Page 9

NOTE: SECTION 2.3.7.1 IS ACCEPTABLE PROVIDED THE COMPANY ALSO INCORPORATES SECTION 2.3.7.2 INTO ITS TARIFF.

2.3.7.2 Acceptance of the provisions of Section 2.3 by the Commission does not constitute its determination that any disclaimer of warranties or representations imposed by the Company should be upheld in a court of law.

2.3.8 Limitation of Liability

2.3.8.1 Nothing in this tariff shall be construed to limit the Company's liability in cases of gross negligence or willful misconduct.

2.4 Application for Service

2.4.1 Minimum Contract Period:

2.4.1.1 Except as otherwise provided, the minimum contract period is one month for all services furnished.

2.4.2 Cancellation of Service

2.4.2.1 Where the applicant cancels an order for service prior to the start of the installation no charge shall apply, except to the extent the Company incurs a service order or similar charge from a supplying carrier, if any, prior to the construction.

2.5 Payment for Service

2.5.1 **(INDICATE IF THE COMPANY WILL BILL DIRECTLY, IF NOT, INDICATE WHO WILL – I.E., BILLING AGENTS, LECS, ETC.)** Service will be billed on a monthly basis and is due and payable upon receipt or as specified on the customer's bill. Service will continue to be provided until

Issued:
2002

Effective date:

(Leave blank until tariff is approved)

DRAFT

(Name of Company. Must match name
on AK Bus. License)

(RCA IXC Registration No. ___)
Original Page 11

(907) 276-6222
(907) 276-0160 Fax
(907) 276-4533 TTY
1-800-390-2782
(within the State)

2.9 Allowance for Interruptions in Service

- 2.9.1 Credit for failure of service or equipment will be allowed only when failure is caused by or occurs in equipment owned, provided, and billed for, by the Company.

(CARRIER MAY SPECIFY TERMS AND CONDITIONS RELATING TO INTERRUPTIONS IN SERVICE.)

2.10 Taxes and Fees

- 2.10.1 All state and local taxes and fees shall be listed as separate line items on the customer's bill.
- 2.10.2 If a municipality, other political subdivision or local agency of government, or the Commission imposes and collects from the Company a gross receipts tax, occupation tax, license tax, permit fee, franchise fee, or regulatory fee, such taxes and fees shall, as allowed by law, be billed pro rata to the customer receiving service from the Company within the territorial limits of such municipality, other political subdivision or local agency of government.

2.11 Returned Check Charge

The charge for a returned check is _____ **(THE CHARGE MAY BE NO GREATER THAN \$25)**

2.12 Termination of Service:

Issued: _____
_____, 2002

Effective date: _____

(Leave blank until tariff is approved)

DRAFT

(Name of Company. Must match name
on AK Bus. License)

(RCA IXC Registration No. __)
Original Page 13

2.13.2.1.C Refusal of Access. For failure of the customer to permit the Company to have reasonable access to its equipment.

2.13.2.1.D Non-payment of Bill.

2.13.2.1.D.1 For non-payment of a bill for service, provided that the Company has made a reasonable attempt to effect collection and has given the customer written notice of its intent to deny service if settlement of his account is not made and provided the customer has at least 5 days, excluding Sundays and holidays in which to make settlement before his service is denied.

PROVISION OF SERVICE

2.15 Unlawful Use of Service

2.15.1 Service shall not be used for any purpose in violation of law.

2.18 Incomplete Calls

2.18.1 There shall be no charge for incomplete calls. No charge will be levied for unanswered calls.

2.19 Overcharge/Undercharge

2.19.2 When a customer has been overcharged, the amount shall be refunded or credited to the customer.

Issued:

2002

Effective date:

(Leave blank until tariff is approved)

DRAFT

(Name of Company. Must match name
on AK Bus. License)

(RCA IXC Registration No. ___)
Original Page 15

4 RATES AND CHARGES

4.1 Calculation of Rates

- 4.1.1 Mileage sensitive rates are based on airline mileage between rate centers of the calling and called stations. Mileage is calculated using the Vertical and Horizontal (V&H) coordinate system in section 4.2.5.
- 4.1.2 Timing of calls begins when the call is answered at the called station. Different rates may apply depending on the time of day or day of week the call is made. Calls originating in one time period and terminating in another time period will be billed according to the rates in effect during each portion of the call.

**4.2 Dial-Around Compensation Surcharge for Payphones
(IF APPLICABLE):**

- 4.2.1 A Dial-Around Compensation Surcharge applies to all completed consumer intrastate long distance calls placed from a private or public interest pay telephone which are not paid on a sent paid basis. The Surcharge applies to:
- A. Calling card service
 - B. Collect calls
 - C. Third party billed
 - D. Directory Assistance calls
 - E. Pre-paid card service
- 4.2.2 The Surcharge does not apply to:
- A. Calls paid for by inserting coins;
 - B. Calls placed from stations other than pay telephones;
 - C. Calls placed to the Alaska Telecommunications Relay Service provider; or
 - D. Any calls for which the payphone provider is otherwise compensated pursuant to contract with the carrier.
- 4.2.3 The Dial Around Compensation Surcharge rate is _____ per call. **(THE RATE MAY BE NO GREATER THAN \$.25 PER CALL. FOR PRE-PAID**

Issued:

2002

Effective date:

(Leave blank until tariff is approved)

DRAFT

(Name of Company. Must match name
on AK Bus. License)

(RCA IXC Registration No. __)
Original Page 17

5 Pending Tariff Revisions

5.1 Procedure for Tariff Revision

5.1.1 The Company will not modify the previous sections of its tariff until it has completed the following actions at least 30 days prior to the proposed effective date of the revision:

- a) filed a copy of its tariff revision and notice with the Commission
- b) placed the notice and proposed tariff revision in section 5.2 below
- c) emailed the tariff revision notice to members of the public that request email notification of proposed tariff changes.

5.2 Listing of Pending Tariff Revisions

5.2.1 Current pending tariff revisions are listed below:

5.2.1.1 TA1

5.2.1.1.A Notice

5.2.1.1.B Proposed Tariff Revision [**Provide on-line link to copy of proposed tariff sheets**]

5.2.1.2 TA2

5.2.1.2.A Notice

5.2.1.2.B Proposed Tariff Revision [**Provide on-line link to copy of proposed tariff sheets**]

5.3 Listing of Tariffs Suspended by the Commission for Investigation

Issued: _____
2002

Effective date: _____

(Leave blank until tariff is approved)

HB

30001

(File 4)

5
HFIN

FILE

SECTION 15

**NOTICE OF INQUIRY BY THE
REGULATORY COMMISSION OF ALASKA**

The Regulatory Commission of Alaska seeks comments for the development of regulations for small public water and sewer systems. We also seek comments on a proposed application form for an initial certificate of public convenience and necessity for a public water or sewer system. The need for regulations for public water and sewer systems and the proposed application form was discussed at our public meeting on April 10, 2002.

There are numerous water and sewer utilities in operation in Alaska that are presently uncertificated. These are mainly small rural water and sewer utilities or community water and sewer systems. In many cases, a single entity owns and manages both a water and sewer system. We seek to ensure the quality of and affordability of utility service for the Alaskan ratepayer by requiring all public utilities to be certificated.

When we certificate a utility, we must determine that the existence or creation of the utility will provide a needed service and that the utility is fit and able to provide the service. Among other things we review the financial plan of the utility and look at the credentials and competency of the proposed utility management. In conjunction with the Alaska Department of Environmental Conservation (ADEC), we also look at the technical design and operations plans of the utility.

An important issue in the certification process is the financial viability of the utility. The costs of operating and maintaining a small utility with few customers may be extremely high. Rates necessary to recover these costs could be unaffordable. Setting rates above what customers can afford can create a "death spiral" where a continuing loss of subscribers will make rates increase and, left unabated, result in collapse of the utility.

Also affecting water utilities are regulations under the Safe Drinking Water Act (SDWA), implemented by the U.S. Environmental Protection Agency (EPA) and administered in Alaska by the ADEC. The regulations have a direct impact not only on the quality of water a utility must provide but also on the operations of the utility in three major areas: technical, managerial, and financial. Alaska is required to demonstrate an effective strategy regarding these issues in order for funds to be available for its safe drinking water program. ADEC is actively pursuing a "Capacity Development Program" to improve the operation of small water systems and respond directly to the SDWA requirements. One requirement of the Program is RCA certification of jurisdictional utilities.

For further analysis regarding the operation of small water and sewer systems in Alaska, please see Order R-02-4(1), which was issued simultaneously with this Notice. A copy of the Order may be obtained from the Commission's Record and Filings Section at the address set out below or view on our web site at <http://www.state.ak.us/rca/> under *Hot Topics*.

We seek comments from the public on the following issues to help us draft appropriate regulations:

1. Should we adopt a phased certification process for noncomplying rural utility systems which allows for conditional approval of an applicant under terms and conditions that assure protections for ratepayers and a commitment to a program to improve utility operations to meet our standards?

2. Should we implement quality of service standards for small water and sewer systems, and if so, what specific standards should be established?

3. Should we implement utility safety standards that would set minimum operations standards? Should this include the National Electrical Safety Code?

4. Are quality of service and utility standards already in place through other agencies that we could adopt?

5. Should we adopt criteria to exempt certain classes of utilities from certification where it can be shown an exemption is in the public interest?

6. Should we adopt criteria to exempt certain classes of certificated utilities from rate regulation where it can be shown such exemption is in the public interest?

7. Should homeowners associations be exempt from economic regulation?

8. Should other classes of certificated utilities be exempt from economic regulation? Which ones and why?

9. What should the requirements be for existing small rural water and sewer utilities to show that they are fit, willing and able to provide utility service?

10. When should small water and sewer utilities adjacent to larger systems be required to consolidate their operations?

11. Should the RCA set operational standards that would allow utilities to evaluate their ability to meet our certification criteria?

12. Should we consider a self-registration program for classes of utilities we determine to exempt?

13. Should we consider revising our certification process in order to create a separate certification class of small combined water-sewer utility service providers for entities providing both water and sewer utility service that have combined gross annual operating revenues under a prescribed threshold?

14. For utilities that are otherwise subject to economic regulations, should we consider revisions to simplify our ratemaking and reporting requirements for

small water and sewer public utilities with gross annual revenues under a prescribed threshold?

15. Should we consider providing a model tariff to assist small water and sewer utilities in the application process?

16. Should we employ a two-step process for new applicants that allows for a public interest finding prior to design and construction and a fit, willing, and able determination prior to the utility beginning operation?

17. Should this apply to all new utilities, or just be an option available for use?

18. Should we maintain the existing PU 101 form as a single step application option?

19. What changes are necessary for the PU 101 form and the new proposed form?

We also seek public input for a proposed application form that could supplement our existing Certificate of Public Convenience and Necessity Form PU-101. The proposed new form would allow a water or sewer system developer who is not a utility to seek a public interest finding from us early in project development.

Any interested person may present comments relevant to this Notice by writing to the Regulatory Commission of Alaska, 701 West Eighth Avenue, Suite 300, Anchorage, Alaska 99501. Comments must be filed with the Commission by 4:30 p.m., July 1, 2002. Reply comments must be filed by 4:30 p.m., July 31, 2002. The Commission requests that commentors include a diskette with their comments in IBM compatible text (.txt) format, Word97 (or earlier) format, or Adobe Acrobat (.pdf) format. The Commission requests that commentors reference Docket R-02-4 in their filings.

Since this is a rulemaking proceeding, commentors are not required to serve comments on the other entities set out on the service list of this Notice. Interested persons may request copies of the comments filed in the proceeding from the Commission's Records and Filing Section at the address set out above.

A public hearing to receive oral comments in this proceeding will be held at 8:30 a.m., August 20, 2002. We request that persons wishing to present oral comment at the hearing submit a statement of that intent by July 31, 2002, but such a statement is not mandatory.

If you are a person with a disability who may need a special accommodation in order to participate in the process relevant to this Notice, please contact Denise Anderson at 1-907-276-6222 or TTY 1-907-276-4533 by May 31, 2002, to make any necessary arrangements.

DATED at Anchorage, this 30th day of April, 2002

REGULATORY COMMISSION OF ALASKA

G. Nanette Thompson
Chair

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STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

G. Nanette Thompson, Chair
Bernie Smith
Patricia M. DeMarco
Will Abbott
James S. Strandberg

In the Matter of the Consideration of Regulations
for Public Water and Sewer Systems and
Application Forms for a Certificate of Public
Convenience and Necessity for Small Public
Water or Sewer Systems

R-02-4
ORDER NO. 1

ORDER ISSUING NOTICE OF INQUIRY, ESTABLISHING SCHEDULE
FOR PUBLIC COMMENTS AND HEARING, AND ISSUING
APPLICATION FORM FOR COMMENT FOR A CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY FOR SMALL PUBLIC
WATER OR SEWER SYSTEMS

BY THE COMMISSION:

Summary

In this Order we initiate an inquiry to develop regulations for small public water and sewer systems. We also seek comments on a proposed application form for a certificate of public convenience and necessity for a public water or sewer system, with the possibility of developing additional forms. We discussed the need for regulations for public water and sewer systems and the proposed application form at our public meeting on April 10, 2002, and we decided to seek public input. Comments are due by 4:30 p.m., July 1, 2002, and reply comments are due by 4:30 p.m., July 31, 2002. A public hearing will be held August 20, 2002.

Regulatory Commission of Alaska
701 West Eighth Avenue, Suite 300
Anchorage, Alaska 99501
(907) 276-6222; TTY (907) 276-4533

1 Background

2 Alaska statutes¹ require all public utilities to be certificated as a measure
3 to ensure the quality and affordability of utility service for the Alaskan ratepayer. There
4 are numerous water and sewer utilities in operation in Alaska that are presently
5 uncertificated.² With this inquiry, we seek input to help us write new regulations that
6 lay out a reasonable framework so small water and sewer utilities can become
7 certificated.
8

9 These uncertificated utilities fall into two general classes, small rural
10 water and sewer utilities, and community water and sewer systems. In many cases,
11 the utility owns and manages both the water and sewer system.
12

13 The Certification Process

14 When we certificate a new utility, we first determine whether it is for an
15 unserved area, or if service from another utility already exists. Typically, residents in
16 unserved areas will be providing their own water supply and sewage disposal on their
17 land. A central water supply and sewage collection and disposal system, or some
18 combination of the two, often can resolve human and environmental health risks
19

20 _____
21 ¹AS 42.05.221 states: (a) A public utility may not operate and receive
22 compensation for providing a commodity or service without first having obtained from
23 the commission under this chapter a certificate declaring that public convenience and
24 necessity require or will require the service.

25 AS 42.05.241 states: A certificate may not be issued unless the commission
26 finds that the applicant is fit, willing, and able to provide the utility services applied for,
and the services are required for the convenience and necessity of the public.

²See Legislative Audit, Findings and Recommendations, dated
November 28, 2001.

1 typical to on-site systems, and can reduce the effort and cost the homeowner must
2 spend to enjoy a comfortable and responsible lifestyle. Under these circumstances,
3 formation of a central public utility generally is in the public interest, and serves the
4 "public convenience and necessity".

5
6 We also review the credentials and competency of the proposed
7 utility to make sure the central utility that is formed will be able to deliver promised
8 services reliably for the foreseeable future. We review the supporting financial plan,
9 and, in conjunction with the State of Alaska, Department of Environmental
10 Conservation (ADEC),³ the technical design and operations plans. Of special
11 importance is the financial sustainability of the utility; that is, whether it will be able to
12 charge enough through rates to cover costs, and if owned by a for-profit entity, achieve
13 a reasonable return on investment.

14
15 Financial issues are important in the certification process for small water
16 and sewer systems since costs of operations are often dauntingly high. Rates
17 necessary to recover costs may be unreasonable, and in fact, beyond the reach of the
18 consumer being served. Traditional ratesetting methods which set rates above the
19 level customers can afford can create a "death spiral", in which customers who cannot
20 afford rates end their service, causing rates for remaining customers to increase
21 further until the utility collapses. For this reason, we typically do not approve
22 applications for a non-sustainable utility.

23
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25 ³We currently have a Memorandum of Understanding with ADEC to coordinate
26 efforts to ensure that safe water is being provided to the public.

1 The two categories of small utilities discussed above each have unique
2 characteristics. In rural Alaska, the systems tend to be municipally owned, and often
3 are remote and removed from our road system. The underlying piping, water supply,
4 water treatment systems, and sewage disposal systems in many cases have been
5 constructed by the State of Alaska and federal government. Often these systems
6 have been deeded over to the community, so there is little to no debt service. While
7 state agencies have been working to provide technical training and business
8 assistance,⁴ there is much to be done to improve service quality and to assure the
9 utilities can be sustainable over the long-term. Often perniciously poor in situ water
10 quality requires technically complex and expensive water treatment processes.
11 Likewise, difficult sewage disposal constraints are also often present. These
12 circumstances make it likely that the unsubsidized cost of utility service will be beyond
13 what a ratepayer could be reasonably expected to pay.
14
15

16 There are also numerous uncertificated community water and sewer
17 systems in Alaska operated and maintained by homeowners associations.⁵ These
18 systems typically are on the outskirts of urban areas and tend to be privately financed
19 and owned by a group of homeowners bound together by a common need for reliable
20
21

22 ⁴The Alaska Department of Community and Economic Development, Division of
23 Community and Business Development, Rural Utility Business Advisors (RUBA) will
24 assist the communities with financial and managerial issues relating to capacity
25 development.

26 ⁵This is a broad classification of utilities that may not fit all existing non-rural
small utilities. We expect in our inquiry to better define utility classes.

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1 sanitary services. They are legally enfranchised by a charter and bylaws that ensure
2 representative ownership and management.

3 While these systems fit the definition of a public utility,⁶ the
4 customer/home owner is typically protected by bylaws that allow direct homeowner
5 participation in the management of the system. In several recent dockets, we have
6 exempted small water and sewer systems from economic regulation and certification.⁷
7 It may also have been the informal historical policy of the APUC⁸ to exempt
8 homeowner associations from certification requirements. Adoption of this principle in
9 regulations would clarify our exemption policy for the public, and we seek input in this
10 matter as a part of this inquiry.
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17 ⁶A public utility is defined at AS 42.05.990(4) as: "public utility" or "utility"
18 includes every corporation whether public, cooperative, or otherwise, company,
19 individual, or association of individuals, their lessees, trustees, or receivers appointed
20 by a court, that owns, operates, manages, or controls any plant, pipeline, or system for

21

22 AS 42.05.990(3)(A) defines "public" to mean a group of 10 or more customers
23 that purchase the service or commodity furnished by a public utility.

24 ⁷See Docket U-00-111, entitled: *In the Matter of the Petition by Birch Knoll, LLC,
25 for Exemption of Its Proposed Water and Sewer Utilities from Regulation under
26 AS 42.05.711(d)*; and Docket U-01-126 entitled: *In the Matter of the Application Filed
by River's Edge Condominium Association for a Certificate of Public Convenience to
Operate a Public Water Utility for the Benefit of the Owners of the Condominium Units.*

⁸The Alaska Public Utility Commission was the predecessor agency to the
Regulatory Commission of Alaska.

1 ADEC Capacity Development Program

2 In 1996, Congress passed the Safe Drinking Water Act Amendments
3 (SDWA)⁹, which mandated "new and stronger approaches to prevent contamination of
4 drinking water (including source water protection capacity development, and operator
5 certification)"¹⁰. The SDWA was implemented in 1998 when the U.S. Environmental
6 Protection Agency (EPA) promulgated a final rule.¹¹

8 The regulations have a direct impact not only on the quality of water an
9 Alaskan utility must provide but also gives the utility a three-year window to bring its
10 operations into compliance in three major areas: technical, managerial, and financial.
11 This improvement process in these three areas is termed "capacity development." It is
12 similar to our certification requirements where we require utilities to be "fit, willing, and
13 able".

15 It is important to note that the EPA regulations not only define minimum
16 quality standards for water produced, but also define the ways utilities must operate to
17 achieve these standards. Further, the SDWA leaves it to the States to create detailed

22 ⁹See Safe Drinking Water Act Amendments of 1996, Pub.L. No. 104-182; 42
23 U.S.C. 300f et seq.

24 ¹⁰See Handbook for Capacity Development: Developing Water System
25 Capacity Under the Safe Drinking Water Act as Amended in 1996 by the U.S.
26 Environmental Protection Agency, July 1999.

¹¹63 Fed. Reg. 24, 6017-6029.

1 rules.¹²

2 As a part of its responsibilities to EPA to implement the SDWA, the State
3 of Alaska is required to demonstrate an effective strategy with control points¹³ to
4 achieve statewide technical, financial, and managerial fitness, or funds available to
5 Alaska for its safe drinking water program will be reduced.¹⁴ Because it has basic
6 responsibility for environmental health,¹⁵ ADEC is actively pursuing a, "Capacity
7 Development Program"¹⁶ to improve the operation of small water systems and respond
8 directly to the SDWA requirements. The first phase of this program is complete, and
9 ADEC has submitted a strategy document to the EPA¹⁷ and has received approval.
10 This document includes RCA certification of all utilities under our jurisdiction as one of
11 its control points.
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15 _____
16 ¹²A complex revolving loan fund is also a part of the SWDA. The state may
17 prioritize and direct funds to where they are needed most to assist utilities.

18 ¹³Control points are specific authorities that are available to the State by
19 regulation to allow regulating agencies to require specific actions of utilities to maintain
20 utility performance requirements.

21 ¹⁴The State has incentives to have a strategy that is approved by EPA. Absent
22 EPA approval, up to 20% of the funds allocated to Alaska could be held back or lost.

23 ¹⁵Alaskan small water utilities are subject to the requirements of the SDWA,
24 which is administered by ADEC. ADEC levies basic water quality performance
25 standards on water utilities.

26 ¹⁶The Capacity Development Program is a term introduced in the Safe Drinking
Water Act Amendments of 1996 that relates to the improvement of technical, financial,
and managerial capabilities of operating water utilities.

¹⁷See State of Alaska's Strategy for Improving the Technical, Managerial, and
Financial Capacity of Class A Public Drinking Water Systems by the Alaska
department of Environmental Conservation, September 2000.

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1 Our goals for this inquiry:

2 We see the need for small Alaskan water and sewer utilities to apply for
3 certification expressed in the large number of non-complying utilities that ADEC has
4 reported¹⁸, and the potential for harm to all residents that could occur if this is allowed
5 to continue. It is important for existing utilities to be brought, over a period of time, to a
6 standard where public health is assured. In Alaska, this will require adequate
7 funding¹⁹ and clear coordination with the ADEC's safe drinking water regulations. We
8 realize our statutory certification standard, along with the EPA/ADEC Safe Drinking
9 Water Act capacity development requirements stand as major regulatory hurdles for
10 small water and sewer utilities. It is clear that in many cases, immediate compliance
11 with our fit, willing, and able standard may not be practical.
12

13 Our goal in this inquiry²⁰ is to find ways to certificate rural water and
14 sewer utilities under a phased program that is coordinated with the ADEC capacity
15 development requirements, and that embraces the realities of utility operation in
16 Alaska.
17

18
19 ¹⁸There are 380 public water systems on the State Significant Non-Compliance
20 Exception List and the Significant Non-Compliance List." *Id.* at n.17.

21 ¹⁹Radical changes to the way utilities are operating may be expensive and
22 require significant capital investment and operation funds. While our responsibilities
23 center around ratemaking and cost of service review, the concept of subsidized utility
24 operation to maintain capacity cannot be ignored. We seek input on the way we
25 should phase certification requirements with capacity development under SDWA, with
26 availability of capital and operating cost assistance.

²⁰This docket includes consideration of both water and sewer systems. This
specific inquiry is directed toward water utilities and the necessary coordination with
the SDWA. Future orders may seek comments on sewer utility specific regulations.

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1 The EPA capacity requirements in the SDWA are similar to the fit, willing,
2 and able requirements in our statute. It may be efficient for us to work with ADEC to
3 apply the fit, willing, and able standard in a manner that can be used both for our
4 certification and for ADEC's concurrent "finding of capacity." In addition, we may need
5 to consider, primarily in urban areas, whether it is appropriate to certificate two
6 adjacent utilities separately, or to require them to consolidate into one utility to achieve
7 operational savings.

8
9 We may find utilities that do not meet the fit, willing, and able standard,
10 but which are needed to provide continued utility service. Under these conditions, we
11 could issue a temporary exemption from operation, or we could issue temporary
12 operating authority for a limited time to allow the utility to upgrade its operation to meet
13 our standard.²¹ We have no specific regulations that will provide a framework for the
14 certification of small water and sewer utilities or a phased approach to meet the fit,
15 willing, and able standard, or the potential of exemption for certain classes of utilities
16 from this requirement. Our certificate process is general, applying to all utilities, and
17 there are special conditions that must be addressed for small water and sewer utilities.

18 Request for Comments:

19
20 We seek comments on the following issues to help us draft appropriate

21
22
23 ²¹We have authority under statute to grant an application and to attach terms
24 and conditions. AS 42.05.241 states: "The commission may issue a certificate
25 granting an application in whole or in part and attach to the grant of it the terms and
26 conditions it considers necessary to protect and promote the public interest including
the condition that the applicant may or shall serve an area or provide a necessary
service not contemplated by the applicant."