

SCOMM

154:1

ALASKA STATE LEGISLATURE

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Senator Ellis
Senator Dabirwala
Senator Olsen & Wickersham

Representative Dalby
Representative Rasmussen
Representative Kerttula

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SENATOR LESIL MCGUIRE

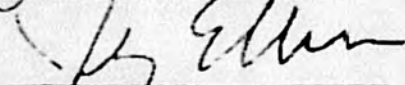
CHAIR, REGULATOR COMMISSION OF ALASKA TASK FORCE

The Legislative RCA Task Force, established by Legislative Resolve No. 11, has closely reviewed the current job descriptions and salary for the commissioners and support staff and the possible need of additional support staff of the Regulatory Commission of Alaska. The RCA Task Force also discussed the possible need for changes in the areas listed above.

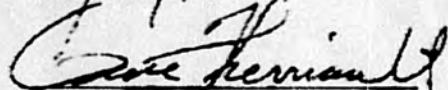
The Legislative RCA Task Force has compiled their recommendations and summarized them in the attached recommendation report.



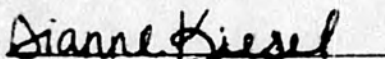
Senator Lesil McGuire, Chair



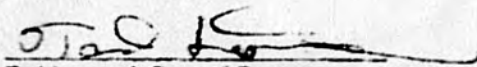
Senator Johnny Ellis



Senator Gene Tiernault



Dianne Kiesel, Dept. of Admin.



Ted Leonard, Dept. of Commerce



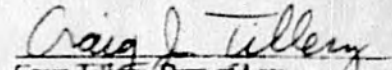
Representative Yancy Dalby



Representative Dan Rasmussen



Representative Beth Kerttula



Craig Tillery, Dept. of Law

January 30, 2008

Alaska Legislative RCA Task Force

Report to the Legislature

Table of Contents

Members.....	1
Report to the Legislature	
Authority and Direction of the Task Force.....	2
Methodology.....	2
Findings and Recommendations.....	3
Appendix 1: Legislative Resolve No. 11.....	6
Appendix 2: RCA Responsibilities AS 42.05 and 42.06.....	9
Appendix 3: Legislative Research Reports.....	11
Appendix 4: Fiscal Note.....	14
Appendix 5: RCA Departments and Expertise.....	16
Appendix 6: Public Utility Commissions Scope of Authority and Salary Comparison	24
Appendix 7: RCA Organization Chart	27

RCA Task Force Members

Senator Lesil McGuire, Chair

Senator Johnny Ellis

Senator Gene Therriault

Representative Nancy Dahlstrom

Representative Jay Ramras

Representative Beth Kerttula

Craig Tillery, Department of Law

Dianne Kiesel, Department of Administration

Ted Leonard, Department of Commerce, Community and Economic Development

Committee Aide: Shalon Szymanski, Staff to Senator Lesil McGuire

Task Force Authority and Direction

The Legislative RCA Task Force was established by Legislative Resolve No. 11. The Task Force was created to make recommendations regarding job descriptions and salary changes for the commissioners and support staff and the possible need of additional support staff of the Regulatory Commission of Alaska.

The RCA Task Force must submit a report of its findings and recommendations to the Legislature by February 1, 2008, after which it is terminated.

Legislative Resolve No. 11 is shown in Appendix 1.

Methodology

The first meeting of the Task Force was held on January 21, 2008. At this meeting, RCA Commissioner Tony Price and select RCA staff presented the Task Force with an overview that focused on three key topics:

1. RCA mission and organization
2. Staffing requirements and expertise needed for key RCA functions
3. Current RCA staffing and recruitment efforts.

By allowing the RCA to present itself and respond to questions from the Task Force, this first meeting provided a logistical starting point to begin the discussion which would eventually lead to the Task Force's recommendations.

On January 22, 2008 the Task Force met again. At this meeting, the Task Force took public testimony, allowed Commissioner Price and his staff to provide responses to questions brought up in the first meeting, and continued the discussion on possible recommendations. At the conclusion of the meeting, Task Force members were given a brief outline of points to consider and asked to forward their draft recommendations to the chair before the next scheduled RCA Task Force meeting.

Findings and Recommendations

Commissioners' Salaries

Members of the Task Force agree that the RCA Commissioners are underpaid for the level of expertise required to meet the responsibilities of that position.

Task Force members recommend increasing Commissioners' salaries to attract and retain high-level applicants.

Although Task Force members generally agree that Commissioners' salaries should be increased and that their pay is not commensurate with their skill sets and duties, there was no consensus as to what level their salaries should be set at. Recommendations range from making Commissioner's salaries commensurate with AOGCC Commissioners (Range 27 w/rate override; 2006 average equaled \$122,000) to making them commensurate with Executive Department Commissioners (not less than Range 28 nor more than Range 30; 2006 average equaled \$127,000). Several members recommended using the salary of the Commissioner of Education as a model (Range 30/F, \$109,824 annually).

Existing RCA Support Staff and Salaries

Temporary Exempt Employee Positions (including Administrative Law Judge, Advisory Section Manager, and Commission Section Manager):

The majority of the Task Force recommends that the Advisory Section Manager and the Commission Section Manager be moved into exempt status and placed in the appropriate Job Class through the classification process.

The Task Force also recommends that the Administrative Law Judge be reviewed for appropriate placement under AS 39.25.120(18) in lieu of its current placement under AS 39.25.110(9), noting that any change from the appropriate partially exempt (PX) service would require a statutory change.

Classified Employee Positions:

In order to encourage highly qualified applicants and improve retention of existing staff, the majority of the Task Force recommends that either: (1) classified employees remain in classified service but a classification study be completed to reclass these positions based on updated job descriptions; or (2) that executive staff be removed from classified service altogether.

There was general agreement among task force members that existing position descriptions should be updated to reflect the significant changes to the RCA due to increasing providers, enhancements, and modern technology.

Classified Employee Salaries:

(Note: It was more of a challenge for the Task Force to make salary recommendations for classified employees due to restrictions from the Collective Bargaining Agreements, AS 39.25, and the Personnel Rules.)

The Task Force recommends that a classification study be requested and conducted for the Utility Financial Analyst (UFA) and the Utility Engineer Analyst (UEA) positions. Neither classification has been reviewed for a complete update since 1981. However, it should be noted that in 2006 the UEA position qualified for a Market Base Pay (MBP) increase which resulted in a one range – or approximately 7.5 percent – increase in pay.

Task Force members recognized that when dealing with classified employees or employees in the Partially Exempt (PX) service, the state is bound by AS 39.25 (specifically 39.25.150), which mandates that we provide for fair and reasonable compensation for service rendered and reflect the principle of like pay for like work. Therefore any action taken in regard to positions in the classified or PX service may have effects on other state positions.

Additional RCA Support Staff

Task Force members agree that the RCA are too narrowly staffed at this time and new positions should be added to the RCA staff. Recommendations include the creation of an Executive Director or a Special Assistant to the Commission, as well as the addition of support staff positions including Secretary and/or Administrative Assistant positions.

Executive Director

Members of the Task Force recommend that statutory authority be given to the commission to hire an Executive Director that would serve at the pleasure of the Commission itself (as opposed to the Chair of the Commission or the Governor).

An Executive Director would relieve most of the intensive administrative and managerial duties currently associated with the Chairmanship, allow the Chair to focus on being a full-time Commissioner, and serve to strengthen institutional continuity, as Chairmanships are one year in duration.

The Executive Director's salary should be comparable to other similarly situated Executive Directors.

Special Assistant to the Commissioner

As an alternative to hiring an Executive Director, the Task Force recommends granting the commission statutory authority to hire a Special Assistant to the Commission. The Special Assistant, hired at a recommended range 21, would serve as liaison between the RCA and the executive departments, the legislature, and the community at large.

Secretaries and Administrative Assistants

Members of the Task Force recommend the addition of two support positions at either the Secretary or Administrative Assistant level, with the suggestion that the budget be analyzed for potential funding for these positions before raising the RCA's regulatory cost charge.

Appendix 1

Legislative Resolve No. 11

**STATE OF ALASKA
THE LEGISLATURE**

2007

Source
CSHCR 8(L&C)

**Legislative
Resolve No.**

11



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

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

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

WHEREAS increased duties have been given to the commissioners; and

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

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

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

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

presiding officer;

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

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

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

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

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

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

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

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

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

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

Appendix 2

*RCA Responsibilities
AS 42.05 and AS 42.06*

RCA Responsibilities (AS 42.05 and 42.06):

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

- (1) regulate every public utility, pipeline carrier, except the extent exempted;
- (2) investigate, upon complaint or upon its own motion, the rates, classifications, rules, regulations, practices, services, and facilities of a public utility or pipeline carrier and hold hearings on them;
- (3) make or require just, fair, and reasonable rates, classifications, regulations, practices, services, and facilities for a public utility or pipeline carrier;
- (4) prescribe the system of accounts and regulate the service and safety of operations of a public utility;
- (5) require a public utility or pipeline carrier to file reports and other information and data;
- (6) appear personally or by counsel and represent the interests and welfare of the state in all matters and proceedings involving a public utility pending before an officer, department, board, commission, or court of the state or of another state or the United States and to intervene in, protest, resist, or advocate the granting, denial, or modification of any petition, application, complaint, or other proceeding;
- (7) examine witnesses and offer evidence in any proceeding affecting the state and initiate or participate in judicial proceedings to the extent necessary to protect and promote the interests of the state.
- (8) require permits for the construction, enlargement in size or operating capacity, extension, connection and interconnection, operation or abandonment of any oil or gas pipeline facility or facilities, subject to necessary and reasonable terms, conditions and limitations.¹

¹ AS 42.05.141; AS 4.06.140.

Appendix 3

Legislative Research Reports

LEGISLATIVE RESEARCH REPORT

JANUARY 24, 2008



REPORT NUMBER 08.118

HISTORY OF SALARY FOR MEMBERS OF THE REGULATORY COMMISSION OF ALASKA

PREPARED FOR SENATOR LESIL MCGUIRE

BY PATRICIA YOUNG, MANAGER

You asked for information on the salaries set in statute for the members of the Regulatory Commission of Alaska (RCA). You were particularly interested in knowing when and how the salary came to be set at range 26, step C for members and range 27, step C for the chair.

Alaska Statute § 42.04.020(f) establishes the salary at the above-noted ranges for members of the RCA. That law, enacted in 1999, created the RCA and repealed its predecessor, the Alaska Public Utilities Commission (APUC).¹ Prior to that change, AS 42.05.091 had specified the salary of the APUC commissioners at the same amount. The only change from the salary of the APUC to the RCA commissioners in 1999 was the addition of a salary equal to 27C for the commission chair.

Salaries levels for the members of the APUC were set at amounts equal to 26C in 1980. The 1980 law was a major bill relating to compensation of public officers and employees. The bill revised the salary schedule set out in AS 39.27.011, and, among other things, established the salary step and range for the members of the RCA at 26C.²

We hope this information is helpful. Please let us know if you have questions or need additional information.

¹ HCS CSSB 133(FIN), sponsored by Drue Pearce, and enacted as chapter 25 SLA 1999.

² FCCSSB 182, enacted as chapter 3 SLA 1980. The bill also set salary amounts equal to 26C for members of the Commercial Fisheries Entry Commission, and salary amounts equal to 28E for department heads.

LEGISLATIVE RESEARCH REPORT

JANUARY 22, 2008



REPORT NUMBER 08.116

SALARIES OF DEPARTMENTAL AND OTHER COMMISSIONERS

PREPARED FOR SENATOR LESIL MCGUIRE

BY PATRICIA YOUNG, MANAGER

You asked for information on the salaries of the various department commissioners, as well as the salaries of the members of the Regulatory Commission of Alaska (RCA), the Commercial Fisheries Entry Commission (CFEC), and the Oil and Gas Conservation Commission (OGCC). Specifically, you wished to know the range, step, and actual salary of each of these commissioners. You also wished to know what, if any, mechanism caps the salaries of non-departmental commissioners at range 26, step C.

Alaska Statute 39.20.080 establishes that the head of each principal executive depart will receive a salary between range 28 and range 30 of the salary schedule set out in AS 39.27.011(a) and subsequently increased by subsections (e) and (f). Salaries for members of the Regulatory Commission of Alaska and the Commercial Fisheries Entry Commission are set at a specific range and step of the salary schedule in AS 39.27.011 by statutes distinct to each. Those salaries are defined as follows:

- ◆ Members of the RCA receive a salary set at range 26, step C, and the chair of the RCA receives a salary set at range 27, step C by AS 42.04.020(f).
- ◆ Members of the CFEC are entitled to a salary equal to range 26, step C.

Pursuant to AS 16.43.060, members of the Oil and Gas Conservation Commission receive an annual salary. Through a rate override, members receive a salary equal to range 27, step D, and the chair receives a salary equal to range 27, step E.

We attach detailed information on the salaries paid to each of these groups. The attached information was provided by the Division of Personnel

We hope this information is helpful. Please let us know if you have questions or need additional information.

Department Commissioners

Salary is set by AS 39.20.080(a): *The monthly salary of the head of each principal executive department of the state is not less than Range 28 nor more than Range 30 of the salary schedule in AS 39.27.011 (a) for Juneau, Alaska.*

Department	Name	Range/Step	Monthly Gross Salary
Administration	Annette Kreitzer	30/L	\$10,220.00
Law	Talis Colberg	30/L	\$10,220.00
Revenue	Patrick Galvin	30/M	\$10,603.00
Education	Barbara Thompson	30/F	\$ 9,152.00
Health & Social Services	Karleen Jackson	30/M	\$10,603.00
Labor	Click Bishop	30/L	\$10,220.00
Commerce	Emil Notti	30/L	\$10,220.00
Military & Veterans Affairs	Craig Campbell	30/M	\$10,603.00
Natural Resources	Tom Irwin	30/M	\$10,603.00
Fish & Game	Denby Lloyd	30/L	\$10,220.00
Public Safety	Walt Monegan	30/L	\$10,220.00
Environmental Conservation	Larry Hartig	30/L	\$10,220.00
Corrections	Joe Schmidt	30/L	\$10,220.00
Transportation/Public Facilities	Leo Von Scheben	30/L	\$10,220.00

Commissioner, Regulatory Commission of Alaska

Salary is set by AS 42.04.020(f): *Members of the commission are in the exempt service and are entitled to a monthly salary equal to Step C, Range 26, of the salary schedule in AS 39.27.011 (a) for Juneau, Alaska. The chair of the commission is entitled to a monthly salary equal to Step C, Range 27, of the salary schedule in AS 39.27.011 (a) for Juneau, Alaska.*

Anthony Price	27/C	\$7,402.00
David Harbour	26/C	\$7,143.00
Mark Johnson	26/C	\$7,143.00
Katherine Giard	26/C	\$7,143.00
Janis Williams	26/C	\$7,143.00

Commissioner, Commercial Fisheries Entry Commission

Salary is set by AS 16.43.060: *Members of the commission are in the exempt service and are entitled to a monthly salary equal to Step C, Range 26 of the salary schedule in AS 39.27.011 (a) for Juneau, Alaska.*

Bruce Twomley	26/C	\$7,143.00
Peter Froehlich	26/C	\$7,143.00
Frank Homan	26/C	\$7,143.00

Commissioner, Oil & Gas Conservation Commission

Salary is set by AS 31.05.015: *Members of the commission are in the exempt service and shall receive an annual salary.*

Daniel Seamount	27/D	\$10,762.26 (Rate Override)
Catherine Foerster	27/D	\$10,762.26 (Rate Override)
John Norman	27/E	\$11,138.94 (Rate Override)

Appendix 4

Fiscal Note

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHCR 8(L&C)
 (H) Publish Date: 5/2/07

Revision Date/Time (Note if correction): _____ Dept. Affected: _____
 Title "Establishing a Task Force to make RDU Legislative Council
recommendations regarding job descriptions and salary..." Component Council and Subcommittees
 Sponsor Representative Olson
 Requester Representative Olson Component No. 783

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel	10.0					
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	10.0	0.0	0.0	0.0	0.0	0.0

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

1002 Federal Receipts						
1003 GF Match						
1004 GF	10.0					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type—Do not abbreviate)						
TOTAL	10.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

HCR 8 establishes a Task Force to make recommendations regarding job descriptions and salary changes for the Commissioners and support staff of the Regulatory Commission of Alaska. For purposes of this fiscal note it is assumed the Task Force will meet five times. Three of the meetings will be by teleconference and two meetings will require travel and be held in Anchorage. Travel costs for the Legislative members are included in this fiscal note. Travel costs for Executive Branch members will be absorbed within Executive Branch budgets. The Task Force will be staffed by Legislative staff of Legislators appointed to the Task Force. The Task force will make a final report of its findings and recommendations to the Legislature not later than February 1, 2008. The Task Force will end May 30, 2008. The Legislative Affairs Agency will absorb the cost to print the report and to teleconference meetings of the Task Force.

Prepared by: Karla Schofield, Deputy Director
 Division: Legislative Affairs Agency
 Approved by: Pamela Varni, Executive Director
 Agency: Legislative Affairs Agency

Phone 465-6626
 Date/Time 4/30/07 11:56 AM
 Date 4/30/2007

Appendix 5

RCA Departments and Expertise

EXPERTISE REQUIRED TO MEET THE RCA RESPONSIBILITIES:

Common Carrier (Telecomm):

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

practices; evaluation of competition to determine when regulation may be reduced; award of eligibility for federal subsidies; requirements for deaf relay services.

Engineering:

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

subsistence/recreational/visual/cultural/historical resources, mitigation, enhancements, and impacts of hydropower license projects.

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

Finance:

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

- Munn v. Illinois, 1877
 - Smyth v. Ames, 1898
 - Bluefield Water Works & Improvement Co. v. West Va. PSC, 1923
 - A.J. Industries, Inc. v. APUC, Alaska 1970
 - Jager v. State, 537 P.2d 1100, Alaska 1975
 - APUC v. Greater Anchorage Area Borough, Alaska 1975
- Uniform Systems of Accounts prescribed by the:
 - Federal Energy Regulatory Commission
 - Electric Utilities 18 CFR 101
 - Natural Gas Utilities 18 CFR 201
 - Oil Pipelines 18 CFR 352
 - U.S. Department of Agriculture's Rural Utility Service
 - Electric Cooperatives 7 CFR 1767
 - Telephone Cooperatives 7 CFR 1770
 - Federal Communications Commission
 - Telephone Utilities 47 CFR 32
- Jurisdictional Separations Procedures For Telecommunications Companies 47 CFR 36
- Allocation Of Costs Rules Relating To Telecommunication Common Carriers 47 CFR 64
- Specialized Pronouncements by the Financial Accounting Standards Board
 - Stmt. No. 71: Accounting for the Effects for Certain Types of Regulation
 - Stmt. No. 90: Regulated Enterprises – Accounting for Abandonments and Disallowances of Plant Costs
 - Stmt. No. 92: Regulated Enterprises – Accounting for Phase-In Plants
 - Stmt. No. 101: Regulated Enterprises – Accounting for the Discontinuation of Application of FASB Statement No. 71
- Cost Allocation Manuals (how should costs be allocated between a company's regulated and nonregulated activities)- reviews Cost Allocation manuals to ensure that the filing conforms with Commission regulations and the National Association of Regulatory as Commissioners Guidelines for Cost Allocations and Affiliate Transactions.
- Cost of Service Studies- Review of costs utilized in the study, ensuring that the filing reflects the most recent approved costs approved by the Commission; review of the methodology used to ensure that the methodology is consistent with the cost- of-service regulations; review of the filing to ensure that it reflects the general framework developed in the National Association of Regulatory Commissioners' Electric Utility Cost Allocation Manual.
- Revenue Requirements and other rate determinations (what is the particular rate of return a utility should have to make it sustainable or profitable, and yet also have reasonable rates for its customers)- the financial health and stability of utility and pipeline service providers, valuation of assets dedicated to public service, appropriateness of depreciation rates applied to such assets, optimal capital structure of utility and pipeline service providers, adequate rate of return on equity authorized for service providers, allowances for state and federal income taxes, determinations as to whether expenses incurred or investments made by utility and pipeline service providers were necessary to provide the service, prudence of expenses incurred and investments made, appropriateness of service

providers' earning distribution practices, and fairness of allocations of service costs among classes of ratepayers.

- Annual Reports covering all forms of ownership (cooperatives, corporations, LLCs, municipalities, native village utilities, native corporations)- examine and analyze the financial data of sole proprietorships, municipally-owned enterprises, partnerships, ratepayer-owned cooperatives, limited liability companies, and corporations that have accounting systems with wide ranges of complexity containing layers of financial data that is often hidden, obscure, or ambiguous, and must be scrutinized using professional judgment.¹ To be successful, UFAs must develop an overall knowledge of the industries to locate, research, and analyze relevant public utility and common carrier pipeline information and understand the information contained in the filings. This is particularly critical in order to detect non-service related costs of affiliates that may be included in the regulated companies' rate proposals.
- Annual Reports covering all forms of ownership (cooperatives, corporations, LLCs, municipalities, native village utilities, native corporations)
- SEC filings
- Power Cost Equalization for non regulated electric utilities (see Power Cost Equalization, discussed under Tariffs, below)
- Calculate Regulatory Cost Charges for regulated utilities. The calculations set the RCC rate for utilities each year. The funds collected under the RCC calculation are essentially the only funding source for the RCA.

Tariffs:

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

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

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

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

Administrative Law Judges:

Familiarity with most of the above elements and:

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

All professional staff – must be knowledgeable in:

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

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

- must demonstrate skill in:

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

- must demonstrate ability in:

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

Appendix 6

*Public Utility Commissions Scope of Authority
and Salary Comparison*

**Public Utility Commissions
Scope of Authority and Salary Comparison**

Agency	Commissioner Salaries	Chairman Salaries	Term of Office (In years)	Elected (E) or Appointed (A)	Calculations includes value of benefits
Alabama	\$81,013.92	\$86,800.56	4 yr	E	No
Alaska (2007)	\$85,716.00	\$88,824.00	6yr	A	No
Arizona	\$79,500.00	\$79,500.00	4yr	E	No
Arkansas	\$99,465.00	\$103,115.00	6yr	A	No
California (2007)	\$123,897.00	\$127,833.00	6yr	A	No
Colorado	\$95,568.00	\$96,504.00	4yr	A	No
Connecticut	110,846 - 142,185	119,720 - 153,788	4 yr	A	No
Delaware	\$30,000.00	\$35,000.00	5yr	A	No
Florida	\$128,825.00	\$128,825.00	4yr	A	No
Georgia	\$106,130.00	\$106,130.00	6yr	E	No
Hawaii	\$75,873.00	\$79,866.00		A	No
Idaho	\$82,700.00	\$82,700.00	6yr	A	No
Illinois	\$99,414.00	\$113,836.00	5 yr	A	No
Indiana	\$87,223.00	\$94,282.00	4 yr	A	No
Iowa	79,405 - 119,107	\$104,758.00	5 yr	A	No
Kansas	\$115,544.00	\$118,598.00	4 yr	A	No
Kentucky	\$115,000.00	\$95,000.00	4 yr	A	No
Louisiana				E	No
Maine	\$98,384.00	\$102,731.00	6 yr	A	No
Maryland	\$99,586.00	\$116,880.00	5 yr	A	No
Massachusetts	\$82,000.00	\$82,000.00	3 yr	A	No
Michigan	\$108,202.00	\$113,612.00	6 yr	A	No
Minnesota	\$88,500.00	\$88,500.00	6 yr	A	No
Mississippi				E	No
Missouri	\$95,229.00	\$95,229.00	6 yr	A	No
Montana	\$77,400.00	\$78,200.00	4 yr	E	No
Nebraska	\$50,000.00	\$50,000.00	6 yr	E	No
Nevada	\$106,080.00	\$112,200.00	4 yr	A	No
New Hampshire	\$70,523.00	\$94,024.00	6 yr	A	No
New Jersey				A	No
New Mexico	\$90,000.00	\$90,000.00	4 yr	E	No
New York	\$109,800.00	\$127,000.00	6 yr	A	No
North Carolina	\$107,136.00	\$119,315.00	8 yr	A	No
North Dakota	\$70,000.00	\$70,000.00	6 yr	E	No
Ohio	\$99,964.00	\$109,595.00	5 yr	A	No
Oklahoma	\$89,850.00	\$87,850.00	7 yr	E	No
Oregon (2007)	\$123,824.00	\$143,136.00	4 yr	A	No
Pennsylvania	\$117,910.00	\$120,403.00	4 yr	A	No
Rhode Island				A	No
South Carolina	\$77,834.00	\$82,396.00	4 yr	A	No
South Dakota	\$88,000.00	\$88,000.00	6 yr	E	No
Tennessee	\$98,000.00	\$98,000.00	6 yr	A	No
Texas	\$109,200.00	\$111,799.00	6 yr	A	No
Utah	\$76,300.00	\$102,533.00	6 yr	A	No
Vermont	\$72,765.00	\$109,000.00	6 yr	A	No
Virginia	\$141,250.00	\$142,815.00	6 yr	E	No
Washington (2007)	\$114,560.00	\$120,678.00	6 yr	A	No
West Virginia	\$70,000.00	\$75,000.00	6 yr	A	No
Wisconsin	\$96,000.00	\$112,000.00	6 yr	A	No
Wyoming	\$87,524.00	\$91,025.00		A	No

**Public Utility Commissions
Scope of Authority and Salary Comparison**

Agency	Hearing Examiner \	Section	Telecomm	Engineering	Financial Analysts	Tariffs	Calculations includes value of benefits
	Admin. Law Judge	Manager \ Senior Management	Entry level \ Senior	Entry level \ Senior	Entry level \ Senior	Entry level \ Senior	
Alaska (2007)	\$72,264 \ 96,448	\$67,636 \ 92,136	\$54,120 \ 95,964	\$47,280 \ 68,760	\$43,968 \ 71,916	\$35,736 \ 58,884	No
California	\$84,852 \ 102,612	\$120,064 \ 138,528	\$35,268 \ 89,100	\$51,348 \ 91,404	\$55,332 \ 85,164	\$35,268 \ 89,100	No
Oregon	\$66,324 \ 97,320	\$72,680 \ 112,416	\$32,724 \ 72,984	\$32,724 \ 72,984	\$32,724 \ 72,984	\$32,724 \ 72,984	No
Washington	\$85,152 \ 96,396	\$87,792 \ 98,983	\$37,800 \ 68,388	\$40,692 \ 79,308	\$37,800 \ 68,388	\$37,800 \ 68,388	No

Appendix 7

RCA Organization Chart

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

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

