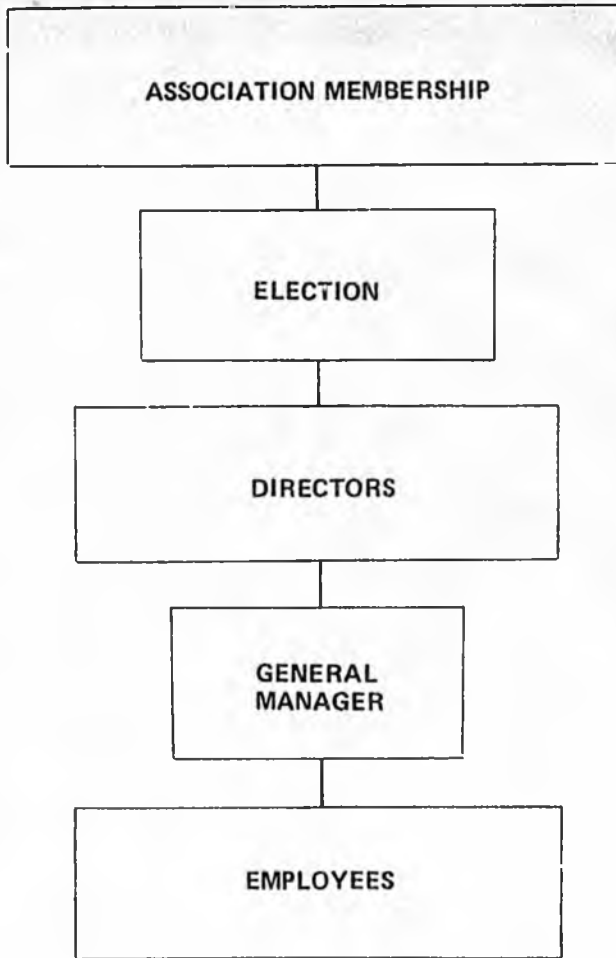


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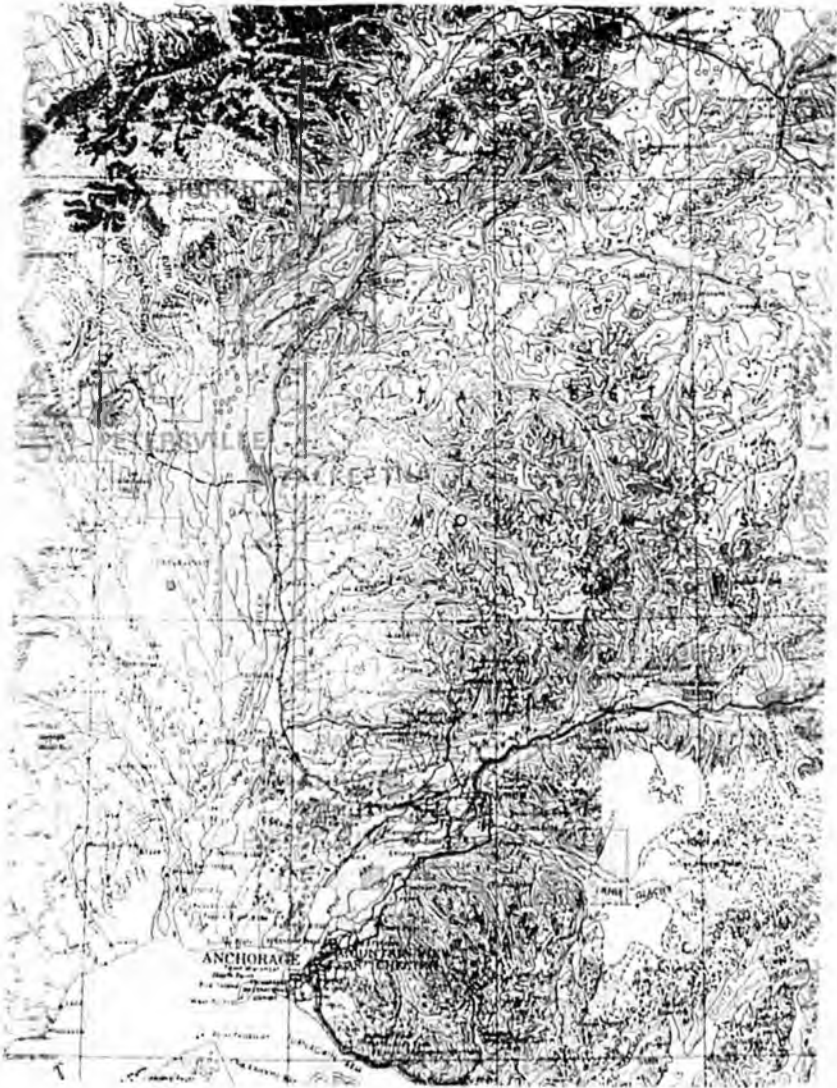
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628



This organization chart of the Matanuska Electric Association, Inc. indicates the valuable role each member plays in the operation of the Association. Members, attending the annual meeting each spring, elect the board of directors which in turn set the policies, hire the general manager, and oversee the operation of the Association as your representative. The board of directors meets once a month. It is not paid a salary but is given travel pay and per diem for meetings it or its members must attend to further the business of operating the Association.



The MEA service area includes 3,360 square miles of south central Alaska. It is three times larger than Rhode Island, twice as large as Delaware and $\frac{3}{5}$ ths the size of Connecticut.

Last month reading _____ Charge for power used _____ Yard light _____ Balance carried forward _____
 Present Reading _____ kWH used _____

MEAS **MATANUSKA ELECTRIC ASSOCIATION, INC.**
 BOX 1148 PALMER, ALASKA 99645
 IF YOU DISPUTE THIS BILL, PLEASE CONTACT
 CHIEF CONSUMER BILLING FROM 8 TO 4 AT MEA 745-3231

PLEASE RETURN THIS STUB WITH YOUR PAYMENT
MATANUSKA ELECTRIC ASSOCIATION, INC.

FIRST CLASS MAIL
 U.S. POSTAGE
 PAID
 PERMIT NO. 3

1st Class Pre-Sorted
 RETURN POSTAGE GUARANTEED
 ADDRESS CORRECTION REQUESTED

METER READINGS		USAGE		CHARGES	
CURRENT	PREV	USAGE			
6850	1970	4880	ELECTRIC	155	73
RATES SCHEDULES R A2 1 WATER MULTIPLIER 1			SEC LITE	7	10
			ARREARS	34	00
			PAYMENT	46	32

Service from-to: **02-01-79 TO 03-01-79**
 Account number: **0005485009**
 MEA meter number: **8793**
 Pole number: **M13 3**

Billing date: **03-19-79**
 Delinquent date: **04-02-79**
 Amount due: **150 51**
 Meter number: **8793**
 Pole location: **M13 3**
 Consumer account number: **0005485009**
 Billing location: **PALMER AK 99645**

DELINQUENT CHARGE WILL BE \$2.00
-PLEASE SEE BACK OF BILL-

12

Billing date

Late charge applied after this date

Meter number

Amount due

Consumer account number

Pole number

Payment received

Balance carried forward

Yard light

Charge for power used

Last month reading

Present Reading

kWH used

MATANUSKA ELECTRIC ASSOCIATION, INC. BOX 1148 PALMER, ALASKA 99645

PLEASE RETURN THIS STUB WITH YOUR PAYMENT MATANUSKA ELECTRIC ASSOCIATION, INC.



FIRST CLASS MAIL U.S. POSTAGE PAID PERMIT NO. 3

1st Class Pre-Sorted

RETURN POSTAGE GUARANTEED ADDRESS CORRECTION REQUESTED

155 73 7 10 34 00 46 32

ELECTRIC SEC LITE ARREARS PAYMENT

6850 1970 4880 RATES SCHEDULES R A2 1 WATER MULTIPLIER 1

Rate

DOE JOHN PO BOX 000 PALMER AK 99645

Service from-to

Account number

MEA meter number

Pole number

Late charge applied after this date

150 51

M13 3 0005485009 8793

AMOUNT DUE 150 51

DELINQUENT DATE 04-02-79

BILLING DATE 03-19-79

Billing date

*85% to 88% of MEA's consumers keep their accounts current with timely payments.

*Consumers who do not pay their accounts on time increase the operating expense for the entire membership.

*It costs your Association as much as 25% of the billed amount to collect delinquent accounts—as much as \$10.00 to collect \$40.00

*Consumers with serious financial problems who are unable to make a payment on time should contact MEA to discuss possible arrangements to help bring an account up to date.

MEA'S BILLING PROCEDURE

*Meters are read and billed monthly at regular intervals.

*Bills are due within 2 weeks of the billing date, and a delinquent date is indicated on each bill.

*If payment has not been received



*Paying your energy bill on time helps
MEAs to help save money.*

within 2 weeks, a \$2.00 late charge is added to the account, and a "Past Due" notice is mailed.

*If payment has not been received within 20 days from the original billing date, a "Disconnect Notice" is mailed stating the disconnect date.

*If payment has not been received within 24 days from the original billing date, a "Disconnect Order" is issued to field personnel.

*A \$10.00 service charge is made for delinquent account disconnects.

*Member-Consumers will be given the opportunity to pay their account in full at the time of disconnect if they are on the premises. The total amount due must be paid in full in order to stop the disconnect order.

*IMPORTANT: If you are leaving your residence for an extended period of time, 3 weeks or longer, be sure to arrange with MEA billing section for the payment of your energy bill and continuation of service during your absence. To reduce energy consumption during extended absences, unplug all appliances not required, turn thermostat down to minimum temperature, and shut lights off. In winter, care should be taken to protect your home water system from cold winter temperatures. MEA recommends you drain your home water system prior to extended winter absences.

You may receive upon request a copy of the Schedule of Fees and Charges as appears in the approved tariff. The schedule states rules for determining account deposits, fees for

disconnects, reconnects, meter test, service call, late payments, dishonored checks, service relocation and etcetera. Copies of the schedule are available at any MEA office.



"We think of it as early American with just a touch of the modern."

You will receive, along with this copy of the Owner's Manual, a Retail Rate Notice, which will give you the current rates charged for electrical energy purchased through your Association. If you

did not receive one you should ask for a copy the next time you visit one of your Association's offices. A copy of the rate notice can be mailed to you upon request.



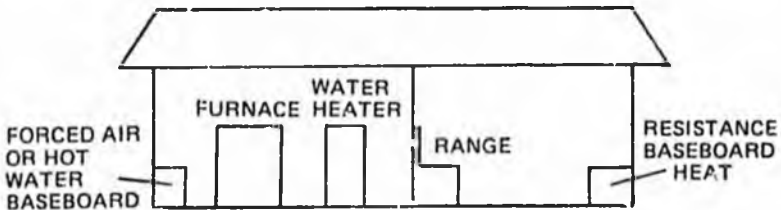
Supplying energy efficiently, quickly, at low costs, that's our job!

In all homes most of the electricity is used to generate heat, in one form or another, for hot water, cooking, drying or space heating for comfort. The highest use of electricity, even in homes with oil or gas furnaces is by the furnace heat circulating system. The balance is used for non-heat items such as televisions, stereos, lights, refrigerators, freezers, vacuums, microwave ovens and so on.



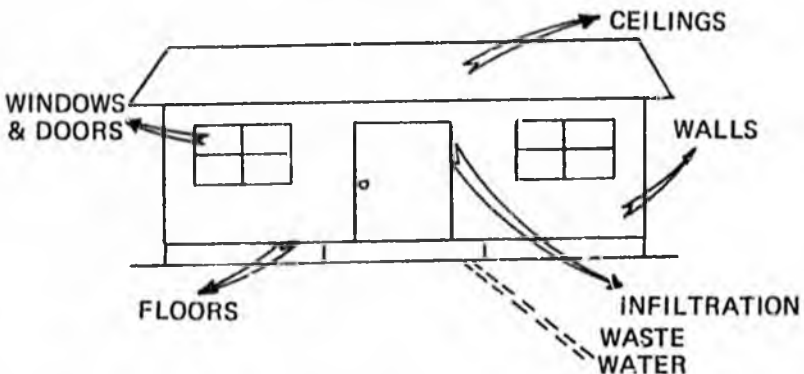
"Insulation doesn't cost, it pays."

HEAT SOURCES



The heat that has been produced is lost out of the home at a rate that is dependent on the outside temperature and the construction of the home.

HEAT LOSSES



INSULATION CHART

TYPE OF INSULATION	R-VALUE per INCH	ADVANTAGES	DISADVANTAGES
Fiberglass Batts or Blankets	3.7	<ol style="list-style-type: none"> 1. Do it yourself installation 2. Stable R-value 3. Non-corrosive; non-flammable 4. Does not expand or contract after installation. 	<ol style="list-style-type: none"> 1. Can be irritable to the skin 2. Can leave empty space if care is not taken on installation.
Cellulose (Blown)	3.5	<ol style="list-style-type: none"> 1. Inexpensive 2. Seals itself guarding against empty spaces 	<ol style="list-style-type: none"> 1. Has a tendency to settle which lowers R-Value 2. May be flammable or corrosive depending on manufacturer 3. Greatly affected by air currents
Urethane Foam	6.7 (ave)	<ol style="list-style-type: none"> 1. High R-Value upon installation 2. Forms tight bond to building materials. 	<ol style="list-style-type: none"> 1. Expensive 2. Flammable 3. Loses R-Value as it ages 4. Releases deadly cyanide gas when it burns 5. Has a tendency to expand with age after curing.
Urea-Formaldehyde Foam	4.6 (ave)	<ol style="list-style-type: none"> 1. High R-Value 	<ol style="list-style-type: none"> 1. If not properly mixed will release formaldehyde fumes (health hazard) 2. Has reputation of shrinking with age. 3. Cure time must be strictly controlled

RECOMMENDED R-VALUES FOR MEA SERVICE AREA

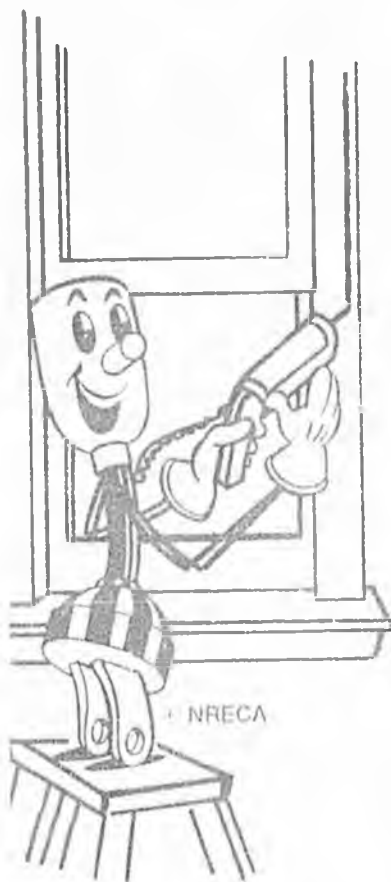
CEILINGS
WALLS
FLOORS
WINDOWS

R-38
R-19
R-22

TRIPLE GLAZED

These Values Apply Whether You Heat With Oil, Gas, Coal, Wood, or Electricity.

If you take the time to develop a good energy consciousness, you can save. Put your conservation efforts where they count.



Warm air can escape into arctic cold through the tiniest crack with chilling efficiency.

WATER HEATER

Operate food disposers with cold water.

Operate dishwasher and clothes washers with full loads only.

Wash clothes in a cold or warm water wash.

Install a flow restrictor in your shower head.

A 3-minute shower uses less energy than a full tub bath.

REFRIGERATOR-FREEZERS

Frost should be removed when it is $\frac{1}{8}$ -inch thick.

When frost gets thicker the refrigerator becomes less efficient and uses more electricity.

Be sure your refrigerator door is air tight. Check gaskets.

Avoid opening the refrigerator door more frequently than necessary.

LIGHTING

The amount of light a bulb gives off is measured in lumens. The most efficient light is one that gives off the most lumens per watt. Carefully study bulb packages.

Turn lights off in unused rooms or when leaving a room.

Fluorescent tubes are more economical to operate than incandescent. Fluorescent lamps produce up to five times as much light for the same energy, and last up to ten times longer.

Utility bills can also be affected by your electric energy use and one or more of the following:

CONDITIONS BEYOND YOUR CONTROL OR KNOWLEDGE

Seasons of the year	Longer billing periods
Light and weather	Defective house wiring
Daylight Saving Time	The number of days between meter readings sometimes varies
Five-weekend months	

CHANGES IN NORMAL LIVING CONDITIONS

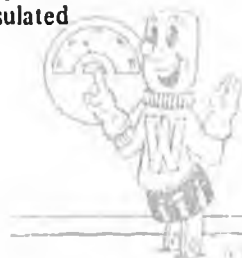
Size of family	Roomers
Average age of family	Hired help
Visiting relatives	Sickness or convalescence
Children — new babies	Special diets
Changes in living habits	Therapeutics
Spring cleaning	Guests and entertainment
Vacations	Sporting or special events on television
Repairs or renovations	

APPLIANCES

New appliances installed	Excessive use of hot water
Additional use of older appliances	Leaking hot water faucets
Frost on refrigerator unit	Exposure of hot water pipes to air
Defective appliances	—clogged air filters in furnace
—shortage of refrigerant	Excessive househeating
Inefficient use	—thermostat control setting
—oven for househeating	

NEW HOME OR APARTMENT

Larger than former home	Larger heating equipment
Windier or colder location	Manual heating controls
More heat leakage through windows	Larger water heater
Less weatherstripping, fewer draperies	Ceilings not adequately insulated



NRECA

Turn down to save energy and money.

CONSUMER'S TEST SUGGESTIONS

for

Part 16

SHORTS, HIGH BILLS, and SHOCKS

MEA recommends that a consumer arrange to have a qualified electrician check their electrical wiring should there be an

indication of short circuits or shocks. However there are a few checks the homeowner can make safely.

Step 1: Turn off all circuit breakers including the main; usually found directly below the meter. The meter should stop completely without making another revolution.

Step 2: With all circuit breakers off turn on the mains. The meter should remain stopped. If the wheel turns, even slightly, it would indicate some leakage between the mains and the circuit panel. Call your electrician to replace wiring.

Step 3: With the mains on proceed to turn each circuit on separately with all the others still off. If one should make the meter move determine what that circuit's for and disconnect, if possible, any appliances. With nothing apparent on and the meter is still

turning it could be an indication of a partial short. Whenever the wheel in your meter is turning it indicates electrical current is flowing somewhere.

Step 4: If all the circuits appear to be correct at this point, high use or shocks could be caused by faulty appliances. Check anything that works automatically such as water pumps, water heaters, heat tapes, freezers and refrigerators, and electric heaters such as well house, car, or small room heaters. Other things to consider would be frost build-up in wall outlets and switches, uninsulated hot water pipes, anti-sweat valves on toilets that can cause excessive use of hot water, or anything that has recently not been functioning as it should.

Not all electrical problems are easy to find. If you have any further questions on any of the above don't hesitate to call your electrician or MEA offices: Palmer

745-3231, Eagle River 694-2161, and Big Lake 892-6021. Remember, be careful around any electrical wiring.

FUSES AND BREAKERS ARE SAFETY VALVES

A blown fuse or a tripped circuit breaker is a signal that something has gone wrong with your electrical system and should not be ignored. If it happens frequently, it could run up your electric bill, cause appliances to give poor service, or set fire to your house.

There are four types of circuit failure. The following will tell you how to identify and correct each type.

WHY DO CIRCUITS FAIL?

1. Loose connection. A screw may be loose in the socket into which the fuse is inserted. If the bottom of the fuse is severely discolored or pitted, you have a loose connection. After making certain that the main switch is disconnected, tighten screw in bottom of fuse socket.

2. Improperly seated fuse. If the fuse window shows no evidence of a blown fuse or if bottom of fuse is not pitted or discolored, the fuse is either not seated properly or is not long enough to make contact. Replace with another fuse that will make contact.

3. Short circuit. If the window of the blown fuse is discolored, you have a short circuit. This means that somewhere on this circuit, a bare wire is touching another bare wire or other metal. In circuits protected by circuit breakers or by cartridge-type fuses, there is no

visible clue as to what might be at fault but the procedure to follow is the same.

(A) Unplug all lights and appliances served by the blown circuit—in other words, all lights and appliances that don't work.

(B) When the circuit is clear, replace fuse or flip the circuit breaker switch back on.

(C) Turn each lamp or appliance on one at a time. When you reach the faulty lamp or appliance, the new fuse will blow or circuit breaker will trip. Examine the lamp or appliance and you will probably find the bare wire in a frayed cord or in the wiring of the appliance. Repair it and your problem should be solved.

(D) If the new fuse blows or the circuit breaker trips when the circuit is completely clear, there is a short in the wiring of the circuit itself, and the wiring will have to be repaired or replaced.

4. Overloaded circuit. If the window of the blown fuse is clear, you have an overloaded circuit. This is the most common cause of circuit failure. In circuits protected by breakers or cartridge-type fuses, there is no visible clue but the procedure to follow is the same. There are two types of overloads—

(1) **TEMPORARY OVERLOAD.** The typical temporary overload exists when a motor kicks on because, during starting, an electric

motor will draw about three times its normal current. You can remedy this by using a time-delay fuse of the correct size (either 15 or 20 amp.). Its purpose is to absorb temporary overloads without blowing. If it does not blow with everything on the circuit turned on, then you had a temporary overload and the problem has been corrected. In circuit breaker systems, the breakers will absorb temporary overloads without tripping.

(2) **CONSTANT OVERLOAD.** If you determine from your tests that the overload is not temporary and continue to experience circuit failure, you can either shift some appliances from the overloaded circuit to another circuit or add a new circuit or circuits to your system.

It is advisable at this point to make a survey of all circuits so that you know how big a wattage load each is carrying. Number each fuse or circuit breaker number 1, number 2 etc., then follow this procedure:

(a) Turn on all of your lights and be sure all bulbs are burning. Remove fuse number 1 and go through the house marking a No. 1 on the chart for every light that's out. Do the same for all wall outlets, using a night light to make sure which receptacle outlets are on the circuit being tested.

(b) Make a list of the wattages of everything served by this circuit and list them in the column for the number 1 fuse. The wattage of an appliance is

usually shown on the name plate or underside. If amperes is shown instead of wattage, multiply amperes by 120 to convert to wattage (example: .75 amp. X 120 volts = 90 watts). If only a horsepower figure is given, multiply horsepower by 746 (1 horsepower equals 746 watts).

(c) Repeat steps (a) and (b) for each circuit. Don't overlook closets or tools and appliances that are not permanently on such as fans, furnace motors, sump pumps, air conditions, etc.

(d) Add up the wattages of the lights and appliances on each circuit and figure the various appliances that might be plugged in at one time. If, for example, you find you have a circuit with a 15 amp. fuse and 14-gauge wire with an estimated load of over 1650 watts, you have an overloaded circuit. A circuit using a 20-amp. fuse and 12-gauge wire should not carry more than 2200 watts.



Circuit breaker switch. When overloads or shorts occur, it switch off automatically. Reset it immediately after correcting trouble.

How ordinary fuse works



This is a standard plug-type fuse. The current passes through the metal strip running across face of fuse. It is designed to protect the circuit against shorts and overloading.



Fuse blown by short circuit. Metal strip is instantly heated to an extremely high temperature, causing it to vaporize. Fuse window discolors.



Fuse blown by overload. Metal strip overheats and melts at the weakest point, breaking flow of current to circuit. Fuse window remains clear.



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NRECA

MATANUSKA
ELECTRIC
ASSOCIATION

Every so often we, at MEA, have something happen along an electric line right-of-way that serves to remind us that there is often confusion in someone's mind as to what the actual significance of an easement is, what rights it grants to MEA, and what rights are retained by the land owner or grantor.

When a property owner grants an easement to MEA for the purpose of constructing an electric distribution line, he is only giving MEA the right to enter the property, remove obstacles such as brush and trees, place its electric lines or cables on or under the land surface, and perpetually maintain the facilities. The land owner agrees in granting the easement not to place anything that would interfere with the operation of an electric line or cable. Examples of things that could interfere are buildings, TV antennas, or high signs and fences.

The owner reserves and retains all the other rights to the land and is free to do with it as he wishes. He can improve it, till and farm it, or anything else that doesn't interfere physically with the line or its maintenance and operation.

Some persons are under the impression that when MEA enters the land on the strength of an easement that the Association has acquired the right to do as it pleases to the exclusion of the

control of the owner. This is not true. For example, contrary to the belief of many, no one but MEA has the right to enter the owner's land. The line right-of-way is not a public access route! This mistaken belief has been the source of controversy and has resulted in what amounts to acts of trespass and violation of the rights of the land owner. We strongly emphasize this point. Pole line easements on private property do not create public access and no one has the right to enter the property without the approval of the property owner. Everyone is cautioned that the land owner retains the right to control his land against trespass by anyone who does not have permission from the owner.

Historically, during its more than 35 years of service to the membership, MEA has relied heavily on easements to provide rights-of-way for its distribution lines. Free easements granted by land owners, most of whom are also members, have been a major factor in the continuing effort to keep costs down. Continued violations and acts of trespass upon the properties of private owners will result in increased reluctance by the property owner to grant easements to MEA for new lines in the future and will work to drive everyone's cost of service up.



- Q. Why do I have to become a member to have electricity?
- A. The by-laws of this electric cooperative require that each person receiving electric service from the cooperative be a member. A membership in the cooperative is similar to a share of stock in a corporation.
- Q. Does this mean that I am part owner of the cooperative?
- A. Yes. This cooperative is owned by the people it serves.
- Q. Does my membership entitle me to a dividend?
- A. No. The cooperative operates as a non-profit organization and dividends to its members are paid in the form of low-cost electricity and capital credits. (See MEA Bylaws, Article VII, Appendix B to this manual).
- Q. Am I required to pay a deposit in addition to my membership?
- A. Yes. Your cooperative requires an account deposit.
- Q. Are memberships and deposits refundable?
- A. Yes. Membership and deposits are 100 per cent refundable after the payment of your final electric bill. However, no interest is paid on any deposit.
- Q. Are consumers who pay energy bills late disconnected?
- A. Yes, after a due process, service is disconnected if the account is not paid.
- Q. When the electric cooperative representative visits to collect late payment, are there extra charges?
- A. Yes, a fee is charged for a visit made by a Co-op representative to collect or disconnect a consumer.
- Q. Where can I pay my electric bill?
- A. At a cooperative office: Eagle River, on Old Glenn Highway; Big Lake, Mile 51, Parks Highway; Palmer on Industrial Way; and at all Matanuska Valley Federal Credit Union offices. MEA offices are equipped with night depositories for the convenience of consumers.
- Q. Can I pay by mail?
- A. Yes, you may mail your check or money order. However your payment must be received by the due date marked on your bill so mail early.



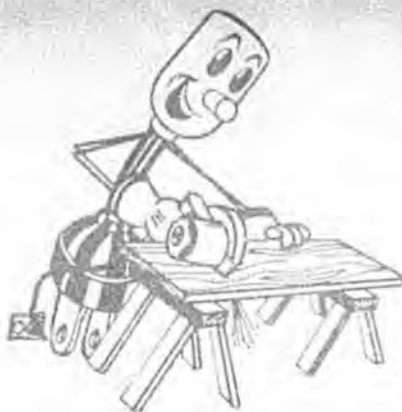
MECA
We are the only utility
organization in the country
that we'll help you.

- Q. What should I do if my electricity goes off?
- A. Call your neighbor to see if they are without service. If their power is still on, it could be your fuses or circuit breakers. Check to see if your fuses are good.
- Q. Whom should I call if my electricity is off and I have found my fuses to be good?
- A. Call the local MEA office and give the message to the person who answers. If it is after office hours, call one of the after hours numbers listed herein.
- Q. Where does the Cooperative get the money to construct its buildings and lines?
- A. We borrow money from the Rural Electrification Administration on long-term notes. This money must be repaid to REA with interest. The system is used as security on these loans. Additional money is borrowed from the National Rural Utilities Cooperative Finance Corporation.

- Q. I have heard that cooperatives do not pay taxes. Is this true?
- A. No. Cooperatives pay all taxes that are applicable to any business. But, because your cooperative is operated as a non-profit organization, there is no income tax payable. A gross receipts tax is paid to the State based upon gross revenues.
- Q. Do we build underground distribution lines?
- A. Yes. Underground electric services are available for residential, commercial and industrial accounts. Member-consumers requiring underground service must pay the construction cost difference between overhead and underground hook-ups.



Winter service can mean MEA employees must be snowshoed or use tracked vehicles to reach work areas.



MECA

Temporary service for construction is available from MEA there is a 90 day limit on it.

Q. How can I know that my electric meter is accurate?

A. The cooperative considers them to be accurate if they are within two per cent plus or minus when tested. Meter tests will be made at the request of the consumer for a nominal charge. All meters are tested prior to initial installation.

Q. What is required in the way of electrical wiring?

A. MEA has published a Service Assembly Guide which gives requirements for service construction. All wiring on the owner's side of the meter is the responsibility of the service owner. We suggest close attention be given to wiring to insure safe conditions exist.

Q. Is temporary electric service available?

A. Yes. Provisions have been made to provide temporary electric service for consumers who have a need for it. Full details on this can be obtained from the offices.

Q. If the current goes off, is the Cooperative liable for damages that might be incurred as a result of the power interruption?

A. No. Because the Cooperative cannot guarantee one hundred per cent continuity of electric service. Forces beyond the control of the company such as automobile wrecks, storms and freezing rain and other acts of God make it impossible to operate without some power interruptions.

Q. Am I responsible for the Cooperative's property?

A. All meters, service connections and other equipment furnished by the cooperative shall be, and remain, the property of the cooperative. The member shall provide a space for and exercise proper care to protect the property of the cooperative on his premises; and in the event of loss or damage to the cooperative's property arising from neglect of members to care for same, the cost of the necessary repairs or replacement may be billed to the member.

Q. If for some reason I feel the service is unsatisfactory, what can I do?

A. The member should notify the cooperative immediately

if the service is unsatisfactory for any reason, or if there are any defects, trouble or accidents affecting the supply of electricity. Such notices, if oral, should be confirmed in writing.

Q. Must I notify the cooperative when I move?

A. Whenever a change of occupancy or of legal responsibility takes place on any premises, written notice of such change must be given to the office within a reasonable time prior to the date of such change, or the outgoing member will be held responsible for all service supplied until such notice has been received by the cooperative.

Q. Should I inform the cooperative when I add a new load?

A. The member should inform the cooperative if possible of any unusual or additional load in advance of installation. This will enable the cooperative to upgrade facilities when necessary for the continuance of dependable, uninterrupted service.

Q. Must I furnish an easement?

A. Each member is asked to sign an easement giving the cooperative the right to construct the necessary facilities.

Q. What are the rights of your electric cooperative to members' premises?

A. The cooperative shall have the right to enter upon the premises of the member at all reasonable times for the

purpose of reading, inspecting, repairing or removing the metering devices, appliances and wiring of the cooperative. The member shall not permit access to such devices to other than authorized representatives of the cooperative. The member shall obtain and grant all necessary permission to enable the cooperative to install the service and carry out its contracts.



© NRECA

Rolling the papers is rolling for energy conservation, rolling for U.S. energy independence, and rolling less money out of your pocket to pay your energy bill.

Part 20 STATEMENT OF NON-DISCRIMINATION ~~_____~~

Matanuska Electric Association, Inc. has filed with the federal government a Compliance Assurance in which it assures the Rural Electrification Administration that it will comply fully with all requirements of Title VI of the Civil Rights Act of 1964 and the Rules and Regulations of the Department of Agriculture issued thereunder, to the end that no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in the conduct of its program and the operation of its facilities. Under this Assurance, this organization is committed not to discriminate against any person on the grounds of race, color or national origin in its policies and practices relating to applications for service or any other policies or practices relating to treatment of beneficiaries and participants including rates, conditions and extension of service, use of any of its facilities, attendance at and participation in

any meetings of beneficiaries and participants or the exercise of any rights of such beneficiaries and participants in the conduct of the operations of this organization.

Any person who believes himself, or any specific class of individuals, to be subjected by this organization to discrimination prohibited by Title VI of the Act and the Rules and Regulations issued thereunder may, by himself or a representative, file with the Secretary of Agriculture, Washington, DC 20250, or this organization, or all, a written complaint. Such complaint must be filed not later than 90 days after the alleged discrimination, or by such later date to which the Secretary of Agriculture or the Rural Electrification Administration extends the time for filing. Identity of complainants will be kept confidential except to the extent necessary to carry out the purposes of the Rules and Regulations.

Matanuska Electric Association, Inc.
P.O. Box 1148
Palmer, Alaska 99645

APPENDIX A

ARTICLES OF INCORPORATION OF MATANUSKA ELECTRIC ASSOCIATION, INC. (As Amended April 27, 1974)

We, the undersigned, being natural persons of the age of twenty-one years or more and citizens of the United States of America and residents of the State of Alaska, do hereby associate ourselves together for the purpose of forming a non-profit cooperative association under and by virtue of Articles VII, Chapter XI of the Compiled Laws of Alaska, 1933 and all laws amendatory thereof and supplemental thereto, and do hereby adopt the following articles of association:

ARTICLE I

The name of the Corporation is MATANUSKA ELECTRIC ASSOCIATION, INC.

ARTICLE II

The object or objects and purpose or purposes for which the Corporation is formed are:

- (a) to generate manufacture, purchase, acquire and accumulate electric energy; to transmit, distribute, furnish, sell and dispose of such electric energy; and to construct, erect, purchase, lease as lessee and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and electric transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing purposes;
- (b) to acquire, own, hold, use, exercise, sell, mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, licenses, rights of way and easements necessary, useful, or appropriate to accomplish any or all of the purposes of the corporation;
- (c) to purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, convey, sell, lease as lessor, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property or any interest therein necessary, useful or appropriate to enable the corporation to accomplish any or all of its purposes;
- (d) to assist its members to wire their premises and install therein electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and, in connection therewith and for such purposes, to purchase, acquire,

lease, sell, distribute, install and repair electrical and plumbing appliances, fixtures, machinery, supplies, apparatus and equipment of any and all kinds and character (including, without limiting the generality of the foregoing, such as are applicable to water supply and sewage disposal) and to receive, acquire, endorse, pledge, guarantee, hypothecate, transfer or otherwise dispose of notes and other evidences of indebtedness and all security therefor;

- (e) to borrow money, to make and issue bonds, notes and other evidences of indebtedness, secured or unsecured, for money borrowed or in payment for property acquired, or for any of the other objects or purposes of the corporation; to secure the payment of such bonds, notes or other evidences of indebtedness by mortgage or mortgages, or deeds or deeds of trust upon, or by the pledge of or other lien upon, any or all of the property, rights, privileges and permits of the corporation, wheresoever situated, acquired or to be acquired;
- (f) to do and perform any and all acts and things, and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing purposes or as may be permitted by the act under which the corporation is formed;

ARTICLE III

Section 1. The Corporation is formed without any purpose of pecuniary profit to itself and shall have no capital stock.

Section 2. Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote of a majority of the members voting thereon in person, except as otherwise authorized by law and provided in the Bylaws. If a husband and wife hold a joint membership, they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

ARTICLE IV

Section 1. Except as limited elsewhere in these Articles or in the Bylaws of the corporation, the business and affairs of the corporation shall be vested in and managed and controlled by a Board of Directors; and the Officers of the corporation shall be a President, a Vice-President, a Treasurer, and a Secretary. The offices of Secretary and Treasurer may be held by the same person.

Section 2. The officers of the corporation shall be elected annually by and from the Board of Directors. When a person holding any such office ceases to be a director, he shall cease to hold such office. Any officer may be removed from office and his successor elected in the manner prescribed in the Bylaws.

Section 3. The number of directors of the corporation shall not be less than five (5), each of whom shall be a member of the corporation or of another cooperative which is a member thereof. The Bylaws shall prescribe the number of directors, their qualifications other than those prescribed by law, the manner of holding meetings of the Board of Directors, and of electing successors to directors who shall resign, die or otherwise be incapable of acting. At each annual meeting of the members, directors shall be elected by the members to fill the position of directors whose terms have expired or are expiring, to hold office during the term to which they are elected or until their successor shall have been elected and qualified. The Bylaws shall provide for the removal of directors from office and for the election of their successors.

Section 4. The Bylaws may provide for the division of the territory served or to be served by this corporation into two or more districts for any purpose, including without limitation, the nomination and election of directors and the election and functioning of district delegates. Such delegates, who shall be members, may nominate and elect directors. The Bylaws shall prescribe the boundaries of the districts or the manner of establishing such boundaries, the manner of changing such boundaries, and the manner in which such district shall function. No member at any district meeting and no district delegata at any meeting shall vote by proxy or by mail.

Section 5. Directors shall not receive any salaries for their services as directors and, except in emergencies, shall not receive any salaries for their service in any other capacity without the approval of the members. The bylaws may, however, prescribe a fixed fee for attendance at each meeting of the Board of Directors and may provide for reimbursement of actual expenses of attendance.

ARTICLE V

Section 1. (Repealed April 27, 1974)

Section 2. (Repealed April 27, 1974)

Section 3. (Repealed April 27, 1974)

Section 4. Bylaws may be adopted, amended or repealed by the affirmative vote of a majority of those members voting thereon at a meeting of the members. The notice of such meeting shall have contained a copy of the proposed adoptions, amendments or repeal.

Section 5. The Bylaws of the Corporation may define and fix other duties and responsibilities of the members and prescribe other terms and conditions upon which members shall be admitted to and retain membership in the Corporation, make provisions for annual and special meetings of members and directors and notices thereof, provide for methods of voting, quorum requirements, and any other matters relating to the internal organization and management of the Corporation, provided that such provisions shall not be inconsistent with these Articles of Incorporation or the laws of the State of Alaska.

ARTICLE VI

The term of existence of the Corporation shall be perpetual.

ARTICLE VII

The principal place of business of the Corporation shall be at Palmer, Alaska.

ARTICLE VIII

The Corporation may amend, alter, change or repeal any provisions contained in these Articles of Incorporation in the manner now or hereafter prescribed by law.

ARTICLE IX

The names and addresses of the incorporators who shall constitute the first Board of Directors are as follows:

Walter E. Huntley	Palmer, Alaska
Ross L. Sheely	Palmer, Alaska
Laurence Arndt	Palmer, Alaska
C. Earl Albrecht	Palmer, Alaska
Edward I. Wineck	Palmer, Alaska

IN WITNESS WHEREOF, we have herunto set our hands in quadruplicate this FIRST day of MARCH, 1941.

Walter E. Huntley, Ross L. Sheely, Laurence Arndt, C. Earl Albrecht, Edward I. Wineck

APPENDIX B

BYLAWS OF MATANUSKA ELECTRIC ASSOCIATION, INC.

(As Amended April 27, 1974)

ARTICLE I MEMBERSHIP

SECTION 1. Requirements for Membership. Any person, partnership, firm, association, corporation, or body politic or subdivision thereof will become a member of Matanuska Electric Association, Inc. (hereinafter called the "Association") upon receipt of electric service from the Association, provided that he or it has first:

- (a) Made a written application for membership therein;
- (b) Agreed to purchase from the Association electric energy as hereinafter specified;
- (c) Agreed to comply with and be bound by the articles of incorporation and bylaws of the Association and any rules and regulations adopted by the Board; and
- (d) Paid the membership fee hereinafter specified.

No member may hold more than one membership in the Association, whether held by an individual person or held jointly by husband and wife, and no membership in the Association shall be transferable, except as provided in these Bylaws.

SECTION 2. (Repealed April 22, 1972.)

SECTION 3. Joint Membership. A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these Bylaws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one joint vote;
- (c) A waiver of notice signed by either or both shall constitute a joint waiver;
- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall terminate the joint membership;

- (f) Withdrawal of either shall terminate the joint membership; and
- (g) Either but not both may be elected or appointed as an officer or board member, provided that both meet the qualifications for such office.

SECTION 4. Conversion of Membership. (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, Bylaws, and Rules and Regulations adopted by the Board.

(b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. However, the estate of the deceased shall not be released from any debts due the Association.

SECTION 5. Membership Fee. The membership fee shall be five (5) dollars.

SECTION 6. Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, purchase from the Association all electric energy used on the premises specified in his application for membership and shall pay therefor at rates which shall from time to time be fixed by the Board. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay to the Association such minimum amount regardless of the amount of electric energy consumed, as shall be fixed by the Board from time to time. Each member shall also pay all amounts owed by him to the Association as and when the same shall become due and payable.

SECTION 7. Termination of Membership. (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, or Rules and Regulations adopted by the Board, but only if such member shall have been given written notice by the Association that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting. The membership of the member who has ceased to purchase energy from the Association may be cancelled by resolution of the Board.

(b) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or his estate from any debts due the Association.

(c) In case of withdrawal or termination of membership in any manner, the Association shall repay to the member the amount of the membership fee paid by him, provided, however, that the Association shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Association.

ARTICLE II

RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property Interest of Members. Upon dissolution,

after

paid, and

(a) All debts and liabilities of the Association shall have been

(b) All capital furnished through patronage shall have been retired as provided in these bylaws, the remaining property and assets of the Association shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the ten (10) years next preceding the date of the filing of the certificate of dissolution, or, if the Association shall not have been in existence for such period, during the period of its existence.

SECTION 2. Non-liability for Debts of the Association. The private property of the members shall be exempt from execution or other liability for the debts of the Association and no member shall be liable or responsible for any debts or liabilities of the Association.

ARTICLE III

MEETING OF MEMBERS

SECTION 1. Annual Meeting. The annual meeting of the members shall be held during the month of April of each year beginning with the year 1969 at any place served by the Association, as selected by the Board and which shall be designated in the notice of the meeting, for the purpose of electing board members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Association.

SECTION 2. Special Meetings. Special Meetings of the members may be called by resolution of the Board, or upon a written request signed by any three board members, by the President, or by ten per centum (10%) or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place served by the Association as designated by the Board and shall be specified in the notice of the special meeting.

SECTION 3. Notice of Members' Meetings. (a) Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than twenty (20) days nor more than forty (40) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Association with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

(b) The membership books of the Association shall be closed by order of the Board not more than thirty-one (31) days prior to the time of the members' meeting, for the purpose of giving notice of such meeting. Any member accepted for membership after such closing of the books shall not be entitled to participate in such meeting.

SECTION 4. Quorum. While the Association has more than one thousand (1,000) members, a quorum for the transaction of business at all meetings of the members shall be fifty (50) members, present in person. If at any time the Association has less than one thousand members, a quorum for the transaction of business shall be five per centum (5%) of total number of members, present in person. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

SECTION 5. Voting. (a) Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person except as otherwise provided by law, the Articles of Incorporation or these Bylaws.

(b) The vote of a member which is a partnership, firm, association, corporation, or body politic or subdivision thereof, shall be cast by no person except an owner, officer or employee of such member, whose authority to act for such member shall be in writing, duly authorized and signed by the governing authority of such member or by some officer empowered to do so. Such written authority, which shall be filed with the Secretary or other designated officer at each

meeting, shall constitute a certificate of authority to act for such member and in nowise shall be deemed a 'proxy' within the spirit and meaning of these Bylaws.

SECTION 6. Order of Business. The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows, except as otherwise determined by the members at such meeting:

1. Report on the numbers of members present in person in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and the certificate of the Secretary or some other officer of the Association that due notice of the meeting has been given to each qualified member in accordance with the provisions of the Bylaws of the Association.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon, unless the members vote to dispense with such reading.
4. Presentation and consideration of reports of officers, directors and committees.
5. Election of board members.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE IV

BOARD MEMBERS

SECTION 1. General Powers. The business and affairs of the Association shall be managed by a board of five (5) members which shall exercise all of the power of the Association except such as are by law, the Articles of Incorporation or these Bylaws conferred upon or reserved to the members.

SECTION 2. Election and Tenure of Office. Directors shall be elected by ballot, by the members, at the annual meetings of the members, for terms of two years or until their successors are elected and qualified, subject to the provisions of these Bylaws with respect to the removal of directors. The terms of Directors shall be staggered so that two shall be elected in even-numbered years and three shall be elected in odd-numbered years. If an election of board members shall not be held on the day designated herein for the annual meeting, or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing board members within a reasonable time thereafter. Board members shall be elected by a plurality vote of the members.

SECTION 3. Qualifications. No person shall be eligible to become or remain a board member of the Association who:

- (a) is not a member and bona fide resident in the area served by the Association; or
- (b) is in any way employed by or financially interested in a competing enterprise or a business selling electric energy, or supplies to the Association, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Association.

Upon establishment of the fact that a board member is holding the office in violation of any of the foregoing provisions, the Board shall remove such board member from office.

Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board.

SECTION 4. Nominations. It shall be the duty of the Board to appoint, not less than forty (40) days nor more than sixty (60) days before the date

of a meeting of the members at which Board members are to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members who shall be selected from different sections so as to insure equitable representation. No member of the Board may serve on such committee. The committee, keeping in mind the principle of equitable representation, shall prepare and post at the principal office of the Association at least thirty (30) days before the meeting a list of nominations for board members which shall include at least two candidates for each board position to be filled by the election. The Secretary shall be responsible for mailing with the notice of the meeting, or separately, but at least twenty (20) days before the date of the meeting, a statement of the number of board members to be elected and the names and addresses of the candidates nominated by the committee on nominations. Any fifteen or more members acting together may make other nominations by petition and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. Nominations made by petition, if any, received at least fifteen (15) days before the meeting shall be included on the official ballot. Later nominations by petition shall be treated as nominations from the floor. The chairman shall call for additional nominations from the floor. No member may nominate more than one candidate.

SECTION 5. Removal of Board Member by Members. Any member may bring charges against a board member and, by filing with the Secretary such charges in writing together with a petition signed by at least ten per centum (10%) of the members or 300, whichever is the lesser, may request the removal of such board member by reason thereof. Such board member shall be informed in writing of the charges at least twenty (20) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such board member shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

SECTION 6. Removal of Board Member by Board of Directors. Directors absent from three (3) consecutive regular board meetings without leave of absence granted by the Board of Directors may be summarily removed from office by the Board. The Board, in its discretion, shall take such action by declaring the office vacant and proceeding forthwith to fill such vacancy in accordance with the provisions of Article IV, Section 7, of these Bylaws, provided, however, that written notice of such contemplated action has been given to and received by all the Directors at least twenty-four (24) hours before the time of the meeting at which such action is to be considered.

SECTION 7. Vacancies. Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of board members by the members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining board members for the unexpired portion of the term.

SECTION 8. Compensation. Board members shall not receive any salary for their services as such, but shall, however, be paid the sum of twenty dollars (\$20.00) for attendance at each meeting of the Board. If authorized by the Board, board members may also be reimbursed for expenses actually and necessarily incurred in carrying out Association business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. No board member shall receive compensation for serving the Association in any other capacity, nor shall any close relative of a board member receive compensation for serving the Association, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the board member or his close relative shall have been certified by the Board as an emergency measure.

ARTICLE V

MEETINGS OF BOARD

SECTION 1. Regular Meetings. A regular meeting of the Board shall be held without notice, immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the Board shall also be held monthly at the principal business office of the Association, at such time as designated by the Board. Such regular monthly meeting may be held without notice other than such resolution fixing the time thereof.

SECTION 2. Special Meetings. Special meetings of the Board may be called by the President or by any three board members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or board members calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3. Notice of Board Meeting. Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each board member either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the board member calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the board member at his address as it appears on the records of the Association, with postage thereon prepaid, at least five days before the date set for the meeting.

SECTION 4. Quorum. A majority of the Board shall constitute a quorum, provided, that if less than such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent board members of the time and place of such adjourned meeting. The act of a majority of the board members present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these Bylaws.

ARTICLE VI

OFFICERS

SECTION 1. Number. The officers of the Association shall be a President, Vice President, Secretary, Treasurer, and such other officers as may be determined by the Board from time to time. The offices of Secretary and Treasurer may be held by the same person.

SECTION 2. Election and Term of Office. The officers shall be elected by ballot, annually by and from the Board at the meeting of the Board held immediately after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by the Board. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Association will be served thereby. In addition, any member of the Association may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten per centum (10%) of the members or 300, whichever is the lesser, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten (10) days prior to the Board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the Board does not remove

such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

SECTION 4. President. The President shall:

- (a) be the principal executive officer of the Association and, unless otherwise determined by the members of the Board, shall preside at all meetings of the members and the Board;
- (b) sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and
- (c) in general perform all duties incident to the office of the President and such other duties as may be prescribed by the Board from time to time.

SECTION 5. Vice President. In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to him by the Board.

SECTION 6. Secretary. The Secretary shall be responsible for:

- (a) keeping the minutes of the meetings of the members and of the board in books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these bylaws or as required by law;
- (c) the safekeeping of the corporate books and records and the seal of the Association and affixing the seal of the Association to all documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of these bylaws;
- (d) keeping a register of the names and post office addresses of all members;
- (e) signing, with the President, certificates of membership, the issue of which shall have been authorized by the board or the members;
- (f) keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Association containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Association, furnishing a copy of the Bylaws and of all amendments thereto to any member upon requests; and
- (g) in general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board.

SECTION 7. Treasurer. The Treasurer shall be responsible for:

- (a) custody of all funds and securities of the Association;
- (b) the receipt of and the issuance of receipts for all monies due and payable to the Association and for the deposit of all such monies in

the name of the Association in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and

- (c) the general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board.

SECTION 8. Manager. The Board may appoint a manager who may be, but who shall not be required to be, a member of the Association. The manager shall perform such duties and shall exercise such authority as the Board may from time to time vest in him.

SECTION 9. Bonds of Officers. The Treasurer and any other officer or agent of the Association charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the Board shall determine. The Board in its discretion may also require any other officer, agent or employee of the Association to be bonded in such amount and with surety as it shall determine.

SECTION 10. Compensation. (a) The powers, duties and compensation of officers, agents and employees shall be fixed by the Board subject to the provisions of these Bylaws with respect to compensation for a board member.

(b) No close relative of a Director shall receive compensation as an employee or for otherwise serving the Association unless such employment or service shall be specially and specifically authorized by vote of the members of the Association. "Close relative," as herein used, shall include but in no wise shall be limited to wife, husband, son, daughter, father, mother, brother, sister, step-father, step-mother, step-son, step-daughter, step-brother, step-sister. Candidates for the office of director having close relative in the employ or service of the Association shall disclose the fact to the Secretary prior to the printing of the notice of the next meeting at which Directors are to be elected and said notice shall state the fact and the relationship of the parties. If such candidate is elected, the members having been previously notified as aforesaid, then the fact of such election shall constitute a conclusive presumption that the members have approved the payment of compensation to the new Director's relative.

SECTION 11. Reports. The officers of the Association shall submit at each annual meeting of the members reports covering the business of the Association for the previous fiscal year. Such reports shall set forth the condition of the Association at the close of such fiscal year.

ARTICLE VII

NON-PROFIT OPERATION

SECTION 1. Interest or Dividends on Capital Prohibited. The Association shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Association on any capital furnished by its patrons.

SECTION 2. Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy the Association's operations shall be so conducted that all patrons will through their patronage furnish capital for the Association. In order to induce patronage and to assure that the Association will operate on a non-profit basis the Association is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Association are received with the understanding that they are furnished by the patrons as capital. The Association is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Association shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and

credited in an appropriate record to the capital account of each patron, and the Association shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Association corresponding amounts for capital.

All other amounts received by the Association from its operation in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Association, after all outstanding indebtedness of the Association shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Association will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority to the year in which the capital was furnished and credited, the capital first received by the Association being first retired.

Capital credited to the account of each patron shall be assignable only on the books of the Association pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Association unless the Board, acting under policies of general obligation, shall determine otherwise.

Notwithstanding any other provisions of these Bylaws, the Board, at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Association will not be impaired thereby.

The patrons of the Association, by dealing with the Association, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Association and each patron, and both the Association and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the Bylaws shall be called to the attention of each patron of the Association by posting in a conspicuous place in the Association's office.

ARTICLE VIII

DISPOSITION OF PROPERTY

SECTION 1. The Board of Directors shall have full power and authority to sell, mortgage, lease or otherwise dispose of or encumber, any of the following property of the Association:

- (a) Personal property acquired for resale.
- (b) Services of all kinds, including electric energy.
- (c) Property which in the judgment of the Board of Directors neither is nor will be necessary or useful in operating and maintaining the Association's system and facilities; provided, however, that all sales of such property shall not in any one year exceed in percentage ten per centum (10%) of the value of all of the property of the Association.

SECTION 2. The Board of Directors shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust of any and all of the property, rights, privileges, licenses, franchises and permits of the Association, whether acquired or to be acquired, and wherever situated, as well as the revenues therefrom, all upon such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Association.

SECTION 3. The Association may not otherwise sell, lease, or otherwise dispose of all or a substantial portion of the Association's property unless such sale, lease, or other disposition is authorized by the affirmative vote of not less than the majority of all the members of the cooperative; provided, however, the Board of Directors may, upon the authorization of the majority of those members of the Association present at a meeting of its members, sell, lease, or otherwise dispose of all or a substantial portion of its property to another cooperative or to the holder or holders of any notes, bonds, or other evidence of indebtedness issued to the United States of America or any agency or instrumentality thereof.

ARTICLE IX

SEAL

The corporate seal of the Association shall have inscribed thereon the name of the Association and the words "Corporate Seal" and "State of Alaska."

ARTICLE X

FINANCIAL TRANSACTIONS

SECTION 1. Contracts. Except as otherwise provided in these Bylaws, the Board may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances.

SECTION 2. Checks, Drafts, etc. All checks, drafts, or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents, employee or employees of the Association and in such manner as shall from time to time be determined by resolution of the Board.

SECTION 3. Deposits. All funds except petty cash of the Association shall be deposited from time to time to the credit of the Association in such bank or banks as the Board may select.

SECTION 4. Change in Rates. Written notice shall be given to the Administrator of the Rural Electrification Administration of the United States of America not less than ninety days prior to the date upon which any proposed change in the rates charged by the Association for electric energy becomes effective.

ARTICLE XI

MISCELLANEOUS

SECTION 1. Membership in Other Organizations. The Association shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase, provided, however, that the Association may upon the authorization of the Board, purchase stock in or become a member of any corporation or organization organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification, or with the approval of the Administrator of REA, of any other corporation for the purpose of acquiring electric facilities.

SECTION 2. Waiver of Notice. Any member or board member may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a member or board member at any meeting shall constitute a waiver of notice of such meeting by such member or board member, except in case a member or Board member shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

SECTION 3. Policies, Rules and Regulations. The Board shall have power to make and adopt policies, rules and regulations, not inconsistent with law, the Articles of Incorporation, or these Bylaws, as it may deem advisable for the management of the business and affairs of the Association.

SECTION 4. Accounting System and Reports. (a) The Board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator or the Rural Electrification Administration of the United States of America. The Board shall also after the close each fiscal year cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Association as of the end of such fiscal year. A report of such audit, in condensed form, shall be submitted to the members at the next following annual meeting.

(b) The audit report shall be available to the members upon compliance with the policies, rules and regulations promulgated by the Board.

SECTION 5. Area Coverage. The Board shall make diligent effort to see that electric service is extended to all unserved persons within the Association's service area who (a) desire such service, and (b) meet all reasonable requirements established by the Association as a condition of such service.

SECTION 6. Rules of Order. The rules contained in the latest edition of Robert's Rules of Order shall govern the Association in all cases to which they are applicable and in which they are not inconsistent with law, the Articles of Incorporation, or these Bylaws.

ARTICLE XII

AMENDMENTS

SECTION 1. Amendment, Repeal, or Adoption. These Bylaws may be amended, repealed, or new bylaws adopted by the affirmative vote of a majority of those members voting thereon at a meeting of the members, provided that the notice of such meeting, whether regular or special, shall have contained the proposed amendment, repeal or new bylaws.

SECTION 2. Placement of Proposed Amendment on Official Notice by Member. A member may have a proposed amendment of the bylaws placed on the official notice to the members by one of the following procedures:

- (a) Filing the proposed amendment in writing together with a petition signed by at least ten per centum (10%) of the members or 300, whichever is the lesser, with the Secretary of the Association at least thirty (30) days before the meeting; or
- (b) Filing the proposed amendment in writing with the Board of Directors at least thirty (30) days before the meeting for its consideration and decision for placement on the official notice; or
- (c) Motion from the floor at a membership meeting, duly seconded and carried by majority vote of those members present at the meeting, for placement on the official notice of the next scheduled meeting of the members.

Notes

Notes

Notes

COLD WEATHER OUTAGE

IF THE POWER IS OFF FOR AN EXTENDED PERIOD:

Picture this: It's cold, very cold. All of a sudden you realize that it is getting cold inside the house too. You have no heat. Would you know what to do to protect yourself and your house?

If the heat should go off, it is important to have emergency heating equipment. A wood burning stove and plenty of firewood is perfect. But you can get by with a small camp stove, the tent heating type, as long as you have adequate ventilation.

To keep yourself warm in the unheated house, wear several layers of clothes. Since the body loses between half and three-quarters of its heat through the head, wear a warm hat—even in the house and especially when you are sleeping in an unheated house. Use several blankets for sleeping rather than one heavy one. The air trapped between them is excellent insulation.

When the temperature inside the home falls to 40°, it is time to drain your water system to keep distribution pipes from freezing and bursting. In order to accomplish this task your water system must have a draining feature built-in and you must be aware of the procedure to follow to drain it. During bad winter storms, with power outages, knowing how to drain your water system can save you money!

If your home has a hot water heating system, be sure to have it adequately protected with liquid anti-freeze

HOW TO LIVE WITH A SERVICE INTERRUPTION!

Interruptions in your electric service may occur from time to time.

There are four rules to follow when you experience a service interruption:

NUMBER 1. Check and, if necessary, replace your fuses or reset your circuit breakers. If you are still without power,

NUMBER 2. Check your nearest neighbors to determine if they too are experiencing a power loss. If so,

NUMBER 3. Report the service interruption to Matanuska Electric Association and be prepared to supply the following information:

- a. Your name and address.
- b. Whether your neighbors have service
- c. Your pole number (service location) and phone number.
- d. Time power was interrupted.
- e. The cause of the interruption if you know it.

NUMBER 4. Call these numbers to report a service interruption:

	8:00 a.m. - 5:00 p.m.	After Hours
Palmer Headquarters	745-3231	745-3235
Eagle River Branch	694-2161	694-2161
Big Lake Branch	892-6021	745-3235

Collect calls will be accepted from Talkeetna.



MATANUSKA ELECTRIC ASSOCIATION, INC.

P.O. BOX 1148

PALMER, ALASKA 99645

MALCOLM CHEEK, GENERAL MANAGER

TELEPHONE
(907) 745-3231

SUMMARY OF TESTIMONY PRESENTED BY MALCOLM CHEEK,
GENERAL MANAGER, MATANUSKA ELECTRIC ASSOCIATION, INC.,
BEFORE THE SENATE COMMERCE COMMITTEE
REGARDING THE ALASKA PUBLIC UTILITIES COMMISSION

As discussed in the Performance Review of the Alaska Public Utilities Commission dated August 1, 1979, recommendation no. 4, MEA feels that non-profit electric cooperatives should be removed from economic regulation by the APUC upon an affirmative vote of the majority in attendance at the cooperative's annual membership meeting.

1. Existing APUC economic regulation is unnecessary and costly.
2. MEA spent over \$100,000 in 1978 rate case with APUC. These expenses were in addition to costs which would have been required without dealing with the APUC.
3. MEA has spent over \$20 00 in its 1980 tariff rules and regulations revision. Again, these costs are those which have been required due to APUC procedures.
4. In addition to high costs, utilities must wait out the backlogged APUC calendar. These months of delay cost dearly.
5. Reports such as the APUC Annual Report are voluminous and costly to prepare.
6. It is a matter of record that non-profit cooperatives have consistently requested less than could have been justified from the APUC.
7. Board of Directors elected by the consumer members are very sensitive to the economic conditions of their neighbors and are very careful with the cooperatives finances.



Page Two
Summary of Testimony by Malcolm Cheek
Before the Senate Commerce Committee

8. The nature and structure of a cooperative affords ample protection of consumer interests.
9. REA and CFC provide significant financial and operating controls over utility operations on a regular basis. In addition, an annual CPA audit is required.
10. REA makes loans to cooperatives in 46 states. In 28 of the 46 states the cooperatives are regulated in at least one area. In 18 states they are not subject to any state commission regulations.

It has been suggested that cooperatives are not responsive to their consumers. This is not true.

1. Consumers have ready access to the cooperative's management and Board of Directors. (see attached MEA policies)
2. Cooperatives have established procedures for handling complaints efficiently. (see attached MEA Form and Policy)
3. Board members are sensitive to consumer requests. As a practical matter board members can be replaced reasonably easily as a few organized voters can influence an annual meeting election.
4. Board members take seriously the ideals and objectives under which non-profit cooperatives operate. (see attached MEA ideals and objectives)
5. REA has influence over cooperative's operating policies, especially with regard to services, area coverage, postage stamp rates, etc.

The case of Tlinget-Haida Regional Electrical Authority has been



Page Three
Summary of Testimony by Malcolm Cheek
Before the Senate Commerce Committee

cited as a reason for keeping cooperatives under APUC economic regulation. I believe that the particulars of this case have been confused and do not support continued regulation of cooperatives.

1. As the REA Field Representative in Alaska at the time THREA applied for additional funding and REA took the position that APUC regulation would be necessary, I made this recommendation for exactly the reasons which would have made it unnecessary had THREA been a cooperative.
2. THREA is NOT a cooperative! The consumers do not have the ability to elect their Board Members. They do not have ready access to the governing Board which is appointed by the Central Council of the Tlingit-Haida Indians.
3. THREA also did not have good operating policies at that time or procedures to deal with consumer complaints and inquiries.
4. THREA was a small, new, inexperienced utility.

MEAA supports the need for continued territory regulation. The certification process is necessary. However, economic regulation for a non-profit electric cooperative is not needed and is a waste of consumer's and taxpayer's money.

MC
3/11/80



Attachments to the testimony submitted by Malcolm Cheek, General Manager, Matanuska Electric Association, Inc. before the Senate Commerce Committee regarding the Alaska Public Utilities Commission:

1. MEA Management Policy No. 105-1, Visitors: Board Meetings
2. MEA Board Policy No. 105-1, Visitors
3. MEA Management Policy No. 202-50, Consumer Complaints and Inquiries
4. MEA Form MSD 002, Consumer Complaint & Inquiry Form
5. MEA Statement of Ideals
6. MEA Statement of Objectives With Member-Owners
7. MEA Owner Manual

MC
3/11/80



MATANUSKA ELECTRIC ASSOCIATION, INC.
PALMER, ALASKA

Management Policy No. 105-1

VISITORS: BOARD MEETINGS

Board Resolution No. 777 defines the policy of members' attendance at Board Meetings. Members of the Association may attend any Board Meeting to listen to the Board transact business. If a member wishes to address the Board or discuss a particular topic, advance notice should be provided to assure a position on the agenda for the meeting. The Board may exercise an executive session for personal or confidential matters which need action.

Employees wishing to attend Board Meetings must advise the General Manager of their intent prior to the meeting in question.

MALCOLM CHEEK, GENERAL MANAGER

Effective: 7/10/79

(Original)

Reference: Board Resolution No. 777



MATANUSKA ELECTRIC ASSOCIATION, INC.

P.O. Box 1148

PALMER, ALASKA 99645

TELEPHONE
(907) 745-3231

RESOLUTION NO. 777

POLICY NO. 105-1

SUBJECT: VISITORS

REFERENCE: RESOLUTION NO. 18, POLICY NO. II A-1, 1/11/60, 7/9/79

WHEREAS, the Board of Directors recognizes the need to provide for attendance at regular Board of Directors meetings by the members of the Association, and to keep the members informed of the business activities of the Association; and

WHEREAS, it is the policy of the Board of Directors that an informed membership is essential for the success and the progress of the Association.

NOW THEREFORE BE IT RESOLVED by the Board of Directors of Matanuska Electric Association, Inc. that the members of the Association shall have the right to attend any Board meeting to listen to the Board of Directors transact the business of the Association; except that personal or temporarily confidential negotiations may be conducted at an executive session.

PASSED AND APPROVED by the Board of Directors of Matanuska Electric Association, Inc., this 9th day of July, 1979.

Benjamin R. Cattle (VICE PRESIDENT)

DALE D. BRIGGS, PRESIDENT
MATANUSKA ELECTRIC ASSOCIATION, INC.

(SEAL)

ATTEST:

Phil O'Neill
PHIL O'NEILL, SECRETARY-TREASURER
MATANUSKA ELECTRIC ASSOCIATION, INC.



MATANUSKA ELECTRIC ASSOCIATION, INC.
PALMER, ALASKA

Management Policy No. 202-50

CONSUMER COMPLAINTS AND INQUIRIES

All consumer complaints and inquiries are to be handled promptly and recorded in accordance with this policy.

1. All complaints and inquiries are to be recorded on MEA form "MSD Form 02--MEA 11/73" which is to be completed in full and routed to the appropriate Department or Section.
2. The original of the above form is to be routed directly to the appropriate individual handling the particular type of inquiry in question:

Management: General Manager (Malcolm Cheek)

Operations and Maintenance:
Manager, Electric Operations (Bud Fritz)

Engineering, Voltage: Distribution Engineer (Jim Cadden)

Damage Requesting Payment:
Consumer Services Section (Dale Wahlen)

Right of Way and Clearing:
Real Estate & Properties Officer (Dave Ingalls)

Consumer Billing: Consumer Accounts Supervisor (Mary Davis)

Energy Use: Energy Use Advisor (Jerry Deems)

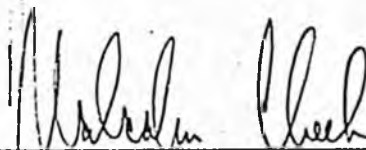
New Services: Chief, Consumer Services Section (Dale Wahlen)
or appropriate Branch Manager

Branch Offices: Branch Manager (Bill Foster or Frank Smith)

3. The carbon copy of each MEA Form 02 is to be routed to Consumer Services for recording and follow-up action. If there is any question on the disposition of the original of this form, route to Consumer Services along with the carbon copy.
4. When possible, inquiries should be routed to Consumer Services when received. Consumer Services will, then, complete MEA Form 02 and route the inquiry. If it is not possible to route the initial inquiry to Consumer Services, obtain the necessary information to complete MEA Form 02 and advise the consumer that the inquiry will be turned over to Consumer Services for action.
5. All complaints and inquiries should be given immediate attention.

All action taken should be recorded on MEA Form 02 under "Comments," and Consumer Services must be advised (by phone or copy of said form) of any action taken including routing to another individual for additional work.

6. Consumer Services will prepare a weekly report listing all active complaints and inquiries. This report will be prepared each Monday and will show the status of all outstanding complaints and inquiries as of the close of business the preceding week. This weekly report will be forwarded to the General Manager. In addition, Consumer Services will prepare a monthly summary for the information of the Board of Directors.
7. All questions on this policy should be addressed to Consumer Services Section.



MALCOLM CHEEK, GENERAL MANAGER

Effective Date: 7/16/79

(Second Revision)

MATANUSKA ELECTRIC ASSOCIATION, INC.
Palmer, Alaska

STATEMENT OF IDEALS

Matanuska Electric Association, Inc., was established by its member-owners to provide themselves with a vitally needed service not otherwise available which would improve their economic and social standards with significant long-range benefits to the well-being of the various communities in which it operates.

WE BELIEVE:

1. That it is the right of persons to provide for themselves a vitally needed service and that the Association effectively provides this service in a manner consistent with the highest objectives of free enterprise.
2. That the Association exists primarily to serve its consumer-owners and that the services it provides are essential to the people of our area, of the Matanuska Valley, of the State of Alaska, and of our Nation.
3. That the Association exists for the mutual benefit of its consumer-owners, directors, employees, and of the public and recognized that full participation, understanding and support by each of these groups is necessary for its continued success.
4. That the Association must provide the highest quality electric service at a cost consistent with sound business practices and necessary to assure its continued existence and viability.
5. That the opportunities in the enterprise carry with them both economic and social responsibilities; our obligations and responsibilities as a local business enterprise are to the community, the public, and to our employees, as well as to our members, and those groups other than members also will benefit from leadership in economic and social development within and adjacent to the service area of the Association.
6. That the ability of the Association to continue providing this essential service depends upon its attracting and retaining capable employees who must be paid adequately and given every opportunity for personal development and for advancement within the limits of their demonstrated capabilities.
7. That the natural resources of this country should be developed to provide an abundance of power consistent with other resource development needs and at a cost which is equitable for all who benefit from such development.

STATEMENT OF IDEALS

8. That the economic future of the State of Alaska depends upon its having an abundance of electric power available to persons who can use it and that organizations engaged in the generation or distribution of electricity have the responsibility of cooperating fully with each other to make certain that this is accomplished by the most efficient means possible.
9. That the Association must exemplify leadership in the community by doing all things essential to good management, including proper organization, sound financing, leader development, adequate research, and by continuing a high quality of electric service.
10. That the attaining of these ideals will require our constant and untiring efforts.

MEA, STATEMENT OF IDEALS
APPROVED BY THE BOARD OF DIRECTORS
OCTOBER, 1977

REAFFIRMED DECEMBER, 1979

MATANUSKA ELECTRIC ASSOCIATION, INC.
Palmer, Alaska

STATEMENT OF OBJECTIVES
WITH MEMBER-OWNERS

1. TO OPERATE the Association as a non profit enterprise on a continuing and progressive basis in strict accordance with its corporate documents and other legal and contractual requirements.
2. TO ASSURE the availability of a constantly high quality of central station service to its members and at a cost consistent with sound management of the Association and necessary to assure its continued existence and viability.
3. TO KEEP the member-owners fully informed on the affairs, problems, and methods of the Association; TO OBTAIN their understanding, acceptance, and support; TO PROVIDE every reasonable means through which the feelings and wants of the member-owners can be expressed and acted upon if appropriate; and TO EXPECT them to act intelligently and constructively in their support of the Association, its ideals, and its objectives.
4. TO DEVELOP among members, through democratic processes of participation, a recognition of member-ownership and accountability which will create the desire and feeling of obligation to participate in programs and services and benefit the membership as a whole.
5. TO ENHANCE the Association's reputation for fair dealings, prompt and efficient service, dependability, integrity, courtesy, productive ability, and technical competence.
6. TO STRIVE CONSTANTLY for ever higher standards of service through progressive management, utilization of new equipment and techniques, and improved methods of operations.
7. TO STIMULATE AND SUPPORT rural area development programs, especially those which will increase and stabilize the economic level of the Association's service area by adding value to the raw materials and products supplied and processed, by providing job opportunities for its people, and by furnishing goods and services required but not now available within or immediately adjacent to the area which the Association serves.
8. TO DEVELOP, OPERATE, AND MAINTAIN the system at optimum performance, both electrical and physical, as to assure the quality of service the members want while maintaining investment at a reasonable level and minimizing premature obsolescence.
9. TO PROVIDE the means whereby the member-owners can build and maintain the Association by contributing a reasonable amount of essential capital.

WITH EMPLOYEES

1. TO RECOGNIZE that our greatest assets are our human assets and that these must be developed and improved as a matter of moral obligation as well as one of material advantage.
2. TO OBTAIN acceptance of the ideals which emphasize the obligations involved in doing a job well.
3. TO REWARD, ENCOURAGE PROGRESS, INFORM, TRAIN, DEVELOP, AND PROPERLY ASSIGN all employees in order to attract and keep in its service those who seek a career with the Association so that their lives and work will be given meaning, dignity, satisfaction, and purpose both on and off the job.

WITH THE PUBLIC

1. TO DEVELOP understanding, acceptance, and support of the Association's objectives, plans, and programs.
2. TO FOSTER AND DEVELOP the acceptance of the Association as an effective citizen and as a respected member of the business community.
3. TO PROVIDE LEADERSHIP AND TO COOPERATE with other community and civic groups in furthering programs of mutual interest.

MEA, STATEMENT OF OBJECTIVES WITH MEMBER-OWNERS
APPROVED BY THE BOARD OF DIRECTORS
OCTOBER, 1977

REAFFIRMED DECEMBER, 1979

ELECTRIC RATES* FOR RESIDENTIAL AND SMALL COMMERCIAL CONSUMERS

SEPTEMBER, 1979

MASTER FILE COPY
HOUSE COMMERCE COMMITTEE

*Utilities Regulated by the Alaska Public Utilities Commission.

Utility	Rates per KWH	Monthly Minimum Bill	Latest Revision	Amount of Surcharge	Areas Served
AEL&P	General Residential 1st 200 - 5.8¢ Over 200 - 4.4¢	\$4.00	U-75-65(4) (12/19/75)	.11¢	Juneau Douglas Auke Bay
	Small Commercial 1st 1000 - 5.8¢ Next 3100 - 5.4¢ Over 4100 - 4.3¢	\$25			
ALASKA POWER & TELEPHONE	1st 40 - 15.29¢ Next 60 - 13.11¢ Over 100 - 10.93¢	\$3.30	U-78-'79(2) (1/15/79)	2.96¢*	Craig
	1st 40 - 16.55¢ Next 60 - 14.35¢ Over 100 - 12.15¢	\$3.30	Same as above	1.78¢	Hydaburg
	1st 100 - 14.1¢ Next 300 - 7.8¢ Over 400 - 7.1¢	\$5.00	U-78-62(3) (1/15/79)	1.29¢*	Skagway
	1st 100 - 13¢ Next 100 - 12¢ Next 800 - 9.5¢ Over 1000 - 8¢	\$7.50	Original Tariff (7/15/71)	4.29¢*	Tok
	1st 100 - 15¢ Over 100 - 14¢	\$10.00	Original Tariff (3/29/78)	0	Dot Lake

* Those surcharges have not been approved by the Commission as of 9/1/79.

Utility	Rates per KWH	Monthly Minimum Bill	Latest Revision	Amount of Surcharge	Areas Served
ALASKA VILLAGE ELECTRIC COOPERATIVE	Residential All KWH - 37.2¢	\$18.60	U-77-77(4) (3/1/78)	0	46 villages
	Small Commercial All KWH - 34.2¢/KWH	\$34.20			
	Large Power	\$250.00			
	<u>Demand Charge</u>				
	1st 10 KWH - 0				
	Over 10 KWH - \$10/KWH				
	<u>Energy Charge</u>				
	1st 1,500 KWH - 32.5¢				
	Over 1,500 KWH - 24.8¢				
AMFAC FOODS, INC.	Farm & Home 1st 200 - 15¢ Over 200 - 13¢	\$7.50	Original (4/19/77)	0	Sandpoint
	Commercial	\$7.50			
	<u>Demand Charge</u>				
	1st 10 KWH - 0				
	Over 10 KWH - \$3.00/KWH				
	<u>Energy Charge</u>				
	1st 100 - 13¢				
	Next 100 - 11¢				
	Over 200 - 7¢				
ANCHORAGE, MUNICIPALITY OF	Residential	\$3.84	U-79-13(6) (7/11/79)	.2399¢	Anchorage
	Small General Services Demand Less than 10 KWH 4.16¢	\$6.10			
ANIAC POWER	Residential 1st 250 - 20¢ Over 250 - 18¢	\$20.00	Original Tariff (6/30/74)	4.61¢	Aniak

Utility	Rates per KWH	Monthly Minimum Bill	Latest Revision	Amount of Surcharge	Areas Served
ANIAK POWER (continued)	Commercial 1st 1600 KWH - 18¢ Over 1600 KWH - 16¢	\$20.00			
ARCTIC UTILITIES	1st 10,000 - 25¢ Over 10,000 - 19¢	Demand Charge 1st 100 KWH - \$10/KW Over 100 KWH - \$5/KW	Original Tariff (10/6/75)	0	Deadhorse
BARROW UTILITIES & ELECTRIC COOPERATIVE	Residential 1st 200 - 15¢ Next 300 - 12¢ Over 500 - 11.112¢ General Service 1st 220 - 15¢ Next 450 - 12¢ Next 450 - 10¢ Over 1120 - 9¢	\$10.00 \$20.00	Original Tariff (4/13/74)	0	Barrow
BETHEL UTILITIES	Residential 1st 50 - 18.94¢ Next 200 - 15.81¢ Over 250 - 11.82¢ Commercial 1st 50 - 18.94¢ Next 450 - 14.24¢ Next 2,500 - 12.67¢ Next 22,000 - 11.82¢ Over 25,000 - 11.39¢	\$5.54 \$5.54 for 5 KVA or less \$1.11 per KVA additional	U-79-47(1) (5/15/79)	.94¢	Bethel

Utility	Rates per KWII	Monthly Minimum Bill	Latest Revision	Amount of Surcharge	Areas Served
BETTLES LIGHT & POWER	General Service 24¢		2nd Revision (2/1/74)	4.5¢	Bettles
CHUGACH ELECTRIC	General Residential Urban 1st 50 - 8.7¢ Next 200 - 4.4¢ Next 500 - 2.7¢ Next 750 - 2.4¢ Next 1500 - 2.0¢ Commercial L&P Urban 1st 100 - 6.2¢ Next 400 - 4.0¢ Next 1000 - 3.5¢ Next 1500 - 3.2¢ Over 3000 - 2.9¢	\$4.36 \$4.36	U-77-68(4) (3/16/78)	0	Anchorage
	General Residential Suburban 1st 50 - 8.7¢ Next 200 - 5.4¢ Next 500 - 4.0¢ Next 750 - 2.4¢ Over 1500 - 2.0¢ Commercial L&P Suburban 1st 100 - 7.5¢ Next 400 - 5.4¢ Next 1000 - 4.4¢ Next 1500 - 3.7¢ Over 3000 - 2.9¢	\$4.36 \$4.36	Same as above	0	Anchorage Moose Pass Cooper Landing

Utility	Rates per KWH	Monthly Minimum Bill	Latest Revision	Amount of Surcharge	Areas Served
CHUGACH ELECTRIC (continued)	General Residential	\$11.21	U-77-68(4) (3/16/78)	0	Kenai
	1st 90 - 12.5¢				
	Next 160 - 10.6¢				
	Next 500 - 6.2¢				
	Next 250 - 3.5¢				
	Over 1000 - 2.0¢				
	Commercial L&P	\$11.21			
	1st 100 - 10.2¢				
	Next 400 - 8.1¢				
	Next 1000 - 6.7¢				
Next 1500 - 6.2¢					
Over 3000 - 4.4¢					
<hr/>					
	General Residential	\$24.92	Same as above	0	Hope
	1st 90 - 12.5¢				
	Next 160 - 10.6¢				
	Next 500 - 6.2¢				
	Next 250 - 3.5¢				
	Over 1000 - 2.0¢				
	Commercial L&P	\$24.92			
	1st 100 - 10.2¢				
	Next 400 - 8.1¢				
	Next 1000 - 6.7¢				
	Next 1500 - 6.2¢				
	Over 3000 - 4.4¢				
<hr/>					
CIRCLE ELECTRIC	Residential & Commercial	\$10.00	Original Tariff	0	Circle
	1st 100 - 32¢				
	Next 100 - 22¢				
	Over 200 - 17¢				

Utility	Rates per KWH	Monthly Minimum Bill	Latest Revision	Amount of Surcharge	Areas Served
COPPER VALLEY ELECTRIC	Residential	\$15.00	Tariff No. 2 U-77-88 (5) (6/2/78)	3.22¢*	Glennallen Copper Center
	1st 200 - 13¢				
	Next 800 - 11¢				
	Over 1000 - 9¢				
	Commercial	\$30.00			
	1st 500 - 13¢				
Next 500 - 11¢					
Next 1000 - 10¢					
Over 2000 - 9.5¢					
<hr/>					
	Residential	\$15.00	Same as above	2.50¢*	Valdez
	1st 200 - 13¢				
	Next 300 - 11¢				
	Next 500 - 9¢				
	Over 1000 - 8¢				
	Commercial	\$30.00			
	1st 500 - 13¢				
	Next 500 - 11¢				
	Next 1000 - 10¢				
	Over 2000 - 8¢				
<hr/>					
CORDOVA ELECTRIC COOPERATIVE, INC.	Residential	\$15.00	Original Tariff (3/15/79)	0	Cordova
	1st 200 - 15.5¢				
	Next 300 - 13.5¢				
	Next 500 - 11.0¢				
	Over 1000 - 9.0¢				

*These surcharges have not been approved by the Commission as of 9/1/79.

Utility	Rates per KWH	Monthly Minimum Bill	Latest Revision	Amount of Surcharge	Areas Served
CORDOVA ELECTRIC COOPERATIVE, INC. (continued)	Small Commercial 1st 300 - 15.5¢ Next 700 - 11.0¢ Over 1000 - 8.5¢	\$42.00	Original Tariff (3/15/79)	0	Cordova
FORT YUKON	Residential 1st 100 - 31.86¢ Next 400 - 19.11¢ Over 500 - 12.74¢ Commercial & Governmental 1st 100 - 38.23¢ Next 400 - 31.86¢ Next 500 - 25.49¢ Next 1000 - 19.11¢ Over 2000 - 16.57¢	\$10.00 \$10.00	U-78-92 (2) (5/1/79)	2.545¢*	Fort Yukon
GLACIER HIGHWAY ELECTRIC ASSOCIATION	Residential 1st 250 - 12.3¢ Next 250 - 9.6¢ Next 250 - 7.7¢ Over 750 - 4.7¢ Commercial & Large Power <u>Demand Charge</u> 1st 25 KW - 0 Over 25 KW - \$3.70/KW	\$12.00 \$12.00	U-78-88 (2) (5/23/79)	0	Auke Bay

*These surcharges have not been approved by the Commission as of 9/1/79.

Utility	Rates per KWH	Monthly Minimum Bill	Latest Revision	Amount of Surcharge	Areas Served
GLACIER HIGHWAY ELECTRIC ASSOCIATION (continued)	Commercial & Large Power <u>Energy Charge</u> 1st 250 - 12.3¢ Next 250 - 9.6¢ Next 500 - 7.7¢ Next 9000 - 6.1¢ Over 10,000 - 4.0¢	\$12.00			
GOLDEN VALLEY	Residential 1st 100 - 14.03¢ Next 1400 - 7.54¢ Over 1500 - 5.91¢ General Service - 1 1st 400 - 14.03¢ Next 600 - 9.12¢ Next 4000 - 7.02¢ Over 5000 - 5.61¢ General Service - 2 <u>Demand Charge</u> 1st 50 - 0 Over 50 - \$4.75/KW <u>Energy Charge</u> 1st 400 - 13.47¢ Next 600 - 10.67¢ Next 4000 - 8.42¢ Next 45,000 - 5.33¢ Over 50,000 - 4.63¢	\$10.00 \$10.00	U-79-56(1) (9/1/79)	0	Fairbanks Big Delta Nanana Delta Junction North Pole Healy
HAINES LIGHT & POWER	Residential 1st 100 - 16.4¢ Next 625 - 8.6¢ Over 725 - 6.9¢	\$14.25	U-79-52(1) (7/19/79)	3.11¢*	Haines

*These surcharges have not been approved by the Commission as of 9/1/79.

Utility	Rates per KWH	Monthly Minimum Bill	Latest Revision	Amount of Surcharge	Areas Served
HAINES LIGHT & POWER (continued)	Large Power	\$33.35			Haines
	<u>Demand Charge</u>				
	\$2.00/KW per month for KW over 25				
	<u>Energy Charge</u>				
	1st 500 - 38.4¢				
	Next 54,500 - 7.9¢				
	Over 55,000 - 4.6¢				
	Commercial	\$19.00			
	1st 100 - 21.9¢				
	Next 3400 - 7.8¢ Over 3500 - 6.4¢				
HOMER ELECTRIC	Farm & Residential	\$7.50	Second Revision (11/10/77)	0	Homer
	1st 50 - 9¢				
	Next 50 - 7¢				
	Next 200 - 5¢				
	Next 800 - 3.5¢				
	Over 1100 - 1.7¢				
	Commercial, Large Power & Public Bldgs.	\$7.50	Original Rates (4/1/70)		
	<u>Demand Charge</u>				
	1st 25 - 0				
	Over 25 - \$2.75/KW				
<u>Energy Charge</u>					
1st 50 - 9¢					
Next 50 - 7¢					
Next 1200 - 5¢					
Next 6200 - 4¢					
Next 42,500 - 3¢					
Next 50,000 - 2¢					
Over 100,000 - 1.7¢					

Utility	Rates per KWH	Monthly Minimum Bill	Latest Revision	Amount of Surcharge	Areas Served
HOMER ELECTRIC (continued)	Farm & Residential	\$7.50	First Revision (11/1/74)	0	Seldovia
	1st 50 - 15¢ Next 50 - 8¢ Next 200 - 6¢ Over 300 - 5¢				
	Town & Village	\$5.00			
	1st 50 - 15¢ Next 50 - 8¢ Next 200 - 6¢ Over 300 - 5¢				
	Commercial L&P	\$7.50			
	<u>Demand Charge</u>				
	1st 10 - 0				
	Over 10 - \$3.00/KW				
	<u>Energy Charge</u>				
	1st 50 - 15¢				
	Next 50 - 8¢				
	Next 2900 - 6¢				
	Next 7000 - 5¢				
	Over 10,000 - 4¢				
	Residential	\$5.00	First Revision (11/10/77)	0	Port Graham
	1st 50 - 15¢ Next 50 - 8¢ Over 100 - 6¢				
	Commercial L&P	\$7.50	Original Rates (9/27/72)	0	
	<u>Demand Charge</u>				
	1st 10 - 0				
	Over 10 - \$3.00/KW				
	<u>Energy Charge</u>				
	1st 50 - 15¢				
	Next 50 - 8¢				
	Next 2900 - 6¢				
	Next 3000 - 5¢				

Utility	Rates per KWH	Monthly Minimum Bill	Latest Revision	Amount of Surcharge	Areas Served
HOMER ELECTRIC (continued)	City Light Residential 1st 50 - 10¢ Next 50 - 5¢ Next 100 - 4¢	\$5.00	First Revision (11/10/77)		City of Kenai
	Small Commercial Public Buildings 1st 50 - 10¢ Next 50 - 5.5¢ Over 200 - 4.5¢	\$5.00			
KODIAK ELECTRIC	Farm & Home 1st 100 - 13.00¢ Next 300 - 12.00¢ Next 300 - 10.00¢ Over 700 - 9.00¢	\$13.00	U-78-81 (2) (7/13/79)	2.07¢	Kodiak
	Commercial 1st 200 - 13.00¢ Next 800 - 11.00¢ Next 4000 - 10.00¢ Over 5000 - 8.50¢	\$26.00			
	Farm & Home 1st 100 - 25.00¢ Next 100 - 23.00¢ Over 200 - 20.00¢	\$13.00	J-78-81 (2) (7/13/79)	2.02¢	Port Lions
	Commercial 1st 100 - 25.00¢ Next 100 - 23.00¢ Over 200 - 17.00¢	\$26.00			

Utility	Rates per KWH	Monthly Minimum Bill	Latest Revision	Amount of Surcharge	Areas Served
KOTZEBUE ELECTRIC	Residential & Small Commercial 1st 50 - 26¢ Next 50 - 22¢ Next 9900 - 13.5¢ Over 10,000 - 12.5¢	\$14.00	U-76-46 (3) (12/3/76)	3.436¢*	Kotzebue
MANLEY UTILITY CO., INC.	Residential 1st 100 - 30¢ Over 100 - 25¢ Commercial 1st 100 - 30¢ Next 900 - 25¢ Over 1000 - 20¢	\$5.00	Original Tariff (7/14/78)	0	Manley Hot Springs
MATANUSKA ELECTRIC	Residential 1st 100 - 11.6¢ Next 150 - 7.7¢ Next 250 - 5.8¢ Next 700 - 3.2¢ Over 1200 - 2.6¢ Commercial & Small Power 1st 100 - 14.2¢ Next 400 - 9.0¢ Next 1500 - 5.2¢ Over 2000 - 3.2¢	\$9.00	U-78-75 (5) (7/12/79)	0	Palmer Chugiak Eagle River Talkeetna Wasilla
	Residential 1st 50 - 38.65¢ Next 50 - 19.32¢ Over 100 - 14.49¢	\$10.00	U-76-67 (4) (5) (3/21/77)	1.3¢	Unalakleet

*This surcharge has not been approved by the Commission as of 9/1/79.

Utility	Rates per KWH	Monthly Minimum Bill	Latest Revision	Amount of Surcharge	Areas Served
MATANUSKA ELECTRIC (continued)	Commercial & Small Power 1st 50 - 38.65¢ Next 50 - 25.77¢ Next 200 - 19.32¢ Over 300 - 15.30¢	\$10.00	U-76-67(4) (5) (3/21/77)	1.3¢	Unalakleet
McGRATH LIGHT & POWER	Residential 1st 50 - 13.5¢ Next 150 - 11.5¢ Next 300 - 11.0¢ Next 4500 - 10.0¢ Over 5000 - 8.5¢ Commercial 1st 50 - 13.5¢ Next 450 - 10.5¢ Next 2500 - 10.0¢ Next 22,000 - 9.0¢ Over 25,000 - contract rate	\$5.00 \$5.00	Original Tariff (6/6/77)	6.2¢	McGrath
NAKNEK ELECTRIC	Farm & Home 1st 50 - 27¢ Next 50 - 21.6¢ Next 100 - 16.2¢ Next 300 - 13.5¢ Over 500 - 12.2¢ Other <u>Demand Charge</u> 1st 10 - 0 Over 10 - \$4.05/KW <u>Energy Charge</u> 1st 50 - 27¢ Next 50 - 21.6¢ Next 2,900 - 15.5¢ Next 7,000 - 12.8¢ Over 10,000 - 10.8¢	\$13.50 \$13.50	U-78-84(1) (10/1/78)	0	Naknek

Utility	Rates per KWH	Monthly Minimum Bill	Latest Revision	Amount of Surcharge	Areas Served
NAKNEK ELECTRIC (continued)	Farm & Home	\$16.20	U-78-84(1) (10/1/78)	0	Egegik
	1st 50 - 32.4¢				
	Next 50 - 39.7¢				
	Over 100 - 21.6¢				
	Other	\$12.00			
	<u>Demand Charge</u>				
	1st 10 - 0				
	Over 10 - \$4.05/KW				
	<u>Energy Charge</u>				
	1st 50 - 32.4¢				
Next 50 - 39.7¢					
Over 100 - 21.6¢					
NORTHERN POWER & ENGINEERING	Residential	\$10.00	U-77-83(2) (5/1/78)	.968¢	Cold Bay
	1st 50 - 16.6¢				
	Next 650 - 13.3¢				
	Over 700 - 11.6¢				
	General Service	\$32.00			
	1st 1000 - 12.5¢				
Next 4000 - 11.6¢					
Next 5000 - 10.8¢					
Over 10,000 - 9.1¢					
NORTHWAY POWER & LIGHT	Residential & Small Commercial	\$10.00	First Revision (2/21/74)	5.77¢*	Northway
	1st 100 - 13¢				
	Next 100 - 12¢				
	Next 100 - 11¢				
	Over 300 - 9.5¢				

*This surcharge has not been approved by the Commission as of 9/1/79.

Utility	Rates per KWH	Monthly Minimum Bill	Latest Revision	Amount of Surcharge	Areas Served
NUSHAGAK ELECTRIC	Farm & Home 1st 50 - 22¢ Next 50 - 15¢ Next 400 - 11.5¢ Over 500 - 10.5¢	\$11.00	U-76-50(4) (11/30/76)	2.615¢*	Dillingham
	Commercial & Industrial 1st 50 - 22¢ Next 50 - 15¢ Next 2900 - 12¢ Over 3000 - 10.5¢	\$11.00		2.615¢*	
PELICAN UTILITIES	7.25¢ per KWH	\$5.00	U-76-23(3) (8/1/76)	0	Pelican
TANANA POWER	Residential 1st 200 - 24¢ Next 200 - 22¢ Over 400 - 20¢	\$14.40	U-78-63 (2/9/79)	0	Tanana
	Commercial 1st 10,000 - 18.5¢ Next 10,000 - 17.6¢ Over 20,000 - 16.2¢	\$50.00			
TLINGIT-HAIDA REGIONAL ELECTRICAL AUTHORITY	Residential 1st 300 - 27¢ Over 300 - 23¢	\$16.50	Pending Tariff	0	Angoon Hoonah Kake Klawock
	Small Commercial 1st 300 - 27¢ Over 300 - 23¢	\$27.00	Pending Tariff		

*This surcharge has not been approved by the Commission as of 9/1/79.

Utility	Rates per KWH	Monthly Minimum Bill	Latest Revision	Amount of Surcharge	Areas Served
YAKUTAT POWER	Residential	\$12.00	U-76-82 (1/1/78)	2.796¢*	Yakutat
	1st 100 - 12¢				
	Next 200 - 10¢				
	Next 700 - 8.5¢				
	Next 1000 - 8¢				
	Commercial	\$30.00		2.796¢*	
	1st 300 - 10¢				
	Next 700 - 8.5¢				
	Next 4,000 - 8¢				
	Over 5,000 - 7.5¢				
	Large Commercial	\$180.00		2.796¢*	
	1st 2,000 - 9¢				
Next 18,000 - 7.5¢					
Over 20,000 - 6.5¢					

*This surcharge has not been approved by the Commission as of 9/1/79.

A PERFORMANCE REVIEW
OF THE
ALASKA PUBLIC UTILITIES COMMISSION

August 1, 1979

Commissioner of the Department
of Commerce and Economic Development
Deputy Commissioner of the Department
of Commerce and Economic Development

Charles Webber

Bertram L. Wagnon

Members of the
Alaska Public Utilities Commission

Chairman
Commissioner
Commissioner
Commissioner
Commissioner

Gordon J. Zerbetz
Marvin R. Weatherly
Carolyn S. Guess
Susan M. Knowles
Stuart C. Hall

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING -

FINANCE DIVISION
POUCH WF—STATE CAPITOL

JUNEAU, ALASKA 99811

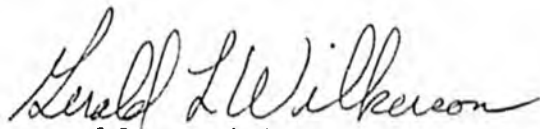
August 10, 1979

Members of the
Legislative Budget and Audit Committee:

In accordance with the intent of Title 24 and 44 of the
Alaska Statutes, the attached report is submitted for your
review.

A PERFORMANCE REVIEW
OF THE
ALASKA PUBLIC UTILITIES COMMISSION

August 1, 1979



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

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PURPOSE AND SCOPE OF REVIEW

Purpose

In accordance with the provisions of Alaska Statutes 24.20 .271(1) and 44.66.050 (sunset legislation), a review of the Alaska Public Utilities Commission (hereinafter referred to as APUC or the Commission) was conducted to determine whether there is a demonstrated need to continue utility regulation in its present form. To determine that need, we reviewed Commission activities to see if the Commission has been operating in an efficient and effective manner.

AS 44.66.010(4) specifies that the Alaska Public Utilities Commission will terminate on June 30, 1980 but will continue until June 30 of the following year for the purpose of concluding its affairs. This report shall be considered during the legislative oversight function in determining whether the Commission should be allowed to terminate, be reestablished in its present form or be reestablished in a modified form.

Scope

The functions reviewed included commissioner activity, administrative, financial/tariff analysis, engineering, consumer complaints and information, and records/docketing. Our review consisted of analyzing and evaluating the following:

1. Applicable statutes and regulations;
2. interviews with, and a questionnaire to, the Commissioners;
3. interviews with staff members;
4. questionnaires sent to other states' utility regulatory agencies;
5. questionnaires sent to APUC regulated electric and telephone nonprofit cooperative corporations;
6. questionnaires sent to attorneys who practice before the Commission;
7. observation of Commission meetings and several types of hearings held before the APUC;
8. interviews with Assistant Attorney Generals assigned to APUC;

9. interviews with general managers of several large utilities;
10. interviews with representatives of the Rural Electrification Administration;
11. interviews with representatives of the Federal Communications Commission;
12. interview with the president of the Alaska Rural Electric Cooperatives Assosication;
13. tests of APUC records and documents;
14. tests of records and documents of the Office of the Governor on appointments to the APUC;
15. correspondence with the Commissioners of the Alaska Transportation Commission and the Alaska Pipeline Commission; and
16. a review of studies and major Alaska Superior and Supreme Court decisions affecting the Commission, and complaints filed with the Ombudsman's Office.

ORGANIZATION AND FUNCTION

Prior to the creation of the Alaska Public Utilities Commission in 1970, utilities were regulated by the Alaska Public Service Commission (PSC). The PSC was established in 1959 as a part-time three-member commission responsible for all fixed utility regulation including generation, transmission or distribution of electric power, heat, water, natural or manufactured gas, oil or other petroleum products (except by pipeline); and the furnishing of telephone or telegraph communications, and community sewer services.

In 1960, the PSC gained responsibility for regulating transportation utilities with the passage of the Alaska Motor Freight Carriers Act and the Alaska Air Commerce Act. The transportation regulation duties were transferred to the Alaska Transportation Commission upon its creation in 1966. The 1960 legislation eliminated the PSC and created the APUC as a full-time three-member commission. That legislation also changed the definition of public utility to include those furnishing the following types of services for compensation: electrical; telecommunications; water, steam or sewer; transmission or distribution of natural or manufactured gas; and petroleum or petroleum products when no competition exists. A 1973 amendment added collection and disposal service of garbage, refuse, trash or other waste to the definition.

AS 42.05.040 requires one member to be a law school graduate, one to be a university graduate with a major in engineering, and one to be a university graduate with a major in finance, accounting or business administration. Two additional positions were added to the Commission in 1975 for which no special qualifications have been established. All members are appointed for six-year terms by the Governor and confirmed by the Legislature. The Commission may hire an executive director, who may be a member of the Commission.

Under AS 42.05, the Alaska Public Utilities Commission Act, the APUC is charged with the responsibility to assure the furnishing of adequate service to all public utility patrons, without discrimination, and at the lowest reasonable rates consistent with the interests both of the public and the utility. Statutory provisions direct the Commission, after determining an applicant is fit, willing and able to provide utility service, to issue that applicant a Certificate of Public Convenience and Necessity (CPCN). After issuance of a CPCN the Commission then regulates the rates, classifications, rules, regulations, practices, services and facilities of a public utility. The Commission has the authority to adopt regulations and to hold formal, quasi-judicial hearings to accomplish these purposes.

The staff of the APUC, in addition to the support staff of the Commissioners, is divided into five major functions: administration, engineering, communications carriers, consumer protection and information and financial/tariff analysis. A brief description of the services provided by those functions follows:

Administration. An Executive Director, hired by the Commission, is responsible for directing all staff functions and acts as liason between staff and Commissioners. He is assisted by a Deputy Director who has responsibility for records/document management. They are assisted in these duties by an administrative assistant, document processing personnel and other clerical support staff.

Engineering. The Engineering Section consists of a section chief, four utilities engineers, a draftsman and a clerical support person. This section is responsible for investigation of utility procedures and practices affecting quality of service; review of legal descriptions for service areas, plans for plant expansion, and plant-in-service and depreciation schedules. This section presents its evaluations in proceedings before the Commission.

Communications Carriers. This section was established by 1976 legislation to develop, recommend and administer policies and programs with respect to the regulation of rates, services, accounting and facilities of communications common carriers within the State involving the use of wire, cables, radio and space satellites. There is one position in this section and it is currently vacant.

Consumer Protection and Information. This function is carried out by a section chief and an information officer. The major responsibilities are investigation and resolution of consumer complaints, and public relations/information functions.

Financial/Tariff Analysis. Activities carried out by this section include: examination, analysis and evaluation of financial statements submitted with tariff filings; audits of financial records of utilities; examination of financial information comprising historical operating year and proforma adjustments; and presentation of these analyses at proceedings before the Commission. In addition to the section chief, there are five utility financial analysts and two research analysts authorized for this section.

REPORT CONCLUSION

Policy Issues

This review contains policy issues raised as a result of our evaluation of various Commission practices. The final policy decisions affecting these practices are not within the scope of this review but require legislative consideration. In debating these decisions, the legislative oversight committees should take into consideration the findings and alternatives presented in this report, so that the potential impact of the policy changes can be evaluated.

Report Conclusion

In our opinion, the Alaska Public Utilities Commission should continue to regulate public utilities. We believe that the public interest is being served by requiring public utilities to be certified by the APUC. This process stabilizes demand for the utility service by eliminating competition and thereby allowing economies of scale (declining unit costs with increased outputs) to operate. Economic regulation by the Commission, in place of that competition, ensures that the utilities provide adequate service at the lowest reasonable rates.

However, certain changes need to be implemented for the Commission to more effectively execute its mandated responsibilities. A number of factors have caused an increase in workload at the APUC which have diluted its ability to effectively regulate all utilities within its jurisdiction. Those factors include, but are not limited to, increases in the number of applications for certificates for which there are competing applicants, and more frequent rate increase requests due to spiraling costs, particularly for fuel.

We therefore evaluated the workload of the Commission for areas of regulation which could be eliminated or limited with the least public impact, and would allow the APUC to devote its limited time and resources on areas of greater import. This Division has now completed performance reviews under AS 44.66.050 of two of the three regulatory commissions in Alaska. We also evaluated them from an overview position, the entire utility regulatory scheme in Alaska.

In keeping with the intent of the Sunset Law which attributed public disenchantment with State government to a proliferation of that government, we recommend the Alaska Public Utilities Commission, the Alaska Transportation Commission and the Alaska Pipeline Commission be combined into a single regulatory commission. This recommendation stems from a comparison of

Alaska with the other forty-nine states in which we learned that Alaska is one of only three states utilizing three utility regulatory commissions and employs the second largest number of commissioners to staff those agencies (see Recommendation No. 1).

Areas of regulation which we recommend be eliminated from APUC's jurisdiction are cable television and garbage collection. Cable television service is an entertainment service, not a monopoly or a necessity, and deregulation of this service would not be detrimental to the public interest (see Recommendation No. 2). Services providing collection and disposal of garbage are not fixed, capital intensive utilities for which competition should be eliminated, as is necessary in the other utilities regulated by APUC. This industry should be regulated at the local level as a transportation utility (see Recommendation No. 3).

Areas of APUC regulation which we recommend be limited involve nonprofit telephone and electric cooperative corporations and utilities with gross annual revenues of less than \$100,000. AS 42.05 should be amended to allow the membership of the cooperatives, by vote of a majority of the members, to be given an opportunity on a utility by utility basis, to determine whether their cooperative should remain economically regulated by the APUC. This action would allow members of cooperatives who feel their board of directors is sufficiently responsive to the membership to withdraw from regulation, while those who feel their board is not responsive may appeal to the APUC (see Recommendation No. 4).

AS 42.05 should also be amended to exempt all certificated utilities with gross annual revenues of less than \$100,000 from economic regulation. This exemption would delete a minimum of 26 utilities or 20 percent of the current number of certificated economically regulated utilities under APUC. This action would not be contrary to the Commission's responsibility to protect the public interest because the cost of regulation as a percentage of operating costs for small utilities may outweigh the benefits of regulation, and because Commission time could be devoted to larger utilities serving a larger number of customers (see Recommendation No. 5).

The ability of the Commission to effectively regulate utilities has been hampered by omissions and inconsistencies in the Statutes and regulations. To allow for more effective case management and to avoid court appeals of Commission decisions, the APUC should promulgate regulations to accomplish the following: (1) to clarify the reporting and accounting requirements of utilities desiring to include rate case expense in their rate base; and (2) to prescribe industry performance standards to allow the Commission to effectively

monitor and enforce the quality of service being provided by utilities. A statutory amendment is needed to clarify whether transfer of certificates of public convenience and necessity from one utility to another through transfer of the controlling interest in the corporate stock is subject to APUC approval (see Recommendation No. 6).

The Commission's effectiveness has also been hampered by difficulties in recruiting and retaining employees for the Utility Financial Analysis Section and Utilities Engineering Section. Increasing compensation levels for those positions to a competitive level with employers in the Anchorage area and similar positions in the State government should allow recruitment and encourage retention of qualified experienced staff (see Recommendation No. 7).

Improvement in the efficiency of Commission operations would result from: (1) development of a topical cross-reference system for Commission orders (see Recommendation No. 9); (2) implementation of a time-management system to assist the Commission in prioritizing, planning and scheduling future workloads, and monitoring work in progress (see Recommendation No. 8); (3) establishment of separate collocation codes for budgeting and recording expenses of each function of the Commission (see Recommendation No. 11); and (4) restriction of Commissioner involvement in the administrative function of the Commission (see Recommendation No. 10).

A review of Commission appointment activity performed by the Office of the Governor showed that the chairmanship term of the present APUC chairman expired November 30, 1977 and, to date, a period of 20 months, no new appointment or reappointment to this position has been made. The Office of the Governor should make appointments in a timely manner.

Subsequent Event

The present Chairman of the APUC was reappointed to the chairmanship on July 31, 1979. That term will expire November 30, 1981.

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The Alaska Public Utilities Commission, the Alaska Transportation Commission and the Alaska Pipeline Commission should be combined into a single regulatory commission.

During our review process we compared the utility regulatory scheme utilized in Alaska with the schemes utilized in the other forty-nine states. This analysis revealed that Alaska is one of only three states utilizing three utility regulatory commissions and employs the second largest number of commissioners as shown below:

Regulatory Scheme	States Used By		Commissioners			Employees		
	No.	%	No. On Comm.	No. Of States	%	Hi	Lo	Avg.
One			1	1	2%			
Regulatory Commission	42	84%	3	29	69%	976	11	164
			5	10	24%			
			7	2	5%			
				42	100%			
<hr/>								
Two								
Regulatory Commissions	5	10%	6	5	100%	726	87	242
<hr/>								
Three			8	1	33%			
Regulatory Commissions	3	6%	11*	1*	33%	762	71*	419
			12	1	33%			
				3	100%			

*Alaska

From: The 1977 Annual Report on Utility and Carrier Regulation of the National Association of Regulatory Utility Commissioners.

A brief history of the development of Alaska's three regulatory commissions follows. The Alaska Public Service Commission (PSC) was established in 1959 as a part-time three-member commission responsible for all fixed utility regulation. In 1960 the PSC gained responsibility for regulating transportation utilities with the passage of the Alaska Motor Freight Carrier Act and the Alaska Air Commerce Act. The transportation regulation duties were transferred to the full-time three-member Alaska Transportation Commission (ATC) at its creation in 1966, and 1970 legislation eliminated the PSC and created the Alaska Public Utilities Commission (APUC) with jurisdiction over fixed utilities. That legislation established the APUC

as a full-time three-member commission, but the composition was increased to five members in 1975. In 1972 the Alaska Pipeline Commission came into existence as a separate, full-time three-member commission.

The advantages of a single regulatory agency over separate agencies are numerous and include: (1) reduction in number of commissioners needed to preside at hearings; (2) a combined professional staff which would allow for more flexible staffing (i.e. temporary reassignments between regulatory disciplines to handle fluctuating workloads on a more timely basis); (3) joint hearing facility; (4) joint copying/reproduction facility; (5) joint publications library; and (6) possible reduction in word processing equipment and personnel.

In a survey questionnaire distributed to utility regulatory commissions in other states (Appendix B) we found that:

- (a) Twenty-six of the responding thirty-two states (81%) felt the advantages of a single regulatory agency outweigh the cost of maintaining two or three separate agencies. Some of the advantages noted were: centralization of expertise; cost savings due to economies of scale and elimination of unnecessary duplication; in general a more efficient use of resources.
- (b) Twenty-eight of the responding states (87%) felt commissioners can realistically develop the expertise to render decisions in fixed, transportation and/or pipeline utility cases.

In keeping with the legislative intent of the Sunset law which found "...that the substantial increase in the number of State agencies, boards and commissions, and the proliferation of rules and regulations which each has adopted have contributed to a public disenchantment with the operation of State government..." (Ch 149 SLA 1977), it is appropriate to consider the merits of a single commission mode of regulating utilities.

This recommendation should, however, only be considered in concert with a plan for deregulation of some of the industries currently regulated by the three commissions. Combining the commissions without decreasing the present workload would cause serious processing time delays. Recommendation No. 2 through No. 5 of this report indicate areas of APUC regulations which could be curtailed or limited without harmful impact on the public. We further recommend that the internal structure and staffing levels be set only after deregulation decisions have been made so that a realistic analysis of responsibilities and workload can be made.

Recommendation No. 2

AS 42.05 should be amended to allow the Alaska Public Utilities Commission to cease all certification and regulation of cable television.

The Alaska Public Utilities Commission Act, AS 42.05, mandates the APUC to regulate all public utilities including those furnishing telecommunications service to the public for compensation. Telecommunications is defined in AS 42.05.701(8) as "... the transmission and reception of messages, impressions, pictures and signals by means of electricity, electromagnetic waves and any other kind of energy, force variations or impulses whether conveyed by cable, wire, radiated through space, or transmitted through other media within a specified area or between designated points." The APUC has interpreted this Statute to include cable television (CATV) and has been issuing Certificates of Public Convenience and Necessity (CPCNs) and has been providing economic regulation since 1970.

Regulation of cable television has varied widely among states. Ten states do not consider CATV within their definition of a public utility, while eight others, including Alaska, regulate franchising and regular subscriber rates. The remaining states fall somewhere in the middle by regulating utility pole attachment rates and settling disputes between cable companies and utilities.

There are currently no federal requirements for rate regulation of CATV. There are in fact prohibitions imposed on states by the FCC against certain types of rate regulation. The delineation of rate regulation responsibility began with the following FCC pronouncement issued in 1974.

In Section 76.31(a)(4) (of 47 C.F.R.) we require that cable systems, in order to receive a Certificate of Compliance, must have a franchise providing for franchisor approval of initial charges for installation and regular subscriber service. We have intentionally limited rate regulation responsibilities to the area of regular subscriber service, and we will continue to do so. We have defined "regular subscriber service" as that service regularly provided to all subscribers. This would include all broadcast signal carriage and all our required access channels including origination programming. It does not include specialized programming for which a per-program or a per-channel charge is made. The purpose of this rule was to clearly focus the regulatory responsibility for regular subscriber rates. It was not meant to promote rate regulation of any kind.

The FCC deleted the requirement of franchisor approval of rates for subscriber service effective September 1976, thereby removing all requirements of the franchisor for rate regulation. From a report of the Connecticut Cable Television Association we learned that "...as soon as the notice of the FCC action was publicized, many communities throughout the country dropped their own rate setting requirements." We feel that Alaska should also restrict its activity in this area.

A commonly accepted definition among economists of what distinguishes public utilities from other sectors of business is that public utilities are natural monopolies (operating with government approval as such), and supply a service which is indispensable to modern living. Cable television is an entertainment service, not a monopoly or a necessity. If subscribers are charged more than they feel services are worth they may disconnect and seek an alternative form of entertainment, such as radio, movies, newspapers or books.

Deregulation of CATV in Alaska could possibly result in increased development of cable television in rural Alaska. The 1974 FCC pronouncement quoted earlier also stated:

After considerable study of the emerging cable industry and its prospects for introducing new and innovative communications services, we have concluded that, at this time, there should be no regulation of rates for such services at all by any governmental level. Attempting to impose rate regulation on specialized services that have not yet developed would not only be premature but would in all likelihood have a chilling effect on the anticipated development.

It does not appear that deregulation of this industry would have a detrimental impact on the Alaskan public and could, in fact, provide an incentive for development in rural Alaska and allow the Alaska Public Utilities Commission to devote its limited time and resources towards more important issues.

Recommendation No. 3

AS 42.05 should be amended to allow the Public Utilities Commission to cease certification and regulation of those utilities furnishing collection and disposal service of garbage, refuse, trash and other waste material.

Responsibility for certificating and regulating utilities furnishing collection and disposal service of garbage, refuse, trash and other waste material was added to the Alaska Public Utilities Commission Act by a 1973 amendment. Prior to that time those utilities fell under the jurisdiction of the Alaska Transportation Commission. There are currently 29 private refuse utilities certificated and regulated by the APUC and one municipal system certificated but not regulated.

Considering the Public Utilities Commission's heavy workload and limited resources, the public interest would be best served by allowing the Commission to cease certification and regulation of this industry. The economic justification for this action is twofold.

- (1) The refuse industry is not capital intensive as are the fixed utilities regulated by the APUC. The largest capital expense is in the vehicles and this expense is lessened since, as staff of the APUC has indicated, a majority of refuse utilities lease, rather than purchase, those vehicles. Sanitary landfills (dumps) are not allowed into the rate base, and therefore are not considered part of the capital investment of the utility.
- (2) Competition in this industry would not be as detrimental to the public's interest as competition among more capital intensive industries. Refuse collection and disposal is a transportation utility not a fixed utility. The economic theory and practice of transportation regulation originally was to restrict competition to encourage capital investment in a growing industry and provide a healthy utility to serve the public's needs not to eliminate competition entirely as is the theory in the fixed utility regulation by the APUC.

The results of a review of refuse collection and disposal service regulation in other states also support this recommendation. From our questionnaire to regulatory commissions in the other forty-nine states and the District of Columbia we learned the following:

Number of states responding:	32
Number of states not regulating refuse utilities:	29
Percentage of respondents not regulating:	91%

We were unable to determine in how many states this service is regulated at the local government level but are aware that it is in some states. AS 29.48.033 provides municipalities in Alaska the authority to regulate at the local level but this authority is superseded by the APUC.

Local governments in Alaska already exercise a great deal of control over the level and quality of service and rates charged by the private utilities through special contracts with those utilities. Therefore, the impact of deregulation would be felt primarily by those consumers residing outside municipal boundaries, a small percentage of the total number of consumers currently receiving these services.

Recommendation No. 4

AS 42.05 should be amended to allow non-profit telephone and electric cooperatives to petition for withdrawal from APUC economic regulation.

The APUC currently certifies and regulates eleven electric utilities and six telephone utilities in Alaska organized under AS 10.25, the Electric and Telephone Cooperative Act. Statutory requirements of the cooperatives under that act include: each consumer of the cooperative is a member and members elect the board of directors; they must hold an annual meeting of the membership at which a quorum (as established by the bylaws) must be in attendance to conduct business; the meeting must be adequately noticed to the public; and, most importantly:

A cooperative shall be operated on a nonprofit basis for the mutual benefit of its members and patrons. The bylaws of a cooperative or its contracts with members and patrons shall contain such provisions relating to the disposition of revenues and receipts as may be necessary and appropriate to establish and maintain its nonprofit and cooperative character (AS 10.25.380).

In the first session of the Eleventh Legislature a bill was considered which, as originally introduced, would have exempted cooperatives organized under AS 10.25 from economic regulation (regulation as to rates, regulations, and quality of service) but retained the certification requirements. An amendment to this bill limited the exemption to electric cooperatives.

A review of all revenue requirement requests by nonprofit cooperatives in the past three years, of which there were nine, reflected the following. Of those nine, six received exactly what they requested, two had immaterial variances and one was granted approximately two percent less than it requested. It appears that the integrity of the boards of directors of the cooperatives in keeping revenue requirement requests minimal has been demonstrated and provides an adequate control over this facet of utility rate setting.

However, the large number of consumer complaints received by the APUC against cooperatives indicates there are problems in the boards' responsiveness to their members, particularly in the areas of billing practices, rates and charges, quality of service and line extension or service availability. It appears, therefore, that even though a theoretical mechanism exists for ensuring adequate service at reasonable rates there is sufficient reason to doubt its reliability in some cases. We therefore recommend that the membership of the

cooperatives, by vote of a majority of the members, be given an opportunity on a utility by utility basis to determine whether their cooperative should remain under APUC regulation. A statutory provision should be made to allow cooperatives to come back under regulation, again by vote of a majority of the members, should they so desire.

Recommendation No. 5

SB 61

AS 42.05 should be amended to exempt from economic regulation all utilities with annual gross revenues not exceeding \$10,000.

\$500,000 APUC prefers 200,000

Pursuant to AS 42.05.711(e), effective since 1970, electric and telephone utilities with annual gross revenues not exceeding \$25,000 are exempt from regulation by the APUC. The exemption should be increased to \$100,000 and extended to all utilities. This exemption is from economic regulation only. All utilities regardless of size should be certificated by the APUC. Critical staffing problems and an increasing case backlog require the APUC be divested of the responsibility for the smaller utilities in order to effectively manage the larger utilities which have a greater impact on the public.

Legislation was introduced in the 1979 Session to increase the exemption. The final amended version provided for total deregulation of all utilities with annual gross revenues less than \$50,000 as well as providing for economic deregulation as to rates, rate design and quality of service of those utilities with annual gross revenues less than \$500,000. In the latter case, the Commission would only involve itself in the certification process, determining whether a utility is fit, willing and able to provide utility service. The effect of this legislation and various other exemption levels have been measured, utilizing gross revenue data from either the 1977 or 1978 utility's annual report, whichever was most current.

Table I provides a list of utility groups and their regulatory status as of December 31, 1978:

Table I

<u>Utility Group</u>	<u>Certified</u>	<u>Regulated</u>	<u>Unregulated</u>
Electricity	48	30	18
Telephone	25	22	3
Cable TV	18	17	1
Water	54	22	32
Sewer	31	6	25
Gas	5	4	1
Steam	1	0	1
Garbage	28	28	0
	<u>210</u>	<u>129</u>	<u>81</u>

There were 39 regulated utilities for which annual reports were not obtainable with the majority, 28, coming from the garbage utilities which are not required to file, leaving 90 utility annual reports available for testing. Of those 90 utilities we were able to determine annual gross revenues for, 53 (58.9%) would be exempted from economic regulation by the proposed legislation. This number appears excessive when added to the 28 garbage utilities and the cable television company also recommended for deregulation, with revenues in excess of \$500,000.

Table II shows the minimum number of utilities which would be exempted from economic regulation a varying thresholds:

Table II

<u>Annual Gross Revenue</u>	<u>Minimum* No. Exempted</u>	<u>% (Total Regulated = 129)</u>
\$500,000	53	41.1%
\$250,000	41	31.8%
\$100,000	26	20.2%
\$ 50,000	17	13.2%

* Minimum because we were only able to determine annual gross revenues for 90 of the 129 regulated utilities.

Table III is a distribution of this data over the individual utility groups.

Table III

	<u>Under \$50,000</u>	<u>\$50,000 to \$100,000</u>	<u>\$100,001 to \$250,000</u>	<u>\$250,001 to \$500,000</u>	<u>Over \$500,000</u>	<u>Unknown</u>	<u>Total</u>
Electric	0	1	7	3	18	1	30
Telephone	2	3	4	3	10	0	22
Cable TV	2	2	3	4	1	5	17
Water	11	3	0	1	3	4	22
Sewer	2	0	1	0	2	1	6
Gas	0	0	0	1	3	0	4
Garbage	0	0	0	0	0	28	28
	<u>17</u>	<u>9</u>	<u>15</u>	<u>12</u>	<u>37</u>	<u>39</u>	<u>129</u>
Within Groups	13.2%	7.0%	11.6%	9.3%	28.7%	30.2%	
Cumulative	13.2%	20.2%	31.8%	41.1%	69.8%	100.0%	

Given present staffing levels, and the associated shortcomings, we believe the elimination of an additional 26 small utilities at the \$100,000 level would not be contrary to the Commission's responsibility to protect the public interest. Additional time could be devoted to larger utilities serving a larger number of customers. In addition, the cost of regulation on a percentage basis to a small utility may outweigh the potential benefits. This action, along with the deregulation of garbage utilities (28 total) and cable television utilities (17 total) would reduce the number of economically regulated utilities to 62, a 52% decrease.

Recommendation No. 6

The statutes and regulations governing the Alaska Public Utilities Commission should be revised.

We determined through interviews, questionnaires, and review of records on file at the APUC Offices that sections of the statutes and regulations governing the APUC are conflicting, vague, obsolete and inadequate to carry out the Commissions mandated responsibilities. Several examples received from the Commissioners, staff, and attorneys who practice before the Commission are described in detail below:

1. Regulations should be promulgated clarifying the reporting and accounting requirements of utilities desiring to include rate case expense in their rate base. The Commission has had at least one decision appealed to Superior Court for departing from precedents set in previous decisions rendered on treatment of rate case expense. The Commission acknowledged the need for such regulations in the final order on docket U76-66 issued in May of 1977 where they stated "...the Commission plans to promulgate regulations which will clearly delineate the reporting and accounting requirements that utilities will have to satisfy in order to secure all rate case expenses, derived from both in-house personnel and independent consultants or counsel." To date, however, no action has been taken. Such regulations could be used to promote the Commission favored policy of encouraging utilities to develop rate cases in-house rather than rely exclusively on costly consultants, a procedure which could result in savings for utility rate payers.
2. Regulations should be promulgated establishing industry performance standards for all regulated industries. AS 42.05.291 requires public utilities to "...furnish and maintain adequate, efficient and safe service and facilities" and gives the

APUC the authority to "... prescribe adequate and reasonable standards for the measurement of quantity, quality, pressure, initial voltage, or other conditions pertaining to the supply of the service of public utilities." To date, however, the only standards prescribed are telephone service standards. The development of those standards were prompted by a utility challenge in court of APUC's right to enforce "acceptable industry performance" standards when none existed. The court decision favored the utility. Promulgation of regulations on performance standards would avoid the occurrence of such a court challenge in the future and allow the Commission to effectively monitor and enforce the quality of service being provided by utilities.

3. A statutory amendment is needed to clarify whether transfer of Certificates of Public Convenience and Necessity from one utility to another through transfer of the controlling interest in the corporate stock is subject to APUC approval. The Commission has construed existing sections of the Alaska Public Utilities Commission Act as providing statutory authority for such action, but a definitive statement of jurisdiction is needed. The Commission requested such action in 1978 but the legislation did not pass.
4. Discrepancies between statutes and regulations should be eliminated. AS 42.05.421 allows the Commission to suspend the operation of a tariff filing for an initial period not longer than six months beyond the time it would otherwise go into effect. 3 AAC 48.300(b)(4) states they may suspend the filing for a maximum period not longer than six months beyond the date it would otherwise become effective. The Commission has in practice suspended for multiple six-month periods which is within their statutory right but clearly contrary to the regulation which was promulgated in 1973.

AS 42.05.411(a) states that a utility may not put new or revised rates, charges, rules or regulations into effect except after 45 days notice to the Commission. The 45-day period was increased from a previously required 30-day period by a 1975 amendment. However, many sections of the regulations including 3 AAC 48.060(i), 3 AAC 48.070(b), 3 AAC 48.300 and 3 AAC 48.310 still refer to the 30-day period and should be changed to reflect the statutory amendment.