



LAWS OF ALASKA

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Chapter No.

93

AN ACT

Relating to power cost equalization; relating to appropriations from the National Petroleum Reserve - Alaska special revenue fund to the power cost equalization and rural electric capitalization fund; relating to the power cost equalization and rural electric capitalization fund and the four dam pool transfer fund; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1

Approved by the Governor: July 7, 1999

Actual Effective Date: July 8, 1999

AN ACT

1 Relating to power cost equalization; relating to appropriations from the National Petroleum
2 Reserve - Alaska special revenue fund to the power cost equalization and rural electric
3 capitalization fund; relating to the power cost equalization and rural electric capitalization fund
4 and the four dam pool transfer fund; and providing for an effective date.

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7 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that
8 (1) affordable energy is essential for the economic and social well-being of all
9 Alaskans;
10 (2) the cost of electricity in many areas of rural Alaska is four times that of
11 major urban areas and reductions are not expected to be substantially reduced in the near
12 future;
13 (3) the cost of power in rural Alaska is a significant detriment to economic

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1 growth and to maintaining a basic standard of living for rural residents;

2 (4) a power cost equalization program to provide parity for all Alaskans and
3 to reduce energy costs to residents in high-cost areas is vitally needed.

4 (b) The purpose of this Act is to establish a program to provide affordable energy to
5 meet basic economic and lifestyle needs of rural Alaskans, while providing incentives for
6 conservation. It is further the intent of the legislature to provide adequate long-term funding
7 for this program.

8 * Sec. 2. AS 37.05.530(g) is amended to read:

9 (g) Amounts received by the state under 42 U.S.C. 6508 and not appropriated
10 for grants to municipalities under (d) of this section **shall be deposited** [LAPSE] at
11 the end of each fiscal year as follows: (1) **25** [50] percent to the principal of the
12 Alaska permanent fund; **and** (2) .5 percent to the public school trust fund (AS
13 37.14.110). **The amounts remaining after the deposits to the Alaska permanent**
14 **fund and the public school trust fund may be appropriated to the power cost**
15 **equalization and rural electric capitalization fund (AS 42.45.100). The amounts**
16 **remaining after any appropriation to the power cost equalization and rural**
17 **electric capitalization fund shall lapse into** [; AND (3) THE REMAINDER TO] the
18 general fund for use by the state for the following facilities and services:

19 (A) planning;

20 (B) construction, maintenance, and operation of essential public
21 facilities; and

22 (C) other necessary public services.

23 * Sec. 3. AS 42.45.050(b) is amended to read:

24 (b) Subject to appropriation, the department shall transfer the balance of the
25 four dam pool transfer fund each month in accordance with this subsection. Subject
26 to appropriation,

27 (1) **60** [40] percent of the balance in the four dam pool transfer fund
28 shall be transferred to the power cost equalization and rural electric capitalization fund
29 to be used for power cost equalization and rural electric projects; **and**

30 (2) 40 percent of the balance in the four dam pool transfer fund shall
31 be transferred to the Southeast energy fund to be used for power projects for utilities

1 participating in the power transmission intertie between the Swan Lake and Tyee Lake
2 hydroelectric projects [; AND

3 (3) 20 PERCENT OF THE BALANCE IN THE FOUR DAM POOL
4 TRANSFER FUND SHALL BE TRANSFERRED TO THE POWER PROJECT FUND
5 TO BE USED FOR STATEWIDE UTILITY PROJECTS].

6 * Sec. 4. AS 42.45.100(b) is amended to read:

7 (b) The fund shall be administered by the department as a fund distinct from
8 the other funds of the department. The fund is composed of

9 (1) money appropriated to provide power cost equalization to eligible
10 electric utilities and to provide grants for utility improvements;

11 (2) money appropriated from the National Petroleum Reserve -
12 Alaska special revenue fund under AS 37.05.530(g);

13 (3) gifts, bequests, and contributions from other sources; and

14 (4) interest earned on the fund balance [THOSE APPROPRIATIONS].

15 * Sec. 5. AS 42.45.110(b) is amended to read:

16 (b) An eligible electric utility is entitled to receive power cost equalization

17 (1) for sales of power to local community facilities, calculated in the
18 aggregate for each community served by the electric utility, for actual consumption of
19 not more than 70 kilowatt-hours per month for each resident of the community; the
20 number of community residents shall be determined under AS 29.60.020; and

21 (2) for actual consumption of not more than 500 [700] kilowatt-hours
22 per month sold to each residential customer [IN ALL CLASSES SERVED BY THE
23 ELECTRIC UTILITY EXCEPT

24 (A) CUSTOMERS OF THE UTILITY UNDER (1) OF THIS
25 SUBSECTION; AND

26 (B) CUSTOMERS THAT ARE STATE OR FEDERAL
27 OFFICES OR STATE OR FEDERAL FACILITIES OTHER THAN PUBLIC
28 SCHOOLS].

29 * Sec. 6. AS 42.45.110(c) is amended to read:

30 (c) The amount of power cost equalization provided per kilowatt-hour under
31 subsection (b) of this section may not exceed 95 percent of the power costs, or the

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1 average rate per eligible kilowatt-hour sold, whichever is less, as determined by the
2 commission. However,

3 (1) during the state fiscal year that began July 1, 1999 [JULY 1, 1993],
4 the power costs for which power cost equalization were paid to an electric utility were
5 limited to minimum power costs of more than 12 [9.5] cents per kilowatt-hour and less
6 than 52.5 cents per kilowatt-hour;

7 (2) during each following state fiscal year, the commission shall adjust
8 the power costs for which power cost equalization may be paid to an electric utility
9 based on the weighted average retail residential rate in Anchorage, Fairbanks, and
10 Juneau; however, the commission may not adjust the power costs under this
11 paragraph to reduce the amount below the lower limit set out in (1) of this
12 subsection; and

13 (3) the power cost equalization per kilowatt-hour may be determined
14 for a utility without historical kilowatt-hour sales data by using kilowatt-hours
15 generated.

16 * Sec. 7. AS 42.45.110(d) is amended to read:

17 (d) An electric utility whose customers receive power cost equalization under
18 AS 42.45.100 - 42.45.150 shall set out in its tariff the rates without the power cost
19 equalization and the amount of power cost equalization per kilowatt-hour sold. The
20 rate charged to the customer shall be the difference between the two amounts. Power
21 cost equalization paid under AS 42.45.100 - 42.45.150 shall be used to reduce the cost
22 of all power sold to local community facilities, in the aggregate, to the extent of 70
23 kilowatt-hours per month per resident of the community, and to reduce the cost of the
24 first 500 [700] kilowatt-hours per residential customer per month [FOR ALL OTHER
25 CLASSES SERVED BY THE ELECTRIC UTILITY EXCEPT STATE AND
26 FEDERAL OFFICES AND STATE AND FEDERAL FACILITIES OTHER THAN
27 PUBLIC SCHOOLS].

28 * Sec. 8. AS 42.45.110(i) is amended to read:

29 (i) The department shall review the report required under (h) of this section.
30 After review and approval of the report, the department shall, subject to appropriation,
31 pay to each eligible electric utility an amount equal to the power cost equalization per

1 kilowatt-hour determined under (a) and (c) of this section, multiplied by the number
 2 of kilowatt-hours eligible for power cost equalization that were sold during the
 3 preceding month to all customers of the utility under (b) of this section. Payment shall
 4 be made by the department within 30 days after receipt from the utility of the report
 5 required under (h) of this section. If appropriations that have been made for the
 6 purpose by July 1 of a fiscal year are insufficient for payment in full, the amount
 7 paid to each electric utility shall be [IS] reduced on a pro rata basis. In making the
 8 pro rata reductions required by this subsection, the department may not consider
 9 any potential supplemental appropriation until the appropriation has been
 10 enacted.

11 * Sec. 9. AS 42.45.120 is amended to read:

12 **Sec. 42.45.120. Notice to customers.** If an electric utility receives power cost
 13 equalization under AS 42.45.100 - 42.45.150, the utility shall either give to its electric
 14 service customers eligible under this program, for each period for which the payment
 15 is received,

16 (1) the following notice:

17 NOTICE TO CUSTOMER

18 For the most recent monthly reporting period under the State of
 19 Alaska's power cost equalization program, this utility's actual fuel
 20 efficiency for your community was _____ kilowatt-hours a gallon. The
 21 applicable fuel efficiency standard set out in regulations for the power cost
 22 equalization program is _____ kilowatt-hours a gallon.

23 For the current billing period, the utility will be paid under the State of
 24 Alaska's power cost equalization program (AS 42.45.100) to assist the utility
 25 and its customers in reducing the high cost of generation of electric energy.

26 Your total electrical service cost \$.....
 27 Less state equalization \$.....
 28 Your charge \$.....; or

29 (2) a notice approved by the department that provides electric service
 30 customers the same information provided by the notice in (1) of this section.

31 * Sec. 10. This Act takes effect July 1, 1999.