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STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

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

In the Matter of the Establishment of Regulatory  
Cost Charge Rates for Fiscal Year 2001 for  
Regulated Public Utilities )

U-00-107

ORDER NO. 3

In the Matter of the Establishment of Regulatory  
Cost Charge Rates for Fiscal Year 2001 for  
Pipeline Carriers )

P-00-17

ORDER NO. 3

**ORDER ESTABLISHING REGULATORY  
COST CHARGE RATES FOR FISCAL YEAR 2001; ALLOCATING COSTS;  
AND CLOSING DOCKET**

BY THE COMMISSION:

We initiated this proceeding to establish the RCC rates and made our preliminary RCC calculations.<sup>1</sup> Alaska Statutes require each regulated public utility and pipeline carrier operating in Alaska to pay to the Regulatory Commission of Alaska an annual regulatory cost charge (RCC).<sup>2</sup> Program receipts from RCCs have been our budget source since Fiscal Year (FY) 1993. Annually, we determine the amount and administer the RCC. Under changes made in 1999 to the Commission's statute, we must determine the maximum percentage of adjusted gross revenue that will apply to each regulated public utility sector, based on our costs allocable to each sector.<sup>3</sup>

<sup>1</sup> Orders U-00-107(1)/P-00-17(1) and U-00-107(2)/P-00-17(2).

<sup>2</sup> AS 42.05.254 and AS 42.06.286.

<sup>3</sup> AS 42.05.254(i).

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Background

RCC regulations set the formula that has been used to establish RCC rates annually for the past several years.<sup>4</sup> We incorporated an estimate of the costs allocable to each utility sector,<sup>5</sup> into the formula established in 3 AAC 47.040 to calculate the proposed RCC rates for FY 2001 in Order U-00-107(2)/P-00-17(2) (Order 2).

The Legislature appropriated our FY 2001 operating budget in ch. 133 SLA 2000. Regulated utilities and pipeline carriers were notified by Order U-00-107(1)/P-00-17(1), July 17, 2000, that they are subject to the FY 2001 RCC rates. We gave notice of our Proposed FY 2001 RCC rates to the public and Alaska regulated utilities and pipeline carriers on August 11, 2000, and scheduled a public hearing for August 30, 2000.<sup>6</sup>

A public hearing convened on August 30, 2000. At the hearing Staff presented a memorandum explaining the RCC calculation and Staff's response to comments filed by Aniak Light & Power Company on August 11, 2000. No public comments were offered. Staff's memorandum is included in this order as Attachment A.

During the hearing we reviewed the calculation of the FY 2001 RCC rates and the related annualizing adjustments required to collect the RCC at the annual rates. We explained the need for annualizing adjustments due to the collection of first quarter FY 2001 RCC at the FY 2000 rate. The need to convert RCC electric utility rates to a kilowatt-hour sales basis as required by 3 AAC 47.040(b) was also explained.

Discussion

The RCC annual rate for FY 2001 is set as follows:

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<sup>4</sup> See 3 AAC 47.040.  
<sup>5</sup> AS 42.05.254(i).  
<sup>6</sup> Order 2.

- 1 Electric Utilities 0.654 percent of revenue subject to RCC.
- 2 For Gas Utilities 0.216 percent of revenue subject to RCC.
- 3 For Refuse Utilities 1.097 percent of revenue subject to RCC.
- 4 For Water & Wastewater Utilities 0.599 percent of revenue subject to RCC.
- 5 For Local Exchange Telephone Utilities 1.036 percent of revenue subject to RCC.
- 6 For Interexchange Telephone Utilities 1.273 percent of revenue subject to RCC.
- 7 For Regulated Cable Utilities 1.340 percent of revenue subject to RCC.
- 8 For Regulated Pipeline Carriers 0.502 percent of revenue subject to RCC.
- 9 For Steam Heat Utilities 1.370 percent of revenue subject to RCC.

10 To collect the full amount of the FY 2001 annual RCC assessment, we  
11 determine that the annualized rates to be collected effective October 1, 2000 are:

- 12 Electric Utilities \$0.000318 per kilowatt.
- 13 For Gas Utilities 0.079 percent of revenue subject to RCC.
- 14 For Refuse Utilities 1.254 percent of revenue subject to RCC.
- 15 For Water & Wastewater Utilities 0.590 percent of revenue subject to RCC.
- 16 For Local Exchange Telephone Utilities 1.172 percent of revenue subject to RCC.
- 17 For Interexchange Telephone Utilities 1.489 percent of revenue subject to RCC.
- 18 For Regulated Cable Utilities 1.578 percent of revenue subject to RCC.
- 19 For Regulated Pipeline Carriers 0.461 percent of revenue subject to RCC.
- 20 For Steam Heat Utilities 1.618 percent of revenue subject to RCC.

21 Staff will prepare the tariff revisions necessary to implement the changes  
22 in the RCC rates for all regulated utilities and pipeline carriers that have currently  
23 tariffed RCCs. If a regulated utility or pipeline carrier prefers to prepare its own RCC  
24 tariff revision, it may do so but should notify us of the preference. We assume that  
25 regulated utilities and pipeline carriers will include the new RCC rates in billings

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1 rendered on and after October 1, 2000.<sup>7</sup> Staff will use October 1, 2000, on all tariff  
2 sheets unless other arrangements have been made. If a regulated utility or pipeline  
3 carrier does not currently have a tariffed RCC provision and it wishes to recover the  
4 RCC from its customers or shippers, it may ask us to prepare a filing on its behalf or  
5 submit a tariff advise filing in accordance with 3 AAC 47.070(c) under the procedures  
6 set out in 3 AAC 48.270.

7 The only matter remaining in this proceeding is the allocation of costs  
8 under AS 42.05.651, AS 42.06.610, and 3 AAC 48.157. There are costs directly  
9 assignable to these proceedings, including fees for recording and transcribing at the  
10 public hearing in the amount of \$71.80. Since this is a generic proceeding involving  
11 entities who pay RCC rates, we will bear the allocable costs of this proceeding.

12 All outstanding substantive and procedural matters have been disposed of  
13 in this proceeding. Therefore, Dockets U-00-107 and P-00-17 are closed.

14 **ORDER**

15 THE COMMISSION FURTHER ORDERS:

16 1. The FY 2001 regulatory cost charge rate for regulated utilities and  
17 pipeline carriers is as follows:

- 18 Electric Utilities 0.654 percent of revenue subject to RCC.
- 19 For Gas Utilities 0.216 percent of revenue subject to RCC.
- 20 For Refuse Utilities 1.097 percent of revenue subject to RCC.
- 21 For Water & Wastewater Utilities 0.599 percent of revenue subject to RCC.
- 22 For Local Exchange Telephone Utilities 1.036 percent of revenue subject to RCC.
- 23 For Interexchange Telephone Utilities 1.273 percent of revenue subject to RCC.
- 24 For Regulated Cable Utilities 1.340 percent of revenue subject to RCC.
- 25 For Regulated Pipeline Carriers 0.502 percent of revenue subject to RCC.

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<sup>7</sup> 3 AAC 47.070.

1 For Steam Heat Utilities 1.370 percent of revenue subject to RCC.

2 2. The FY 2001 regulatory cost charge rate for regulated electric utilities  
3 is established at \$0.000318 per kilowatt-hour, based on the regulatory cost charge  
4 annual rate of 0.654 percent of electric utility revenues subject to RCC.

5 3. In order to adjust for the July 1 through September 31, 2000 quarter  
6 collections at the FY 2000 RCC rates, the amount of RCC to be collected effective  
7 October 1, 2000 shall be:

8 For Electric Utilities \$0.000318 per kilowatt.

9 For Gas Utilities 0.079 percent of revenue subject to RCC.

10 For Refuse Utilities 1.254 percent of revenue subject to RCC.

11 For Water & Wastewater Utilities 0.590 percent of revenue subject to RCC.

12 For Local Exchange Telephone Utilities 1.172 percent of revenue subject to RCC.

13 For Interexchange Telephone Utilities 1.489 percent of revenue subject to RCC.

14 For Regulated Cable Utilities 1.578 percent of revenue subject to RCC.

15 For Regulated Pipeline Carriers 0.461 percent of revenue subject to RCC.

16 For Steam Heat Utilities 1.618 percent of revenue subject to RCC.

17 4. All regulated utilities and pipeline carriers shall submit quarterly  
18 regulatory cost charge payments to the Department of Revenue and shall submit  
19 quarterly regulatory cost charge reports to the Commission no later than 30 days after  
20 then end of each quarter as required by 3 AAC 47.050. Regulatory cost charge  
21 quarterly report forms are attached to this order as Attachment B, and are available on  
22 our WEB site at: <http://www.state.ak.us/rca/>

23 5. All regulated utilities and pipeline carriers who wish to recover the  
24 regulatory cost charge from their customers or shippers must have an appropriately  
25 worded provision in their tariffs. We will prepare the tariff revisions necessary to  
26 implement the changes in the regulatory cost charge rates set forth in Ordering  
Paragraph Nos. 1, 2, and 3 for all regulated utilities and pipeline carriers that have

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currently tariffed regulatory cost charges. The charges are effective for billings rendered on and after October 1, 2000. If a regulated utility or pipeline carrier does not currently have a tariffed RCC provision and it wishes to recover the RCC from its customers or shippers, it may request us to prepare such a filing on its behalf or submit a tariff advise filing in accordance with 3 AAC 47.070(c).

6. We will bear the allocable costs of these proceedings.

7. Dockets U-00-107 and P-00-17 are closed.

DATED AND EFFECTIVE at Anchorage, Alaska, this 1st day of September, 2000.

BY DIRECTION OF THE COMMISSION  
(Commissioners Will Abbott and  
Patricia M. DeMarco, not participating)

( S E A L )

THE APPENDICES REFERRED TO IN THIS ORDER ARE NOT  
AVAILABLE IN ELECTRONIC FORM. CONTACT THE RCA  
RECORDS AND FILING SECTION FOR A HARD COPY OF THESE  
DOCUMENTS.