

State of Alaska FY2004 Governor's Operating Budget

Department of Community & Economic Development Regulatory Commission of Alaska BRU/Component Budget Summary

BRU/Component: Regulatory Commission of Alaska

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

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Component Mission

The mission of the Regulatory Commission of Alaska (RCA) is to regulate public utilities and pipelines in Alaska.

Component Services Provided

The RCA regulates public utilities and pipeline carriers. The Commission has been assigned regulatory responsibility for gas, electric, telephone, oil and gas pipelines, water and sewer, steam, refuse collection and disposal and cable television.

The Commission issues certificates of public convenience and necessity to qualified service providers. The Commission establishes the rates, terms, and conditions under which economically regulated utilities and pipeline carriers serve the public. The Commission supervises markets that are transitioning to economic deregulation to protect consumer interests. Under the Power Cost Equalization program, the Commission computes the power cost and amount of assistance for eligible utilities. The legislature added licensing of small hydroelectric projects to the Commission's duties beginning in FY03.

Component Goals and Strategies

1. Analyze and act upon all utility and pipeline carrier proposals within statutory deadlines.
2. Issue public notices, provide initial analysis, and render initial Commission determination concerning utility and pipeline tariff filings within 45 days. (Anticipated total cases July 1, 2003 to June 30, 2004: 550 tariff filings.)
3. Within 30 days, issue public notices, provide initial analysis, and render initial Commission determination concerning competitive offerings. (Anticipated total cases July 1, 2003 to June 30, 2004: 200 tariff filings.)
4. Issue 650 substantive orders in disputed cases pending before the Commission.
5. Formulate, issue public notice, evaluate comments received, and revise proposed regulations as needed.
6. Receive, analyze, and process 700 anticipated consumer complaints concerning utility service.
7. Participate in national policy discussions that significantly impact Alaska.
8. Continue to refine our management information system to make agency processes more efficient and accessible to the general public through the Internet (Section 26 Ch. 25 SLA 1999).
9. Support legislative committees considering utility and pipeline issues.
10. Process Power Cost Equalization filings. (Anticipated filings July 1, 2003 to June 30, 2004: 200 nonregulated and 100 regulated.)

Key Component Issues for FY2003 – 2004

1. General

The RCA must be reauthorized by the legislature before June 30, 2003, or it will begin a wind-down year and cease operations on June 30, 2004. A bill is before the Legislature to extend the RCA.

2. Electricity

RCA will address current issues facing the Alaska electric industry.

Rural Alaska: RCA will focus on the high cost of power and difficult operating environment for small rural power companies and seek, through cooperation with other agencies, to lessen regulatory burdens and provide incentives for improvement of reliability and affordability in Alaska's rural communities' power supplies. RCA will seek to improve

cooperation between rural power and other utilities to optimize delivery of utility services to the rural ratepayer. RCA will continue its program to timely and efficiently process Power Cost Equalization (PCE) filings that rural utilities file with the RCA for financial review. RCA will continue to develop a database of utility operational histories.

Urban Alaska: RCA will work to complete rate hearings for major power utilities. RCA will also respond to electric market structure issues that arise and provide input as requested by the legislature on matters of electric infrastructure development. RCA will also promote practices that will assure utilities are providing reliable and low-cost services to all customers.

Last session the legislature passed SB140 assigning the RCA the task of coordinating regulatory oversight over small hydroelectric projects, effective January 31, 2003. Based on the information available when the initial bill review was done, the RCA projected that the equivalent of one-half of a Utility Engineering Analyst III position would be required in FY03 and FY04, moving to a full-time position in FY05. This position will work with the other affected state agencies to develop technical regulations and develop a plan for transfer of duties from FERC. The task requires a full-time, rather than a half-time, position in FY04 to ensure timely availability of regulatory oversight for qualifying project work and the legislature's expressed interest in quick action.

3. Telecommunications

RCA will monitor and regulate to ensure the availability of affordable, high quality telecommunications services throughout Alaska. RCA will continue its oversight of the competitive in-state long distance market and local markets, and will work towards developing competition throughout the state to the extent reasonable, feasible, and consistent with the goal of universal service and consumers' interests.

RCA will modify its existing local market structure rules and regulations as necessary and develop interconnection and network arrangements and policies as new areas of the state are opened to local competition. To further accomplish its responsibilities under the Telecommunications Act of 1996, RCA will also continue to review its rules covering access charge reform, competitive local exchange carriers, market dominance, local exchange carrier provision of long distance service, and pricing standards for interconnection between incumbent and entrant local exchange carriers.

As competition develops in Alaska, RCA will have increased responsibility to maintain universal service. RCA will review improvements to our Alaska Universal Service support mechanism and will participate in the Federal Communication Commission CC Docket 96-45 proceedings on universal service to promote universal service in Alaska.

RCA applied for and received a \$7.5 million grant through the USDA to provide seed money for rural Alaska Internet access projects in communities with populations less than 20,000, unemployment greater than 19 percent, and no local dial up service. An additional \$7.5 million may be available under this grant in FY04.

4. Pipeline

RCA expects to hold hearings and determine intrastate rates for several new and existing pipelines.

5. Water and Sewer

RCA will be actively involved as new water and sewer facilities are built in communities that do not currently have services. These new utilities are working to build sustainable operations that serve their communities and comply with new Federal safe drinking water regulations. We continue to coordinate with other state and federal agencies to enhance the sustainability of rural water and sewer utilities.

6. Natural Gas

New exploration, the construction of new gas distribution systems and new gas transportation technologies will expand the areas where natural gas will be available. As a result, RCA expects new applications for certificates of public convenience and necessity and related rate proceedings.

7. Refuse

Mergers and acquisitions have consolidated the ownership of many of Alaska's refuse utilities. We monitor the nascent competitive market in some areas to assure their customers continue to receive service at fair rates.

8. Public Advocacy

RCA will continue to assign the Public Advocacy Section (PAS) to participate as a party in matters before the Commission. The PAS will participate in utility and pipeline proceedings.

Major Component Accomplishments in 2002

Issued 518 substantive orders.

Processed 536 utility and pipeline tariff filings.

Handled 728 informal customer complaints.

Handled 152 new cases including certification dockets (63) and other proceedings (89).

Began scanning all incoming documents and increased the type and amount of information available electronically.

Processed 182 nonregulated and 125 regulated Power Cost Equalization filings.

Statutory and Regulatory Authority

AS 42.04	Regulatory Commission of Alaska
AS 42.05	Public Utilities
AS 42.06	Pipeline Carrier
AS 42.45	Power Cost Equalization
3 AAC 47	Regulatory Cost Charges for Public Utilities and Pipeline Carriers
3 AAC 48	Practice and Procedure
3 AAC 49	Deregulation
3 AAC 50	Energy Conservation
3 AAC 51	Telecommunications Relay Services
3 AAC 52	Operation of Public Utilities
3 AAC 53	Telecommunications

Key Performance Measures for FY2004

Measure:

The time required to issue public notice, provide an initial analysis, and render the initial commission determination concerning (a) utility and pipeline filings; (b) competitive offerings.

Sec 37(b)(1) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

During FY02 RCA opened 152 new dockets and reviewed 514 tariff filings. RCA complied with the timeliness standards of 3 AAC 48.200 through .440 adopted in December 1999 with two exceptions.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

When the Legislature created the RCA, they tasked RCA with developing and adhering to timeliness standards because of public complaints about the predecessor agency's processes. RCA adopted standards and incorporated processes to measure our progress as part of developing and implementing our management information system.

At the end of FY02, the Legislature implemented statutory deadlines for certain types of filings and required missed deadlines to be reported quarterly to Legislative Budget and Audit. RCA's database now reflects the new statutory deadlines. The first report is due in January, 2003.

Measure:

The percent of change when compared to the prior fiscal year in the number of unresolved filings.
 Sec 37(b)(2) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

During FY02, the RCA continued to reduce the number of cases pending before it, from 418 cases to 376.

Change in Caseload FY97-FY02

	FY97	FY98	FY99	FY00	FY01	FY02
Pending Cases Beginning of Year	236	375	559	532	531	418
New Dockets Opened	219	266	171	205	177	152
Dockets Closed	80	82	198	206	290	194
Percentage of Pending Cases Closed	33.9%	21.9%	35.4%	38.7%	54.6%	46.4%
Pending Cases End of Year	375	559	532	531	418	376
% Increase (Decrease) in Pending Caseload	58.90	49.07	(4.83)	(0.19)	(21.28)	(10.05)

Benchmark Comparisons:

Not applicable.

Background and Strategies:

When the Legislature created the RCA, they tasked RCA with reducing the number of unresolved filings because of industry complaints about the predecessor agency's processes. The RCA routinely opens approximately 150 – 200 new dockets each year. Since RCA's inception, as a result of a concerted effort to resolve all long pending cases, more dockets have been closed than were opened. RCA's previous estimate appears correct: the docket caseload is stabilizing at approximately 350 cases.

Regulatory Commission of Alaska
Component Financial Summary

All dollars in thousands

	FY2002 Actuals	FY2003 Authorized	FY2004 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	3,584.2	3,982.9	3,644.0
72000 Travel	38.0	60.0	60.0
73000 Contractual	1,878.2	1,920.0	1,958.6
74000 Supplies	83.0	62.5	62.5
75000 Equipment	127.4	13.8	13.8
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	5,710.8	6,039.2	5,738.9
Funding Sources:			
1110 Alaska Public Utility Commission	5,710.8	0.0	0.0
1141 RCA Receipts	0.0	6,039.2	5,738.9
Funding Totals	5,710.8	6,039.2	5,738.9

Regulatory Commission of Alaska

Proposed Changes in Levels of Service for FY2004

Convert Part-Time Utility Engineer Analyst to Full-Time. Last legislative session, SB140 increased the FY 03 authorized positions by a half time Utility Engineer Analyst. An increment is requested to convert this position to full time due to an increase in the position's anticipated work load. Source of funding is RCA Receipts.

Summary of Component Budget Changes

From FY2003 Authorized to FY2004 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2003 Authorized	0.0	0.0	6,039.2	6,039.2
Adjustments which will continue current level of service:				
-Annualize FY2003 COLA Increase for General Government and Supervisory Bargaining Units	0.0	0.0	36.1	36.1
-\$75 per Month Health Insurance Increase for Non-covered Staff	0.0	0.0	6.7	6.7
Proposed budget decreases:				
-Eliminate Public Advocacy Group	0.0	0.0	-359.3	-359.3
Proposed budget increases:				
-Increases in various rate-based services	0.0	0.0	16.2	16.2
FY2004 Governor	0.0	0.0	5,738.9	5,738.9

Regulatory Commission of Alaska

Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2003</u> <u>Authorized</u>	<u>FY2004</u> <u>Governor</u>		
Full-time	61	55	Annual Salaries	2,831,400
Part-time	1	0	Premium Pay	59,061
Nonpermanent	0	0	Annual Benefits	988,153
			<i>Less 6.05% Vacancy Factor</i>	(234,614)
			Lump Sum Premium Pay	0
Totals	62	55	Total Personal Services	3,644,000

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Tech I	1	0	0	0	1
Administrative Clerk I	2	0	0	0	2
Administrative Clerk II	6	0	0	0	6
Administrative Clerk III	2	0	0	0	2
Administrative Manager II	1	0	0	0	1
Administrative Supervisor	1	0	0	0	1
Analyst/Programmer II	1	0	0	0	1
Analyst/Programmer V	1	0	0	0	1
Commissioner, RCA	5	0	0	0	5
Communications Com Car Sp I	1	0	0	0	1
Communications Com Car Sp III	3	0	0	0	3
Communications Com Car Sp IV	1	0	0	0	1
Consmr Prot-Info Off I	2	0	0	0	2
Consmr Prot-Info Off II	1	0	0	0	1
Hearing Examiner	2	0	0	0	2
Law Office Assistant I	1	0	0	0	1
Micro/Network Tech I	1	0	0	0	1
Micro/Network Tech II	1	0	0	0	1
Paralegal I	1	0	0	0	1
Paralegal II	3	0	0	0	3
Publications Spec II	1	0	0	0	1
Reg Comm Alaska Process Coord	1	0	0	0	1
Secretary	1	0	0	0	1
Special Staff Assistant	1	0	0	0	1
Utility Eng Analyst II	1	0	0	0	1
Utility Eng Analyst III	3	0	0	0	3
Utility Eng Analyst IV	1	0	0	0	1
Utility Engineering Analyst V	1	0	0	0	1
Utility Fin Analyst I	1	0	0	0	1
Utility Fin Analyst II	1	0	0	0	1
Utility Fin Analyst III	2	0	0	0	2
Utility Fin Analyst IV	1	0	0	0	1
Utility Tariff Anlyst I	1	0	0	0	1
Utility Tariff Anlyst II	1	0	0	0	1
Utility Tariff Anlyst III	1	0	0	0	1
Totals	55	0	0	0	55