

State of Alaska FY2005 Governor's Operating Budget

Department of Community & Economic Development RCA Audits & Investigations RDU/Component Budget Summary

Contents

RDU/Component: RCA Audits & Investigations	3
<i>End Results</i>	3
<i>Strategies to Achieve Results</i>	3
Component Financial Summary	7
Summary of Component Budget Changes	8
Personal Services Information	9

RDU/Component: RCA Audits & Investigations

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

Contribution to Department's Mission

The RCA Audits & Investigations Section Provides expert technical and policy support for the Attorney General in his role as public advocate representing the public interest in public utility regulation.

Core Services

The Audits & Investigations Section, under the direction of the Attorney General, independently investigates matters that come before the RCA. The section provides the Attorney General with accounting, engineering, economic and policy analysis for all types of regulated utilities. It conducts onsite audits of regulated utilities and prepares and defends at hearing written expert testimony with respect to the regulation of rates, services, accounting, and facilities of public utilities within the state.

Pursuant to Executive Order No. 111, the Department of Law developed the narrative portion of the Audits & Investigations RDU. In approving the agency's budget, the Commission did not vote on the contents of this narrative. The Commission does approve the budgeted amounts shown in the Audits & Investigations RDU.

End Results	Strategies to Achieve Results
<p>(1) Improve Regulatory Advocacy On Behalf Of The Public</p> <p><u>Target:</u> Provide competent expert technical and policy support in all cases in which Attorney General intervenes</p> <p><u>Measure:</u> # of testimonies or comments filed on behalf of the AG</p>	<p>(1) Increase effectiveness of A.G.'s advocacy of public interest in RCA dockets</p> <p><u>Target:</u> 70% success rate in representing public interest</p> <p><u>Measure:</u> # of cases AG's public interest position is adopted by decision or settlement; comparison of rates requested by utility to the rates ultimately approved by RCA in dockets where AG participates.</p> <p>(2) Enhance operational expertise and public awareness of public advocacy role</p> <p><u>Target:</u> One training opportunity a year for AAGs and RCA staff; at least 1 in-house expert in area of finance, economics, and engineering; at least 1 contract w/ outside experts in key areas of utility discipline</p> <p><u>Measure:</u> Number of Training & Public Outreach Opportunities Completed; Number of In-house Experts; Number of Outside Expert Contracts</p>

Major Activities to Advance Strategies

- Under the direction of the AG in his role as the public advocate independently investigate matters that come before the Commission.
- Provide expert technical and policy support for the AG in his representation of the public interest.

Major Activities to Advance Strategies

- Independently develop and defend at hearing written expert testimony with respect to the regulation of rates, services, accounting, and facilities o

FY2005 Resources Allocated to Achieve Results

FY2005 Component Budget: \$1,012,800	Personnel:	
	Full time	6
	Part time	0
	Total	6

Performance Measure Detail

(1) Result: Improve Regulatory Advocacy On Behalf Of The Public

Target: Provide competent expert technical and policy support in all cases in which Attorney General intervenes
Measure: # of testimonies or comments filed on behalf of the AG

(1) Strategy: Increase effectiveness of A.G.'s advocacy of public interest in RCA dockets

Target: 70% success rate in representing public interest
Measure: # of cases AG's public interest position is adopted by decision or settlement; comparison of rates requested by utility to the rates ultimately approved by RCA in dockets where AG participates.

Analysis of results and challenges: The measure is important as an indicator of the AG's success in representing the public interest and assuring consumers receive reasonable rates and services. Forward looking, an increase in the success rate will indicate a larger share of consumers receiving reasonable rates and services.

(2) Strategy: Enhance operational expertise and public awareness of public advocacy role

Target: One training opportunity a year for AAGs and RCA staff; at least 1 in-house expert in area of finance, economics, and engineering; at least 1 contract w/ outside experts in key areas of utility discipline
Measure: Number of Training & Public Outreach Opportunities Completed; Number of In-house Experts; Number of Outside Expert Contracts

Analysis of results and challenges: This measure is an indicator of the level of expertise and effectiveness of the AG advocacy function. Forward looking, training and outreach will increase effectiveness of AG in representing the public interest and assuring reasonable consumer rates and services for public utility customers.

Key Component Challenges

Current Challenges

- Develop Attorney General (AG)/Audits & Investigations Section (AIS) public interest standard
- Establish budget for separate AIS budget unit
- Establish standards for evaluating whether to intervene in individual RCA proceedings

Integrate existing Audits & Investigations Section into AG public advocacy function

Develop tracking scheme for public advocacy docket outcomes (e.g. settlements, RCA-adopted A.G. positions, etc.)

Recruit qualified professionals to fill open AIS analyst positions

Provide competent professional support the AG public advocacy function with severely limited resources

Budget Year Challenges

Identify utility education/ professional training opportunities for AIS staff and AAGs assigned to AG public advocacy function

Pursue training for RCA staff, AAGs

Retain qualified personnel in AIS

Establish through legislation or otherwise separate RCC funding mechanism

Provide competent professional support the AG public advocacy function with severely limited resources

Long-Term Challenges

Sustain adequate funding for public advocacy function

Develop effective in-house expertise in areas finance, economics and engineering

Coordinate consumer protection interface with RCA and AG

Develop personnel compensation competitive with private business or the utility industry

Significant Changes in Results to be Delivered in FY2005

This new RDU is established to contain all budgeted items relating solely to public advocacy, including the Department of Law Reimbursable Services Agreement, RCA-based technical personnel costs, expert witness contractual costs, and administrative overhead expense. Per Executive Order No. 111, as of July 1, 2003, the Attorney General (AG), not RCA, determines whether the public interest needs representation in a case. If so, the AG assigns an Assistant Attorney General (AAG). The AAG has the use of RCA technical staff and contractual monies to develop an advocacy position. The AAG expenses are reimbursed to the Department of Law through a reciprocal services agreement. The order diminishes RCA's oversight of the Department of Law's participation in RCA cases. It is important that the RCA's budget separately reflect the cost of public advocacy, as a management/audit tool.

Major Component Accomplishments in 2003

The Public Advocacy Section was named a party to 39 open dockets.

The Public Advocacy Section staff filed testimony, reports or comments in twelve dockets
Participated in nine separate hearings before the Commission.

In total the Public Advocacy Section spent 31 days at hearing.

The Public Advocacy Section attended numerous prehearing scheduling and discovery conferences before Commission hearing examiners, participated in workshops and presented extensive regulation amendments at a public meeting.

Participated in settlement conferences to narrow or settle issues and jointly filed stipulations to resolve issues in eight dockets.

Participated in regulations dockets before the Commission. The Public Advocacy Section petitioned the Commission to adopt Public Advocacy Section proposed rules to clarify the role of the Public Advocacy Section and participated in a rules docket, regarding the proposed rules that govern fuel cost adjustment clauses.

Statutory and Regulatory Authority

Executive Order No. 111

Contact Information
<p>Contact: Mark K. Johnson, Commissioner Phone: (907) 276-6222 Fax: (907) 276-0160 E-mail: mark_k_johnson@rca.state.ak.us</p>

RCA Audits & Investigations Component Financial Summary

All dollars shown in thousands

	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	485.0
72000 Travel	0.0	0.0	5.0
73000 Contractual	0.0	0.0	516.0
74000 Supplies	0.0	0.0	5.6
75000 Equipment	0.0	0.0	1.2
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	0.0	0.0	1,012.8
Funding Sources:			
1141 RCA Receipts	0.0	0.0	1,012.8
Funding Totals	0.0	0.0	1,012.8

Estimated Revenue Collections

Description	Master Revenue Account	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Alaska Public Utilities Comm. Receipts	51066	0.0	0.0	1,012.8
Restricted Total		0.0	0.0	1,012.8
Total Estimated Revenues		0.0	0.0	1,012.8

**Summary of Component Budget Changes
From FY2004 Authorized to FY2005 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2004 Authorized	0.0	0.0	0.0	0.0
Adjustments which will continue current level of service:				
-Transfer Staff to RCA Audits & Investigations RDU from Regulatory Commission of Alaska	0.0	0.0	942.8	942.8
Proposed budget increases:				
-Increase for Expert Witness Costs	0.0	0.0	70.0	70.0
FY2005 Governor	0.0	0.0	1,012.8	1,012.8

RCA Audits & Investigations Personal Services Information				
Authorized Positions			Personal Services Costs	
	<u>FY2004</u>	<u>FY2005</u>		
	Authorized	Governor		
Full-time	0	6	Annual Salaries	362,200
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	135,354
			<i>Less 2.52% Vacancy Factor</i>	(12,520)
			Lump Sum Premium Pay	0
Totals	0	6	Total Personal Services	485,034

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Chief, RCA Advocacy	1	0	0	0	1
Economist II	1	0	0	0	1
Law Office Assistant I	1	0	0	0	1
Utility Eng Analyst IV	1	0	0	0	1
Utility Fin Analyst III	2	0	0	0	2
Totals	6	0	0	0	6