

State of Alaska FY2008 Governor's Operating Budget

**Dept of Commerce,Community,& Economic Development
Regulatory Commission of Alaska
RDU/Component Budget Summary**

RDU/Component: Regulatory Commission of Alaska*(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**

Protect consumer interests and promote economic development by ensuring affordable, reliable utility and pipeline services and ensuring that the utility and pipeline infrastructure supports community needs.

Core Services

- Decide all nature of disputes between individual regulated entities, regulated entities and their consumers or shippers and regulated entities and the Attorney General representing the Public Interest.
- Implement federal legislation related to the transition to competitive telecommunication markets in Alaska and federal mandates regarding energy issues.
- Monitor competitive markets in telecommunications and Alaska natural gas.
- Participate in federal legislation affecting Alaska's regulated industries and in the development of federal regulations affecting Alaska's telecommunications issues via the Federal Communications Commission (FCC) and energy issues via the Federal Energy Regulations Commission (FERC).
- Maintain a cooperative and mutually respectful working relationship with FERC to continue the tradition which allows the RCA to be the only state commission in the United States to hold concurrent hearings with the FERC regarding certain TAPS matters.
- Promulgate Alaskan regulations which provide clarity, direction and improve the regulation of public utilities and common carrier pipelines in Alaska.
- Participate in national forums for energy and telecommunications to ensure that national policy making efforts take into consideration Alaska's unique infrastructure and geographic conditions.
- Certificate Common Carrier Pipelines and Public Utilities, including provisional certification of very small water/sewer utilities.
- Provide Alaska's consumers with a non judgmental resource for resolve complaints about Utility service and billing practices.
- Administer the Power Cost Equalization Program.

End Results	Strategies to Achieve Results
A: Timely decisions If the RCA does not issue a final decision under AS 42.05 prior to the expiration of a statutory deadline, the filing will go into effect by force of law. <u>Target #1:</u> Final decisions of the RCA issued within existing statutory deadlines. <u>Measure #1:</u> Number of filings going into effect by force of law during the fiscal year.	A1: Immediately assign staff resources to a docket within 15 business days after the case is filed with us. <u>Target #1:</u> Issue an initiating order on all matters filed with in the Commission within 15 days after filing which identifies, at minimum: A. The statutory or regulatory timeline B. The Commission Panel Assigned C. The Administrative Law Judge Assigned <u>Measure #1:</u> Percent of initiating orders issued on matters filed with the commission within 15 days.

	<p>A2: Schedule public hearings to allow parties sufficient time to present a record and the RCA sufficient time to adjudicate the decision.</p> <p><u>Target #1:</u> In all utility and non-complex pipeline matters with hearings, initially reserve a hearing date which requires the parties to present their cases under the following timelines:</p> <p>A. 6 month statutory/regulatory timeline – 4th month B. 9 month</p> <p><u>Measure #1:</u> Percent of all utility and pipeline matters which had hearing dates initially scheduled in accordance with the above target.</p> <p>A3: Manage the adjudicatory process so that matters are adjudicated promptly.</p> <p><u>Target #1:</u> The Adjudications Commission will schedule adjudications at least twice monthly.</p> <p><u>Measure #1:</u> Number of adjudicatory meetings held monthly during the fiscal year.</p> <p>A4: Issue the final order within a reasonable timeframe after the conclusion of a hearing based on the complexity of the matter.</p> <p><u>Target #1:</u> Issue the final order in a case based on the following schedule: In most cases, issue the final substantive order within 90 days after conclusion of hearing. Cases of higher complexity (as determined either during adjudication or hearing): 120 days after</p> <p><u>Measure #1:</u> Percent of orders which were issued within the deadlines established above.</p> <p>A5: The RCA's Advisory and Judicial staffing is appropriate for the Agency to achieve the existing statutory timelines under AS 42.05.</p> <p><u>Target #1:</u> The RCA will monitor its staffing levels at least annually to ensure that staffing levels are appropriate and will report to the Governor's office any necessary modifications in August annually.</p> <p><u>Measure #1:</u> Staff report is submitted to the Governor's office annually in August.</p>
End Results	Strategies to Achieve Results
<p>B: The RCA's caseload consists of current and active cases.</p> <p><u>Target #1:</u> The number of resolved cases roughly equal the number of cases received each year, excepting those cases on appeal.</p> <p><u>Measure #1:</u> Number of cases closed during the fiscal year, compared to total number of cases opened during the year, excepting those cases on appeal.</p>	<p>B1: The Chairman or Adjudications Commissioner shall meet with the Chief Judge and the Advisory Section Manager twice monthly to review the RCA's docket status (Docket Status Meeting)</p> <p><u>Target #1:</u> The Chairman or Adjudications Commissioner shall meet with the Chief Judge and the Advisory Section Manager, twice monthly to review the RCA's docket status (Docket Status Meetings).</p> <p><u>Measure #1:</u> The number of Docket Status Meetings held during the fiscal year. (Goal: 24 Meetings)</p>

	<p>B2: The RCA will continually seek to improve the hearings procedures and processes.</p> <p><u>Target #1:</u> The Chief Judge will meet with regulatory counsel at least annually to seek input on how to improve the hearings process.</p> <p><u>Measure #1:</u> The number of meetings the Chief Judge held during the year.</p>
End Results	Strategies to Achieve Results
<p>C: The RCA's final decisions are based on an evidential record and contain justification for the decision reached.</p> <p><u>Target #1:</u> RCA decisions are upheld on appeal.</p> <p><u>Measure #1:</u> The number of cases which are remanded back to the RCA from a higher court.</p>	<p>C1: The RCA's professional staff understands the complex issues presented in RCA dockets and are able to apply federal and state statutes, federal and state case law and our regulations and precedent appropriately to advise the Commission. .</p> <p><u>Target #1:</u> RCA's professional staff receives training opportunities annually to expand their knowledge and understanding of the regulatory environment. Goal: 60% of RCA Advisory Staff will receive a training opportunity annually.</p> <p><u>Measure #1:</u> The number of training opportunities taken per year, compared to the number of RCA Advisory Staff.</p> <p><u>Target #2:</u> RCA Administrative Law Judges are provided training opportunities annually to expand their knowledge and understanding of the regulatory legal environment. Goal: 100% of RCA Administrative Law Judges will receive a training opportunity annually.</p> <p><u>Measure #2:</u> The number of training opportunities taken per year, compared to the number of RCA Administrative Law Judges.</p> <p>C2: The RCA's professional staff understands the nature of the business of the industries we regulate and can appropriately advise the Commission.</p> <p><u>Target #1:</u> RCA Advisory Staff will make at least one site visit per year of a regulated entity to gain a better understanding of the operational nature of the business.</p> <p><u>Measure #1:</u> The number of site visits made annually by RCA Advisory Staff.</p> <p>C3: The RCA's final orders contain rationale for each component of the decision.</p> <p><u>Target #1:</u> The RCA's Assistant Attorney General reviews each substantive final decision before it is released.</p> <p><u>Measure #1:</u> The percent of substantive final orders the RCA's assistant attorney general reviews before they are issued.</p>

Major Activities to Advance Strategies

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| <ul style="list-style-type: none"> Decide cases on a timely basis. Clearly establish the rationale and basis for | <ul style="list-style-type: none"> Provide a user-friendly fully integrated website for ratepayers and regulated utilities. |
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Major Activities to Advance Strategies

- commission decision making in Commission Orders
- Continually improve the regulatory environment by enacting regulations which respond to the developing utility markets and ratepayer needs.
- Respond promptly to consumer needs and problems.
- Promote open process through frequent public meetings.
- Improve staff technical ability through training and industry specific interaction.
- Engage in open communication with regulated industries, political and public consumer groups.

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$7,020,000

Personnel:

Full time	57
Part time	0
Total	57

Performance Measure Detail

A: Result - Timely decisions

If the RCA does not issue a final decision under AS 42.05 prior to the expiration of a statutory deadline, the filing will go into effect by force of law.

Target #1: Final decisions of the RCA issued within existing statutory deadlines.

Measure #1: Number of filings going into effect by force of law during the fiscal year.

Number of orders issued which violated statutory deadlines.

Year	YTD Total
2004	None
2005	None
2006	1 0%

Analysis of results and challenges: Currently we calculate the statutory deadlines manually. In fiscal 2006, we miscounted the time period by one day in one docket and thus the filing went into effect by force of law. The RCA has identified two new procedures to ensure that it is calculating the statutory timeframes properly.

1. Effective July 1, 2006, the RCA issues an initiating order on each matter filed with the RCA which identifies the statutory deadline. Parties disputing the RCA's calculation of the statutory deadline may petition the Commission for reconsideration within 15 days of the initiating order. Under this revised procedure, the statutory deadline is known and communicated to all parties early in the proceeding.

2. We are implementing a new case management system (CMS) which will calculate the statutory or regulatory deadlines automatically when dockets are filed based upon type of filing. The CMS will be fully implemented beginning in fiscal 2008.

A1: Strategy - Immediately assign staff resources to a docket within 15 business days after the case is filed with us.

Target #1: Issue an initiating order on all matters filed with in the Commission within 15 days after filing which identifies, at minimum:

- A. The statutory or regulatory timeline
- B. The Commission Panel Assigned
- C. The Administrative Law Judge Assigned

Measure #1: Percent of initiating orders issued on matters filed with the commission within 15 days.

Analysis of results and challenges: This is a new benchmark for fiscal 2008 which the RCA will track once the new case management system is fully implemented. The Agency began the process of implementing this Target on July 1, 2006, but the automated systems are not yet in place to track and report the data.

A2: Strategy - Schedule public hearings to allow parties sufficient time to present a record and the RCA sufficient time to adjudication the decision.

Target #1: In all utility and non-complex pipeline matters with hearings, initially reserve a hearing date which requires the parties to present their cases under the following timelines:

- A. 6 month statutory/regulatory timeline – 4th month
- B. 9 month

Measure #1: Percent of all utility and pipeline matters which had hearing dates initially scheduled in accordance with the above target.

Analysis of results and challenges: This is a new benchmark for fiscal 2008 which the RCA will track once the new case management system is fully implemented.

A3: Strategy - Manage the adjudicatory process so that matters are adjudicated promptly.

Target #1: The Adjudications Commission will schedule adjudications at least twice monthly.

Measure #1: Number of adjudicatory meetings held monthly during the fiscal year.

Analysis of results and challenges: This is a new Target for fiscal 2008, when the RCA will have automated tracking and reporting features implemented as part of its new case management system.

A4: Strategy - Issue the final order within a reasonable timeframe after the conclusion of a hearing based on the complexity of the matter.

Target #1: Issue the final order in a case based on the following schedule: In most cases, issue the final substantive order within 90 days after conclusion of hearing. Cases of higher complexity (as determined either during adjudication or hearing): 120 days after

Measure #1: Percent of orders which were issued within the deadlines established above.

Analysis of results and challenges: This is a new Target for fiscal 2008, when the RCA will have automated tracking and reporting features implemented as part of its new case management system.

A5: Strategy - The RCA's Advisory and Judicial staffing is appropriate for the Agency to achieve the existing statutory timelines under AS 42.05.

Target #1: The RCA will monitor its staffing levels at least annually to ensure that staffing levels are appropriate and will report to the Governor's office any necessary modifications in August annually.

Measure #1: Staff report is submitted to the Governor's office annually in August.

Analysis of results and challenges: This is a new Target for fiscal 2008.

B: Result - The RCA's caseload consists of current and active cases.

Target #1: The number of resolved cases roughly equal the number of cases received each year, excepting those cases on appeal.

Measure #1: Number of cases closed during the fiscal year, compared to total number of cases opened during the year, excepting those cases on appeal.

Docket Summary

Fiscal Year	Beginning	open dockets	closed dockets	ending docket
FY 2004	163	151	163	151
FY 2005	151 -7.36%	135 -10.60%	179 +9.82%	107 -29.14%
FY 2006	107 -29.14%	149 +10.37%	155 -13.41%	101 -5.61%

Analysis of results and challenges: The RCA has received an average of 140 new cases per year over the last three years. In response to legislative concerns about timeliness in 2003, the RCA completely restructured its Agency to aggressively manage its caseload. As a result of this effort, our docket load is well controlled and we are meeting all statutory timelines.

B1: Strategy - The Chairman or Adjudications Commissioner shall meet with the Chief Judge and the Advisory Section Manager twice monthly to review the RCA's docket status (Docket Status Meeting)

Target #1: The Chairman or Adjudications Commissioner shall meet with the Chief Judge and the Advisory Section Manager, twice monthly to review the RCA's docket status (Docket Status Meetings).

Measure #1: The number of Docket Status Meetings held during the fiscal year. (Goal: 24 Meetings)

Analysis of results and challenges: The RCA put this new procedure in place during fiscal 2007. The RCA Chairman designated an Adjudications Commissioner which is responsible for running and scheduling matters for adjudication. During fiscal 2007, the RCA held Docket Status meetings at least once monthly and the goal for fiscal 2008 is to hold at least 22 docket status meetings per fiscal year.

B2: Strategy - The RCA will continually seek to improve the hearings procedures and processes.

Target #1: The Chief Judge will meet with regulatory counsel at least annually to seek input on how to improve the hearings process.

Measure #1: The number of meetings the Chief Judge held during the year.

Analysis of results and challenges: As part of the 2005 Improvement Initiative, the RCA has met with utility and pipeline counsel annually. These meetings have resulted in improvements in the hearings process including the addition of 3 Administrative Law Judges and a Chief Administrative Law Judge. The Chief Judge is responsible for administrative hearings at the RCA and is therefore the appropriate designee to hold future meetings with counsel.

C: Result - The RCA's final decisions are based on an evidential record and contain justification for the decision reached.

Target #1: RCA decisions are upheld on appeal.

Measure #1: The number of cases which are remanded back to the RCA from a higher court.

Number of appealed decisions

Year	YTD Total
2004	16
2005	7
2006	31

C1: Strategy - The RCA's professional staff understands the complex issues presented in RCA dockets and are able to apply federal and state statutes, federal and state case law and our regulations and precedent appropriately to advise the Commission. .

Target #1: RCA's professional staff receives training opportunities annually to expand their knowledge and understanding of the regulatory environment. Goal: 60% of RCA Advisory Staff will receive a training opportunity annually.

Measure #1: The number of training opportunities taken per year, compared to the number of RCA Advisory Staff.

Analysis of results and challenges: This is a new Target for fiscal 2008.

Target #2: RCA Administrative Law Judges are provided training opportunities annually to expand their knowledge and understanding of the regulatory legal environment. Goal: 100% of RCA Administrative Law Judges will receive a training opportunity annually.

Measure #2: The number of training opportunities taken per year, compared to the number of RCA Administrative Law Judges.

Analysis of results and challenges: This is a new target. The data will be available in 2008

C2: Strategy - The RCA's professional staff understands the nature of the business of the industries we regulate and can appropriately advise the Commission.

Target #1: RCA Advisory Staff will make at least one site visit per year of a regulated entity to gain a better understanding of the operational nature of the business.

Measure #1: The number of site visits made annually by RCA Advisory Staff.

Analysis of results and challenges: This is a new Target for fiscal 2008.

C3: Strategy - The RCA's final orders contain rationale for each component of the decision.

Target #1: The RCA's Assistant Attorney General reviews each substantive final decision before it is released.

Measure #1: The percent of substantive final orders the RCA's assistant attorney general reviews before they are issued.

Percent of substantial final orders reviewed by the RCA's Assistant Attorney General.

Year	YTD Total
2004	100%
2005	100%
2006	100%

Key Component Challenges

1. Continue to implement the final components of the 2005 Improvement Initiative.
2. Continue to implement the Case Management System and Web Portal for utilities and pipeline companies.
3. Continue to attract and retain qualified professional staff, administrative law judges and RCA Commissioners.

Significant Changes in Results to be Delivered in FY2008

The RCA will deliver the following increases in accountability, transparency, and regulatory effectiveness for fiscal 2008:

1. Fully integrated electronic website for utility and pipeline companies to electronically manage their tariffs and do other day-to-day business with the RCA, reducing operating costs of the each regulated utility.
2. New time management system will be implemented which will accurately track staff time and result in a fair allocation of Regulatory Cost Charges to Alaskan utilities.
3. Deployment of electronic receipt and distribution of Commission orders and case documents. Electronic filing will significantly speed up document availability, and reduce the number of paper copies and delivery charges currently associated with document submittal.
4. Development of Small Hydroelectric Power regulations which will allow the State to take over licensing of small hydroelectric power projects from the Federal Energy Regulatory Commission (FERC). The proposed benefit to the State is a faster more locally focused hydropower permitting program that will allow hydropower to replace diesel generation over the coming years in rural Alaska.

Major Component Accomplishments in 2006

Completion of the 2007 Sunset Audit working with Legislative Audit and Budget.

Acquisition of a Case Management System that will revolutionize the way the RCA tracks, monitors and reports its activities.

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
42.45.350	Licensing of water-power development projects

Contact Information

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Regulatory Commission of Alaska Component Financial Summary

All dollars shown in thousands

	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	3,614.5	4,635.7	5,364.6
72000 Travel	89.4	55.0	55.0
73000 Services	2,068.7	1,735.1	1,530.9
74000 Commodities	162.0	56.9	56.9
75000 Capital Outlay	111.5	12.6	12.6
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	6,046.1	6,495.3	7,020.0
Funding Sources:			
1004 General Fund Receipts	0.0	150.0	0.0
1061 Capital Improvement Project Receipts	31.8	0.0	0.0
1141 RCA Receipts	6,014.3	6,345.3	7,020.0
Funding Totals	6,046.1	6,495.3	7,020.0

Estimated Revenue Collections

Description	Master Revenue Account	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
Unrestricted Revenues				
Alaska Public Utilities Comm. Receipts	51066	1,156.2	1,150.0	1,150.0
Unrestricted Fund	68515	0.4	0.2	0.0
Unrestricted Total		1,156.6	1,150.2	1,150.0
Restricted Revenues				
Alaska Public Utilities Comm. Receipts	51066	6,014.3	6,345.3	7,020.0
Capital Improvement Project Receipts	51200	31.8	0.0	0.0
Restricted Total		6,046.1	6,345.3	7,020.0
Total Estimated Revenues		7,202.7	7,495.5	8,170.0

**Summary of Component Budget Changes
From FY2007 Management Plan to FY2008 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2007 Management Plan	150.0	0.0	6,345.3	6,495.3
Adjustments which will continue current level of service:				
-Delete Small Hydroelectric Licensing Program	-150.0	0.0	0.0	-150.0
-Fund Source Adjustment for Exempt Employees Health Insurance Increases	-0.2	0.0	0.2	0.0
-FY 08 Health Insurance Increases for Exempt Employees	0.2	0.0	1.8	2.0
-Fund Source Adjustment for Retirement Systems Increases	-18.9	0.0	18.9	0.0
Proposed budget increases:				
-FY 08 Internal Dept Cost Increase due to Retirement Systems Rate Increases	0.0	0.0	15.8	15.8
-FY 08 Retirement Systems Rate Increases	18.9	0.0	638.0	656.9
FY2008 Governor	0.0	0.0	7,020.0	7,020.0

Regulatory Commission of Alaska Personal Services Information

Authorized Positions			Personal Services Costs	
	<u>FY2007</u> <u>Management</u> <u>Plan</u>	<u>FY2008</u> <u>Governor</u>		
Full-time	57	57	Annual Salaries	3,269,153
Part-time	0	0	Premium Pay	30,377
Nonpermanent	0	0	Annual Benefits	2,436,557
			<i>Less 6.48% Vacancy Factor</i>	<i>(371,487)</i>
			Lump Sum Premium Pay	0
Totals	57	57	Total Personal Services	5,364,600

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant	2	0	0	0	2
Administrative Clerk II	2	0	0	0	2
Administrative Clerk III	6	0	0	0	6
Administrative Law Judge	1	0	0	0	1
Administrative Manager III	1	0	0	0	1
Administrative Supervisor	1	0	0	0	1
Advisory Section Manager	1	0	0	0	1
Analyst/Programmer II	1	0	0	0	1
Analyst/Programmer III	1	0	0	0	1
Analyst/Programmer V	1	0	0	0	1
Commissioner, RCA	5	0	0	0	5
Communications Com Car Sp II	1	0	0	0	1
Communications Com Car Sp III	2	0	0	0	2
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
Exec Secretary III	1	0	0	0	1
Hearing Examiner	5	0	0	0	5
Law Office Assistant I	2	0	0	0	2
Law Office Assistant II	1	0	0	0	1
Micro/Network Tech II	1	0	0	0	1
Paralegal I	2	0	0	0	2
Paralegal II	2	0	0	0	2
Process Coordinator, RCA	1	0	0	0	1
Records & Licensing Spvr	1	0	0	0	1
Utility Eng Analyst IV	2	0	0	0	2
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	2	0	0	0	2
Utility Tariff Anlyst III	1	0	0	0	1
Totals	57	0	0	0	57