

State of Alaska FY2009 Governor's Operating Budget

Department of Commerce, Community, and 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.
- Monitor power cost equalization filings and calculate power cost equalization rates.

| End Result | Strategies to Achieve End Result |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>A: Timely decisions</p> <p>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.</p> <p><u>Target #1:</u> Final decisions of the RCA issued within existing statutory deadlines.</p> <p><u>Measure #1:</u> Number and percentage of final decisions of the RCA issued within the statutory deadlines.</p> | <p>A1: Immediately assign staff resources to a docket within 15 business days after the case is filed with us.</p> <p><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:</p> <ul style="list-style-type: none"> A. The statutory or regulatory timeline B. The Commission Panel Assigned C. The Administrative Law Judge Assigned <p><u>Measure #1:</u> Percent of initiating orders issued on matters filed with the commission within 15 days.</p> <p>A2: Schedule public hearings to allow parties</p> |

| | <p>sufficient time to present a record and the RCA sufficient time to adjudication 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: 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> |
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| End Result | Strategies to Achieve End Result |
| <p>B: The RCA's final decisions are based on an evidential record and contain justification for the decision reached.</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> |
| End Result | Strategies to Achieve End Result |
| <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 affirmed by the court and the total number of RCA orders reviewed by the 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.</p> |

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| | <p>Goal: 100% of RCA Administrative Law Judges will receive a training opportunity annually. <u>Measure #2:</u> The number of training opportunities taken per year, compared to the number of RCA Administrative Law Judges.</p> |
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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 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. | <ul style="list-style-type: none"> • Provide a user-friendly fully integrated website for ratepayers and regulated utilities. • 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. |
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FY2009 Resources Allocated to Achieve Results

| | | | | | | | |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|----|-----------|---|--------------|-----------|
| <p>FY2009 Component Budget: \$8,199,200</p> | <p>Personnel:</p> <table border="0" style="width: 100%;"> <tr> <td style="padding-left: 20px;">Full time</td> <td style="text-align: right;">57</td> </tr> <tr> <td style="padding-left: 20px;">Part time</td> <td style="text-align: right;">0</td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right; border-top: 1px solid black;">57</td> </tr> </table> | Full time | 57 | Part time | 0 | Total | 57 |
| 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 and percentage of final decisions of the RCA issued within the statutory deadlines.

Final Orders Meeting Statutory Deadlines

| Year | YTD | Met statutory deadline | % Met deadline |
|------|-----|------------------------|----------------|
| 2004 | 195 | 195 | 100 |
| 2005 | 190 | 190 | 100 |
| 2006 | 170 | 169 | 99.4 |
| 2007 | 170 | 170 | 100 |

Analysis of results and challenges: In 2007 the addition of administrative law judges and the use of initiating orders helped the RCA meet all its statutory deadlines. The addition of four administrative law judges by July 2007 provided additional personnel with legal expertise. In addition, statutory deadlines, calculated manually, were identified early in the docket process. Under this procedure, the statutory deadline was identified and promptly communicated to all parties allowing parties to dispute the RCA's calculation early in the docket process. Then with the statutory deadline established, the RCA planned its calendar to complete scheduled hearings, consider the issues, and prepare final orders no later than the established deadline.

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 - 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.

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

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

| 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% |
| FY 2007 | 101 -5.61% | 174 +16.78% | 166 +7.10% | 109 +7.92% |

Analysis of results and challenges: The RCA has received an average of 152 new cases per year over the last four 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 24 docket status meetings per fiscal year.

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 affirmed by the court and the total number of RCA orders reviewed by the court.

Number of appealed decisions

| Year | YTD |
|------|-----|
| 2004 | 16 |
| 2005 | 7 |
| 2006 | 31 |
| 2007 | 20 |

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

Key Component Challenges

Continue to implement the Case Management System and Web Portal for utilities and pipeline companies.

Develop and implement regulations to guide the use of electronic filing and electronic distribution of commission information.

Continue to attract and retain qualified professional staff, administrative law judges and RCA Commissioners.

Significant Changes in Results to be Delivered in FY2009

The RCA will deliver the following increases in accountability, transparency, and regulatory efficiency.

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.

Development of regulations providing for electronic filing and service that will allow utilities, pipeline carriers, and consumers to more easily access the commission.

Major Component Accomplishments in 2007

The RCA delivered a fully-integrated electronic website for utility and pipeline companies to electronically manage their filings, thus reducing operating costs of each utility. The ability to accept and manage filings electronically significantly sped up document availability and reduced the number of paper copies and delivery charges associated with document submittal.

Successful coordination with the legislative task force established in HCR 8.

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

| | FY2007 Actuals | FY2008 Management Plan | FY2009 Governor |
|--------------------------------|----------------|---------------------------|-----------------|
| Non-Formula Program: | | | |
| Component Expenditures: | | | |
| 71000 Personal Services | 4,165.6 | 4,921.3 | 5,162.9 |
| 72000 Travel | 131.6 | 55.0 | 55.0 |
| 73000 Services | 2,373.8 | 2,395.9 | 2,911.8 |
| 74000 Commodities | 156.8 | 56.9 | 56.9 |
| 75000 Capital Outlay | 169.7 | 12.6 | 12.6 |
| 77000 Grants, Benefits | 0.0 | 0.0 | 0.0 |
| 78000 Miscellaneous | 0.0 | 0.0 | 0.0 |
| Expenditure Totals | 6,997.5 | 7,441.7 | 8,199.2 |
| Funding Sources: | | | |
| 1004 General Fund Receipts | 141.5 | 0.0 | 0.0 |
| 1141 RCA Receipts | 6,856.0 | 7,441.7 | 8,199.2 |
| Funding Totals | 6,997.5 | 7,441.7 | 8,199.2 |

Estimated Revenue Collections

| Description | Master Revenue Account | FY2007 Actuals | FY2008 Management Plan | FY2009 Governor |
|----------------------------------------|------------------------------|----------------|---------------------------|-----------------|
| Unrestricted Revenues | | | | |
| General Fund Program Receipts | 51060 | 4.0 | 4.0 | 4.0 |
| Unrestricted Fund | 68515 | 1.0 | 1.0 | 1.0 |
| Unrestricted Total | | 5.0 | 5.0 | 5.0 |
| Restricted Revenues | | | | |
| Alaska Public Utilities Comm. Receipts | 51066 | 6,856.0 | 7,441.7 | 8,199.2 |
| Restricted Total | | 6,856.0 | 7,441.7 | 8,199.2 |
| Total Estimated Revenues | | 6,861.0 | 7,446.7 | 8,204.2 |

**Summary of Component Budget Changes
From FY2008 Management Plan to FY2009 Governor**

All dollars shown in thousands

| | <u>General Funds</u> | <u>Federal Funds</u> | <u>Other Funds</u> | <u>Total Funds</u> |
|--------------------------------------------------------------------------------------------|----------------------|----------------------|--------------------|--------------------|
| FY2008 Management Plan | 0.0 | 0.0 | 7,441.7 | 7,441.7 |
| Adjustments which will continue current level of service: | | | | |
| -Reverse ADN 870124 RCA Litigation Sec2(b) Ch10 SLA2007 P1 L13 (SB61) Lapses 6/30/09 | 0.0 | 0.0 | -865.0 | -865.0 |
| -FY 09 Health Insurance Increases for Exempt Employees | 0.0 | 0.0 | 2.7 | 2.7 |
| -FY 09 Bargaining Unit Contract Terms: General Government Unit | 0.0 | 0.0 | 165.8 | 165.8 |
| Proposed budget increases: | | | | |
| -Core Service Increases Paid to Department of Administration | 0.0 | 0.0 | 54.0 | 54.0 |
| -Legal, Lease, and Staff costs | 0.0 | 0.0 | 1,400.0 | 1,400.0 |
| FY2009 Governor | 0.0 | 0.0 | 8,199.2 | 8,199.2 |

**Regulatory Commission of Alaska
Personal Services Information**

| Authorized Positions | | Personal Services Costs | | |
|----------------------|-------------------|-------------------------|----------------------------------|------------------|
| | <u>FY2008</u> | <u>FY2009</u> | | |
| | <u>Management</u> | <u>Governor</u> | | |
| | <u>Plan</u> | | | |
| Full-time | 57 | 57 | Annual Salaries | 3,513,555 |
| Part-time | 0 | 0 | COLA | 160,214 |
| Nonpermanent | 3 | 3 | Premium Pay | 0 |
| | | | Annual Benefits | 1,819,696 |
| | | | <i>Less 6.02% Vacancy Factor</i> | <i>(330,565)</i> |
| | | | Lump Sum Premium Pay | 0 |
| Totals | 60 | 60 | Total Personal Services | 5,162,900 |

Position Classification Summary

| Job Class Title | Anchorage | Fairbanks | Juneau | Others | Total |
|-------------------------------|-----------|-----------|----------|----------|-----------|
| Administrative Assistant | 1 | 0 | 0 | 0 | 1 |
| Administrative Clerk II | 3 | 0 | 0 | 0 | 3 |
| Administrative Clerk III | 5 | 0 | 0 | 0 | 5 |
| Administrative Law Judge | 2 | 0 | 0 | 0 | 2 |
| Administrative Manager III | 1 | 0 | 0 | 0 | 1 |
| Advisory Section Manager | 1 | 0 | 0 | 0 | 1 |
| Analyst/Programmer I | 1 | 0 | 0 | 0 | 1 |
| Analyst/Programmer II | 1 | 0 | 0 | 0 | 1 |
| Analyst/Programmer V | 1 | 0 | 0 | 0 | 1 |
| Commission Section Mgr | 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 | 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 | 5 | 0 | 0 | 0 | 5 |
| Law Office Assistant I | 3 | 0 | 0 | 0 | 3 |
| Law Office Assistant II | 2 | 0 | 0 | 0 | 2 |
| Micro/Network Tech II | 1 | 0 | 0 | 0 | 1 |
| Paralegal I | 2 | 0 | 0 | 0 | 2 |
| Paralegal II | 3 | 0 | 0 | 0 | 3 |
| 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 III | 2 | 0 | 0 | 0 | 2 |
| Utility Fin Analyst IV | 2 | 0 | 0 | 0 | 2 |
| 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 | 60 | 0 | 0 | 0 | 60 |