

# **State of Alaska FY2010 Governor's Operating Budget**

## **Department of Law Regulatory Affairs Public Advocacy Component Budget Summary**

## Component: Regulatory Affairs Public Advocacy

### Contribution to Department's Mission

The Regulatory Affairs and Public Advocacy (RAPA) Section exercises the Attorney General's responsibility to represent the public interest in regulatory affairs by performing the public advocacy function in utility and pipeline carrier matters before the Regulatory Commission of Alaska and providing policy analysis on related matters.

### Core Services

- RAPA was established within the Department of Law to perform the Attorney General's public advocacy responsibility in utility and pipeline matters that come before the Regulatory Commission of Alaska (RCA). The Attorney General, as the Public Advocate, determines and advocates for the public interest with particular attention to the interests of consumers who would not otherwise have an effective voice regarding the rates and services of regulated utilities operating in the state.
- RAPA represents the public interest in rate cases and other proceedings before the RCA, in court appeals, before the Legislature and other policymakers. The Attorney General utilizes the expert technical support of RAPA non-attorney professionals who provide accounting, engineering, economic and policy analysis for all types of regulated utilities and who prepare written testimony for hearing. Alaska's public advocate is a member of the National Association of State Utility Consumer Advocates.
- AS 42.05.254(e) and AS 42.06.286(a) provide for a funding mechanism directly from the regulatory cost charge that is administered by the RCA.

### FY2010 Resources Allocated to Achieve Results

**FY2010 Component Budget: \$1,536,800**

**Personnel:**

Full time	10
Part time	0
<b>Total</b>	<b>10</b>

### Key Component Challenges

RAPA is into its fourth year of operation as a section in the Department of Law. RAPA's budgetary and personnel changes have been fundamentally integrated and implemented. But the creation of RAPA continues to involve the development of section standards and uniform procedures to enhance the effectiveness of our public advocacy efforts. Ongoing challenges include successful recruitment to attract additional, necessary staff resources in the areas of economics and engineering, since the now year-old reclassification effort did not garner adequate salary range increases to attract and retain qualified personnel for the long term. In addition, continuing professional training for existent staff is an ongoing and long term priority.

During the upcoming fiscal year, RAPA will continue to represent the public interest on behalf of the Attorney General in proceedings before the Regulatory Commission of Alaska (RCA). RAPA will investigate public utility proposals that come before the Regulatory Commission of Alaska, file testimony and litigate the cases, and defend RAPA positions on appeal as appropriate. RAPA is currently defending two administrative appeals. In the Alaska Supreme Court, RAPA on behalf of the Attorney General is defending its administrative success and success on first appeal to the Superior Court in a further appeal brought by the Municipality of Anchorage regarding the Anchorage Water and Wastewater utility's attempt to include in rates a payment in lieu of taxes assessed on contributed plant. In Superior court, RAPA is defending its success in an appeal brought by Fairbanks Sewer and Water d/b/a Golden Heart Utilities and College Utilities Corporation regarding implementation of various ratemaking adjustments that resulted in refunds to Fairbanks water and sewer ratepayers, as well as arguing its cross-appeal of certain RCA decision in that

same matter.

## Significant Changes in Results to be Delivered in FY2010

No service changes are anticipated.

## Major Component Accomplishments in 2008

In FY 2008 the Attorney General issued three "Public Advocate Advisories" to inform Alaskan ratepayers about RAPA's efforts in significant proceedings before the RCA, and related topics. The periodic advisories often explain in summary form the ultimate outcome of an individual case in terms of rate increases or decreases that may be of particular interest to the public. This year, one Advisory alerted consumers to the impending digital TV conversion being implemented by the Federal Communications Commission.

During FY 2008, the section, on behalf of the Attorney General filed comments or briefs in thirteen dockets and pre-filed sixteen sets of direct testimony in twelve dockets: two electric utility rate cases, five water/sewer utility rate cases, a refuse utility rate case, two statewide natural gas utility cases, a gas pipeline rate case, and one local exchange carrier telecommunications rate case. RAPA also participated in five evidentiary rulemaking and consumer input hearings, and two public workshops.

*Highlights of two of the cases that went to adjudicatory hearing are listed below.*

**Anchorage Water and Wastewater Utility (AWWU)** - Based upon Attorney General/RAPA advocacy in a hearing held last fiscal year, the RCA issued its decision in this fiscal year setting a new revenue requirement for the municipal utility and ordering refunds to ratepayers.

**Golden Heart Utilities (GHU)/College Utilities Corp. (CUC)** - These Fairbanks water and sewer utilities proposed additional rate increases to those already under appeal in a previous rate case filed in FY 2006 and to those approved by settlement in another rate case settled in FY 2007. RAPA filed testimony recommending a 2.46% rate increase for the water utilities, but advocating for an 11% decrease for the sewer utilities. After hearing, the RCA issued a decision in June 2008 requiring the utilities to file a revised revenue requirement based upon Commission findings. Also, the RCA Order allows the utilities to file rate adjustments to pass fuel, purchased power and transportation costs directly through to ratepayers on an annual basis, and allows annual rate increases to reflect infrastructure investment. The time period for seeking Reconsideration has been suspended pending issuance of a dissenting opinion from an RCA Commissioner.

*The section also negotiated stipulated settlements in six dockets, three of which are highlighted below:*

**Anchorage Water and Wastewater Utility (AWWU)** - The RAPA filed expert testimony analyzing the revenue requirement and rates of AWWU's second rate case filing in as many years. The parties entered into a stipulation in which the municipal water utility agreed to a 7% rate increase, as opposed to its proposed 14.5% rate increase. Similarly, the sewer utility agreed to a rate increase of 9.5%, reduced from its proposed 13% rate increase.

**Bethel Utilities Corp. (BUC)** - The electric utility filed for a 9.8% rate increase. RAPA's analysis and pre-filed testimony yielded identified a smaller rate increase of 3.74%. The parties settled on a rate increase of 5.48% which resulted in refunds to ratepayers.

**Chugach Electric Association, Inc. (CEA)** - CEA filed a rate case and rate design proposing to increase electric rates to wholesale customers and to decrease rates to its retail customers. RAPA entered into a multi-party settlement resulting in a reduced revenue requirement for the utility and a revised allocation of costs between wholesale and retail customers.

## Statutory and Regulatory Authority

Executive Order 111 and SB 392

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**Regulatory Affairs Public Advocacy  
Component Financial Summary**

*All dollars shown in thousands*

	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	965.4	987.6	1,111.1
72000 Travel	13.4	6.0	6.0
73000 Services	327.7	491.9	406.9
74000 Commodities	14.2	11.6	11.6
75000 Capital Outlay	6.7	1.2	1.2
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>1,327.4</b>	<b>1,498.3</b>	<b>1,536.8</b>
<b>Funding Sources:</b>			
1141 RCA Receipts	1,327.4	1,498.3	1,536.8
<b>Funding Totals</b>	<b>1,327.4</b>	<b>1,498.3</b>	<b>1,536.8</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
<b>Unrestricted Revenues</b>				
None.		0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>				
Alaska Public Utilities Comm. Receipts	51066	1,327.4	1,498.3	1,536.8
<b>Restricted Total</b>		<b>1,327.4</b>	<b>1,498.3</b>	<b>1,536.8</b>
<b>Total Estimated Revenues</b>		<b>1,327.4</b>	<b>1,498.3</b>	<b>1,536.8</b>

**Summary of Component Budget Changes  
From FY2009 Management Plan to FY2010 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2009 Management Plan</b>	<b>0.0</b>	<b>0.0</b>	<b>1,498.3</b>	<b>1,498.3</b>
<b>Adjustments which will continue current level of service:</b>				
-FY2010 Wage and Health Insurance Increases for Bargaining Units with Existing Agreements	0.0	0.0	38.5	38.5
<b>FY2010 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>1,536.8</b>	<b>1,536.8</b>

**Regulatory Affairs Public Advocacy  
Personal Services Information**

<b>Authorized Positions</b>			<b>Personal Services Costs</b>	
	<b>FY2009 Management Plan</b>	<b>FY2010 Governor</b>		
Full-time	9	10	Annual Salaries	750,822
Part-time	1	0	COLA	29,806
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	361,663
			<i>Less 2.73% Vacancy Factor</i>	<i>(31,191)</i>
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>10</b>	<b>10</b>	<b>Total Personal Services</b>	<b>1,111,100</b>

**Position Classification Summary**

<b>Job Class Title</b>	<b>Anchorage</b>	<b>Fairbanks</b>	<b>Juneau</b>	<b>Others</b>	<b>Total</b>
Attorney IV	2	0	0	0	2
Attorney VI	1	0	0	0	1
Economist III	1	0	0	0	1
Law Office Assistant I	2	0	0	0	2
Pub Advocate Util Analyst I	2	0	0	0	2
Pub Advocate Util Analyst II	1	0	0	0	1
Utility Eng Analyst IV	1	0	0	0	1
<b>Totals</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>