



In This Issue

Tax Reform Impact on Investor-Owned Utilities

Telecom Corner: R-18-001

RCA Welcomes Commissioner Antony Scott

RCA Sets Procedural Schedule on AWWU Rate Cases

Are You Smarter Than a Scammer?

Summertime Safety

New RCA Section Supervisors

Investor-Owned Utilities Are Getting Tax Cuts

Will customer bills reduce as a result of the tax savings?

The Tax Cuts and Jobs Act of 2017 (TCJA) signed into law include provisions of lowering Federal corporate income taxes from 35% to 21%-- a substantial savings for investor-owned utilities. What is the RCA doing about it?

On March 23, 2018, RCA Chairman Stephen McAlpine sent a two-page letter to 11-investor-owned utilities and pipeline carriers impacted by the tax cuts. In the letter, Chairman McAlpine informed the companies that the RCA is developing information necessary for taking appropriate action in regard to those impacts, described various approaches pursued by public utility commission in other states, and requested the companies to file a reply describing any proposal for passing tax savings on to consumers. (See Docket [I-18-002](#).)

While many investor-owned utilities have filed comments stating that they are assessing the tax impacts, ENSTAR has filed a rate reduction that southcentral consumers will see beginning June 1, 2018.

ENSTAR initially anticipated that the reduction in the corporate income tax rate will result in a reduction to its annual revenue requirement of \$4.5 to \$5.5 million dollars. See ENSTAR's Response Letter dated April 4, 2018 ([link](#)).

In a subsequent filing dated April 26, 2018, ENSTAR submitted [TA303-4](#), seeking a 5.7% reduction of ENSTAR's non-gas revenue requirement. With this reduction, ENSTAR estimates that residential customers will see an approximately 1.3% decrease in their total bill. On May 29, 2018, the RCA approved ENSTAR's rate changes effective June 1, 2018 (see [LO1800240](#)).

The RCA has also issued separate Orders initiating formal investigations into the tax impacts on several utilities like the Alaska Electric Light & Power Company, Alaska Power Company, Golden Heart Utilities, and College Utilities Corporation (see Orders [U-18- 039](#), [040](#), [041](#), and [042](#)).

Telecom Corner

Docket [R-18-001](#)

This rulemaking proceeding was opened to consider the full repeal of existing Alaska Universal Service Fund (AUSF) regulations and the programs that AUSF supports effective July 31, 2019. The AUSF has evolved over the years through a number of regulations adopted by the RCA and supported by the telecommunications industry. However, the AUSF contributions have steadily declined in recent years as many customers switched from landline to wireless. As a result, the AUSF surcharge factor continued to increase. For 2018, the AUSF increased to 19% (about \$9.50 on a \$50 in-state phone bill).

Since opening this proceeding, various telecom companies like GCI, Alaska Communications, AT&T, and a dozen others have filed comments into this docket.

A rulemaking proceeding could take up to two years to complete. To follow the progress on this rulemaking proceeding, visit the RCA website or click on this link [R-18-001](#).



RCA Welcomes Commissioner Antony Scott

Commissioner Scott was appointed on May 2, 2018, and will serve through March 1, 2022. Commissioner Scott received his undergraduate degree in Math and Philosophy from the University of California, Berkeley. His graduate work focused on energy and natural resource economics; he received two Masters' degrees and a PhD from the University of Wisconsin, Madison.

Commissioner Scott's first job in Alaska was as chief Economist at the RCA. He spent 12 years at the Alaska's Department of Natural Resources as a Commercial Analyst, Petroleum Investment Manager, and Commercial Manager, working to maximize state benefits from its oil and gas ownership. From 2012 to 2015, while at the University of Alaska Fairbanks, he largely focused on electric utilities and challenges to project development and system innovation. Starting in 2016, he served as Director of Programs and Policy at the Anchorage Municipal Light and Power Department.

RCA Sets Procedural Schedule for AWWU Rate Cases

Related Dockets:
[U-18-002/U-18-003 AWWU](#)



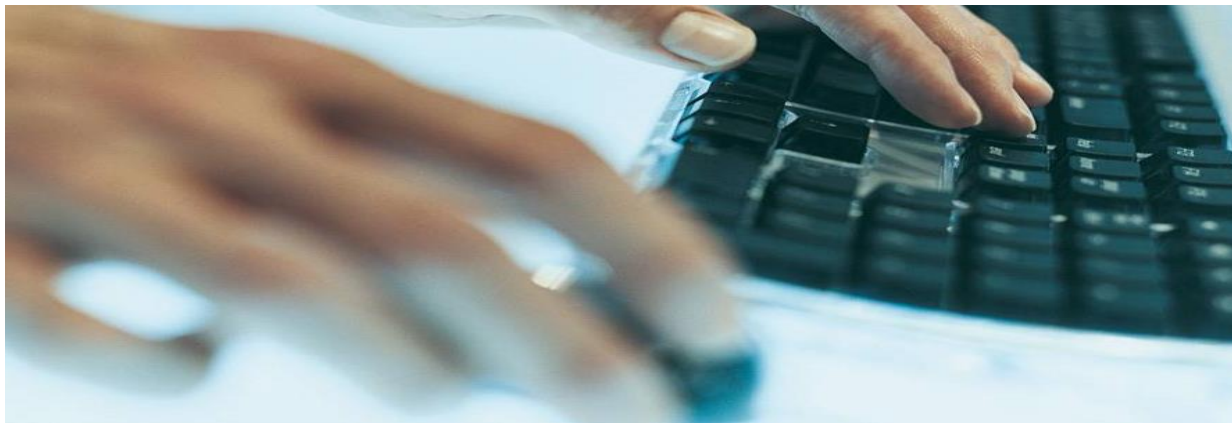
The RCA has set a procedural schedule for the Anchorage Water & Wastewater Utilities' (AWWU) rate increase requests that have been suspended into Dockets U-18-002 and U-18-003 for further investigation.

In December 2017, AWWU filed revenue requirement studies seeking a 3.0 percent permanent across the board rate increase for their water and a 2.5 percent permanent across the board rate increase for their wastewater services.

AWWU stated that the requested rate increases are the result of downward pressures on its bottom line caused by increases in non-contributed net plant and growth in operating expenses, plus known and measurable increases to the municipal utilities service assessment, utilities expenses, and labor and benefits.

When the RCA suspends a revenue requirement filing into a docket for further review, the RCA sets a procedural schedule for the case that includes dates for filing testimony, discovery, and reply testimony opportunities, as well as dates for a prehearing conference and evidentiary hearing.

The procedural schedule for the AWWU rate cases was adopted in [Order No. 4](#) issued on February 12, 2018, under Dockets U-18-002 and U-18-003. Parties in these rate cases include the Regulatory Affairs & Public Advocacy of the Alaska Attorney General and the [Alaska Federal Executive Agencies](#). A rate case could take up to 450 days (approximately 15 months). See [AS 42.05.175](#), Timelines for Issuance of Final Orders.



Are You Smarter than a Scammer?

In conjunction with the National Consumer Protection Week in March, the RCA's Consumer Protection & Information Section hosted a Consumer Forum to educate Alaskans about consumer issues and to help make informed choices. Representatives from the Alaska Office of the Attorney General, Human Rights Commission, Department of Labor's Wage & Hour, Alaska Housing Finance Corporation, Medicare Information Office, Internal Revenue Service, the state's Banking & Securities, and Better Business Bureau joined the RCA to provide their expertise and insights on various scams, fraud, and unfair and deceptive business practices. The PowerPoint presentations from this year's Consumer Forum can be downloaded from this [link](#).

Q&A Scam Tips

Q: You receive a phone call from someone claiming to be Medicare. The caller states that a refund is due to you and you only need to give them your Medicare number and bank account information. You should:

- A) Give the caller your information
- B) Make sure they have your friends' number too
- C) Hang up.

Answer: C. Hang up.

Q: Likewise, you receive a call from someone claiming to be a federal employee offering a grant to reduce your utility bills, what should you do?

Answer: Hang up.

Q: How much money is believed to be lost to Medicare fraud and other scams each hour?

- A) \$5,000
- B) \$100,000
- C) \$6.8 Million

Answer: C. \$6.8M

Q: The best way to cut down on pre-approved credit card offers is to:

- A) Respond to each company declining further offers.
- B) Stop borrowing money: the companies will get the hit.
- C) Opt out of all pre-approved offers.

Answer: C. Opt out of all pre-approved offers. Visit www.optoutprescreen.com.

Q: How should you handle unwanted calls from a telemarketer?

- A) Yell and hang up.
- B) Find out who's calling, then tell the person to take your name off the company's list.
- C) Begin reading the phone book aloud to the telemarketer.

Answer: B. Federal law requires telemarketers not to contact you again if you ask them to stop..

The National Do Not Call Registry

You can [register](#) your home or mobile phone for free.

After you register, other types of organizations may still call you, such as charities, political groups, debt collectors, and surveys. To learn more, read the [FAQs](#).

If you received an unwanted call after your number was on the Registry for 31 days, report it to the [Federal Trade Commission](#).

Checklist: Summertime Safety

Before you head outside to enjoy that beautiful day, look over this important checklist of ways to stay safe in the summer time.

During the dry season of summer, it's easy for wildfires to spread rapidly in many parts of Alaska. Take a few minutes to walk through your home and evaluate smoke and carbon monoxide detectors. This simple task only takes a couple of minutes and has the potential to save the lives of your loved ones in the event of an emergency.

We all know the importance of getting oil changed in our vehicles on a regular basis. The same is true for your home heating system – replace the air filters and have the furnace and heating systems checked by a professional contractor at least twice a year. Depending on the specific type of system (e.g., heat pumps, forced-air, and hydronic systems), recommended maintenance procedures vary.

Kids at Play

- Check electrical equipment around ponds, pools, and fountains. Extreme cold during the winter months can damage electrical equipment, and heavy spring rains may erode the ground soil so much that underground wiring can surface above the ground.
- If you are installing a trampoline, keep a distance from nearby utility lines, poles, meter, and other equipment.
- Make sure kids are flying their kites in an open area, far away from overhead power lines and electrical facilities.

Know the Ground Rules



Before you start working on your fence or any yard projects

Dig Safe – Dig Smart



When out hiking along a trail in or around Anchorage, always stay alert even though you may not see a sign warning that bears are nearby. Visit the Alaska Department of Fish & Game [website](#) for safety tips.



RCA Congratulates Becki Alvey, David Parrish, and Keven Kleweno on their new supervisory positions.

Becki Alvey, Utility Tariff Analyst III

Becki has been with the RCA since 2012, where she started as a Law Office Assistant before moving to Tariff Section in 2014. On May 22, 2018, she accepted the Utility Tariff Analyst III position. Becki has a Bachelor's Degree from Southern Illinois University and a Paralegal Certificate from Charter College.

David Parrish, Common Carrier Specialist IV

David Parrish was promoted to the Common Carrier Section Chief position in November 2017. He has been working at the RCA since 2011 where he started as a Utility Tariff Analyst before moving over to Common Carrier. David has been an asset to the RCA and a valuable member of our team. David has a Law Degree from the University of Iowa and a Bachelor's Degree in Biology.

Keven Kleweno, Utility Engineering Analyst IV

On November 1, 2017, Keven accepted the Engineering Section Manager position with the RCA. Keven oversees intrastate pipeline certifications along with natural gas distribution systems and water and wastewater treatment systems.

Prior to working for the RCA in February 2002, Keven worked for the Alaska Department of Environmental Conservation (ADEC). At ADEC, he completed engineering plan reviews of complex community water systems, wastewater collection and treatment systems, and landfill closure plans. Keven assisted in the development the State's Capacity Development Program and a standardized community water system sanitary survey training program, both of which were approved by the Environmental Protection Agency. While at ADEC, he worked with Department of Defense representatives on the development of the closure plan for the Elmendorf Air Force Base landfill which resulted in cost savings of over \$500 million. Keven was also instrumental in the development of ADEC's Stormwater Plan Review Program.

Keven is a graduate of the University of Alaska Fairbanks (B.S. in Economic Geology and B.S. in Geological Engineering). Keven is a member of the American Society of Civil Engineers, the Society for Mining, Metallurgy, and Exploration, and the National Association of Regulatory Utility Commissioners (NARUC) Staff Subcommittee on Critical Infrastructure. Keven is also the coordinator for the RCA working group on Cyber Security.

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