

STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

Robert M. Pickett, Chairman
Kate Giard
Paul F. Lisankie
T.W. Patch
Janis W. Wilson

In the Matter of the Revenue Requirement and)
Cost-of-Service Studies Designated as)
TA304-121 Filed by MUNICIPALITY OF)
ANCHORAGE D/B/A MUNICIPAL LIGHT AND)
POWER)

U-10-31

ORDER NO. 1

ORDER SUSPENDING TA304-121, ESTABLISHING INTERIM AND
REFUNDABLE RATES, REQUIRING FILING, INVITING PETITIONS FOR
INTERVENTION AND PARTICIPATION BY THE ATTORNEY GENERAL,
ADDRESSING TIMELINE FOR DECISION, DESIGNATING COMMISSION
PANEL, AND APPOINTING ADMINISTRATIVE LAW JUDGE

BY THE COMMISSION:

Summary

We suspend TA304-121 filed by Municipality of Anchorage d/b/a Municipal Light and Power (ML&P) into this docket for further investigation. We approve a 4.01 percent across-the-board increase in rates on an interim and refundable basis, effective June 1, 2010, and require ML&P to file revised Tariff Sheet Nos. 102, 108, 109, 111, 112.1, 112.8, 113.1, 114.1, 116, 120, 125, 130, 131, 133, and 139 consistent with this interim and refundable increase. We invite petitions to intervene from interested persons. The chairman invites participation of the Attorney General (AG). We address a timeline for a final decision in this proceeding. The chairman designates the commission panel and docket manager and appoints an administrative law judge.



R.C.A.
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April 16, 2010

Regulatory Commission of Alaska
701 West Eighth Avenue, Suite 300
Anchorage, Alaska 99501-3469

RE: Tariff Advice Letter No. TA304-121
Municipal Light & Power
Revenue Requirement and Cost-of-Service Study Filings

Dear Commissioners:

The tariff filing described below and accompanying testimony and exhibits are transmitted to you for filing in compliance with the Alaska Public Utilities Regulatory Act, as amended, and Sections 3 AAC 48.200 through 430 of the Alaska Administrative Code. An original and 10 copies are included in this filing.

Tariff Sheet Number		Cancels Sheet Number		Schedule or Rule Number
Original	Revised	Original	Revised	
101	97 th	101	96 th	Schedule 01
101.2.1	1 st	101.2.1	Original	Schedule 01
102	32 nd	102	31 st	Schedule 11
108	32 nd	102	31 st	Schedule 21
109	28 th	109	27 th	Schedule 22
111	28 th	111	27 th	Schedule 23
112	12 th	112	11 th	Schedule 23
112.1	6 th	112.1	5 th	Schedule 25
112.2	3 rd	112.2	2 nd	Schedule 26
112.3	1 st	112.3	Original	Schedule 26
112.4	1 st	112.3	Original	Schedule 26
112.5	1 st	112.3	Original	Schedule 26
112.8	3 rd	112.8	2 nd	Schedule 27
112.9	1 st	112.9	Original	Schedule 27
113.1	11 th	113.1	10 th	Schedule 31, 32 and 33
113.2	2 nd	113.2	1 st	Schedule 31, 32 and 33
114.1	3 rd	114.1	2 nd	Schedule 34, 35 and 36
114.2	1 st	114.2	Original	Schedule 34, 35 and 36
116	31 st	116	30 th	Schedules 41-45
117	10 th	117	9 th	Schedule 41-45

Tariff Sheet Number		Cancels Sheet Number		Schedule or Rule Number
Original	Revised	Original	Revised	
120	25 th	120	24 th	Schedules 60-64
125	9 th	125	8 th	Schedule 700
126	3 rd	126	2 nd	Schedule 700
130	4 th	130	3 rd	Schedule 750
131	4 th	131	3 rd	Schedule 760
132.1	1 st	132.1	Original	Schedule 760
133	4 th	133	3 rd	Schedule 770
135.1	1 st	135.1	Original	Schedule 770
139	4 th	139	3 rd	Schedule 780
142	2 nd	142	1 st	Schedule 780

The attached tariff sheets reflect ML&P's request for

1. a permanent across-the-board increase of 7.12% to base rate demand and energy charges, which sets the base cost of power to zero;
2. an interim and refundable across-the board rate increase of 5.70% to base rate demand and energy charges if ML&P's request for permanent rate relief is suspended for formal investigation; and
3. termination of Schedule 26, Economic Development Incentive Rate, which has expired (Tariff Sheets 112.2 through 112.5).

In support of ML&P's rate requests, attached as Exhibit 1 is a revenue requirement study based on an adjusted 2008 test year. The revenue requirement study shows a revenue deficiency of \$6,283,657 or 6.19% of total revenues, 7.02% of revenue from retail rates, or 7.12% of revenue from demand and energy charges. ML&P is seeking a permanent 7.12% across-the-board increase to its demand and energy rates effective for bills rendered on or after June 1. Alternate Schedules 1A, 3A, and 4A of the revenue requirement study are attached as Exhibit 2 in support of the request for the interim and refundable rate increase. These alternate schedules develop the revenue requirement using ML&P's last approved return on equity of 12.00%.

The table below presents the number of customer accounts and total revenues by rate class for 2008 compared to the estimated revenues produced by the proposed 7.12% and 5.70% increase to demand and energy charges.

Municipal Light & Power
Test Year: 12/31/2008
Schedule 4 - Cost of Capital - 3AAC48.275(a)(12)

Line No.	Capital Component (a)	Hypothetical Structure (b)	Cost (c)	Weighted Cost (d)	Calculation (e)
8	Debt	50.8%	5.30%	2.69%	
9	Equity	49.2%	12.35%	6.08%	
10	TOTAL WEIGHTED COST OF CAPITAL			<u>8.77%</u>	Line 8 + Line 9

