



**Matanuska Electric
Association, Inc.**

P.O. Box 2929
Palmer, Alaska 99645-2929
Telephone: (907) 761-9300
Fax: (907) 761-9368

February 14, 2002

Tariff Advice Letter No. 286-18
Regulatory Commission of Alaska
Department of Commerce and
Economic Development
State of Alaska
701 West Eighth Avenue, Suite 300
Anchorage, Alaska 99501

Commissioners:

Subject: Simplified Rate Filing for the Test Year Ended December 31, 2001

The tariff filing described below is transmitted to you for filing, in compliance with the Alaska Public Utilities Commission Act and 3 AAC 48.200 - 3 AAC 48.430.

<u>Tariff Sheet No.</u>	<u>Revision</u>	<u>Cancels Sheet No.</u>	<u>Revision</u>	<u>Schedule</u>
93	Twenty-Eighth	93	Twenty-Seventh	Single-Phase Service
95	Twenty-Seventh	95	Twenty-Sixth	Three-Phase Service
96.1	Twelfth	96.1	Eleventh	Optional Three-Phase Large Power Service
97	Twenty-Eighth	97	Twenty-Seventh	Streetlights
97.1	Twenty-Eighth	97.1	Twenty-Seventh	Streetlights Installed After August 22, 1986
97.6	Thirteenth	97.6	Twelfth	Off-Peak Thermal Storage

This filing represents Matanuska Electric Association, Inc.'s (MEA) quarterly Simplified Rate Filing (SRF) for the test year ended December 31, 2001. The Board of Directors has authorized a 1.0 percent reduction in rates as a result of this filing.

MEA requests that these new rates become effective April 3, 2002.

MEA has also attached a copy of its SRF expenditure classification procedures (Attachment A), updated in accordance with Order No. 7 of Docket U-00-173 (Order 7). A copy of these updated procedures will also be filed with MEA's 2001 RCA annual report, as directed in Order 7.

Please direct any questions or comments concerning this SRF to Matthew J. Reisterer, Finance and Accounting Services Manager, at (907) 761-9260.

Sincerely,

Wayne Carmony
Wayne D. Carmony
General Manager

Date: 6-21-17 Exh # H-127
Regulatory Commission of Alaska
U-16-066 By: STW
Northern Lights Realtime & Reporting, Inc.
(907) 337-2221

02 FEB 14 PM 1:42
RCA
- RECEIVED



MEA

MEMORANDUM

DATE: January 15, 2002

TO: Wayne D. Carmony, General Manager
Tuckerman Babcock, Manager of Government and Strategic Affairs
Robert C. Drake, Operations Manager
Michael G. Pauley, Key Accounts Administrator
Bruce D. Scott, Director of Information Technology
James S. Spalding, Director of Human Resources and Corporate Affairs
Donald W. Zoerb, Director of Administration

FROM: Matthew J. Reisterer
Finance & Accounting Services Manager

SUBJECT: Updated Expenditure Documentation and Accounting
Procedures Per Docket U-00-173, Order No. 7, and
Docket U-99-130, Order No. 13

This memo updates the procedures implemented in accordance with the Regulatory Commission of Alaska's (RCA) Order No. 13 of Docket U-99-130 (Order 13). These updated procedures are provided in accordance with Order No. 7 of Docket U-00-173 (Order 7), whereby the RCA clarified its intent in Order 13 with respect to employee appreciation costs and community involvement expenses.

Accordingly, this memo incorporates the revised procedures distributed on January 30, 2001. This memo adds a new section regarding coding employee appreciation costs to ensure exclusion from rates, emphasizes that community involvement costs must be excluded from rates when incurred by any MEA employee, and documents the offsite retention of legal invoice documentation.

These guidelines must be followed to ensure correct classification between costs the RCA has determined are includable in rates, versus costs the RCA has determined not to be includable in rates.

Advertising Expenditures

Advertising invoice summaries submitted to accounting for payment must have costs segregated into the following categories, coded and documented on the invoice summary:

<u>Advertising Includable in Rates</u>	<u>Account/Element</u>
Energy Conservation, Safety or Efficiency	909000/5053
Informing Members of Activities, Internal Affairs, Governance, Meetings and Encouraging Attendance	909000/5053
Annual Meeting	930400/5053
Interruptions or Emergency Situations	909000/5053
Regulatory or Rates Related	928000/5053
Employment Opportunities	Various

<u>Advertising Not Includable in Rates</u>	<u>Account/Element</u>
Goodwill, Image-building, Promotional, Ownership Issues, Scholarship Program	930100/5053

Invoice back-up documentation shall include a copy of the advertisement, be sufficient to support segregation into the categories listed above, agree and be attached to the invoice summary submitted to accounting for payment. This documentation shall become part of the accounts payable vendor files for purposes of internal, regulatory or external audit review.

Legal Expenditures

Recurring legal expenses are includable in rates; ownership related expenses are not. Non-recurring legal expenditures require a case by case evaluation. Legal invoice summaries submitted to accounting for payment must have costs segregated into the following categories, coded and documented on the invoice summary:

<u>Legal Expenses Includable in Rates</u>	<u>Account/Element</u>
Labor Relations	923000/4011
Wholesale Power Matters & Tripartite Agreement	923000/4011
Regulatory Matters	923000/4011
General Corporate Litigation	923000/4011
Collections/Judgments	923000/4011

<u>Legal Expenses Not Includable in Rates</u> <u>(or Requiring Special Amortization)</u>	<u>Account/Element</u>
Board Litigation	923100/4011
Non-Recurring Special Matters	Deferred or 923100/4011

Invoice back-up documentation concerning specific matters shall be sufficient to support segregation into the categories listed above, and agree to the invoice summary submitted to accounting for payment. Invoices are maintained in the accounts payable vendor files, back-up documentation is filed in the General Manager's office, and is periodically transferred offsite (approximately monthly) for retention at the offices of MEA's corporate counsel.

Donations, Gifts and Community Involvement

The RCA has ruled that donations, gifts and community involvement expenditures must be excluded from rates. This category includes charitable donations, community memberships and sponsorships, promotional items and member gifts. These costs include both purchases of items or services, as well as company labor coded on employee timesheets. These guidelines apply to the activities of all MEA employees, not just senior management. To ensure these costs are properly segregated for removal from rate filings, expenditures must be coded as shown below, prior to submission to accounting for payment:

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<u>Categories Not Includable in Rates</u>	<u>Account/Element</u>
Donations	426100/5068
Community Memberships and Sponsorships	930100/5055
Community and Member Awards and Gifts	930100/5067
Community Involvement Labor	930100
Promotional Items	930100/5069
Annual Meeting Promotional Items, Prizes	930400/5069

Employee Appreciation

In Order 7, the RCA clarified that employee appreciation expenditures must also be excluded from rates. This category includes employee service awards, memorials, gifts, the annual Christmas party, and group lunches such as the Halloween pizza lunch. These costs include both purchases of items or services, as well as any company labor related to supporting these activities. To ensure these costs are properly segregated for exclusion from rates, expenditures must be coded as shown below, prior to submission to accounting for payment:

<u>Categories Not Includable in Rates</u>	<u>Account/Element</u>
Employee Appreciation, Awards and Gifts	921100/5076
Employee Appreciation Related Labor	920100

Other Expenditures Requiring Special Handling

Expenditures in this category will generally be associated with large, unique projects such as the attempted CEA acquisition in 1998-1999, the local control election in 2001, the new computer system included in this year's budget, or with unrelated business enterprises. At the onset of such projects, a written request should be made to Accounting to establish a deferred account so costs related to these activities can be accumulated in one place, pending a determination of their ratemaking status. In some cases, account 921100 may be used to exclude certain expenditures from rates, when deferral is not appropriate.

In accordance with the RCA's direction, a non-recurring project that is not related to the provision of utility service or provide a future benefit to ratepayers will be excluded from rates. Generally, a non-recurring project that provides a benefit to ratepayers will, depending on the particulars, be amortized into rates over a period of time that reasonably approximates the period of benefit.

Employee Reimbursements and VISA Expenditures

The RCA disallowed certain expenditures for reimbursement of employee business meals, meetings, mileage or other purchases because documentation was insufficient to establish a utility purpose for the expenditure. To strengthen documentation, MEA added two columns to the employee expense reports so that the utility or non-utility purpose can be clearly documented by the party seeking reimbursement. Each expenditure approver is responsible for ensuring the utility or non-utility purpose is clearly identified and explained. This is in addition to, and not in lieu of, other reporting or approval requirements currently in place. Samples of the new forms are attached for reference.

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Examples of utility purposes to include when documenting an expenditure are operations, conservation, training, safety, or environmental matters, construction or development matters, regulatory matters, wholesale power supply matters, or labor relations matters. This list is not intended to be all-inclusive, but to provide general guidance.

Examples of non-utility purposes to include when documenting an expenditure are charitable donations, community involvement, community memberships or sponsorships, employee appreciation, member gifts, and promotional items. This list is not intended to be all-inclusive, but to provide general guidance in accordance with the RCA's order. Expenditures with a non-utility purpose will be coded as described above, to ensure they are excluded from rates.

In addition, while MEA maintains a vendor number for each employee, VISA billings are not paid by employee, but are paid to the credit card company and as such are listed under that vendor's number, not by employee. In response to the RCA's attention to this area, accounting began to file copies of employee expense reports clearing VISA billings, by employee, within the credit card company vendor file, as well as in the individual employee vendor files for purposes of internal, regulatory or external audit review. Regular employee expense reports continue to be filed in the individual employee vendor files. MEA is also adding to the criteria for its planned new computer system the ability to retrieve expenditures by vendor or employee for an extended period of time. Currently, assembling this information requires a manual effort.

To ensure full implementation of these updated procedures in compliance with Order 7, I will be scheduling presentations for supervisory and management staff during the next two weeks. Your assistance in ensuring that all of your managers and supervisors attend one of these sessions will be appreciated.



Matthew J. Reisterer

I CONCUR:



Donald W. Zoerb
Director of Administration

Maeniska Electric Association, Inc.
Monthly Expenses Statement W-EC

Date: _____

To: SUPERVISOR: _____

TITLE: _____

[illegible]

Reimbursement to Employee/Bank Cards:

Total

\$ - \$.

Total

§ _____

Submitted by:

SIGNATURE: _____

TITLE: _____

DATE: _____

Approved by:

SIGNATURE: _____

TITLE: _____

DATE: _____

NOTE: Expense Statement To Be Received By Accounting Services On Or Before The Last Day Of The Month

Form: MEA609bc.jdt V1.00 04/17/01

**Attachment A
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MEMPHIS INTERNATIONAL AIRPORT TRAVELER'S EXPENSE STATEMENT

Traveler's Name: _____
 To Attend: _____
 Budget Information: _____

Category	City	Month	Day	Amount	Account	Agency	Approved	Signature
Registration/Tuition Fee								
Air Fare								
Hotel								
Per Diem								
Subsage To/From Airport								
Misc. - Parking, Cab								
Rental Car								
Business Meals								
Business Phone Calls								

Category	City	Month	Day	Amount	Account	Agency	Approved	Signature
Registration/Tuition Fee								
Air Fare								
Hotel								
Per Diem								
Subsage To/From Airport								
Misc. - Parking, Cab								
Rental Car								
Business Meals								
Business Phone Calls								

MEA Expense Advance	2	-
Less: Out of Pocket Expenses		-
Reimbursement Due MEA		-
Reimbursement Due Employee		-

Submitted by: _____
 Approved by: _____

SIGNATURE: _____
 TITLE: _____
 DATE: _____

