

1 STATE OF ALASKA

2 THE REGULATORY COMMISSION OF ALASKA

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4 Before Commissioners:

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

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7 In the Matter of the Revenue Requirement and)
Cost of Service Study Designated as TA381-1)
8 Filed by ALASKA ELECTRIC LIGHT AND)
POWER COMPANY)

U-10-29

9 ORDER NO. 2

10 CONCURRING STATEMENT OF COMMISSIONER PAUL F. LISANKIE

11
12 I agree that AEL&P addressed the concerns we raised in our previous
13 order with sufficient evidence to meet the GAAB¹ standard. Consequently, I also agree
14 that under existing law and our precedential decisions we must grant AEL&P's specific
15 request to increase base rate demand and energy charges by 20 percent on an interim
16 basis.

17 Certainty in the treatment of requests for interim rate increases is
18 undoubtedly an important goal of any reasonable regulatory system. However, as I
19 have stated several times, I continue to have doubts about the legal interpretations
20 underlying some prior decisions. I intend to pursue my inquiry in a deliberate manner
21 and, if justified, advocate for the adoption of reasonable changes when some future
22 interim rate increase request is considered. I continue to invite utilities filing future
23 requests, and commenters on those filings, to provide guidance or criticism they believe
24 will assist me.

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26 ¹Alaska Public Utilities Commission v. Greater Anchorage Area Borough, 534
P.2d 549, 559 (Alaska 1975).

1 I also wish to address several assertions made by AEL&P that seemed
2 unreasonable to me. AEL&P repeatedly asserted that the concerns we raised over its
3 request were inconsistent with our "typical" treatment of requests for interim rate
4 increases. I find the implication that its filing was nothing more than a "typical" request
5 troubling.

6 AEL&P's own presentation at hearing established a much different
7 situation. AEL&P acknowledged that hydroelectric projects are more expensive to
8 construct than other types of generation.² In addition such projects also cannot
9 generally be put in place incrementally.³ Consequently, the completion of a
10 hydroelectric project has a greater immediate rate impact on a utility than would other
11 sorts of generation.⁴

12 This would appear to be particularly true here as inclusion of the Lake
13 Dorothy project nearly tripled AEL&P's rate base from \$40 million to \$112 million.⁵ In
14 my opinion a requested interim rate increase involving this sort of situation is anything
15 but typical. That AEL&P presented no example of a similar case, despite the
16 commendably detailed canvassing of the subject it prepared in the short time available
17 before hearing, further confirms my belief. In that light I did not find AEL&P's
18 protestations about the nature of our inquiry compelling.

25 ²Hearing Exhibit H-6.

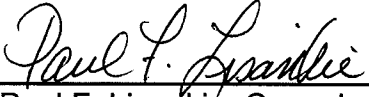
26 ³*Id.*

⁴*Id.*

⁵Hearing Exhibit H-17.

Moreover, considering the positive cost attributes of hydroelectric projects (absence of fuel costs and uniquely long operational life) acknowledged by AEL&P,⁶ at some future date its power is likely to be less costly than other alternatives. Consequently, AEL&P's assertions that we should not and possibly cannot consider establishing rates that balance the upfront costs against expected downstream savings also seem unreasonable. I cannot see why we should not at least consider establishing rates that recognize the concerns of those consumers who have personal reasons to believe that they will be unlikely to enjoy the Lake Dorothy Project's future advantages. I hope to do so as our consideration of AEL&P's request for a permanent rate increase unfolds.

Finally, I wish to remind the utilities that they have total control over the evidence they present in support of their desired rate increases. In this instance the same testimony offered at hearing about the Lake Dorothy Project's being "used and useful" could have been presented with the filing. In my opinion any rate increase request that anticipates the initial inclusion of a major project should be supported by evidence specifically aimed at addressing that issue.


Paul F. Lisankie, Commissioner

(SEAL)

⁶Hearing Exhibit H-6.