

CONSUMER E-NEWS

CONSUMER PROTECTION & INFORMATION SECTION

Regulatory Commission of Alaska

MANAGING YOUR UTILITY BILLS DURING THE PANDEMIC

Help is available for residential customers struggling to pay their utility bills as a result of COVID-19. Whether you contracted the virus, caring for someone with the virus, or lost a job, here are some steps you should take:

1. Contact your electric and natural gas utility providers to ask what kind of protections, funding, flexible payment options, and energy saving tools and resources are available.
2. Call 2-1-1 or visit Alaska211.org for information about getting help paying your utility bills or to learn about agencies that assist with energy bills.
3. Apply for the Lifeline Program to get a discount for your telephone or Internet service. For information including eligibility and ways to apply, visit www.lifelinesupport.org.

SUMMER 2020

Managing Your Utility Bills During the Pandemic

Frequently Asked Questions about the ML&P Acquisition

Tree and Power Line Dangers

Are you having issues with your utility company or have questions about utility services? Contact an intake officer – we are here to help!



cp.mail@alaska.gov



(907) 276-6222

1-800-390-2782 (outside Anchorage)

TTY: 7-1-1

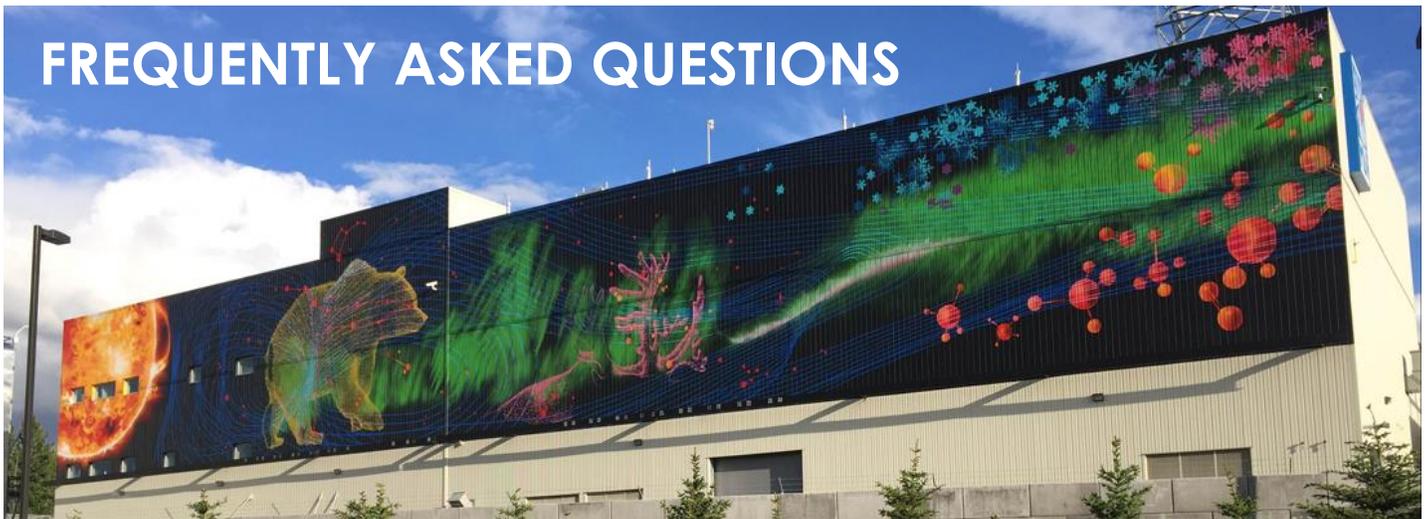
701 West 8th Avenue, Suite 300,
Anchorage, AK 99501

rca.alaska.gov

ALASKA 2-1-1

No matter where you live in Alaska, Alaska 2-1-1 is your one-stop resource for connecting with a variety of resources.

FREQUENTLY ASKED QUESTIONS



Chugach Electric Association, Inc.'s Acquisition of the Municipal Light & Power Department from the Municipality of Anchorage

When will Chugach start serving ML&P ratepayers?

If the utilities agree with the [conditions imposed by the RCA](#) and move forward with the acquisition, it will take some time and effort for the transition period. According to the *Asset Purchase and Sale Agreement* between the Municipality of Anchorage (MOA) and Chugach as amended, they have until September 30, 2020, to determine if closing of the acquisition will occur. As currently drafted, Chugach would begin providing service to ML&P ratepayers immediately after closing.

If the acquisition transaction proceeds, will my electric rates go up?

At this time, it is premature to know whether rates will increase. The goal of the acquisition transaction is to gain efficiencies by combining both utilities as one. However, the MOA demanded a substantial price in excess of net book value for Chugach to acquire most ML&P assets. That acquisition premium and the costs of transition will, to some extent offset the efficiency gains and it is unknown at this time if rates will need to be increased for Chugach to pay these costs and retain a reasonable level of financial health.

In the [152-page Order](#) conditionally approving the sale, the RCA discussed, among other things, its concerns on the full rate impacts of the transaction – including base rate impacts, impacts on fuel costs recovered through the cost-of-power adjustments (COPA), as well as Chugach's debt equity ratio and its ability to finance the acquisition costs at a reasonable interest rate.

If the acquisition transaction moves forward, Chugach is required to file its first general rate case on or before December 31, 2023, at which time there will be opportunity for public comments regarding any proposed rate changes.

Additionally, within 90 days from the date of the RCA Order, Chugach is required to submit a tariff filing outlining its plans to calculate a unified COPA for Chugach and ML&P service areas.

Majority of the voters approved the sale. Why did it take so long for the RCA to review it?

Acquisition of large or small utilities requires careful scrutiny by the RCA under applicable state statutes to ensure that the acquiring entity is *fit, willing, and able* to provide the services they are committing to provide, and that the acquisition is in the public interest.

Following the voter approval in 2018, the sale of ML&P assets to Chugach were negotiated. The resulting transaction documents were signed in December 2018. In April 2019, Chugach and ML&P submitted their requests for RCA approval of various aspects of their transaction purporting to show substantial savings over 40 years on a net present value basis. However, the transaction as conceived by the utilities was not straightforward and involved a purchase price greater than the net book value specified in state statute. The proposed transaction presented to the RCA, and later modified and stipulated by a majority of the parties involved in the acquisition proceeding, included complex details relating to:

- Upfront Payment to the MOA in excess of net book value of the plant being acquired.
- Payment-in-Lieu of Taxes (PILT) to the MOA for 50 years even though Chugach is exempt from municipal taxes, with the PILT cost allocated solely to North District (ML&P) ratepayers through 2033, and then allocated only to Chugach ratepayers located within the MOA for the remainder of the 50-year period.
- Commitments to purchase power from the Eklutna Hydropower Plant for 35 years at rates well in excess of the cost of production.
- Allocation of Beluga River Unit gas field costs and benefits between Chugach and North District (ML&P) ratepayers and South District (Chugach) ratepayers for the life of the field.
- Modifications of Certificates of Public Convenience and Necessity.
- Approval for Chugach to recover certain costs through future rates, when the amount of those costs are unknown.

An acquisition of this magnitude must clearly show the benefits to ratepayers; and in this case, the stipulation was opposed by the Regulatory Affairs and Public Advocacy Section of the Attorney General's office on a number of grounds, including prospective rate discrimination. Each regulatory decision is reached quasi-judicially – that is to say, the decision must be based on evidence of record gathered in this acquisition proceeding. Copies of the proposed transaction, Orders requiring certain documents from the utilities, subsequent filings, and hearing transcripts can be accessed from the RCA website by typing [U-19-020](#) or [U-19-021](#) into the Find a Matter search box.



TREES & POWER LINE DANGERS

The RCA's Consumer Protection & Information Section joins Homer Electric Association, Inc. (HEA) and other electric utilities in reminding the public not to take it upon themselves to remove any trees in danger of hitting the energized power lines.

HEA has seen a sudden increase in the number of outages related to members cutting trees resulting in fallen trees into energized power lines in the last month. Cutting trees near energized power lines is dangerous work. Customers should contact their electric utility company to see if the tree is considered a hazard tree, one which can potentially fall into the power lines. If the tree is deemed a hazard, the utility company will have a qualified tree contractor safely cut the tree. Just as a reminder, the fallen tree and all the debris cleanup is the responsibility of the property owner.

DID YOU KNOW?

RCA Dockets

All formal proceedings before the RCA are identified as "dockets". Dockets are numbered functionally to denote the type of proceeding, the year of its initiation, and numerical sequence in that year.

"R" represents rulemaking dockets,

"P" represents pipeline dockets.

"U" represents utility dockets.

For example, [P-19-017](#) is the 17th pipeline docket opened by the RCA in the 2019 calendar year. All materials, legal pleadings, and decisions are identified by this number and filed in this docket.

Quick Links

[R-Dockets](#)

[P-Dockets](#)

[U-Dockets](#)

[Tariff Matters](#)

[Calendar of Events](#)

For questions about this e-news, please email: cp.mail@alaska.gov.