

STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

John M. Espindola, Chair
Steve DeVries
Mark Johnston
Robert M. Pickett
John C. Springsteen

In the Matter of the Establishment of the State)
Fiscal Year 2026 Regulatory Cost Charge for)
Public Utilities and Telecommunications Utilities)

U-25-009

ORDER NO. 1

In the Matter of the Establishment of the State)
Fiscal Year 2026 Regulatory Cost Charge for)
Pipeline Carriers)

P-25-008

ORDER NO. 1

**ORDER ISSUING NOTICE OF PROPOSED REGULATORY COST CHARGE
RATES AND LIST OF REGULATED PUBLIC AND TELECOMMUNICATIONS
UTILITIES AND PIPELINE CARRIERS SUBJECT TO REGULATORY COST
CHARGES, ESTABLISHING COMMENT DEADLINES, SCHEDULING PUBLIC
HEARING, ADDRESSING TIMELINE FOR DECISION, DESIGNATING
COMMISSION PANEL, AND APPOINTING ADMINISTRATIVE LAW JUDGE**

BY THE COMMISSION:

Summary

We propose state fiscal year (FY) 2026¹ regulatory cost charge (RCC) rates for regulated public utilities, certificated utilities that provide telecommunications services (telecommunications utilities), and pipeline carriers in Alaska. We establish deadlines for comments on the proposed RCC rates and for objections to designation as a regulated public utility, telecommunications utility, or pipeline carrier obligated to pay RCCs. We schedule a public hearing. We address the timeline for decision in these dockets. The

¹The state fiscal year begins on July 1 of each year and ends on June 30 of the following year. Therefore, state fiscal year 2026 runs from July 1, 2025, to June 30, 2026.

1 chair designates the Commission Panel and a Commission Docket Manager and appoints
2 an administrative law judge.

3 Background

4 Regulated public utilities, telecommunications utilities, and pipeline carriers
5 operating in the state of Alaska are required by law to pay an annual RCC.² The RCC
6 program receipts have been our principal revenue source since 1993. Beginning in 2005,
7 the RCC program receipts also became the principal revenue source for the Office of the
8 Attorney General, Regulatory Affairs and Public Advocacy Section (RAPA).

9 Regulations establishing procedures for calculating and setting the RCC
10 rates for regulated public utilities, telecommunications utilities, and pipeline carriers are
11 set forth at 3 AAC 47.010 – 3 AAC 47.999. We establish RCC rates annually by order
12 using formulas contained in 3 AAC 47.040. These rates are applied to the adjusted gross
13 regulated operating revenue or kilowatt-hour (kWh) sales of a regulated public utility,
14 telecommunications utility, or pipeline carrier, as applicable.³ After the Commission's
15 annual budget is passed by the Alaska State Legislature, we are required to notify the
16 public and each regulated public utility, telecommunications utility, and pipeline carrier of
17 the RCC rate to be imposed and the basis for that charge.⁴ The Alaska State Legislature
18 is in the process of approving FY 2026 operating budgets. The House passed a budget
19 of \$11,175,800 for the Commission on April 16, 2025, in HB53 and it has been transmitted
20 to the Senate.⁵ HB53 also includes a FY 2026 budget of \$2,725,900 for RAPA.⁶

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23 ²AS 42.05.254; AS 42.06.286.

24 ³3 AAC 47.030(a).

25 ⁴3 AAC 47.030(b).

26 ⁵See HB53

⁶Appendix E.

However, pending receipt of RAPA's FY 2026 certified costs the RAPA FY 2025 budget of \$2502,303 is used for the proposed rates in this order.

Discussion

The preliminary RCC rates applicable to revenues subject to RCCs for regulated public utilities, telecommunications utilities, and pipeline carriers are as follows:⁷

Electric Utilities	\$0.001231/kWh
Natural Gas Utilities	0.147%
Natural Gas Storage Utilities	1.520%
Pipeline Carriers	0.752%
Refuse Utilities	0.656%
Steam Heat Utilities	0.031%
Interexchange Telephone Utilities	5.224%
Local Exchange Telephone Utilities	1.035%
Private Pay Telephone Utilities	17.944%
Water & Wastewater Utilities	0.885%

Our RCC computations are shown on Appendix A. The RCC amount for each industry sector is based on Commission costs directly and non-directly assignable to regulated sectors and the industry revenues subject to RCCs. Appendix A shows RAPA's FY 2025 certified cost allocation as estimated costs per regulated entity sector for FY 2026.

The table below summarizes public utility, telecommunications utility, and pipeline carrier revenues subject to RCCs and the amount of RCC revenues required to fund RAPA and the Commission FY 2026 budgets:⁸

⁷Details of our RCC determinations are contained in Appendices A, B, C, D, E, F, and G. Appendix H lists the public utilities, telecommunications utilities, and pipeline carriers required to pay an RCC. The Appendices include information available to the Commission through April 18, 2025.

⁸Appendix A. This summary is developed from information provided through annual report data summaries filed with the Commission.

Industry Revenues Subject to RCC	\$1,604,377,968
AS 42.05.254(a) statutory cap (Commission)	\$13,996,535
AS 42.06.286(a) statutory cap (Commission)	\$1,726,369
Maximum Recoverable through RCCs (Commission)	\$15,722,904
FY 2026 Operating Budget	\$11,175,800
Total Deductions: Other Source Receipts	\$1,668,602
Allowable for Uncollectable	\$0
Total Commission Requirement from RCCs	\$9,507,198
AS 42.05.254(a) statutory cap (RAPA)	\$3,142,079
AS 42.06.286(a) statutory cap (RAPA)	\$387,552
Maximum Recoverable through RCCs (RAPA)	\$3,529,632
Total RAPA Requirement from RCCs	\$2,502,303⁹

We calculated the preliminary FY 2026 RCC rates in accordance with AS 42.05.254 and AS 42.06.286. These statutes set a cap on the amount we may collect based on the maximum percentage of adjusted gross revenue of all public utilities, telecommunications utilities, and pipeline carriers that operate within the state. We adjusted RCC program receipts required to fund our estimated FY 2026 budget by deducting estimated receipts from other sources as required by 3 AAC 47.040, AS 42.05.254, and AS 42.06.286. Our preliminary calculation includes an estimated \$1,668,602 in revenues from other sources.¹⁰

We allocated expenditures from FY 2025 that are specifically attributed to each industry sector. Our preliminary calculation includes directly assigned costs of legal counsel.¹¹ All other Commission costs were allocated using one of two direct labor ratios.

⁹RAPA's FY 2025 budget amount is used for this order pending receipt of RAPA's FY 2026 certified costs, which will be used for calculating final FY 2026 RCC rates.

¹⁰Appendix E. Among other revenues and expenditures, \$2,360,265 is the carryforward from FY 2024 into FY 2025 and \$163,500 is power cost equalization funding for Commission personnel providing services related to the Power Cost Equalization Program.

¹¹See Appendix F.

Commissioner costs are proportionately allocated using the number of opened and closed dockets and tariff advice filings per industry sector. Other Commission costs are allocated by the directly tracked time of Commission staff per each industry sector.¹² The total amount to be recovered from RCCs for the Commission is estimated to be \$9,507,198.

RAPA's costs are directly allocated to the appropriate industry sector. The total amount to be recovered from RCCs for RAPA is estimated to be \$2,502,303. The Commission will obtain RAPA's certified cost estimates for FY 2026 before issuing the final FY 2026 RCC order. If appropriate, we will update these estimates before the hearing and before issuing the final order containing FY 2026 RCC rates.

Comment Deadline

Written comments on, or requested revisions to, these preliminary FY 2026 RCC rate calculations and objections to designations of regulated public utilities, telecommunications utilities, or pipeline carriers subject to payment of RCCs must be submitted to us by Monday, June 2, 2025. Please file comments at our address located in the left margin of this order or via our website at: <https://rca.alaska.gov/RCAWeb/WhatsNew/PublicNoticesComments.aspx>, referencing Dockets U-25-009 and P-25-008. Due to the nature of these proceedings, commenters are not required to serve their comments on the other entities listed on the service list for this order. Copies of comments will be posted on our website at <http://rca.alaska.gov> or may be requested at our regular copying rate.

¹²The Commission sections that track time for purposes of RCC calculations are the Consumer Protection and Information Section, the Communications Common Carrier Section, the Engineering Section, the Finance Section, the Tariff Section, and the Administrative Law Section, as well as individual Utility Master Analysts. See Appendix G. Indirect costs and other Commission personnel expenses are allocated based on the assumption that the substantive work of these sections is the primary driver of the work for the rest of the Commission employees.

Public Hearing

We will hold a public hearing to receive verbal comments on the proposed regulatory cost charge rates at 1 p.m. on Tuesday, June 3, 2025, in the East Hearing Room of the Regulatory Commission of Alaska, 701 West Eighth Avenue, Suite 300, Anchorage, Alaska and via Cisco Webex, unless other arrangements are ordered.¹³ We request that any person interested in participating in the hearing via Cisco Webex email our law office assistants at LOA.RCA@alaska.gov to request an invitation no later than 12 p.m., Friday, May 30, 2025.¹⁴

Timeline for Decision

Our regulations provide specific procedural timelines for establishing RCC rates. Specifically:

- We must issue notice of the preliminary, proposed RCC rates to be imposed and the basis for the rates within 30 days after the legislature passes the Commission's budget.¹⁵
- Regulated public utilities, telecommunications utilities, and pipeline carriers are allowed to comment on preliminary, proposed RCC rates or object to designation as a regulated utility within 30 days of the issuance of the notice.¹⁶
- We must hold a hearing to receive comments on RCC rates within 60 days after issuance of the notice.¹⁷

¹³If you are a person with a disability who may need a special accommodation, auxiliary aid, service, or alternative communication format in order to participate in the scheduled event, please contact Steve Jones at 907-276-6222, toll free at 1-800-390-2782; or TTY/Alaska Relay at 7-1-1, toll free at 1-800-770-8973; or send your request via electronic mail to at rca.loa@alaska.gov at least three business days before the scheduled event to make the necessary arrangements.

Any person that is interested in participating virtually via Cisco Webex should email our law office assistants at rca.loa@alaska.gov to request an invitation no later than 12 p.m., Friday, May 30, 2025, to make the necessary arrangements. Please note that all visitors must sign in and out at the front desk when visiting the Regulatory Commission of Alaska.

¹⁴/d.

¹⁵3 AAC 47.030(b).

¹⁶3 AAC 47.030(c).

¹⁷3 AAC 47.030(d).

- We must issue an order establishing final RCC rates within 90 days after issuance of the notice.¹⁸

Commission Panel

The chair designates Commissioners Steve DeVries, Mark Johnston, Robert M. Pickett, and John C. Springsteen and himself as the Commission Panel and further designates himself as the Commission Docket Manager.¹⁹

Administrative Law Judge

Under AS 42.04.070(b), the chair appoints Administrative Law Judge Nolan S. Oliver to facilitate conduct of the docket.²⁰ Orders issued by the administrative law judge will be considered orders of the Commission for purposes of petitions for reconsideration under AS 42.05.171.

ORDER

THE COMMISSION FURTHER ORDERS:

1. By 5 p.m., Monday, June 2, 2025, interested persons may file written comments on the proposed, preliminary regulatory cost charge rates set out in this order.

2. By 5 p.m., Monday, June 2, 2025, a regulated public utility, certificated utility that provides telecommunications services, or pipeline carrier may file an objection to designation as an entity subject to payment of regulatory cost charges.

¹⁸3 AAC 47.030(e).

¹⁹Under AS 42.04.080(a), the chair designates a Commission Panel to hear, or, if a hearing is not required, to otherwise consider and decide docketed matters.

²⁰See 3 AAC 48.165.

1 3. A public hearing shall convene at 1 p.m. on Tuesday, June 3, 2025, in
2 the East Hearing Room of the Regulatory Commission of Alaska, 701 West Eighth
3 Avenue, Suite 300, Anchorage, Alaska and via Cisco Webex, as discussed in the body
4 of this order.²¹

5 4. Commissioners Steve DeVries, John M. Espindola, Mark Johnston,
6 Robert M. Pickett, and John C. Springsteen are designated as the Commission Panel.

7 5. Commissioner John M. Espindola is designated as the Commission
8 Docket Manager.

9 6. Nolan S. Oliver is appointed to serve as the administrative law judge.

10 DATED AND EFFECTIVE at Anchorage, Alaska, this 2nd day of May, 2025.

11 BY DIRECTION OF THE COMMISSION



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22 auxiliary aid, service, or alternative communication format in order to participate in the
23 scheduled event, please contact Steve Jones at 907-276-6222, toll free at
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