

Sponsor Statement for HCR 9 Matanuska Electric Association Deregulation

Encouraging the Matanuska Electric Association
to reverse its plan to pursue deregulation.

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Electrical deregulation is a risky idea. It has worked in some states and it has not worked in other states. In those states where it has not worked, it has had disastrous consequences for consumers and the economies of those states.

During the 21st Alaska Legislature, the House of Representatives formed a special committee on Utility Restructuring. This committee considered the issue of whether the state should support deregulation in Alaska and concluded that deregulation would not work in Alaska. It reached this conclusion for several reasons. The principal one is that Alaska is unique because it is not connected to the electrical grid in the Lower 48 and thus has a unique structure for delivering electrical power to consumers in Alaska.

Recently the Matanuska Electrical Association announced plans to remove itself from regulation by the Regulatory Commission of Alaska. Subsequent to that announcement, the association stated that it was postponing those plans. At this point it is unclear whether the association at some point in the near future will move forward with its plans for deregulation.

No other major electrical utility has announced plans to attempt to remove itself from regulation by the Regulatory Commission of Alaska.

The Regulatory Commission of Alaska performs many tasks. One is to make sure that electric utilities properly manage and spend ratepayers' money. The commission recently ruled that the Matanuska Electrical Association did not properly spend more than a million dollars of ratepayer monies on such items as legal fees and advertising.

Another task the commission performs is to monitor electrical utilities to make sure that they are properly managed and that they are able to deliver a reliable source of electricity to consumers.

Because deregulation has not worked in other states, because Alaska is unique, because the Matanuska Electrical Association has run afoul of the Regulatory Commission of Alaska, because the 21st Alaska Legislature did not support electrical deregulation, and because no other major electrical utility has attempted to remove itself from regulation by the Regulatory Commission of the Alaska, it is important that the Legislature go on record discouraging the Matanuska Electrical Association from removing itself from regulation by the Regulatory Commission of Alaska.