

[print](#)

State rejects plan to deregulate steam heat service in downtown Fairbanks

by Jeff Richardson / jrichardson@newsminer.com

05.06.11 - 12:16 am

FAIRBANKS — State regulators have rejected a request by Aurora Energy to lift the price cap on steam heat it provides to downtown customers.

The Regulatory Commission of Alaska ruled last Friday against the plan to deregulate the steam provided through an underground downtown network. If the request had been approved, heating rates would have roughly doubled for steam customers during the next few years.

Aurora Energy has just 73 clients on its steam heat system, but they include some of the bigger properties in the downtown area, including the KeyBank building and Courthouse Square. In addition to steam heat, Aurora's First Avenue plant provides hot water to a larger area downtown.

Aurora, owned by the Usibelli family, bought the system when the city of Fairbanks privatized its utility systems 12 years ago. The plant's hot water service isn't regulated, and Aurora argued its steam business should have the flexibility to set rates in the same manner.

“(Our customers) are all getting BTUs, delivered similarly,” Aurora president Buki Wright said.

The RCA ruled Aurora hadn't provided “clear and convincing evidence” the public would be served by deregulation, particularly since most of its customers don't have an alternative heat source. The commission also said Aurora failed to provide details showing there was an unreasonable difference between the capped rates for steam heat and the unregulated rates for hot water.

Eight responses to the Aurora proposal opposed deregulation, including one by the city of Fairbanks.

Wright said the company hasn't decided what its next step will be. Options include asking the RCA to reconsider its ruling, appealing the decision in court, or accepting the regulated status and filing for a rate change with the RCA.

Wright said steam rates haven't changed in 25 years, and the company feels they need to be adjusted.

“I think it's not realistic to expect that we'll be able to leave the rates where they are indefinitely,” Wright said.

Contact staff writer Jeff Richardson at 459-7518.

© newsminer.com 2011