

**Willie Keppel**

From: "Willie Keppel" <wkeppel@unicom-alaska.com>  
 To: "deMarban, Alex" <AdeMarban@adn.com>  
 Sent: Friday, February 23, 2007 8:22 AM  
 Subject: snags/energy study

Good morning Alex,

Have a good one for you.

Bethel Alternative Energy Committee put together a proposal for bid for the initial engineering study for a wind farm.

The winning bidder was *Electric Power Supply of Anchorage*.

The problem we are facing is, Bethel Utilities Corp., a private monopoly electric supplier, is balking and foot dragging to stall the study. By statute and tariff, they have to comply, but in which century seems to be the issue. It's already to the point where EPS is considering dropping the contract. That's exactly what BUC wants.

This sets the stage for an in-depth article, which explains to all urbanites, part of the main problems of paying for the high cost of energy in Rural Alaska.

Consider some of these points:

1. BUC is the only monopoly that serves three communities in the State.
2. BUC makes it's profit on the cost plus system, instead of a tariff incentive for higher profits, based on the lowest cost for a kWh produced.
3. BUC has rejected bids from the two Native owned and operated fuel delivery services, in favor of delivery from Crowley.
4. Crowley gets every single penny provided by the State's PCE program.
5. BUC's October filing with the regulatory commission shows their delivered fuel cost at \$3.85 per gallon. [they buy in excess of two million gallons of fuel a year]
6. If you as a private consumer purchase 3000 gallons of fuel or more in a single day, your bulk fuel is \$3.64 a gallon, including taxes. You can cut a deal with Hoffman Fuel to deliver for 17 cents a gallon, to a single tank. Add that up, \$3.81 a gallon.
7. In a nut shell, the legal scam, allowed by tariff, flies in the face of all the Administrations and Legislators that have worked diligently to try and lower or stabilize the cost of electricity in Rural Alaska.
8. Crowley was allowed to buy out Yukon Fuel as former Att. Gen. Renkes decided that this buy out would not constitute a monopoly.
9. In Bethel, Crowley is masquerading as a duel competitor with Delta Western as opposing opponent. Nothing could be further from the truth.
10. For the first time ever, we just received conformation from the State that we officially lost population. It's not just the Villages. Wait until you see the exodus that will happen when the barges arrive this spring and people can load their vehicles and containers of household goods. I lost track of how many people I know that are leaving, come spring. All of them are escaping because of the market driven prices for goods and services, directly related to fuel and electricity.
11. I didn't know the exact numbers for prices until recently, so it follows that Legislators don't have a clue what is going on out here. An in-depth story will help bring to focus the needed changes in law and tariff that only a NEW administration, can make happen.

I'm a walking wealth of info, so is our new City administration. All of us are dedicated to getting the costs of living in line. Please feel free to contact Manager Wally Baird, 543-2047, Public Works Director, Wayne Ogle, 543-3110, Councilman Tundy Rodgers, 543-2035, or Mayor Dan Lineberger, 543-3733.

Dan and Tundy also serve on our Alternative Energy Comm.

2/27/07

If you contact Wayne Ogle, he can get you hooked up to the City website that allows you to follow the Cities main projects, i.e., wind, water and sewer.

Alex you have the power of the pen and all the space you need to expose one of the biggest State sponsored scams, in favor of industry over it's own citizens. I have more than enough documentation to back my mouth. Lets put them together and make a real, lasting difference.

Happy trails, Willy

2/27/07

Cite as AK, 423 P.2d 285

Kenai peninsula is \$6,100,000.<sup>14</sup> At the time this action was instituted below, appellant's total investment within the city of Kenai was \$160,000, and it was serving a total of eighty-five consumers within the city.<sup>15</sup> The evidence adduced at the preliminary injunction hearing demonstrated that the city of Kenai had duplicated portions of appellant's electrical distribution system located within the city of Kenai and had succeeded in persuading eleven of appellant's customers to subscribe to its own electrical service. The record also discloses that at no time had the city of Kenai ever granted a franchise to appellant Homer Electric Association to operate within its city limits.

We are called upon to decide the effect of the 1963 amendments to Alaska Public Service Commission Act. More particularly, we must determine whether the issuance of a certificate of public convenience and necessity to appellant is a grant of an exclusive right, or monopoly, within the delineated service area, which is entitled to protection against competition from the city of Kenai's utility which is exempt from the Public Service Commission's regulation. The 1963 amendments to the Alaska Public

14. Of this figure \$3,573,571.17 represents the value of its total investment in electrical distribution facilities; the remaining balance represents appellant's investment in generation and general plant facilities. The financing for appellant's system was received from the Rural Applications Administration pursuant to a thirty-five year loan.

15. At the time the lawsuit arose appellant had a total of 2,000 customers throughout its entire service area.

16. Typical of the authorities cited by appellant in regard to its theory of state regulation of utilities argument is the following:

The theory of the regulation of municipal public utilities by the state through such a commission is to avoid competition which is now generally recognized as a needless economic waste and an entirely insufficient method of securing the necessary regulation and control. Under this method the state

Service Commission Act are silent on the question of whether the grant of a certificate of public convenience and necessity was intended as a grant of a monopoly to the regulated utility.

In support of its contention that it received a monopoly by virtue of its certificate, appellant relies on the general policy behind state regulation of utilities and the legislative history of the 1963 amendments (House bill 228) to the Alaska Public Service Commission Act.<sup>16</sup> Appellant lays great stress upon the Governor's letter which accompanied the introduction of House bill 158 during the 1963 legislative session.<sup>17</sup>

House bill 158 required that public utilities obtain a certificate of public convenience and necessity, and specifically included municipal utilities within the jurisdiction of the Public Service Commission. This bill was then referred to the Commerce Committee and died there. Subsequently, the House Commerce Committee introduced House bill 228 which was signed into law by the Governor without comment.

Comparison reveals that the first four sections of House bill 158 were embodied and enacted in House bill 228 with only

through its commission takes the place of competition and furnishes the regulation which competition can not give, and at the same time avoids the expense of duplication in the investment and operation of competing municipal public utilities.

3 Pond, Public Utilities § 901 (4th ed. 1932). See Corporation Comm'n of Arizona v. People's Freight Line, Inc., 41 Ariz. 158, 16 P.2d 420, 422 (1932); Calumet Serv. Co. v. City of Chilton, 143 Wis. 334, 135 N.W. 131, 143-144 (1912).

17. AS 24.30.060(b) provides in part:

Bills presented by the governor shall be delivered with a letter to the rules committee of either house and bear the inscription 'Rules Committee by Request of the Governor.' \* \* \* The governor \* \* \* may submit a statement of purpose and effect with each bill and appear personally or through a representative before any committee consid-

minor changes.<sup>18</sup> The significant tion between the Governor's proposition (House bill 158) and the Commerce Committee's bill, which was enacted into law, is that the former specifically municipal utilities (with the exception of water and sewer utilities) within the of the Alaska Public Service Commission Act, whereas the latter amended AS 640(2) of the act to exclude municipally owned and operated utilities.<sup>19</sup>

[1] We agree with appellant's that it is an accepted method of determining legislative intent to look to introductory executive messages.<sup>20</sup> From a review of the Governor's letter which accompanied the introduction of House bill 158, it is manifest that the Governor envisioned that the certificate of public convenience and necessity as granting a monopoly.<sup>21</sup> On the other hand, it is equally apparent that the Governor also intended that municipal utilities were to be included under proposed amendments.

18. The following were enacted with changes: Proposed AS 42.06.010 was enacted as AS 42.05.193. Proposed AS 42.06.020 was enacted as AS 42.05.194. Proposed AS 42.06.030 was enacted as AS 42.05.195 and proposed AS 42.06.040 was enacted as AS 42.05.196.

19. See note 11 supra.

20. See 2 Sutherland, Statutory Construction § 5004 (3d ed. 1943).

21. The Governor's letter reads in part: Utilities face problems which make it a necessity for them to operate on a noncompetitive basis in the areas they serve. A utility requires an enormous amount of capital for its facilities and a long period of time to realize a return on its capital investment. Uncertainty and uncertainties are not conducive to long-range programs, and smaller utilities are subject to unstable economic changes, the more successful they are likely to be. In competition in the utility field is the life of trade. Duplication of facilities for a fixed market results in increased costs which are borne by the consumer. It is the function of

**Message**[Jump to the end of this Message](#)**From:** "Rep. John Harris" <Representative\_John\_Harris@legis.state.ak.us>**Subject:** RE: energy**Date:** Mon, 12 Mar 2007 08:11:10 -0800**To:** "Willie Keppel" <wkeppel@unicom-alaska.com>

Willy:

Thanks for your comments. The earnings of the Permanent Fund are an option to provide funding for renewable energy projects. I wish you luck on your wind farm project in Bethel. If this legislation passes, maybe it will be of some help.

John Harris

**From:** Willie Keppel [mailto:wkeppel@unicom-alaska.com]**Sent:** Friday, March 09, 2007 5:28 PM**To:** Rep. John Harris**Cc:** wally baird**Subject:** energy

Good afternoon,

I watched you and Sen. Ellis on T.V. this morning, discussing how to fund energy.

I have been advocating this for years and even sent a letter outlining my thoughts to the Commerce Dept when the Gov. invited public input a month a or two ago.

My idea is to use the Permanent Fund.

I would like the utilities or communities to be able to approach AEA/AIDEA with their plan for alternative energy. Then when the engineering plan is acceptable to the State's experts, they should be able to submit the financial request to the board of Governors for the Permanent Fund.

<http://mail.unicom-alaska.com:8100/Session/5554-YIXxzau7tG5UL7aCI89z/Message.wssp?...> 3/12/07

Living in Bethel and paying the astronomical price we pay for electricity, has always irked me, knowing how much money we invest in Wall Street and other markets. This Republican believes that it is high time to invest in ourselves.

I figure a small change in the law would allow the people to invest in themselves. Long term, low interest. To me it is a win-win situation. You as a Legislator would not have to go through the yearly combat to find funds to invest in an infrastructure, that would only benefit the economy.

Since we generate new revenues from oil each year, nothing would have to be sold to provide the loans.

No more or no less would be invested than what is recommended by the experts at AEA/Aieda.

The City of Bethel is working with an engineering company at the moment to do phase one of the engineering for a wind farm. How we come up with the millions that will be needed is very much in the air. We do know that the power company will have to pay us 34 cents for every kilowatt we produce. That is the avoided fuel cost. I look at all the States that are investing heavily in wind and realize that they are getting less than 10 cents for their produced product. It only follows that if it is good for them, it's three times as good for us.

Close to thirty years ago, I was undecided about the dam project and intertie for Copper Valley Electric. Twenty years later and the same amount of dividends, I'm a believer in investing in ourselves.

It was dam good business and it's time to jumpstart the program again.

Thank-you for your time and consideration, Willy Keppel, Bethel, 543-3986

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## BETHEL UTILITIES CORPORATION

3380 C Street, Suite 210  
Anchorage, Alaska 99503  
Phone: (907) 562-2500  
Fax: (907) 562-2502

May 23, 2006

Mr. Wally Baird  
City Manager  
City of Bethel  
P.O. Box 1388  
Bethel Alaska 99559

Dear Wally,

I enjoyed meeting with you last week and think we had a very productive and much needed meeting of the minds.

As requested, I will hereby confirm my offer to resolve the issues between BUC and the City regarding street light pole rental and heat for the City complex as follows:

- The City shall execute the pole rental agreement previously delivered to the City as written.
- BUC shall waive any right to collect pole rental amounts for prior years.
- The City shall be allowed to continue to place street lights on BUC poles on an as-needed basis per the terms of the above referenced agreement.
- BUC shall continue to supply heat to the City office complex.
- BUC and the City shall execute a heat-use agreement to provide for heat at a to-be-agreed-upon flat charge tied to BUC's cost of fuel.
- The City shall assume responsibility for the heat line servicing the City complex from where it branches from BUC's main circulating heat line. Such responsibility shall include the cost of maintenance, repairs, and liability, including environmental, property damage and personal injury.
- The City shall waive any claim for adjustments to past amounts billed by BUC for heat.


As you are aware, BUC had scheduled the termination of heat service to the City complex effective May 31, 2006. In light of our mutual pledge to try to timely resolve the two issues above in the manner described, we will forgo the termination of heat at this time.

Please present this matter to the City Council as soon as possible and let us know the outcome. If there is anything we can do in the meantime to help move this along, please let me know.

Best regards,

A handwritten signature in black ink, appearing to read 'E. Milbury', is written over a horizontal line.

Edward L. Milbury  
President

 **Message**

[Jump to the end of this Message](#)

**From:** Jana Grenn <jana\_grenn@rca.state.ak.us>  
**Subject:** RE: Bethel Information Request  
**Date:** Tue, 06 Mar 2007 10:31:02 -0900  
**To:** "wkeppel@unicom-alaska.com" <wkeppel@unicom-alaska.com>

Good Morning Mr. Keppel:

In regards to your information request, the majority of the information you are looking for can be found on the Commission's website at <http://www.state.ak.us/rca/>. On the right hand side of the page is a section called Quick Links and underneath that is an item called Data Page Search (imaged documents and transcripts), you will want to click on this. This will open a page called RCA Data Access Project, under the Reports Section, you will want to click on Current tariffs (it is the 4<sup>th</sup> item under the Reports Section). This will open a listing of all of the tariffs we have on file for regulated utilities. They are sorted according to their Certificate numbers; in this case Bethel is Certificate number (CPCN) 43. When you locate Bethel, you will want to click on number 43. This will open a page specifically on Bethel. You will want to scroll down until you reach the section titled Tariff Filings.

The tariff filings section, lists all the tariff filings that the utility has ever made and the documents associated with those filings. As a side note, if you are interested in any information prior to 2001, it will not be available to view via the website. Prior to 2001, the Commission was not scanning all of its filings into its database system. There are descriptions for each filing. In your case you will be looking for filings with descriptions, such as PCE Funding Level Change and COPA, PCE & NFPPR. You said you would like to see the last 3 modifications to Bethel's PCE; in this case you will want to select TA193-43, 192-43 and 191-43. When you click on these filings a page will be brought up that lists the initial tariff filing, all supplemental filings, staff memorandums and letter orders associated with that TA number. You can only view the documents one at a time and in order to do so, you must click on the long identification number above each item.

In addition, you also mentioned you wanted to see the last 4 years worth of what I am assuming are COPA filings, where Bethel projects its 3-month fuel costs and kWh sales. Here are the following Tariff filings you will want to look at:

TA193-43, TA191-43, TA189-43, TA185-43, TA183-43, TA181-43, TA180-43, TA177-43, TA176-43, TA175-43, TA174-43, TA171-43, TA169-43, TA167-43, TA166-43 and TA163-43

These filings will also be where you will find the invoices for the fuel purchases made by the company. The contracts or bids for these fuel purchases are not required to be filed with the Commission; however, the invoices are. As far as I can tell the Commission also does not require that bid packets for the contract to haul fuel from the bulk plant to the utility be filed; however, more research may be needed if that is your primary area of interest.

Finally, you wanted to know if Bethel filed non-regulated fuel and power cost reports. Bethel is an economically regulated utility and is not required to file non-regulated fuel and power cost reports. The information you would find in such reports, would be found in the COPA filings made by Bethel on a quarterly basis and are required by the Commission and the utility's tariff. If you would like any or all of this information in hard copy, we can accommodate that request as well, however, the Commission does charge \$0.20 per page, plus shipping.

Hopefully, you will find this information helpful. If you have any questions or need any additional information, please call or email me.

Thank You-

Jana Grenn

Utility Tariff Analyst

Regulatory Commission of Alaska

907-263-2194

**From:** Willie Keppel [mailto:wkeppel@unicom-alaska.com]

**Sent:** Sunday, February 25, 2007 7:52 AM

**To:** rca\_mail@rca.state.ak.us

**Subject:**

Good morning,

I don't have the program to open a lot of documents and would appreciate some help.



I would like to see the last 3 modifications to the PCE for Bethel Utilities.

I am wondering if Bethel files non-regulated fuel and power cost reports and if so, may I have a copy of the last 2 years worth?

I would also like to know where to find the last two years worth of filings that show on the electric bill as fuel coefficient, or if you have it a copy.

In the tariff there is a page on estimated fuel cost, filed every 90 days and I would like to see the last 4 years worth. It takes 18 minutes for me to download a tariff for Bethel and it shows only the current one.

How do I find the bid packets received for contract to haul fuel from the bulk plant to Bethel Utilities.

May I see all the contracts for fuel purchase for the last 5 years?












How about the bids for the same?

Which program do I need to download to open all of the filings?

Is this program available through the State, on line?

Thank-you, Willy Keppel, Bethel, 543-3986

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Public Utilities Commission**BETHEL UTILITIES CORPORATION**

## RULES AND REGULATIONS

5.15 INTERCONNECTION OF CONSUMER OWNED ALTERNATE TECHNOLOGY AND FOSSIL FUEL STANDBY GENERATION EQUIPMENT (continued) N

Customers may appeal this refusal to the Alaska Public Utilities Commission, 420 L Street, Suite 100, Anchorage, Ak. 99501, Phone number (907) 276-6222.

3. If an unauthorized interconnect is found, the Company will immediately terminate service to those facilities and reconnect the service only when all conditions of these Rules and Regulations are satisfied.

## FOSSIL FUEL STANDBY GENERATION

The Company will not permit the interconnection and operation of fossil fuel standby generation facilities, such as diesel or gasoline engine driven standby generators, with its integrated distribution system under any circumstances. Diesel or gasoline driven standby generators shall be connected to the customer's load only through a double throw switch that will prevent parallel operation with the Company's distribution system.

## OTHER CONSIDERATIONS

BUCI is obligated to connect with cogeneration facilities that meet the safety and reliability standards established by the Federal Energy Regulatory Commission. The customer shall be solely responsible for all accidents or injuries to persons or property caused by the operation of the customer's equipment, or by any failure of the customer to maintain his equipment in a satisfactory and/or safe operating condition, and shall indemnify, defend and save harmless the Company from any and all claims,

Tariff Advice No. 72Effective: 1/23/87Issued by: BETHEL UTILITIES CORPORATIONBy: TS Sterrett

THOMAS S. STERRETT, JR.

Title: CONTROLLER

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Public Utilities Commission

**BETHEL UTILITIES CORPORATION****RULES AND REGULATIONS****5.15 INTERCONNECTION OF CONSUMER OWNED ALTERNATE TECHNOLOGY AND FOSSIL FUEL STANDBY GENERATION EQUIPMENT (continued)**

suits, losses or damages for injuries to persons or property, of whatsoever kind or nature arising directly or indirectly out of the operation of such

equipment or by the failure of the customer to maintain its equipment in a satisfactory and/or safe operating condition.

**5.16 CUSTOMER POWER OUTAGE**

N

If a power outage occurs, the customer should attempt to determine if the outage is caused by failure of the customer's equipment or of the Company's equipment. If the customer determines the fault to be the Company's responsibility, the Company will send a serviceman out to investigate the reported outage. If the cause of the outage is determined to be the failure of the Company's equipment, the Company will correct the problem and restore service as soon as possible. However, if the cause of the outage is determined to be in the customer's portion of the service, the customer will be charged for all actual expenses associated with the serviceman's visit to the customer's service location (see Schedule of Fees and Charges).

**5.17 PERSONAL GUARANTEE REQUIREMENTS**

N

The Company reserves the right to require personal guarantees of payment from the principal shareholders or officers prior to or anytime after accepting a corporation's application for service. The Company also reserves the right to require all general partners of a partnership to sign an application for service.

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**BETHEL UTILITIES CORPORATION****RULES AND REGULATIONS****5.14 AUTHORIZED BREAKING OF A METER SEAL**

N

Under certain circumstances, a customer may request permission to break a meter seal in order to facilitate disconnection for electrical work. Such requests should be addressed to the Company. A fee will be charged for resealing the equipment (see Schedule of Fees and Charges).

**5.15 INTERCONNECTION OF CONSUMER OWNED ALTERNATE TECHNOLOGY AND FOSSIL FUEL STANDBY GENERATION EQUIPMENT**

N

**ALTERNATE TECHNOLOGY GENERATION**

1. The Company will permit the interconnection and operation of alternate technology generation facilities such as wind energy conversion systems or small scale hydroelectric facilities with its integrated distribution system upon compliance by the customer with the following provisions:

a) A customer who owns any alternate technology generation shall request approval from the Company to interconnect with its system at least forty five days prior to the date on which the customer would intend to make any connection in any way to electric circuitry common to the Company's integrated distribution system.

b) The customer shall submit to the Company along with its request for interconnection complete documentation of the alternate technology generation equipment including, but not limited to:

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**BETHEL UTILITIES CORPORATION****RULES AND REGULATIONS****5.15 INTERCONNECTION OF CONSUMER OWNED ALTERNATE TECHNOLOGY AND FOSSIL FUEL STANDBY GENERATION EQUIPMENT (continued)** N

schematics, wiring diagrams, performance specifications, descriptions of energy storage devices, circuit protection equipment, regulation equipment, automatic disconnect equipment and any other proprietary device provided by the equipment manufacturers.

c) Upon approval of the interconnection by the Company the customer shall agree under special contract with the Company to pay the cost of any special metering equipment or circuit modifications determined by the Company as necessary to accomplish the interconnection, to pay the costs incurred by the Company to make such interconnection, to install power factor-corrective equipment to maintain a power factor of not less than 0.9, to operate the generation equipment in strict compliance with safety procedures established by the Company, and to accept the terms of purchase of energy as set forth in the contract or the Rate for Purchase of Non-Firm Power from Qualifying Facilities as provided in this tariff.

2. The Company reserves the right to refuse interconnection with alternate technology generation facilities or limit the number of interconnections with alternate technology generation facilities on any circuit if it is determined by the company that any such interconnection would be harmful or hazardous to its system, employees or other customers. If a proposed interconnection is refused by the Company, the Company will provide the customer, within thirty days of the initial request, written notice of refusal, including a statement of the reason(s) for the refusal.

Tariff Advice No. 72

Effective: 1/23/87

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Title 3 . Commerce, Community, and Economic Development

Chapter 50 . Telecommunications

Section 750. Application, purpose, and waiver

## **3 AAC 50.750. Application, purpose, and waiver**

(a) 3 AAC 50.750 - 3 AAC 50.820 apply to all electric utilities subject to the regulatory jurisdiction of the commission under AS 42.05.361 - 42.05.441. These sections govern interconnection and purchases and sales of electric power between an electric utility and a qualifying facility.

(b) The purpose of 3 AAC 50.750 - 3 AAC 50.820 is to encourage cogeneration and small power production by setting out guidelines for the establishment of reasonable, nondiscriminatory charges, rates, terms, and conditions under which interconnection and purchases and sales of electric power will occur between an electric utility and a qualifying facility.

(c) Any requirement in 3 AAC 50.750 - 3 AAC 50.820 may be waived, in whole or in part, or be modified by order of the commission upon application and a showing of good cause. An entity shall file and the commission will consider an application in accordance with 3 AAC 48.805.

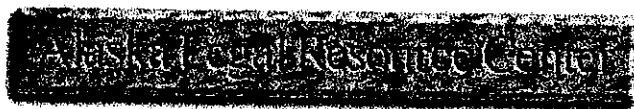
**History:** Eff. 11/20/82, Register 84; am 4/24/2004, Register 170

**Authority:** AS 42.05.141

AS 42.05.151

<http://www.touchngo.com/lglcntr/akstats/aac/title03/chapter050/section750.htm>

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### Title 3. Commerce, Community, and Economic Development

#### Chapter 50. Telecommunications

#### Section 760. Interconnection

### **3 AAC 50.760. Interconnection**

- (a) An electric utility shall make interconnection with a qualifying facility as may be necessary to accomplish purchases or sales under 3 AAC 50.750 - 3 AAC 50.820.
- (b) Notwithstanding (a) of this section, an electric utility is not required to interconnect with a qualifying facility if
  - (1) the electric utility, solely because of purchases and sales over the interconnection, would become subject to federal regulation under Subchapter II of the Federal Power Act, 16 U.S.C. Â§ 824; or
  - (2) a qualifying facility does not comply with the safety and reliability standards prescribed for interconnection by the commission.
- (c) An electric utility may assess a qualifying facility interconnection charges which are reasonable and *nondiscriminatory with respect to other customers that have similar load characteristics.*
- (d) Interconnection charges may include the reasonable costs of connection, switching, metering, transmission, distribution, safety provisions, administration, and other costs incurred by the electric utility directly related to the installation and maintenance of the physical facilities necessary to permit interconnected operations with a qualifying facility, to the extent these costs are in excess of the corresponding costs which the electric utility would have incurred if it had not engaged in interconnected operations, but instead generated an equivalent amount of electric power from other sources. Interconnection costs do not include any costs included in the calculation of avoided costs.
- (e) An electric utility shall offer a qualifying facility the option of reimbursing the electric utility for

interconnection charges over a reasonable period of time. The electric utility may charge reasonable interest, to be prescribed in its tariff or special contract, for the financing of the interconnection costs.

(f) If a dispute arises under 3 AAC 50.810, an electric utility shall submit to the commission the information necessary to support the methodology and calculations used in developing the charges assessed to a qualifying facility for interconnection.

(g) An electric utility shall offer to operate in parallel with a qualifying facility.

(h) An electric utility shall offer a qualifying facility that has a generating capacity of 10 kilowatts or less the option of using a single detent meter during parallel operation.

**History:** Eff. 11/20/82, Register 84

**Authority:** AS 42.05.141 (a)

AS 42.05.151 (a)

AS 42.05.291 (b)

AS 42.05.301

AS 42.05.361 (a)

AS 42.05.381 (a)

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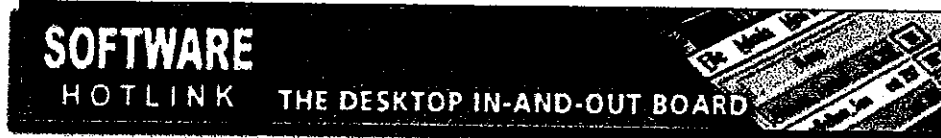




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### Title 3. Commerce, Community, and Economic Development

#### Chapter 50. Telecommunications

#### Section 770. Purchases

### **3 AAC 50.770. Purchases**

- (a) An electric utility shall purchase, in accordance with (c) - (f) of this section, any electric power which is made available from a qualifying facility.
- (b) Notwithstanding (a) of this section, an electric utility is not required to purchase electric power from a qualifying facility if
- (1) due to operational circumstances, purchases from a qualifying facility result in costs greater than those which the electric utility would have incurred if it had not made such purchases but had instead generated or purchased an equivalent amount of power; if purchases have started, an electric utility seeking to stop purchase under this paragraph shall notify in writing each affected qualifying facility in time for the qualifying facility to stop the delivery of electric power to the electric utility, or the electric utility shall pay the expense it would have incurred had power continued to be purchased from the qualifying facility at established rates during the same period;
  - (2) during a system emergency, purchases from a qualifying facility would further contribute to the emergency; or
  - (3) with the agreement of the qualifying facility, the electric utility transmits the electric power to another electric utility which is obligated to purchase that electric power as if it were supplied directly by the qualifying facility.
- (c) Rates for purchases of electric power must be just and reasonable and must not discriminate against qualifying facilities or adversely affect the consumers of the electric utility.

(d) For purchases from a qualifying facility which supplies non-firm power, rates must be based on the cost of energy which the electric utility avoids by virtue of its interconnection with the qualifying facility. Rates under this subsection must comply with the following requirements:

(1) Unless otherwise modified by the commission, avoided energy costs, expressed in cents per kilowatt-hour, must be determined from the sum of fuel and variable operation and maintenance expenses and the energy portion of purchased-power expense for a 12-month period, approved by the commission, updated by subsequent fuel costs, and divided by the number of kilowatt-hours sold for the same time period. Expenses and kilowatt-hours sold associated with hydroelectric generation must be specifically excluded from the computation of avoided costs for an electric utility which relies on hydroelectric generation for 25 percent or more of its total power requirements.

(2) An electric utility shall submit to the commission the following information for the calendar or fiscal year preceding the date of filing, or a more recent 12-month period, to support rates for purchases of non-firm power:

(A) the data and computation of avoided energy costs specified in (d)(1) of this section; and

(B) at its option, the data and computation of avoided energy costs based on any other methodology deemed appropriate and justifiable by the electric utility.

(3) Rates for purchases of non-firm power must be adjusted contemporaneously with fuel-cost rate adjustments and with changes in avoided energy costs in general rate revisions.

(e) For purchases from a qualifying facility which supplies firm power, rates must be based on the costs of energy and capacity which the electric utility avoids by virtue of its interconnection with the qualifying facility. Rates under this subsection must comply with the following requirements:

(1) In determining avoided energy and capacity costs, to the extent practicable, the following factors must be taken into account:

(A) the estimated avoided energy costs stated on a cents per kilowatt-hour basis for the current calendar or fiscal year and each of the next five years;

(B) the electric utility's plan for the addition of capacity by amount and type, for purchases of firm energy and capacity, and for requirements for each year during the next 10 years;

(C) the estimated capacity costs at completion of the planned-capacity additions and planned-capacity firm purchases, on the basis of dollars per kilowatt and the associated energy costs of each unit, on the basis of cents per kilowatt-hour; these costs must be expressed in terms of individual generating units and of individual planned firm purchases;

(D) the availability of capacity or energy from a qualifying facility during system daily and seasonal peak periods;

(E) the ability of the electric utility to avoid costs due to the availability of energy or capacity from the qualifying facility; and

(F) the costs or savings resulting from variations in line losses due solely to purchases from qualifying facilities.

(2) An electric utility shall submit to the commission the information necessary to support the methodology and calculations used in developing rates for purchase of firm power based on avoided energy and capacity costs.

(f) Rates for purchases from a qualifying facility, the construction of which was commenced on or after November 9, 1978, must be set at an electric utility's full avoided costs as determined under (d) or (e) of this section. Rates for purchases from a qualifying facility, the construction of which was commenced before November 9, 1978, may be set at less than full avoided costs, provided that the lower purchase rates are established in accordance with (c) of this section.

(g) An electric utility which is legally obligated to obtain all of its requirements for electric power from another electric utility shall submit to the commission the requisite avoided cost data of its supplying utility and the rates at which it currently purchases such energy and capacity. The supplying electric utility shall make the necessary information available to the purchasing electric utility at the time its wholesale power rates are approved by the commission.

(h) An electric utility or qualifying facility may agree by special contract, subject to 3 AAC 48.390, to different rates, terms, or conditions for purchases than otherwise required by this section. A contract between an electric utility and a qualifying facility is valid if the commission determines the rates, terms, or conditions for purchases are just and reasonable to the customers of the electric utility and in the public interest. The contract may not be nullified under 3 AAC 50.770(b)(1) without prior commission approval.

**History:** Eff. 11/20/82, Register 84

**Authority:** AS 42.05.141 (a)

AS 42.05.151 (a)

AS 42.05.291 (c)

AS 42.05.361 (a)

AS 42.05.391 (a)

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### Title 3. Commerce, Community, and Economic Development

#### Chapter 50. Telecommunications

#### Section 780. Sales

### **3 AAC 50.780. Sales**

- (a) An electric utility shall provide service to a qualifying facility including, but not limited to, supplementary power, back-up power, maintenance power, and interruptible power.
- (b) Notwithstanding (a) of this section, an electric utility is not obligated to provide supplementary power, back-up power, maintenance power, and interruptible power to a qualifying facility upon a showing to and determination by the commission, after reasonable notice and an opportunity for public comment, that compliance with that requirement will either impair the electric utility's ability to give adequate service to its customers or impose an undue burden on the electric utility.
- (c) Rates for sales must be just and reasonable and in the public interest and must not discriminate against the other consumers of the utility or against a qualifying facility in comparison to rates for sales to other customers of the electric utility with similar load or other cost-related characteristics.
- (d) An electric utility shall submit to the commission the information necessary to support the methodology and calculations used in developing rates for sales of electric power to a qualifying facility in conformance with applicable commission regulations.
- (e) Rates for sales of back-up power and maintenance power
  - (1) must not be based upon an assumption that forced outages or other reductions in electric output by all qualifying facilities on an electric utility's system will occur simultaneously, or during the system peak, or both, unless the assumption is supported by factual data; and
  - (2) must take into account the extent to which scheduled outages of the qualifying facilities can be

usefully coordinated with the scheduled outages of the electric utility's facilities.

(f) During any system emergency, an electric utility may discontinue sales to a qualifying facility, provided that the discontinuance is on a nondiscriminatory basis.

**History:** Eff. 11/20/82, Register 84

**Authority:** AS 42.05.141 (a)

AS 42.05.151 (a)

AS 42.05.291 (c)

AS 42.05.301

AS 42.05.361 (a)

AS 42.05.381 (a)

AS 42.05.391 (a)

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