HOUSE BILL NO. 340

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE MILLETT BY REQUEST

Introduced: 2/26/14
Referred: House Special Committee on Energy, Labor and Commerce

A BILL

FOR AN ACT ENTITLED

"An Act directing the Regulatory Commission of Alaska to provide a report to the legislature relating to electrical transmission in certain areas of the state; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REVIEW OF ELECTRIC UTILITY INTERCONNECTION. (a) The commission shall, not later than July 1, 2015, or as soon as practicable thereafter, provide a report to the legislature determining whether creating an independent entity that meets the requirements of (b) of this section to manage the electrical transmission facilities in the Railbelt area is the best option to provide for effective and efficient electrical transmission, including economical distribution, reliability of electrical service, and nondiscriminatory, open access to transmission services. The commission shall also provide suggested legislation and changes to the regulations of the commission in the report.

(b) In the report under (a) of this section, the commission shall evaluate the creation of an independent entity that

(1) is organizationally independent from the commission;

(2) is directed by a board of directors of stakeholders;

(3) has operational authority over the electrical transmission facilities of the Railbelt area;

(4) has the exclusive responsibility to maintain the reliability of the electrical transmission facilities of the Railbelt area;

(5) will provide for mandatory participation by all entities using an interconnected transmission system;

(6) will maximize the use of existing electrical transmission resources and will, where possible, avoid duplication of facilities;

(7) has the power to

(A) mandate the use of a nondiscriminatory electrical transmission system;

(B) adopt, maintain, and reinforce reliability standards by adopting an equivalent national reliability standard;

(C) plan, coordinate, and condition necessary additions and improvements to the transmission system;

(D) manage the interconnection of new generation facilities;

(E) administer a universal tariff and employ a pricing system to promote the efficient use and expansion of transmission systems and generation facilities;

(F) manage parallel path flow and transmission congestion;

(G) function as a single control area operator that facilitates regional electricity pooling and economical distribution to maximize the efficiency of electric generation.

(c) While preparing the report described in (a) of this section, the commission shall assume that

(1) rate recovery is ensured through the planning, permitting, and construction phases of projects planned by the independent entity;

(2) existing agreements between generation facilities will be honored to allow cost recovery of existing investments;

(3) standard and tariff rates will be just, fair, and reasonable for all ratepayers and allow transitional rates to minimize the effect on an individual utility;

(4) existing transmission systems used for the benefit of the Railbelt area will be allowed full cost recovery from the independent entity, including costs for depreciation, interest, margin, operations, maintenance, applicable taxes, and general and administrative expenses necessary for the operation of a transmission system.

(d) The report required in this section may not affect current open dockets. Until the issuance of the report, the commission shall continue with activities necessary to preserve existing operations that affect the reliability of the interconnected utilities in the Railbelt area.

(e) In this section, "commission" means the Regulatory Commission of Alaska.

*** Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).