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Nauman
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CS FOR HOUSE BILL NO. 340()

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-EIGHTH LEGISLATURE - SECOND SESSION**

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVE MILLETT BY REQUEST

A BILL

FOR AN ACT ENTITLED

"An Act directing the Regulatory Commission of Alaska to recommend to the legislature an action plan 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 uncoded 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 January 1, 2015, or as soon as practicable thereafter, recommend to the legislature a plan to establish an independent entity that meets the requirements of (b) of this section to manage the electrical transmission facilities in the Railbelt area. In developing the plan, the commission shall consider options for effective and efficient electrical transmission, including economic dispatch, 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 order to implement the plan.

1 (b) In developing a plan under (a) of this section, the commission shall evaluate the
2 creation of an independent entity that

3 (1) is organizationally independent from the commission;
4 (2) is directed by a board of directors of stakeholders;
5 (3) has operational authority over the electrical transmission facilities of the
6 Railbelt area;

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

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

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

13 (7) has the power to
14 (A) mandate the use of a nondiscriminatory electrical transmission
15 system;

16 (B) adopt, maintain, and reinforce reliability standards by adopting an
17 equivalent national reliability standard as modified to meet the needs of the Railbelt
18 area;

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

21 (D) manage the interconnection of new generation facilities;

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

25 (F) manage parallel path flow and transmission congestion;

26 (G) function as a single control area operator that facilitates regional
27 electricity pooling and economic dispatch to maximize the efficiency of electric
28 generation.

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

31 (1) rate recovery is ensured through the planning, permitting, and construction

1 phases of projects planned by the independent entity;

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

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

6 (4) existing transmission systems and ancillary services recognized by the
7 Federal Energy Regulatory Commission used for the benefit of the Railbelt area will be
8 allowed full cost recovery from the independent entity, including costs for depreciation,
9 interest, margin, operations, maintenance, applicable taxes, and general and administrative
10 expenses necessary for the operation of a transmission system.

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

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

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