

STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

Robert M. Pickett, Chairman
Paul F. Lisankie
T.W. Patch
Norman Rokeberg
Janis W. Wilson

In the Matter of the Evaluation of the Operation
and Regulation of the Alaska Railbelt Electric
Transmission System

I-15-001

ORDER NO. 1

ORDER OPENING DOCKET AND REQUESTING RESPONSES

BY THE COMMISSION:

At our public meeting on February 25, 2015, we decided to open a docket to gather information about the Alaska Railbelt electric transmission system.

Questions About Legislative Directive on Independent System Operator

Chapter 18 SLA 14, Section 31(b) directs us to determine “whether creating an independent system operator or similar structure for electric utilities in the Railbelt area is the best option for effective and efficient electrical transmission.” In making this determination, we request that the Railbelt electric utilities,¹ the Attorney General, the Alaska Power Association, the Alaska Energy Authority, independent power producers, and other interested persons respond to the following questions:

¹Chugach Electric Association, Inc.; Golden Valley Electric Association, Inc.; Homer Electric Association, Inc.; Matanuska Electric Association, Inc.; Municipality of Anchorage d/b/a Municipal Light & Power; and Seward Electric System.

1 1. Would the creation of an independent system operator or similar
2 structure for electric utilities in the Railbelt be the best option for effective and efficient
3 electrical transmission? If not, what other approach would be best?

4 2. To what extent does our existing statutory and regulatory authority
5 extend to mandating the creation of an independent system operator or similar entity
6 and to regulating the rates and practices of such an entity?

7 Questions About Regulatory Authority over Railbelt Electric System

8 As we consider the potential formation of an independent system operator
9 or similar structure, and as a result of issues that have been raised by electric utilities in
10 recent contested proceedings, we are reviewing the scope and adequacy of the existing
11 statutes and regulations that govern our statutory and regulatory authority over the
12 Railbelt transmission system and bulk power supplies. We are also considering the
13 appropriate level of our oversight of an independent system operator or similar structure
14 if it is created either by legislation or after an application for a certificate of public
15 convenience and necessity. As part of our review, we request that the Railbelt electric
16 utilities, the Attorney General, the Alaska Power Association, the Alaska Energy
17 Authority, independent power producers, and other interested persons respond to the
18 following questions:

19 3. Are existing statutes and regulations governing our regulation of
20 electric transmission adequate for us to effectively address current and future Railbelt
21 transmission issues?

22 4. If our regulations require changes, what specific changes should be
23 considered in a rulemaking docket and is it appropriate to consider making those
24 changes at this time?

1 5. If regulatory changes are found to be necessary, how narrow or broad
2 should a rulemaking docket be and what scoping process should be used to determine
3 the boundaries of the proceeding?

4 6. Regarding the reliability of electric service, is our authority limited to
5 addressing utility practices and service quality within each utility's service territory, or
6 does it extend across service territory boundaries such that, for example, we can
7 address the effects of one utility's practices on the service quality of another utility?

8 7. Should there be a set of mandatory reliability standards for the Alaska
9 Railbelt similar to those of the North American Electrical Reliability Corporation, and if
10 so, do we or should we have the authority to mandate or regulate those standards
11 (beyond the existing voluntary arrangements such as the existing Railbelt Operating
12 and Reliability Standards)?

13 8. Considering our authority to "promote the conservation of resources
14 used in the generation of electric energy" under AS 42.05.141(c), to require reasonable
15 management practices under AS 42.05.511, to provide rate recovery of energy
16 conservation efforts, and other statutory grants of authority, do we have the authority to
17 order the Railbelt electric utilities to jointly and cooperatively manage their generation
18 and transmission assets, or is our authority limited to matters within each utility's service
19 territory? If our authority is limited to each utility's operations within its particular service
20 area without regard to other interconnected utilities, explain why it is limited.

21 9. Do AS 42.05.311(a) and other statutes provide us with authority to
22 order system-wide wheeling rates across utility-owned Railbelt transmission facilities,
23 even if ownership of the facilities remains with individual utilities?

24 10. Does the AS 42.05 provide us with authority to review or regulate the
25 integrated planning, determination of need for, and/or siting of new generation and
26 transmission facilities of regulated electric utilities? If it does, how can that authority be

employed to help ensure that new facilities are planned and constructed to optimize efficient and reliable provision of electric service to the entire Railbelt region?

11. What authority do we have to require or to encourage greater cooperation, power pooling, and/or centralized transmission system planning and operations among Railbelt electric utilities?

Responses to these questions and any related information or comments any person wants to bring to our attention should be filed into this docket by March 31, 2015.

ORDER

THE COMMISSION FURTHER ORDERS that by March 31, 2015, interested persons may file into this docket responses to questions related to the operation and regulation of the Alaska Railbelt electric transmission system as discussed in the body of this order.

DATED AND EFFECTIVE at Anchorage, Alaska, this 27th day of February, 2015.

BY DIRECTION OF THE COMMISSION

