

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

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

REGULATORY COMMISSION OF ALASKA
701 West Eighth Avenue, Suite 300
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PUBLIC MEETING EXCERPT

Discussion: House Bill 78 (ENE) An Act Bearing the
short title of the 'Alaska Competitive Energy Act of
2015'; and Relating to the Regulatory Commission of
Alaska

February 25, 2014
9:40 a.m.

1 EXCERPT

2 (On record - 9:40 a.m.)

3 CHAIRMAN PICKETT: Agenda Item No.
4 5 is a discussion on House Bill 78 an Act
5 Bearing the Short Title of the 'Alaska
6 Competitive Energy Act of 2015'; and relating
7 to the regulatory Commission of Alaska.

8 In your public meeting packet you
9 do have a number of items relating to HB 78:
10 The Bill itself, the statement by the sponsor
11 of the bill, Representative Tammie Wilson, an
12 e-mail from Duff Mitchell to myself dated
13 Thursday, February 19th, and then a flyer
14 brochure from AIPPA, a letter from the Alaska
15 Power Association to Representative Wilson, and
16 then some documents from our Attorney General
17 with the initial going through the Bill and
18 some items that have been identified.

19 So with that I will first open it
20 up to any thoughts or comments individual
21 Commissioners may have. It's a difficult thing
22 for the Commission when it comes to the
23 legislative process to oppose or support a
24 particular bill, and we are put in a position
25 many times where we're asked to sort of weigh

1 in. This happened on the development of the
2 regulation for common carrier instate
3 pipelines, which led to the creation of 42.08.

4 I personally was involved with the
5 development of the regulatory regime for
6 natural gas storage and evaluation of gas
7 supply contracts, probably five years ago, and
8 it's a very delicate balancing act, because we
9 are not legislators, we are regulators. And I,
10 personally, speaking for myself, find it to be
11 a bit of an anathema when regulators attempt to
12 legislate. Having said that, however, I do
13 think it's important for the Commission to
14 identify areas, perhaps of concern, or how a
15 particular bill will affect what we do at the
16 Regulatory Commission.

17 I've heard a couple of comments. I
18 did listen in to part of the hearing yesterday
19 in the House Special Committee on Energy and
20 unfortunately had a very poor connection so I
21 may not have been able to hear everything put
22 in context, but what I did hear was this bill
23 is an effort to give more direction to the
24 Commission; and it's based on statements that a
25 number of Commissioners have made at either

1 legislative hearings or in separate in
2 separate, concurring and/or dissenting
3 statements with particular dockets that more
4 clarity and direction from the legislature
5 would be desirable.

6 Just speaking for myself, on a
7 particular docket as it relates to the State
8 Energy Policy Act 2010, the challenges I had
9 were how do you take something that is not a
10 renewable portfolio standard and a fairly
11 aggressive one at that, 50 percent by 2025, and
12 at no specific reference to 42.05, but the
13 intent of the legislature is something is going
14 to happen amongst all the State agencies that
15 will start moving the ball in that general
16 direction. Then the other part with just
17 energy efficiency. I did not see in the bill
18 itself -- and I can't say that I've spent hours
19 and hours analyzing it -- that I personally
20 would have more direction or clarity because,
21 in effect, what I see is an expansion to other
22 utilities that previously are not under the
23 economic regulation of the RCA. We have 123,
24 plus or minus, certificated electric utilities
25 in the state of Alaska that outside of the 32

1 we economically regulate, our role is much more
2 limited. We have dealings with the power cost
3 equalization program, and if I'm reading the
4 language of this bill it kind of raises some
5 questions. Does the bill intend for all of
6 these utilities in FERC land -- and PURPA
7 there's a very clear above the line, below the
8 line type of thing -- and does that bill have
9 that type of mechanism here or are we going to
10 expect very tiny electric utilities to be
11 responsible for providing incremental avoided
12 cost data -- and quite frankly, they have a
13 challenge filling out a very simple PCE forms
14 for the PCE subsidy. Is the RCA supposed to
15 use the PCE subsidy as a hammer to get this
16 avoided cost data? I mean, I don't know.
17 Perhaps I missed it in the bill but I didn't
18 see it.

19 I also didn't see that it moved it
20 towards a bonafide RPS. It still seems to be a
21 rather aspirational desire, policy goal, that
22 type of thing. But in terms of where we're at
23 today, you know, what percent are we using for
24 the baseline data today, and what specifically
25 you expect the RCA to do as future rate cases

1 come in.

2 At this point in time the
3 presumption of 2010 was Watana was going to be
4 the bulk of the 50 percent aspirational goal.
5 As we all know that's a highly, highly
6 optimistic, if not unrealistic assumption in
7 view of the realities today. So just my
8 initial thoughts.

9 There's a number of other things in
10 terms of application of the bill to nonelectric
11 utilities and shortening of the timeline to
12 cutting rulemaking dockets timelines
13 essentially in half for all sectors, whether it
14 be telecommunications, all the other areas of
15 the economy that we do have a role in
16 regulating. So with that I will shut up and
17 turn to other Commissioners.

18 Commissioner Patch.

19 COMMISSIONER PATCH: Thank you very
20 much, Mr. Chairman. I think it is -- I think
21 we can -- many of us -- can agree that we do
22 not live in a perfect world. That said, I
23 appreciate the fact that Ms. Wilson has at
24 least attempted to open the discussion. I
25 appreciate that Mr. Mitchell has participated

1 in the drafting of some regulation or some
2 proposed legislation and I would suggest that a
3 fulsome discussion, which in my opinion has not
4 yet taken place, should be the protocol for
5 moving forward with this legislation.

6 There are two maxims which come to
7 mind. One is a medical maxim and that is not
8 "Physician heal thyself," but "First do no
9 harm." Secondly the parallel to that,
10 perhaps made popular in garages is "If it ain't
11 broke, don't fix it."

12 I would suggest that, as you
13 observed, that the shortening of the timeline,
14 just to pick one specific instance within the
15 context of the bill, shortening it by half --
16 the timeline for the Regulatory Commission of
17 Alaska to issue a final order in a regulations
18 docket manifests a complete lack of
19 understanding of the nature of the workload,
20 the nature of the staffing that is available to
21 us and would, by its nature, impose upon us a
22 horrendous burden, which, in fact, then belies
23 the observation that there is no fiscal impact
24 to this particular bill. I --

25 CHAIRMAN PICKETT: Now,

1 Commissioner Patch, just for the record, on the
2 fiscal note, it's an indeterminate fiscal note
3 at this point. We had started the process to
4 see what the impact additional staffing were
5 going to be, but until this bill is fully
6 vetted, I don't think it's fair to the bill to
7 put a number on it.

8 COMMISSIONER PATCH: I'm certainly
9 aware -- thank you. I appreciate the note of
10 caution. I am aware that the fiscal -- the
11 note is indeterminate but the fiscal impact on
12 the agency, I think, indicates to me that to do
13 our work twice as fast without additional staff
14 has an impact.

15 Now, it might not be an impact on
16 staff financially, but it could well be an
17 impact on qualitative evaluation. I'm just not
18 prepared to concede that -- that even at in
19 that one instance that there is not a risk of
20 adverse impact.

21 Because my whole point in opening
22 my mouth and addressing this is that this bill,
23 in my opinion, requires a much more fulsome
24 discussion than I have seen thus far and I hope
25 that our legislature, as they continue to

1 consider it, engages in that and that the
2 affected industries participate fully and
3 meaningfully. Thank you very much for the
4 opportunity to speak. I conclude my remarks.

5 CHAIRMAN PICKETT: Further
6 Commissioner comments?

7 Commissioner Rokeberg, since you've
8 been on both sides of the fence, I'm curious
9 about your perspective.

10 COMMISSIONER ROKEBERG: Thank you,
11 Mr. Chairman, I'll do my best to restrain
12 myself. The -- because I find this legislation
13 particularly alarming in many respects.

14 Let me just open by saying that in
15 my experience in the legislature I had the
16 honor of serving with Senator Bert Sharp, and I
17 think in the period of about 1998 to 1999 --
18 subject to a review of my chronology -- as
19 co-chairs of a special committee, a joint
20 committee established by the Alaska State
21 Senate and the House of Representatives, the
22 study over a period of two years the
23 potentiality of implementing any type of
24 electrical restructuring on the State of Alaska
25 with particular emphasis on the Railbelt.

1 This was not taken lightly. There
2 was numerous hearings, there was -- it was --
3 as a special joint committee conducting two
4 years of hearings.

5 And, incidentally, concurrent with
6 that, the Alaska Public Utility Commission also
7 had commissioned a major study, I believe by
8 Black & Veatch to review the same types of
9 issues to see if these issues which were in the
10 common political sphere and discussion at the
11 time nationally were -- to see if they were
12 also applicable to Alaska.

13 I think that's an important
14 assertion, as I take, on House Bill 78 is to
15 open up Alaska for more private competition in
16 supplying of electrical energy. And at the
17 conclusion of that special committee was, I
18 think, summed up in one paragraph and it said
19 that Alaska was too small to be able to accept
20 any type of wholesale or retail restructuring
21 as it was then contemplated and it has been
22 incidentally implemented in a number of states,
23 about half the states of the country and in
24 some nature adopted the -- some forms,
25 particularly in the bulk electrical sales

1 systems which are implemented primarily by RTOs
2 and ISOs or other organizations in the western
3 part of the United States to provide a more
4 competitive atmosphere for -- and have, I
5 think, an opportunity to lower some of the
6 costs, because with the larger interconnected
7 grids the fact that you can use economic
8 dispatch and on a bid system now, which is
9 actually down into minutes, if not seconds,
10 anymore about -- it's rather extraordinary what
11 can be done.

12 So Alaska, we certainly remain in
13 some point of the 20th century, and the
14 difficulty of trying to implement this type of
15 thing is extremely costly and difficult.

16 The Black & Veatch study also
17 concluded much the same as the legislative
18 committee so implementation was not undertaken
19 at that time in any way.

20 The question then becomes is in the
21 intervening 15-some year period have
22 circumstances changed to the degree that we
23 should be more opened because of newer
24 technologies and newer forms of generation to
25 accepting more private generation. I think to

1 a degree we have, but the last has proven to be
2 difficult because of certain constraints on our
3 own physical system. In the whole Railbelt we
4 have a baseload of some 800 to 850 megawatt
5 nameplate with a -- now we have an inventory of
6 about almost 1,700 megawatts. With everything
7 that's been built a number of units will be
8 retiring of that and we've gone through a new
9 cycle so almost every utility in the state --
10 excuse me -- in the Railbelt has new major
11 generation facilities. They also have with
12 that a concurrent billion dollar plus debt that
13 goes along with this.

14 We found such things --
15 particularly when we were studying the Federal
16 Government's Clean Power Plan that an area like
17 Fairbanks with the purchase of the Healy 2
18 plant and the renovation of that particular
19 plant to provide lower-cost service that's much
20 needed in the Interior of the State of Alaska
21 we'll be putting hundreds of millions of
22 dollars in the rehabilitation of that
23 particular plant and it has a cost figure if
24 that plant were shut down in terms of that
25 service commitments, of activity in the rate

1 results of providing for substitute power of
2 \$459 million just in one plant.

3 The impact. We are seeing budgets
4 in the range of \$300-million plus for the EGS
5 system being constructed and being commissioned
6 by Matanuska Electric now. We've seen the SPP.
7 We've seen the developments in Homer Electric
8 system. All of these things have come about
9 because of the complete change and shifting of
10 the power and, if you will, the distributed
11 energy creation of our new Railbelt system.
12 And what's happening right now is that this
13 Commission and the utilities of the state are
14 engaged in a complete evolutionary change how
15 they're delivering electricity to the people
16 when they turn their light switch on and it's a
17 great concern right now. Right now this
18 Commission has cases of first impression that
19 we're undertaking to develop transmission
20 tariffs. We're in the federal -- the Superior
21 Court on these same cases. We're juggling a
22 lot of things with our entire workload. We've
23 just issued initial comments on the 111(d)
24 clean air requirements for the federal
25 administration which are going to be issuing

1 final goals that we need to achieve for
2 greenhouse gas sometime at the end of next year
3 -- or perhaps in the middle of the year, I
4 should say. The amount of the effort that
5 we're trying to put forward to do these many
6 things is extremely difficult.

7 I guess one of the things that --
8 so there's a -- I think there's a -- possibly
9 we're dealing with ISO, USO issues which are
10 extremely important. It's something I've been
11 particularly interested in for a number of
12 years. So the totality and other things I
13 think I probably missed is putting a great deal
14 of pressure on the Commission to be able to
15 perform and perform to the level we all know we
16 can and want to perform to meet our duties, but
17 I think that this particular bill right now
18 just adds something I'd call almost an
19 existential threat to our ability to operate
20 and I'm concerned about that, because it does
21 change the -- almost universally adopted in
22 North America concept of an obligatory compact
23 allowing utility systems to operate in a
24 monopoly sense under a fully economically
25 regulated basis. And leaving to the regulatory

1 framework of each state and the federal
2 government to set the rates and be able to make
3 sure the lights are on and the people are
4 getting reliable, affordable power. And so
5 there's certain issues.

6 I haven't done a complete analysis
7 of the newer version of the bill and I will be
8 doing so, but our hands are full right now.
9 We've got a 90-day session and we've got
10 hearings underway right now, so it's hard for
11 us to respond to this.

12 And I would just say one other
13 thing. Commissioner Patch mentioned that he
14 was concerned about the timelines of delivering
15 and I'm sure that when we are able to testify
16 before the legislature that we will remind the
17 legislature of the fact that when they
18 introduce bills they're good for two years. So
19 even the legislature gets two years to do their
20 work and we want the same amount at the minimum
21 when we're talking about regulatory dockets.
22 They're very analogous in many respects. So
23 with that I'll cease and desist and I hope I
24 having broken my rule of not using --

25 CHAIRMAN PICKETT: No I was

1 wondering what the Commission's filibuster
2 rules are, but we'll --

3 COMMISSIONER ROKEBERG: Right.
4 Yeah.

5 CHAIRMAN PICKETT: Commissioner
6 Wilson, did you have anything?

7 COMMISSIONER WILSON: Yes. Many of
8 the things that I intended to say have already
9 been said by Commissioner Rokeberg and some by
10 Commissioner Patch.

11 I brought a copy of the Black &
12 Veatch report from 1999 with me to illustrate
13 that it was a relatively comprehensive study of
14 the situation at the time and I have not had
15 the opportunity to listen into any of the
16 legislative hearings to determine whether the
17 work that is reflected in this report has been
18 talked about or brought forward in any of the
19 hearings but I think we should -- and let me
20 just ask a question first: Is it our intent to
21 make some kind of written comment on House Bill
22 78; have we been asked to do that?

23 CHAIRMAN PICKETT: I think the
24 expectation is for the Commission to report the
25 nature of our discussions this morning on the

1 agenda. I intend to get the relevant parts of
2 the transcript and all of the discussions we've
3 had from the dais as soon as it's available and
4 we'll request some expedited treatment of that
5 to the extent possible -- I know you don't have
6 anything else going on right now -- and if the
7 committee that it is currently in does request
8 our participation at a future hearing I intend
9 to participate and reflect the things that were
10 said from the dais this morning. As far as an
11 up or down vote on this bill I could not make
12 one today one way or the other.

13 COMMISSIONER WILSON: Thank you for
14 that. The date on this report is April 1,
15 1999, so almost 16 years have passed since this
16 report was done and many things have changed.
17 I'm just not sure how much has changed in
18 Alaska in terms of the conclusions of this
19 report, but a lot of effort went into it and I
20 just want to make sure everyone takes advantage
21 of the effort that went into this report at the
22 time.

23 I do see this as a restructuring
24 bill. It isn't called restructuring but I
25 think it is a restructuring and that it ought

1 to be -- that we ought to comment that it is of
2 that magnitude and that careful consideration
3 should be made. We are creatures of the
4 legislature. We talk about that all the time.
5 We are here to implement the statutes that the
6 legislature passes, but in so implementing
7 those statutes we come across knowledge that is
8 not generally available to legislators or
9 anyone else.

10 So I think in that guise we do have
11 some duty to use our special expertise to make
12 comment on things that others may not be aware
13 of and I think a lot of the comments so far
14 reflected that we do have a special expertise.
15 And as I understand it normally the Attorney
16 General in the form of the Regulatory Affairs
17 and Public Advocacy section doesn't comment on
18 bills so that ratepayer and other public
19 interest considerations are not represented
20 from that forum. So we do have some duty to
21 represent ratepayers and other public interest
22 considerations.

23 I am a strong supporter of
24 renewable energy and this bill does promote
25 renewable energy but it also brings into the

1 picture nonrenewable energy considerations. I
2 think that's what makes it fundamental
3 restructuring bill.

4 As far as our timelines, I just
5 want to make my own timelines and that is that
6 I think that it might be reasonable if someone
7 gave us a set of regulations fully formed and
8 we go yay or nay on those regulations within
9 the 365-day time period. I don't think that's
10 unreasonable, but to go through the normal
11 process that we go through to get comments and
12 issue a notice of inquiry, go through all the
13 APA requirements I do not think that it's
14 reasonable to do that within the 365 days
15 provided for in this bill. And it does
16 separate out petitions from others to when we
17 initiate a rulemaking docket. So that's my
18 comment on that area.

19 I do have concerns about -- as the
20 Chairman stated about the smaller electric
21 utilities complying with this or whether
22 there's any reason why we should -- why the
23 legislature should require them to comply with
24 this and competitively procure their energy --
25 have a requirement that they competitively

1 procure their energy. I'll stop there for the
2 moment.

3 CHAIRMAN PICKETT: Commissioner
4 Lisankie, would you care to say anything?

5 COMMISSIONER LISANKIE: Well, since
6 I have two days before any opinion I express
7 becomes a mile to circle fact I probably won't
8 give everybody my collective wit and wisdom.

9 I will say, though, that having
10 spent 30-some years in and out of
11 administrative jobs for the state that it's not
12 unusual to see time constraints being imposed
13 from the outside in and I don't necessarily
14 think that that's the best way to do it, so if
15 I was to make any suggestion at all about some
16 kind of a comment that we might be willing to
17 make I would certainly express that -- and say
18 that, you know, if some shorted timeline is
19 particularly justified for some reason that the
20 agency be able to address the implications of
21 changing that timeline and then the legislature
22 could make an informed decision about what the
23 implications -- those implications are.

24 I'd like to say that that happens
25 more often than not, but in my limited

1 experience it doesn't, but I am an optimist so
2 I would certainly suggest that if the
3 particular bill in front of us has any changes
4 to our timelines that the proponents would
5 probably be willing to discuss that in order to
6 deal with it in an adult kind of way and make
7 sure that there isn't any untoward impacts
8 whether it's financial work product or anything
9 else that comes with imposing a timeline.
10 There's always -- there's always implications
11 for every timeline and I think the unjustified
12 belief is that you can always do everything
13 faster and I tend to echo some of the comments
14 of my colleagues here that there probably isn't
15 any one thing that I've seen come before us in
16 my nearly six years that couldn't be done in a
17 year or less if there was nothing else going
18 on. Since that presumption doesn't hold any
19 water whatsoever, nobody could make that
20 suggestion with a straight face, I stand by my
21 earlier comment that any shortening or
22 lengthening has potential implications then it
23 would behoove everybody involved to explore
24 them fully. Thank you. And it's been a
25 pleasure having this conversation.

1 CHAIRMAN PICKETT: Oh, sure. And I
2 would just echo that last comment of
3 Commissioner Lisankie. I can think of a recent
4 telecommunications R docket that we would not
5 have been able to complete it in 365 days and
6 the telecommunications industry today would
7 look very different than it does, and not in a
8 positive way, if we were not able to do that.

9 I would like to close my comments
10 and I'll turn it back to one last round for any
11 of the Commissioner thoughts. One thing I did
12 hear at the hearing yesterday a couple of the
13 legislators on the special committee did allude
14 to the fact the RCA has a rulemaking process
15 going on that's going to deal with avoided
16 costs. We also have the transmission report to
17 the legislature and doesn't -- don't these
18 items sort of mitigate against the need to do
19 anything in this bill. I guess I keep coming
20 back to the fact that one of the big questions
21 -- and it hasn't been teed up quite this way
22 is: Does the State of Alaska need a binding
23 renewable portfolio standard? I mean, this
24 reference back to 2010 we'll keep chasing our
25 tails. So that's a policy thing. That's a

1 legislative policy thing. If the legislature
2 makes that determination, are there any
3 boundaries on what it takes to get to that
4 point given the nature of our electric
5 generation and transmission system in the State
6 of Alaska today or do we take the German
7 approach and we have de facto feed in tariffs
8 -- we may not call them that -- so whatever it
9 costs to get to whatever point, you set as the
10 set point for the RPS, anything goes.

11 So I think that's a question that
12 needs to honestly be put out there and
13 addressed yay or nay. And I don't see that
14 this bill does that does that.

15 Commissioner Wilson, I'll defer
16 again, you know, you're the -- but I didn't see
17 it, I could have missed it but it absolutely
18 does not do that.

19 And the combining of FERC QF status
20 with IPP status seems to sort of be blended
21 together in a way. And trust me I've learned a
22 lot more about how ISOs in California and ERCOT
23 and MISO in the western interconnect work and
24 I'm also very aware in the California Public
25 Utilities Commission, you know, some of these

1 issues have come to the forefront in terms of
2 long-term contracting with IPPs and sort of how
3 the pricing mechanism works and it's kind of
4 astounding and I would suggest that in view of
5 filling out the record that we don't have to
6 make the same mistakes that have been made
7 Outside.

8 Having said that, I think the
9 intent of the bill promoting competition,
10 getting the rules of the road and pricing for
11 transmission are entirely legitimate and we are
12 trying to do that in other venues.

13 But the systems Outside are so much
14 bigger and much more complicated than what we
15 have going on in the State of Alaska, it is
16 mind-boggling. I've spent hours on ERCOT site,
17 I've done the training in Texas and I'm going
18 to be going again here in June, I think there
19 are things you can kind of learn from it but
20 some of it's -- it's overkill, it really is.
21 And when you get into, say, even merchant
22 generators or IPPs of a particular type that
23 are used for peaking, the Texas PUC right now
24 is -- if they haven't already -- considering
25 peaking charges almost \$10,000 a megawatt hour.

1 So these assets that sort of sit there and then
2 all of a sudden in a short period of time --
3 and I would bet money that no IPP in the State
4 of Alaska contemplates anything of that nature.
5 They're looking for long-term PPAs with
6 utilities to be used as a mechanism to get
7 long-term financing. And we have approved such
8 long-term PPAs, but the challenge is we're a
9 cost of service regulatory body and when you
10 get into a 20- or 25-year PPA with all kinds of
11 modeling and assumptions built in you can get
12 off into the boundaries and it's a challenge
13 for the utilities to evaluate this stuff, it's
14 certainly a challenge for the Commission. So
15 if the intent is to promote an RPS, do it. But
16 that's a legislative function not an RCA
17 function.

18 Commissioner Rokeberg?

19 COMMISSIONER ROKEBERG: Mr.

20 Chairman, just a couple of things. I take to
21 heart Commissioner Wilson's reminder that the
22 -- our functions and responsibilities to speak,
23 in this instance, for the ratepayers of the
24 state because of RAPA's inability to comment.
25 I think we need to keep that in mind. Because

1 to me, looking at the greater picture, it seems
2 to me, particularly with the work that I've put
3 in on the 111(d) situation where the EPA is,
4 even in their rulemaking language has
5 unabashedly used the term "environment
6 dispatch" as a goal within their own thousands
7 of pages of rulemaking.

8 I think there may be a portion of
9 the thrust of this legislation to give that
10 greater weight when, in fact, the policy of the
11 State right now should be to try to find
12 economic dispatch, because this is truly the
13 only way we're going to have lower utility or
14 electric rates in the State of Alaska is
15 through economic dispatch.

16 You could add incremental renewable
17 wind in such a way that it may be able to
18 compete against other thermal generation, but
19 it's going to be really incremental and very
20 marginal, I think, to a large degree. So the
21 real true savings -- and now we're in a period
22 we're going to extremely high individual retail
23 rates to customers and the reason for that is
24 the breakup of the Railbelt system. And we're
25 going to get this rate shock all throughout the

1 Railbelt. It starts with Homer. It's hitting
2 the Matanuska Valley and I'm getting letters
3 and comments daily now and the next shoe that's
4 going to drop is here in Anchorage. So the
5 whole Railbelt is going to get hammered by this
6 and it's for things that -- you can point
7 fingers and a lot of them don't belong -- don't
8 rightly be -- should not be pointed toward this
9 direction because of the nature of what this
10 Commission can or cannot do. but I think that
11 should be the policy goal of the State right
12 now. It should be lowering the rates that are
13 going up because of higher fuel costs. Keep in
14 mind 18 months or two years ago we were fearful
15 of not having sufficient natural gas to spin
16 our steam turbines and I'm concerned about
17 that. We should keep that in mind. But those
18 contracts that we enter into are incrementally
19 pushing costs up and all the new hardware is
20 pushing costs up. Now we have the transmission
21 tariff. And that transmission tariff is being
22 applied to all electrical generators and all
23 electric utilities. We're not being -- we're
24 not carving out anything special because of the
25 circumstances we find ourselves in. It's very

1 unfortunate. But -- thank you, Mr. Chairman.

2 CHAIRMAN PICKETT: Any further
3 Commissioner comments on this matter? Seeing
4 none, we will close out Agenda Item No. 5. We
5 will take a short ten-minute break.

6 (END OF EXCERPT - 10:20 a.m.)

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TRANSCRIBER'S CERTIFICATE

I, Christine P. Talley, hereby
certify that the foregoing pages numbered 2
through 28 are a true, accurate and complete
transcript of the Excerpt from the Public
Meeting, held before the Regulatory Commission
of Alaska on February 25th, 2015, transcribed
by me from a copy of the electronic sound
recording to the best of my knowledge and
ability.

_____	_____
Date	Christine P. Talley, Transcriber