

Appendix A

Progress on Recommendation No. 1

Since the submission of the 2015 RCA report to the Alaska Legislature, the railbelt utilities have over the past four years worked towards the creation of a Railbelt transmission company (Transco). A number of filing have been made with the RCA that describe the voluntary efforts to creating an independent certificated Transco.

The Alaska Railbelt Transmission, LLC, a proposed new investor owned Transco, filed an application for a certificate of public convenience and necessity (certificate) on February 25, 2019. The RCA received notice from the Alaska Railbelt Transmission, LLC that it would be withdrawing its certificate application on June 20, 2019. The more than four year voluntary efforts to create an independent, certificated Transco in the Rail belt was not successful.

- **September 30, 2015---*First Status Report on Voluntary Development of Independent Railbelt Electric Transmission Company:*** This status report described a Working Group of senior utility staff established in 2014 by the Chief Executive Officers and General Managers of the Railbelt electric utilities. This report discussed due diligence on subgroup matters; validation of the benefits of Railbelt-wide economic dispatch; design of a tariff structure that ensures equitable rate recovery for existing and future transmission assets; and design of a business model for a Railbelt Transco.
- **December 22, 2015---*Second Status Report on Voluntary Development of Independent Railbelt Electric Transmission Company:*** This was a substantive 275 page filing: “The Railbelt electric utilities and ATC (collectively the Parties) are developing a business model whereby the operation, maintenance, and upgrades of the Railbelt transmission network are accomplished by a Railbelt Transco to ensure the reliable delivery of electric power to Railbelt customers. A draft of this business plan is attached to this letter. The subgroups contributing to the creation of Transco business plan include: Economic Dispatch, Finance, Governance, Human Resources and Organizational Structure, Legacy Agreements, Operations and Maintenance, Real Estate and Permitting, Regulatory, and Standards. The Parties have summarized work to date in the attached draft.” *A Certificate of Public Convenience and Necessity Application for the Transco was anticipated by September 2016.*
- **December 29, 2015---*Letter from Evan J. Griffith, General Manager, Matanuska Electric Association:*** “MEA is working toward Railbelt solutions that reduce costs and increase reliability for our members. To that end, over the past several years, our staff has participated in efforts to explore how a Transco and/or system operator would benefit MEA members and the Railbelt system. Commencing September 2015, MEA was permitted to participate in the Transco Working Group effort, though not a signatory to the joint disclosure agreement required of other parties.” A number of concerns were raised by MEA---the cost/benefit analysis is yet to be completed; fuel could be an

economic and logistical game-changer and must be properly modeled; an honest reassessment is required of the \$900 million figure to fix the Railbelt transmission system; not conducting an RFP likely violates some utility bylaws, is an imprudent business practice and could significantly increase risks; benefits are being achieved now through a loose pool without additional, unnecessary expense; the model provides a disincentive for local member reliability; and reported savings have not been substantiated.

- **January 14, 2016---Comments from Suzanne Gibson, Cook Inlet Region Inc.:** “CIRI supports the development of the Transco and ISO (defined below), or similar entities, to provide financial and reliability benefits to ratepayers as well as utility and other stakeholders within the Railbelt system. CIRI has the following concerns and comments which we respectfully submit for the Commission's consideration.” These concerns included a number of important stakeholders are not involved; concurrent to development of a Transco should be the implementation of an independent system operator; ownership of Transco equity or assets operated by Transco should be available to entities other than utilities and the ATC Company; the ISO and Transco should be allowed to participate in fuel procurement activities on behalf of the Railbelt utilities; the projected cost of System improvements should be reevaluated; the financial and reliability benefits analysis of ISO and Transco should be updated; and in the meantime, the Railbelt Utilities should be incentivized to cooperate with each other on informal but value-added arrangements.
- **January 29, 2016---American Transmission Company (ATC) on behalf of the Alaska Railbelt Transco Formation Working Group Filing:** This filing focused upon progress on a settlement methodology for pooled dispatch of the Railbelt’s generating resources. A settlement Subgroup was designated, and an approach to the settlement topic was agreed upon---“Taking into account the economic dispatch that the ProMod analysis demonstrates under a tight pool or loose pool scenario, formulas and protocols for compensating generators that meet the objectives of autonomy and control; implementation cost; predictability; simplicity; clarity; total compensation for generation; establishing clear commitments, and storage costs.” Other bases to be identified for compensation included compensating spin/reserves; regulation; black start; and other ancillary services and resources.
- **August 10, 2016---Third Status Report on Voluntary Development of Independent Railbelt Electric Transmission Company:** This joint filing was made by the American Transmission Company LLC (ATC) on behalf of Municipal Light and Power (ML&P); Chugach Electric Association, Inc. (Chugach); the City of Seward (Seward); Golden Valley Electric Association, Inc. (GVEA); and Matanuska Electric Association, Inc. (MEA). In a section titled Decision Making Process, the following was stated---Any decision to proceed with Transco formation will be based on each company’s assessment of the total benefits and impact of participation on that party’s operation. This process requires extensive consultation between management and the party’s governing body (e.g. municipal government, board of directors). Each party will base a decision to

participate in the formation of an Alaska Railbelt Transco on a number of factors, including (1) *The economic impact to local electricity consumers from changes in transmission rates and the impact on the overall cost of energy;* (2) *Assurance that a Transco if formed continues to meet existing and future utility obligations to reliably serve consumers through clear reliability and planning standards;* (3) *Regulatory certainty, including assurance of the recovery of prudently incurred costs, based upon the adopted standards, and the ability to meet long-term financial obligations;* and (4) *A Governance structure that assures the Railbelt's transmission network will be operated and maintained economically and effectively and meets the needs of present and future consumers.* In reviewing the Key Due Diligence Tasks progress from the December 2015 Second Voluntary Transco Report, progress was made in each of the Task areas. Validation of benefits of Railbelt-wide economic dispatch, design of a tariff structure, and design of a business model were stated to be 95% complete. Evaluation by the parties was cited at 75% complete. ***The Transco CPCN application submission to the RCA was pushed back to the 4th quarter of 2016 or the 1st quarter of 2017. The December 2015 report targeted the CPCN application being submitted by the 3rd quarter of 2016.***

- **August 10, 2016---*Informational Filing on Efforts Toward Power Pooling and Joint Dispatch*---Lee Thibert, CEO, Chugach Electric Association:** This filing addressed centralized economic dispatch and power pooling, railbelt transmission company, and a railbelt system operator. Concerning a railbelt transmission company, Mr. Thibert stated “Chugach has been actively participating in the process of organizing and forming a Railbelt transmission company. This effort is being led by the American Transmission Company LLC of Wisconsin (“ATC”). Chugach understands that ATC will be making a filing which describes in considerable detail the progress which has been made by ATC and the participating Railbelt utilities on this subject. The ATC efforts have brought discussions on this topic closer to fruition than at any time since Statehood. Although the precise terms regarding the formation of a transmission company remain under negotiation and discussion, Chugach joins in the ATC filing. The ATC effort is nearing completion and a decision to form a transmission company will likely occur in the next six months.”
- **August 10, 2016---*Matanuska Electric Association Response to I-15-001 Order No. 3*--Tony Izzo, General Manager, Matanuska Electric Association:** “MEA remains concerned that the work underway indicates the costs of forming a full transmission organization and system operating organization will erode the majority of any further economic benefit that could be realized at this time. However, MEA recognizes there is additional benefit to a Transco. It provides a means by which transmission facilities that serve system-wide benefits can be funded by the full users of the Railbelt system. This provides greater certainty that needed transmission infrastructure will be built in the future. For this reason, MEA is still supportive of the discussions now underway to form a Transco. These discussions include investigating how existing transmission infrastructure will be funded, how to properly size and govern any initial Transco

organization, and what transmission infrastructure should be built over the next five to ten years to facilitate additional benefit to our members. These discussions are critical to determining the value of forming a Transco at this time.”

- **August 10, 2016---Comments of ARES/Powerbridge in Response to Order 3:** “As the RCA moves forward to refine a TRANSCO structure in its regulations or legislative recommendations, it should not preclude competition in the financing and development of transmission projects. Allowing non-utility entities to compete in the permitting, financing, engineering and construction of new significant transmission assets can help ensure that costs passed through to ratepayers are reasonably and prudently incurred. For example, Ares/PB (and likely, other non-utility entities) typically assume construction cost and overrun risks if a project cannot deliver firm transmission capacity by a certain date or at a specified performance level. Commitments like these tend to assure the lowest cost construction for transmission projects. Any upgrades or new lines that private enterprise companies develop can always be rolled into a TRANSCO, as appropriate. Establishing a TRANSCO is not a necessary precondition to moving forward on upgrades that will bring benefits to ratepayers.”
- **August 10, 2016---Comments for I-15-001 by Louie Flora, Alaska Center for the Environment:** “The Alaska Center strongly supports adoption of an ISO structure for Alaska. A similar approach has been applied to regional transmission systems (RTOs) in the lower 48 for decades. The Alaska Center understands that economies of scale and market dynamics in lower 48 RTOs make comparisons somewhat difficult. However, the well documented efficiencies realized under modern grid dispatch systems highlight the problems in our antiquated system, and the need for a change in Alaska. An effectively run ISO enables economic dispatch of electricity, reducing fuel expense and generator maintenance costs; ensures equitable cost recovery of transmission expenses through a unified tariff; eliminates transmission congestion; improves and maintains regional transmission reliability; facilitates Railbelt-wide planning and uniform reliability standards; strengthens the role of non-utility stakeholders; and simplifies project integration by independent entities. “
- **August 10, 2016---Comments for I-15-001 by Chris Rose, Renewable Energy Alaska Project (REAP):** “REAP has not previously taken a position on the formation of a transmission company (TRANSCO). Instead, the organization has been focused on a system operator for the Railbelt. REAP understands that an ISO and TRANSCO would and should serve very different functions. REAP believes that an ISO is necessary to provide the rules and protocols that govern future capital expenditures for the Railbelt transmission system. Such checks and balances are especially essential given the for-profit TRANSCO model that is currently being contemplated by the Railbelt utilities. REAP does not see a TRANSCO only model as a viable way forward, and will continue to educate policy makers on the need for Railbelt transmission reform that establishes an ISO to break down barriers for both independent power producers and incumbent utilities to move renewable electricity across the Railbelt grid.”

- August 17, 2016---Regulatory Commission of Alaska Public Meeting---Selected Citations from Public Meeting Transcript of 132 pages: Cory Borgeson, CEO, Colden Valley Electric---**“Golden Valley is ready to sign a memorandum of understanding with the other Railbelt utilities with the formation of a Transco. That would be with American Transmission Company. My board has given me the nod to go ahead and execute that document, and it's being finalized at this time. And I'm fairly certain that a number of the other utilities are also ready to sign. (Page 14) So we think we're making very good progress. And we think, as we've told you, that we'll be filing for a CPCN for the Transco before the end of the year, if not shortly after that. And the memorandum of understanding that we're ready to sign is part of that process.” (Page 14) **The remaining portion of the transcript (more than 100 pages) was a review by RCA Chairman Bob Pickett of the filings made to date, and a vigorous discussion by the RCA Commissioners of where the process was as of August 2016. (Pages 22-112)**
- August 10, 2017---I-15-001 Order 4, Inviting a Presentation at RCA Public Meeting on August 23, 2017, concerning status of formation of Independent Railbelt Transmission Company:** After nearly a year with no interim reports or updates, the RCA offered an opportunity
- August 23, 2017---RCA Public Meeting:** The Transco working group indicated that sometime in 2016 they had Executed Joint Development Agreement to refine business model and analyze benefits of economic dispatch. It was stated that all utilities, with the approval of their respective boards and governing bodies executed memorandums committing to negotiate and finalize a Transco business plan and proposal. Subject to due diligence and approval of a Transco proposal, the working group projected a CPCN application and proposed tariffs to be filed with the RCA in the 1st or 2nd quarter of 2018. **Key Findings of Identified by Utilities in this Presentation---**(1) Transmission cost allocation, wheeling, etc. are issues common to all Railbelt utilities; (2) Substantial economic benefit can be gained through joint efficient dispatch of generating resources (as reported to the RCA); (3) Transmission improvements can facilitate power transfers that will sustain and increase economic benefits to all utilities; and (4) Other areas of transmission coordination can be improved through Transco utilization of established regional system planning, interconnection protocols, and reliability standards.
- May 15, 2018---I-15-001 Order 7/I-16-002 Order 5:** “As discussed at our public meeting on May 9, 2018, there is concern on our part, by legislators, and by other interested persons that adequate progress is being made on the timely development of an independent Railbelt transmission operator, mandatory security constrained economic dispatch of Railbelt generation resources, and enforceable electric utility reliability standards. To ensure that timely progress on these issues will occur, we include the following topics on the agenda for our next three scheduled public meetings---May 23, 2018 – (Docket I-15-001) A status report on the creation of an independent Railbelt

transmission operator, including specific dates and benchmarks on which we can base a determination of adequate and timely progress.

- **May 23, 2018---RCA Public Meeting, *Alaska Transco Progress Report by the Railbelt Utilities*:** In a section titled Progress Since Last Update, eight categories were identified for status updates---Governance (Substantial agreement); Service Agreements (Substantial agreement); Reliability Standards and Planning Protocols (Substantial agreement); Transco Service Territory and Franchise (Substantial agreement); Rates/Tariff Structure (Needs decision); Technical and Professional Services (Needs decision); Equity Participation (Needs decision); and Executive Leadership (needs decision). The timeline was pushed back to the 3rd or 4th quarter of 2018, for the Railbelt Utility governing board Transco decision. No target date was indicated for filing the Transco CPCN application with the RCA.
- **July 25, 2018---*Informational Filing by Railbelt Utility Managers on Railbelt Transco Status*:** “During our presentation on May 23, we committed to providing monthly updates on our progress toward resolving issues necessary to understanding the form and function of a Transco, and supporting decisions by our governing boards about whether to pursue this business model on behalf the members and customers of the Railbelt’s electric utilities. Since our presentation last month, the Railbelt’s General Managers and ATC have met on 4 occasions (May 26, June 15, June 28, and July 20).” In the eight categories used for the status update, seven of the categories were recharacterized as having tentative agreement, with the executive leadership category as needing decision. **Note: This was the only monthly update report filed with the RCA after the May 23, 2018 Public Meeting.**
- **September 12, 2018---*I-15-001 Order 8/I-16-002 Order 8*:** The RCA invited presentation for its September 26, 2018 Public Meeting. The RCA requested “A status report on the creation of an independent Railbelt transmission operator, including specific dates and benchmarks on which we can base a determination of adequate and timely progress.”
- **September 26, 2018---RCA Public Meeting, *Alaska Transco Progress Report by the Railbelt Utilities*:** In seven of the eight categories used of the last two status reports (May 23, 2018 RCA Public Meeting and July 25, 2018 Filing with the RCA), no change in progress was indicated. Proposed terms for the Transco were to be presented to the Railbelt Utility Boards and Governing bodies in September and October of 2018. M L& P indicated no Assembly approval was required at that time. During the 4th quarter of 2018, a report was made to the RCA on utility decisions, and the CPCN was to be finalized and/or a final report to the RCA.
- **October 24, 2018---RCA Public Meeting:** “At its public meeting of October 24, 2018, the Regulatory Commission of Alaska requested that utility participants provide documentation showing their respective Board of Directors’ support for the TRANSCO

initiative and the Memorandum of Understanding.” The requested resolutions were to be filed with the RCA no later than November 9, 2018.

- **October 25, 2018---Chugach Electric Compliance Filing:** At its public meeting of October 24, 2018, the Regulatory Commission of Alaska requested that utility participants provide documentation showing their respective Board of Directors’ support for the TRANSCO initiative and the Memorandum of Understanding. In response to that request, Chugach Electric Association, Inc. provides: 1) January 26, 2018 Board Resolution on the Unified System Operator (USO) and Transmission-only Utility (Transco) Business Plan Development; 2) August 29, 2018 Board Agenda Item regarding the Railbelt Reliability Council Memorandum of Understanding (approved by the Board that same date); and, 3) A September 27, 2018 Board Resolution on the Transmission-only utility (TRANSCO) Certificate of Public and Convenience Filing (CPCN).
- **October 26, 2018---Golden Valley Electric Association Compliance Filing:** At the October 24, 2018 public meeting, the Regulatory Commission of Alaska requested that the participating electric utilities provide documentation showing their respective Board of Directors’ support for the Alaska Railbelt Transmission Organization (TRANSCO) and the Railbelt Reliability Council (RRC). Golden Valley Electric Association, Inc. (GVEA) provides the following documentation: • GVEA Board of Directors Resolution No. 110-18, Approving the Execution of a Memorandum of Understanding (MOU) to Create a Railbelt Reliability Council and the Filing of a TRANSCO Certificate of Public Convenience and Necessity dated September 24, 2018; A copy of the Railbelt Reliability Council MOU signature page containing the signature of Cory R. Borgeson, President and Chief Executive Officer of GVEA.
- **November 6, 2018---I-15-001 Order 9/I-16-002 Order 9:** “At our public meeting held October 24, 2018, we requested that each Railbelt electric utility file copies of the resolution(s) by each entity’s governing board authorizing formation of both the RRC and the regional transmission company.¹² Since that meeting we received the requested resolutions from Chugach and GVEA.¹³ HEA had previously filed a resolution that approved the execution of a MOU for the creation of the RRC conditioned upon the concurrent adoption of an agreement for the simultaneous creation of a Railbelt transmission company.¹⁴ By this order we require the remaining Railbelt electric utilities (MEA, ML&P, and Seward) to file within three days a copy of the resolution(s) by each entity’s governing board authorizing formation of both the RRC and the regional transmission company.”
- **November 9, 2019---Municipal Light and Power’s Response to Order No. I-15-001(9)/I-16-002(9):** The Municipality of Anchorage d/b/a Municipal Light and Power (“ML&P”) provides the following information in response to Order No. I-15-001(9)/I-16-002(9), dated November 6, 2018 (“Order 9”): As ML&P’s General Manager Mark Johnston explained during the September 26, 2018, public meeting regarding Docket I-15-001, ML&P does not have a governing board that would need to pass a resolution regarding the creation of a Railbelt Reliability Council (“RRC”) and no such resolution is

required at this time addressing formation of a regional transmission company (“Transco”).¹ Accordingly, no such resolutions exist. However, the ML&P Advisory Commission and the Municipality of Anchorage Administration are aware, and fully supportive, of ML&P’s continuing efforts related to the RRC and the Transco.

- **November 9, 2018---Matanuska Electric Association Compliance Filing:** At its public meeting on October 24, 2018, the Regulatory Commission of Alaska (Commission) requested that the electric utility participants provide documentation showing their respective Board of Directors' support for the Railbelt Reliability Council (RRC) and the Alaska Railbelt Transmission Organization (Transco) initiatives as they relate to Dockets 1-15-001 and 1-16-002. The Commission subsequently affirmed this request by issuing Order 1-15-001 (9)/1-16-002(9), which among other things, instructed the requested Board resolutions to be filed by no later than November 9, 2018. In response to the Commission’s request, Matanuska Electric Association, Inc. (MEA) provides the following three documents indicating Board support for these organizations. 1. Motion on the Railbelt Reliability Council Memorandum of Understanding passed by MEA's Board of Directors on September 17, 2018; 2. Resolution 2035 on Transmission-Only Utility (Transco) Business Plan Development passed by MEA's Board of Directors on April 10, 2017; and 3. Resolution 2057 on a Transco Proposal passed by MEA's Board of Directors on October 12, 2018.
- **November 9, 2018---City of Seward’s Response to Order No. I-15-001(9)/I-16-002(9):** In response to Order No. I-15-001(9)/I-16-002(9), dated November 6, 2018, the City of Seward, Seward Electric Utilities Division (“Seward”) submits the enclosed unsigned version of Resolution 2018-082 by the City Council of the City of Seward, Alaska (“Seward City Council”). That resolution was passed and approved on October 1, 2018, and authorizes Seward to enter into a memorandum of understanding for the creation of the Railbelt Reliability Council. Seward will submit a signed version of the resolution to the Commission when it becomes available. The Seward City Council has not yet approved a resolution addressing formation of a regional transmission company (“Transco”). The Seward City Council has a work session scheduled for November 9, 2018, to address that matter and plans to consider a resolution addressing formation of a Transco at its next regular meeting scheduled for November 26, 2018. Seward will submit any approved Transco resolution to the Commission promptly after it becomes available.
- **November 16, 2018---Notice of Filing of City of Seward’s Resolution Addressing the Formation of a Regional Transmission Company:** In response to Order No. I-15-001(9)/I-16-002(9), dated November 6, 2018, the City of Seward, Seward Electric Utilities Division (“Seward”) submits the enclosed Resolution 2018-037 by the City Council of the City of Seward, Alaska (“Seward City Council”). That resolution addresses formation of a regional transmission company (“Transco”) and requires an additional resolution for final approval prior to any transfer of utility assets.

- February 25, 2019 – *Application for a New Certificate of Public Convenience and Necessity to Provide Electric Transmission Utility Services to the Alaska Railbelt:*** Alaska Railbelt Transmission LLC (“ART” or “Transco”) applied for a Certificate of Public Convenience and Necessity (CPCN) for an Electric Transmission-only utility. Utilities involved in this Transco are Golden Valley Electric Association (GVEA), Anchorage Municipal Light and Power(ML&P), City of Seward, Homer Electric Association (together with Alaska Electric and Energy Cooperative “HEA”), and Wisconsin-based partner ATC Development Company LLC (“ATC”). Utilities not signators to this Transco CPCN application were Chugach Electric Association (“CEA”) and Matanuska Electric Association (“MEA”). The application proposes that the Alaska Railbelt Transmission, LLC, plan and construct transmission system upgrades and additions for the Railbelt (adhering to reliability standards adopted by an electric reliability organization and developed based on a regional integrated resource plan) and establish Railbelt system-wide transmission pricing
- June 20, 2019 - *Notice Of Withdrawal of Application:*** Alaska Railbelt Transmission, LLC provides notice to the Regulatory Commission of Alaska that it is withdrawing its Application for a Certificate of Public Convenience and Necessity.