



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

*Mike Dunleavy, Governor
Julie Sande, Commissioner
Keith Kurber II, Chairman*

Regulatory Commission of Alaska

October 12, 2023

Laura Simeon
Tribal Administrator
Aniak Traditional Council
P.O. Box 349
Aniak, AK 99557

Dear Ms. Simeon,

On September 14, 2023, the Regulatory Commission of Alaska (Commission) received a letter dated September 7, 2023, from the Aniak Traditional Council in response to the August 21, 2023, letter sent by the Commission.

The Commission acknowledges that the change in the Cost of Power Adjustment (COPA) in TA229-5 had a significant effect on utility bills for Aniak ratepayers. Although the Commission has not historically issued public notice for COPA filings, given these circumstances, the Commission is currently reviewing its processes regarding public notice to mitigate similar situations in the future. The Commission is determining if this will require changes to our statutes or regulations. The Commission is also reviewing its internal procedures, working with staff to flag filings with significant increases and decreases in the COPA, and looking at resources outside of the public notice process to better communicate with ratepayers about actions that may affect them. Some tools being vetted include communicating through various social media platforms, updating our website regularly, communicating with local leadership, and more engagement with our utilities.

After the June 28, 2023 public meeting, the Commission took immediate unprecedented action by working with Aniak Light and Power Company, Inc. (ALPC) to reduce the financial burden to ratepayers of COPA filing TA229-5 by amortizing the balance over a 24-month period. Both the Commission and ALPC agreed that a monthly surcharge cost recovery mechanism would be in the best interest of all parties involved. The Commission calculated this monthly surcharge based on the actual kWh sales from April 1, 2022, through March 31, 2023. As the sales during the 24-month amortization period could be higher or lower than those used to calculate the surcharge, the amortization period could be longer or shorter. Once the surcharge is no longer part of the COPA, the COPA will be lower by \$0.1221/kWh. Future COPAs could be impacted by other factors, such as fuel costs or the amount of power sold. The Commission is monitoring ALPC's COPA filings to ensure that the COPA is working as intended and this situation is not repeated. This monitoring could result in more frequent COPA filings by ALPC.

The COPA mechanism is an adjustment where a utility may recover fuel and purchased power cost, which fluctuate more frequently than other operating costs. A utility may only recover costs associated with approved cost elements. COPA filings must include supporting documentation, such as invoices for costs, records of changes to fuel inventory, and actual monthly kWh sales, generation, and station service. COPA filings are permitted by regulation to take effect upon filing and have different noticing requirements. Historically, the Commission has not issued public notices for COPA filings as the COPA filings are a pass-through mechanism. Staff are specifically trained to review COPA filings to ensure that they comply with the regulations, the utility has accurately accounted for its costs and revenues, and the COPA is calculated correctly, based on the utility's approved methodology.

The Commission regulates utilities across the state of Alaska in both urban and rural settings. Staff are trained to work with urban and rural utilities and staff works more closely with rural utilities based on a greater need for assistance compared to urban utilities, which have more regulatory compliance staff.

In summary the Commission is having internal discussions regarding noticing and other safeguards to prevent similar situations in the future. If it is determined that changes to existing regulation would be necessary, such action would need to take place in a rulemaking docket. The Commission is currently exploring training opportunities for utility staff and informational sessions for the public. The Commission looks forward to future collaboration with the Community of Aniak and all other Alaskans.

Sincerely,

Keith Kurber II
Keith Kurber II (Oct 12, 2023 07:57 AKDT)

Keith Kurber II, Chairman

Bob Doyle
Bob Doyle (Oct 12, 2023 07:57 AKDT)

Robert A. Doyle

John Espindola
John Espindola (Oct 12, 2023 08:18 AKDT)

John Espindola

RMP
Bob Pickett (Oct 12, 2023 08:20 AKDT)

Robert M. Pickett

Janis W. Wilson
Janis W. Wilson (Oct 12, 2023 09:10 AKDT)

Janis W. Wilson

cc: Andrew Jensen, Policy Advisor -- Food and Energy Security, Office of the Governor