



RCA Regulation of Gas Storage

HOUSE RESOURCES COMMITTEE

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BECKI ALVEY, ADVISORY SECTION
MANAGER, RCA



Where We Started

- 1960 - Alaska Public Service Commission (APSC).
- 1970 - The Alaska Public Utilities Commission (APUC) was created to replace APSC.
- 1972 - The Alaska Pipeline Commission (APC) was established to regulate intrastate pipelines.
- 1981 - The APC merged with the APUC.
- 1999 - The Alaska Legislature replaced the APUC with the Regulatory Commission of Alaska (RCA) giving it a broad authority to regulate utilities and pipeline carriers.

Organizational Structure

Commission Section

- Five Commissioners
 - (Appointed by the Governor and confirmed by the Legislature)
- Consumer Protection & Information Staff
- Support Staff
 - (Administrative Operations, Law Office Assistants, Records & Filing, Information Systems)



Robert A. Doyle
RCA Chairman

Administrative Law Section

- Administrative Law Judges
- Paralegals



John Espindola



Keith Kurber II

Advisory Section

- Advisory Section Manager
- Utility Tariff Analysts
- Utility Engineering Analysts
- Utility Financial Analysts
- Communications Common Carrier Specialists



Robert M. Pickett

Utility Master Analysts

RCA Authority

AS 42.04 (Regulatory Commission of Alaska)

AS 42.05 (Public Utilities)

AS 42.05.760 – 42.05.800 (Electric Reliability Organization)

AS 42.06 (Common Carrier Pipelines)

AS 42.08 (Contract Carrier Pipelines)

AS 42.45 (Power Cost Equalization)

AS 42.05.141(a) – “The Regulatory Commission of Alaska may do all things necessary or proper to...regulate every public utility engaged or proposing to engage in a utility business inside the state,”

Definition of a Public Utility:

AS 42.05.990(6) “public utility” or “utility” includes every corporation whether public cooperative, or otherwise, company, individual, or association of individuals, their lessees, trustees, or receivers appointed by a court, that owns, manages, or controls any plant, pipeline or system for:

- (A) furnishing by generation, transmission, or distribution, electrical service to the public for compensation;
- (B) furnishing telecommunications service to the public for compensation;
- (C) furnishing water, steam, or sewer service to the public for compensation;
- (D) furnishing by transmission or distribution of natural or manufactured gas to the public for compensation;
- (E) furnishing for distribution or by distribution petroleum or petroleum products to the public for compensation;
- (F) furnishing collection and disposal service of garbage, refuse, trash, or other waste material to the public for compensation;
- (G) furnishing the service of natural gas storage to the public for compensation;
- (H) furnishing the service of liquefied natural gas storage to the public for compensation;

Certificate of Public Convenience and Necessity (CPCN)

Alaska Statutes 42.05 (Public Utilities) and 42.06 (Pipeline Act) authorizes the RCA to certificate qualified providers of public utility and pipeline services.

A certificate may not be issued unless the RCA finds that the applicant is fit, willing, and able, and that the services are required for the convenience and necessity of the public (AS 42.05.241).

What We Do: Certified Entities

Electric Utilities: 127	
◦ Rate Regulated: 33	Not Rate Regulated: 94
Water Utilities: 62+	
◦ Rate Regulated: 13	Not Rate Regulated: 49
◦ Provisionally Certificated: 73	
Wastewater Utilities: 66+	
◦ Rate Regulated: 7	Not Rate Regulated: 40
◦ Provisionally Certificated: 41	
Natural Gas Utilities: 8	
◦ Rate Regulated: 4	Not Rate Regulated: 4
Natural Gas Storage Utilities: 2	
◦ Rate Regulated: 1	Not Rate Regulated: 1
Refuse Utilities: 57	
◦ Rate Regulated: 20	Not Rate Regulated: 37
Steam Heat Utilities: 3	
◦ Rate Regulated: 3	
Telecommunications: 132	
◦ Regulated: 3 providing inmate service	Not Regulated: 129
Pipeline Carriers: 25	
◦ Common Carrier Pipelines: 25	Contract Carrier Pipelines: 0
Electric Reliability Organizations: 1	

What We Do: Regulate Public Utilities & Pipeline Carriers

RCA Core Services

Certification

- Review applications for Certificates of Public Convenience & Necessity (CPCN) and determine if applicants are **fit, willing, and able** to provide service.

Tariff Review

- Review tariff filings made by utilities or pipeline carriers that seek to change their rates or terms of service.

Regulation of Rates and Services

- Ensure the rates a utility charges its customers are **just and reasonable**, and that rates, services and practices of public utilities abide by their filed tariff.

Dispute Resolution

- Investigate complaints regarding utility service quality, billing or management practices.

Calculation of Power Cost Equalization

- Calculates the power cost equalization amounts for each regulated and non-regulated participating electric utility, in addition to calculating the PCE base rate on an annual basis.

Utilities Exempt from Rate Regulation

- Utilities owned by political subdivisions of the State (city or state owned). (AS 42.05.711(b)).
- Small water and sewer utilities (e.g. community wells). (3 AAC 52.700 and 3 AAC 52.720).
- Electric or telephone utilities that do not gross more than \$50,000 revenues annually. (AS 42.05.711(e)).
- Refuse utilities that do not gross more than \$300,000 in revenues annually. (AS 42.05.711(i)).
- The commercial portion of refuse utilities that provide service in the Municipality of Anchorage, Portage, Whittier, and the Fairbanks North Star, Matanuska-Susitna, and Kenai Peninsula Boroughs.
- Electric and telephone cooperatives that elect to be exempt through Deregulation Election (member votes). (AS 42.05.711(f) and (h)).
- Cable, Internet, and Wireless Services. (AS 42.05.711(k) for cable).
- Telephone utilities that provide service other than inmate calling service. (AS 42.05.711(u) and (v)).
- Utilities granted exemption where the Commission has found exemption in the public interest. (AS 42.05.711(d)).

Tariff Review Process

Tariff Revision:

- Entity files a tariff filing.
- Public notice is issued for public comment:
 - 30-day comment period for utilities
 - 21-day comment period for pipelines
 - 20-day comment period for electric reliability organizations
- Review Period:
 - 45 days for utilities
 - 30 days for pipeline carriers
 - 45 days for electric reliability organizations
- Prior to the end of the review period the Commission will approve, reject, or suspend the filing.

Tariff Suspension into a Docket:

- Suspended for further investigation.
- A commission panel and administrative law judge are assigned.
- May invite participation to intervene, including the Attorney General (Regulatory Affairs and Public Advocacy) and interested parties.
- Hold evidentiary hearings, when applicable.
- Issue a final order (AS 42.05.175):
 - Within 450 days for changes to a revenue requirement or rate design
 - Within 270 days for changes other than a revenue requirement or rate design

Power Cost Equalization (PCE) Program

Under the Power Cost Equalization (PCE) Program, the State of Alaska pays a portion of the electric bills for consumers served by utilities participating in the program.

The RCA establishes the PCE amount (cents/KWh) applicable to each utility, regardless if the utility is otherwise subject to RCA's economic regulation.

11 regulated utilities and 78 non-regulated utilities participate in the PCE program, which impacts more than 150 communities.

PCE base rate: AS 42.45.110(c)(2) provides that the Commission will, during each fiscal year, adjust the power costs for which PCE may be paid to an electric utility based on the weighted average retail residential rate in Anchorage, Fairbanks, and Juneau, and subject to the statutory ceiling.

The PCE program is administered by the Alaska Energy Authority (AEA).

Natural Gas Storage

A BRIEF HISTORY
AND CURRENT
CERTIFICATED
ENTITIES

Cook Inlet Recovery Act

In January 2010, House Bill 280, also known as the Cook Inlet Recovery Act, was introduced.

This bill, as it relates to the RCA, added new subsections in AS 42.05 related to natural gas storage, approval of gas supply contracts, and provided for exemption of certain natural gas storage facilities.

The natural gas storage facilities that would be exempt were 1) those that are part of a pipeline facility operated by a pipeline carrier, 2) part of a natural gas pipeline facility operated by a natural gas pipeline carrier, and 3) part of the North Slope pipeline facility operated by a North Slope natural gas pipeline carrier.

On July 9, 2010, Governor Sean Parnell signed the Cook Inlet Recovery Act into law.



Natural Gas Storage

The RCA has certificated 2 gas storage facilities

- Cook Inlet Natural Gas Storage Alaska, LLC (CINGSA) in 2011 (Docket U-10-051)
- Interior Alaska Natural Gas Utility (IANGU) in 2019 (Dockets U-19-002 and U-19-004)

CINGSA is economically regulated by the RCA.

IANGU is owned by the Alaska Industrial Development and Export Authority (AIDEA), a political subdivision of the state and exempt from regulation under AS 42.05.711(b).

IANGU provides liquid natural gas storage.

CINGSA

- CINGSA provides natural gas storage service in Southcentral Alaska.
- CINGSA was certificated in 2011.
- CINGSA receives, injects, stores, withdraws, and delivers natural gas.
- CINGSA is economically regulated and subject to AS 42.05 and the Alaska Administrative Code, Title 3 that is applicable to utilities (Chapters 47 and 48 specifically).
- Rates and rules are set out in CINGSA's tariff.
- Changes to those rules or rates are filed as tariff filings and are subject to approval by the RCA.
- CINGSA files Firm Storage Service (FSS) Agreements and Interruptible Storage Service (ISS) Agreements with the RCA.
- CINGSA currently has five wells in operation and the RCA recently approved an expansion agreement which would add two additional wells.



Questions

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