

SENATE BILL NO. 7

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY SENATOR MICCICHE

Introduced: 1/21/15

Referred: Senate Special Committee on Energy, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act directing the Regulatory Commission of Alaska to provide a report to the**
2 **legislature relating to electrical transmission in certain areas of the state; and providing**
3 **for an effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
6 to read:

7 REVIEW OF ELECTRIC UTILITY INTERCONNECTION. (a) The commission
8 shall, not later than July 1, 2016, or as soon as practicable thereafter, provide a report to the
9 legislature determining whether creating an independent entity that meets the requirements of
10 (b) of this section to manage the electrical transmission facilities in the Railbelt area is the
11 best option to provide for effective and efficient electrical transmission, including economical
12 distribution, reliability of electrical service, and nondiscriminatory, open access to
13 transmission services. The commission shall also provide suggested legislation and changes to
14 the regulations of the commission in the report.

1 (b) In the report under (a) of this section, the commission shall evaluate the creation
2 of an independent entity that

3 (1) is organizationally independent from the commission;

4 (2) is directed by a board of directors of stakeholders;

5 (3) has operational authority over the electrical transmission facilities of the
6 Railbelt area;

7 (4) has the exclusive responsibility to maintain the reliability of the electrical
8 transmission facilities of the Railbelt area;

9 (5) will maximize the use of existing electrical transmission resources and
10 will, where possible, avoid duplication of facilities;

11 (6) has the power to

12 (A) adopt, maintain, and reinforce reliability standards by adopting an
13 equivalent national reliability standard;

14 (B) plan, coordinate, and condition necessary additions and
15 improvements to the transmission system;

16 (C) manage the interconnection of new generation facilities;

17 (D) administer a universal tariff and employ a pricing system to
18 promote the efficient use and expansion of transmission systems and generation
19 facilities;

20 (E) manage parallel path flow and transmission congestion;

21 (F) function as a single control area operator that facilitates regional
22 electricity pooling and economical distribution to maximize the efficiency of electric
23 generation.

24 (c) While preparing the report described in (a) of this section, the commission shall
25 assume that

26 (1) rate recovery is ensured through the planning, permitting, and construction
27 phases of projects planned by the independent entity;

28 (2) existing agreements between generation facilities will be honored to allow
29 cost recovery of existing investments;

30 (3) standard and tariff rates will be just, fair, and reasonable for all ratepayers
31 and allow transitional rates to minimize the effect on an individual utility;

1 (4) existing transmission systems used for the benefit of the Railbelt area will
2 be allowed full cost recovery from the independent entity, including costs for depreciation,
3 interest, margin, operations, maintenance, applicable taxes, and general and administrative
4 expenses necessary for the operation of a transmission system.

5 (d) The report required in this section may not affect current open dockets. Until the
6 issuance of the report, the commission shall continue with activities necessary to preserve
7 existing operations that affect the reliability of the interconnected utilities in the Railbelt area.

8 (e) In this section, "commission" means the Regulatory Commission of Alaska.

9 * **Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).