

Original sponsors: Brown, Ellis,
Davis, et al.

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

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CS FOR HOUSE BILL NO. 238 (Resources)

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

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A BILL

6 For an Act entitled: "An Act requiring certain electric public utilities

7

to prepare certain plans."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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* Section 1. AS 42.05 is amended by adding new sections to read:

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Sec. 42.05.294. INTEGRATED RESOURCE PLANS. (a) An electric

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utility with annual sales that exceed 300,000,000 kilowatt hours shall

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file an integrated resource plan with the commission on or before

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January 15 every three years. The plan must show how the utility will

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meet forecasted power requirements. Unless a different time is speci-

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fied, a forecast required by this subsection must be for the next 20

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years. In the plan, the utility shall

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(1) list and describe current facilities and energy supply

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resources of the utility;

19

(2) include a forecasted retirement schedule that lists the

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facilities that the utility expects to remove from service, discusses

21

the assumptions used to develop the retirement schedule, and includes

22

the forecasted use of specific facilities, the remaining useful life

23

of the facilities, and forecasted maintenance work;

24

(3) describe the utility's interconnection relationships

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with other utilities and small power producers, and the utility's

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agreements for operation of joint use facilities, power exchanges,

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power pooling, reserve sharing, commodity displacement, and other

28

operating arrangements;

29

(4) document energy end-use in the utility service area and

1 identify with reasonable accuracy the final physical use of electrici-
2 ty in the residential, commercial, and industrial sectors, including
3 use within each sector for space heating and cooling, lighting, water
4 heating, refrigeration, and appliances;

5 (5) forecast system power demand including annual, season-
6 al, and peak day load hourly duration curves and best estimates of
7 anticipated peak demand of the major user classifications including
8 residential, commercial, and industrial sectors;

9 (6) analyze the utility's existing ability to meet increas-
10 ed system requirements, including

11 (A) opportunities for generation, transmission, or
12 other system efficiency improvements;

13 (B) potential electric power pooling;

14 (C) possible interconnection with qualifying cogenera-
15 tors or small power producers;

16 (D) anticipated demand reductions in power require-
17 ments as a result of market-induced or programmatic conservation
18 efforts; and

19 (E) current utility load management efforts;

20 (7) summarize the utility's load research programs, end-use
21 analysis, and load management investigations, including

22 (A) the status of current and anticipated load re-
23 search, data collection, and analysis;

24 (B) the status of current and anticipated end-use
25 research, data collection, and analysis;

26 (C) an assessment of changes anticipated in end-use
27 requirements from appliance and mechanical system efficiency
28 improvements for each consumer sector;

29 (D) an evaluation of the effects on utility costs from

1 end-use efficiency changes;

2 (E) a description of methods including innovative rate
3 designs available to modify, coordinate, or control end-uses to
4 manage system loads; and

5 (F) cost estimates for implementation of load manage-
6 ment programs;

7 (8) provide long-term forecasts, based on end-use and
8 econometric methodologies as appropriate, including

9 (A) base, low, and high forecasts of the power re-
10 quirements for the utility service area;

11 (B) a discussion of the assumptions used in developing
12 the forecasts including reserve margin requirements, population
13 growth or decline, employment growth or decline, economic de-
14 velopment, service area expansion, and other factors that influ-
15 ence the demand for electrical energy; and

16 (C) a sensitivity analysis that tests the importance
17 of specific assumptions;

18 (9) identify and evaluate alternative development options
19 to meet forecasted power requirements; the options must address
20 availability, reliability, flexibility, and cost-effectiveness;

21 (10) identify the development option with the lowest present
22 value of revenue requirements over the forecast period;

23 (11) recommend a specific development option and an imple-
24 mentation plan for the option; the option must identify projected
25 facility retirement, development of additional generating and trans-
26 mission systems, load management efforts, conservation, and energy
27 end-use efficiency improvements; and

28 (12) include other information considered necessary by the
29 commission to ensure adequate evaluation of all supply-side and

1 demand-side alternatives; the commission may not require the utilities
2 to provide information unless the type of information requested is
3 consistent with the type of information required by electric utility
4 regulatory agencies in other states.

5 (b) The commission shall establish by regulation a consistent
6 plan development and reporting methodology for the integrated resource
7 plans required under (a) of this section including the coordinated
8 preparation and filing of individual plans by closely integrated
9 utilities served by common facilities.

10 (c) The commission shall assist utilities in the development of
11 the integrated resource plan to minimize regulatory burdens and cost.

12 Sec. 42.05.296. REVIEW AND APPROVAL OF INTEGRATED RESOURCE
13 PLANS. (a) The commission shall establish by regulation a procedure
14 for the review and approval of a plan submitted under AS 42.05.294
15 that includes provision for public hearings before the commission in
16 the principal localities served by the utility submitting the plan.

17 (b) The commission shall approve a utility's integrated resource
18 plan including the recommended development option if the commission
19 finds that the plan

20 (1) ensures system reliability;

21 (2) would provide consumers with the lowest reasonable cost
22 of power over the forecast period; cost savings identified through
23 life-cycle cost analysis may be considered even though the cost
24 savings will be realized after the forecast period;

25 (3) adequately addresses conserving electrical energy
26 through cost-effective, end-use efficiency improvements using readily
27 available or reliably anticipated methods or technology;

28 (4) documents a reasonable expectation of future load and
29 resource requirements;

1 (5) uses, as appropriate, life-cycle costing and cost-
2 effectiveness analysis and explains the criteria and assumptions on
3 which the analysis is based;

4 (6) evaluates resource alternatives that would be appropri-
5 ate for the service area in light of technology currently available
6 and reliably anticipated to exist during the forecast period; and

7 (7) describes the utility's data collection activities,
8 additional data requirements, and efforts to develop that additional
9 data.

10 (c) Notwithstanding AS 42.05.294 and this section, a utility
11 may, without commission approval, maintain, repair, upgrade, or re-
12 build existing facilities to maintain reliable service and may pursue
13 action to alleviate an emergency situation in which service would be
14 lost.

15 (d) On the anniversary of the plan's approval date, the utility
16 shall submit annual reports on the implementation of the resource plan
17 and the approved development option, including (1) departures neces-
18 sitated by emergency service, maintenance, or repair, and (2) signifi-
19 cant changes in the underlying assumptions of the resource plan. The
20 report must include modifications to the plan under (c) of this sec-
21 tion, changes to underlying assumptions, and supporting data and
22 documentation.

23 (e) Commission review and approval of a utility's integrated
24 resource plan and development option authorizes the utility to imple-
25 ment the plan as approved.

26 (f) The commission shall adopt regulations and establish poli-
27 cies that set rates for utility services and revenue requirements at a
28 level sufficient for a utility to recover all reasonable expenses and
29 capital expenditures incurred by the utility in preparing the plan and

1 implementing the approved plan. Expenses allowed for recovery in
2 rates shall include those expenses reasonably expected to occur during
3 the time the rates are in effect. The commission shall develop speci-
4 fic procedures for revenue requirement adjustment in lieu of a general
5 rate adjustment filing.

6 * Sec. 2. AS 42.05.711(b) is amended to read:

7 (b) Except as otherwise provided in this subsection, public
8 utilities owned and operated by a political subdivision of the state,
9 or electric operating entities established as the instrumentality of
10 two or more public utilities owned and operated by political subdivi-
11 sions of the state, are exempt from this chapter, other than AS 42.-
12 05.221 - 42.05.281, 42.05.294 - 42.05.296, and 42.05.385. However,

13 (1) the governing body of a political subdivision may elect
14 to be subject to this chapter; and

15 (2) a utility or electric operating entity that is owned
16 and operated by a political subdivision and that directly competes
17 with another utility or electric operating entity is subject to this
18 chapter and any other utility or electric operating entity owned and
19 operated by the political subdivision is also subject to this chapter.

20 * Sec. 3. AS 44.83 is amended by adding a new section to read:

21 Sec. 44.83.085. GRANTS FOR INTEGRATED RESOURCE PLANS. The
22 authority may make a grant to a Railbelt electric utility that is
23 required to prepare an integrated resource plan under AS 42.05.294 to
24 assist in the cost of preparing the plan.

25 * Sec. 4. INITIAL PLAN DEADLINE. A public utility's first integrated
26 resource plan required under AS 42.05.294, enacted by sec. 1 of this Act,
27 shall be filed on or before January 15, 1991.