

1 IN THE HOUSE

BY BROWN

2

HOUSE BILL NO. 357

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act requiring certain electric utilities to  
7 prepare integrated resource plans."

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

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

10 Sec. 42.05.294. INTEGRATED RESOURCE PLANS. (a) An electric  
11 utility with annual sales that exceed 300,000,000 kilowatt hours that  
12 intends to participate with the Alaska Power Authority in a project or  
13 improvement under AS 44.83.087 shall file an integrated resource plan  
14 with the commission. The plan must show how the utility will meet  
15 forecasted power requirements. A forecast required by this subsection  
16 must be for the next 20 years. In the plan, the utility shall

17 (1) list and describe current facilities and energy supply  
18 resources of the utility;

19 (2) include a forecasted retirement schedule that lists the  
20 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  
25 with other utilities and small power producers, and the utility's  
26 agreements for operation of joint use facilities, power exchanges,  
27 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, changes in service area, 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 system development  
19 options to meet forecasted power requirements; the options must  
20 address availability, reliability, flexibility, and cost-effective-  
21 ness;

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

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

29 (12) include other information considered necessary by the

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

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

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

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

18 (b) The commission shall approve a utility's integrated resource  
19 plan, including the recommended system development option, if the com-  
20 mission finds that the plan

21 (1) ensures system reliability;

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

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

29 (4) documents a reasonable expectation of future load and

1 resource requirements;

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

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

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

11 (c) Commission review and approval of a utility's integrated  
12 resource plan and system development option authorizes the utility to  
13 implement the plan as approved.

14 (d) The commission shall adopt regulations and establish poli-  
15 cies that set rates for utility services and revenue requirements at a  
16 level sufficient for a utility to recover all reasonable expenses and  
17 capital expenditures incurred by the utility in preparing the plan and  
18 implementing the approved plan. Expenses allowed for recovery in  
19 rates shall include those expenses reasonably expected to occur during  
20 the time the rates are in effect. The commission shall develop speci-  
21 fic procedures for revenue requirement adjustment in lieu of a general  
22 rate adjustment filing.

23 \* Sec. 2. AS 44.83 is amended by adding new sections to read:

24 Sec. 44.83.085. GRANTS FOR INTEGRATED RESOURCE PLANS. The  
25 authority may make a grant to an electric utility to assist in paying  
26 the cost of preparing an integrated resource plan under AS 42.05.294.

27 Sec. 44.83.087. COMPLIANCE WITH INTEGRATED RESOURCE PLAN. The  
28 authority may not participate in the financing, acquisition, or con-  
29 struction of an electrical generation or transmission system project

1 or improvement intended to provide electricity to an electric utility  
2 with annual sales in excess of 300,000,000 kilowatt hours unless the  
3 project is consistent with the utility's approved integrated resource  
4 plan under AS 42.05.294 and 42.05.296.