

SCOMM

109:1

JOINT COMMITTEE ON ELECTRIC UTILITY RESTRUCTURING
August 6, 1998
10:15 a.m.

COMMITTEE CALENDAR

ELECTRIC UTILITY RESTRUCTURING, TESTIMONY BY INVITATION ONLY

TAPE(S)

98-1, SIDES A & B
98-2, SIDES A & B
98-3, SIDES A & B
98-4, SIDES A & B

NOTE: These minutes were prepared by Co-Chairman Rokeberg's staff.

CALL TO ORDER

Representative Norman Rokeberg, Co-Chairman, convened the Joint Committee on Electric Utility Restructuring meeting at 10:15 a.m.

PRESENT

Committee members present at the call to order were Representatives Rokeberg, Dyson and Davies; Senators Sharp and Leman. Representative Austerman arrived as the meeting was in progress (4:10 p.m.).

Also attending:

Dwight Ornquist, Commissioner, APUC; Lisa Ross, Birch-Horton; Bob Lohr, Executive Director, APUC; Mary Ann Pease, Aurora Power; Bob Price, ML&P; Ray Kreig, Chugach Electric; Hart Hodges, Phil Steyer, Chugach Electric; Henry Lang, Lang Consulting; Donn Wonnell, ML&P; Jim Patras, Dan Helmick, ML&P; John Rogers, Lori Kell, ML&P; Norman Story, Homer Electric Association; Eric Yould, ARECA; Gene Bjornstad, Chugach Electric; Donald Edwards, Chugach Electric; Robert Hanson, Golden Valley; Jean von Dohrmann, Legislative Consultants, Inc.; Mike Kelly, Golden Valley; Arthur Miller, Jerry Delson, Applied Analytics Associates; Mr. Parker, ML&P; Meera Kohler, ML&P; Bob Reagan, ML&P; Anne Hays, IBEW; Bruce Ferguson, AFSC/SFS; Robert Wilkinson, Copper Valley; Marilyn Semro, ML&P; Debbie Reinwand, Bradley Reid; Mary Fisher, ARECA; Patricia Harper.

SUMMARY OF INFORMATION

OPENING REMARKS:

CO-CHAIR ROKEBERG: Called roll, do have a quorum to conduct business. Thanked everyone for being in attendance. This is a major and extraordinary issue that is facing our state, this particular committee was put together by resolution of the last legislature to make recommendations for the Twenty-First Alaska State Legislature which I believe convenes on January 19, 1999. Alaska is unique in that we are not connected to a national electric grid. We are not unique in our desire for competitive utility services and lowering the consumers' utility and electric power bills as well as all other utilities. Many major issues are facing this committee today. We'll complete this job as expeditiously as possible. Not a simple issue as we all know. The One Hundred and Fifth Congress will not be taking any action on electrical restructuring on a nation wide basis during this particular year. Alaska like many other states needs to deal with this issue and "we" will do that. Main questions to be brought forward to the committee and one of the major purposes of this committee meeting today is to inform the committee members and bring to the attention of the people of the State of Alaska the key central issues on this particular topic. I am concerned about this particular issue as ending up as a "zero sum" game, with losers and winners, we need to be careful of this. Billions of public money has been put into this and as much as 95% of the retail electrical distribution in this state is consumer owned and not investor owned. Is concerned about one large utility comes in and "cherry picks" customers and leaves other utilities with only residential and lower rate paying base. We need to follow the lead of other states for example: Vermont, Maine, California and Michigan in adopting the consumer electric rights "bill of rights" to protect the individual consumers here if and when electrical restructuring takes place here. Legislature needs to set the police and the APUC is the regulator of that policy. Needs to formulate the policy guidelines within any new statute that we bring forward.

CO-CHAIR SHARP: I would just like to add to what you said; my desire is also to make sure that the electric customers in the State of Alaska get the most economical source of power and the most reliable source of power. That combination is what we want to seek out. We have operated over the years with specific service areas drafted by the APUC. This may be challenged severely by allowing transfer or competition within those given service areas. We need to search out where there have been successes in the Lower 48 concerning this exact situation; it has been very difficult to find any successes yet. There is a lot of movement going on with mergers and jockeying for position. The actual results are yet to materialize. I'll be interested in getting that information and to

see where customers have benefited. Would like to see surplus power made available at the most economical rates possible on the wholesale level to "work" competition. With that, I am ready to listen.

EUGENE BJORNSTAD, General Manager, Chugach Electric, see written testimony in committee file.

ERIC YOULD, Executive Director, ARECA, see written testimony in committee file.

DWIGHT ORNQUIST, Commissioner Alaska Public Utilities Commission, BOB LOHR Executive Director Alaska Public Utilities Commission, COMMISSIONER ORNQUIST spoke for Alaska Public Utilities Commission. No written testimony submitted. Overview: Speaking off the cuff; not necessarily APUC's goal to have competition but to provide good services, make sure prices are low and efficiencies are high for the people of Alaska. APUC historically has needed prodding in the direction of competition. The state legislature prompted APUC's involvement in telecommunications industry and has had federal prodding into telecommunications. The concerns that consumers had in telecommunications industry deregulation are the same for the electrical industry: prices going up for individual and small customers, cherry picking. Actually, prices have gone down because of competition. Does not feel that competition or regulation is panacea for the utility industry. When you have a monopoly you have need for the APUC as a moderator/regulator for this monopoly. Buying and selling electricity lends itself to competition not monopoly, but APUC still needed to oversee that competition is fair and customer is protected. APUC docket is open on electric industry restructuring. Commissioner Ornquist is Docket Manager and has contacted utility companies to begin moving forward. APUC has a plan to do a third party study; APUC would fund this study, but is not sure how long it will take to complete. The selection process to choose a company to complete this study could take 90 to 120 days. This study would help to figure out what works and what does not. Or another alternative that APUC is leaning towards is a symposium of sorts, with legislative, regulatory, and industry officials and participants, to bring up experts in the field, get all the information, balance out information, see how it applies to Alaska, weigh pros and cons, make a plan and implement. APUC views themselves as a creature of the legislature, legislature gives APUC direction in their statutes. Implements Legislative instructions. APUC wants to be legislative resource; APUC wants to make sure the legislature's direction that has been established is the direction that we are moving.

MEERA KOHLER, General Manager, Municipal Light and Power, DONN

WONNELL, Attorney/Municipal Light and Power, DONN WONNELL spoke for Municipal Light and Power, see written testimony in committee file.

BRUCE SCOTT, Consumer Relations, Matanuska Electric Association, see written testimony in committee file.

MIKE KELLY, President and Chief Executive Officer, Golden Valley Electric Association, see written testimony in committee file.

MARY ANN PEASE, Vice President, Aurora Power, see written testimony in committee file.

GARY BROOKS, Business Manager, IBEW, no written testimony. Overview: Appreciates the opportunity to be here. IBEW is going on record as opposing the radical restructure of electrical utility business in our state and on behalf of over 1,000 IBEW represented families who earn their living in the utility business in this state and over 5,000 members that we represent in Alaska, we ask this committee and our legislature to thoroughly and deliberately entertain the subject before you. We see very little evidence that the residential consumer in the Lower 48 where restructuring has been attempted, have enjoyed any reductions in cost or savings. IBEW has seen evidence that their rates are going up. If the small consumer has to subsidize the large consumers cost savings, we think there is something fundamentally wrong in that. Please carefully consider this issue. Brought up problems in the airline industry that has been brought about since deregulation. Expensive to fly from remote area in Alaska (Rep. Dyson "Juneau"), (laughter,) yes it costs less to fly from here to Seattle, I can get there far cheaper than I can get to our state capital. Reliability in remote areas is a concern if industry is deregulated. Brought up problems that happened in California after deregulation of utility. Safety for consumer and workers if utility is deregulated is another concern.

ROBERT WILKINSON, Four-Dam Pool, spoke for Four-Dam Pool, see written testimony in committee file.

Committee Discussion - Round Table
See attachment.

ADJOURNMENT

CO-CHAIR ROKEBERG adjourned the meeting at 4:27 p.m.

COMMITTEE ACTION

The committee took no action.

ADJOURNMENT

The meeting adjourned at 4:27 p.m.

NOTE:

The meeting was recorded and handwritten log notes were taken. A copy of the tape(s) and log notes may be obtained by contacting the House Records Office at 130 Seward Street, Suite 211, Juneau, Alaska 99801-1182, (907) 465-2214, and after adjournment of the second session of the Twentieth Alaska State Legislature, in the Legislative Reference Library.

JOINT COMMITTEE ON ELECTRIC UTILITY RESTRUCTURING
ROUND TABLE DISCUSSION
AUGUST 6, 1998

NOTE: THIS PORTION OF THE MEETING WAS TRANSCRIBED VERBATIM

CO-CHAIRMAN NORMAN ROKEBERG: I'd like to reconvene the Joint Committee on Electrical Utility Restructuring. And appreciate the folks here at the table, also for the committee members if there's anybody else in the audience you want to direct a question to please feel free to do so. With that who would like to start the questioning? Representative Dyson.

REPRESENTATIVE FRED DYSON: Thank you Mr. Chairman, I had a question of Mary Ann that I forgot at when you were on deck there before. You mentioned changes in technology that were going to change the way things happen? What besides remote metering and sophisticated metering do you see will impact things in the next 30 years?

MARY ANN PEASE, AURORA POWER: Well I do believe it's going be an impact on fuel sales, I think there will be smaller generators that will come on line with business, such as, the universities or....

REPRESENTATIVE DYSON: In the five to ten year time frame?

MS. PEASE: Yes I do.

REPRESENTATIVE DYSON: Thank you.

CO-CHAIRMAN ROKEBERG: That was Mary Ann Pease from Aurora Power, for the record. Please remember that, I hate to do this, but it makes it a lot easier and we get the minutes faster.

Representative Dyson, are you finished?

REPRESENTATIVE DYSON: Yes.

CHAIRMAN ROKEBERG: Who's next? Senator Leman.

SENATOR LOREN LEMAN: For Mr. Bjornstad. Gene, in our discussion today, has I guess, I expect most of the others although in favor of competition as a word in favor of the fairly aggressive action at the retail level, but then there was (indisc.) that talks about competition at the wholesale level. That I would guess would impact your utility the most in Alaska is that something you are prepared to embrace I guess the (indisc.) and participate in and you know, has that lease space (indisc.) you know some of that line you know wholesale and then pilot work and then retail as a first step to enacting something that I think would be in the best interest of Alaskans in the long run.

GENE BJORNSTAD, CHUGACH ELECTRIC: Well, first of all our view is the wholesale competition has been going on for a number of years. Chugach believes that the wholesale contracts that we have with our wholesale customers were achieved through competition. We have a competition or we had a competition just in the last year or so with ML& P over Seward and whether or not we could serve them. But I think the issue here is particularly from Matanuska's point of view is that somehow or another we already have the wholesale contract that we got with Matanuska set aside in some manner. There is a comment that was made that they are captive and they can't do anything about their power supplier. I think on the contrary if you look at the Matanuska AEG&G contract there is a couple of provisions in there that allow them number 1) change to a net requirements customer; number 2) to change to a partial requirements customer. Now contracts were made in 1989, five years later we have ML & P going off to MEA offering to lower their rates. And one of the suggestions that the General Manager and their kind made to MEA was to let Chugach know, give Chugach notice that they wanted to get out of the contract or change it. We haven't received that notice. Just recently, I informed the General Manager at Matanuska that they would like to discuss buying out their contract, we're more than happy to discuss it. But we don't think the legislature nor the PUC has the power to set aside these contracts. They are legally binding, they are approved by the governing boards, they were approved by the PUC, they were approved by the REA and we've got documentation that at the time Matanuska was very happy with that contract. But in the interest of competition, if we, if they in fact want to discuss changing or getting out of the contract we are more than willing to talk about it.

CO-CHAIRMAN ROKEBERG: Does MEA want to respond to that?

UNIDENTIFIED SPEAKER: Well, I would....

CO-CHAIRMAN ROKEBERG: We're not here to humiliate or....

UNIDENTIFIED SPEAKER: You want to get it out of there....

CO-CHAIRMAN ROKEBERG: Right, their (indisc.)....

BRUCE SCOTT, MATANUSKA ELECTRIC ASSOCIATION: And you're correct - Mr. Bjornstad is correct in saying at the time we were happy to have a contract when we signed it because the circumstances were that Chugach Electric has conveyed to MEA that we're going to sell you X megawatts of power and if you need more than you're on your own just find it somewhere anywhere. The language is a lot more flowery, we were under the gun to assign some sort of contract as quickly as possible. We do have options to get out of the contract too I believe, but the contracts or the options that Mr. Bjornstad has identified are such that would cap our purchase at the highest level that we have had (indisc.) in the past. So that yeah, we can go ahead and we agree to buy 100 megawatts of power to use a number that is not too far of the mark from Chugach and anything over and above that, that we need we can get freely compete for, you know, open market. So it's not that much flexibility, I'm not sure that we're not willing to discuss at some point of revising the contract, in fact, you know we have talked at revamping various...but, it really isn't it, it really isn't accurate to say that Chugach has (indisc.) the contract. We didn't have a whole lot of choices at the time; we have an existing contract. It wasn't just going to be wiped out; it was going to be capped. There weren't a lot of other suppliers around, frankly vying to provide MEA with power. There was no Aurora Gas, or lower electricity or whatever you want to call it. There was ML&P and there was Chugach. Frankly at the time, Chugach was the one to supplying us the power. Given a different economic climate would be assigned the contracts I could put on my Johnny Carson hat and try and do some sort of searing (ph) scene, but there is no way to know.

CO-CHAIRMAN ROKEBERG: Senator Leman.

SENATOR LEMAN: I guess by asking that question, I got into something I hadn't anticipated on and wasn't even aware of, of the details of all those challenges, but, it's nice to know. I will just say that from time to time when the legislature has proposed some things it seems like opposition has come out from those who are concerned about their contracts and things like that and

sometimes the legislature has specifically gone in and said look you know for changing from this to this you know the contracts go with it. You know whether it's the privatization of some state service or something like that because then it seems like those who get business from it or have that contract want to maintain that status quo. So I wouldn't anticipate that anything we did would void any existing contracts. I mean that would have to be done in a court of law if or by some other commercial activity. I wouldn't anticipate the legislature would do that. I certainly wouldn't support that.

CO-CHAIRMAN ROKEBERG: There have been requests from the Speaker Phillips' office that Mr. Story-Norman did you want to make any comments or is she just worried that you got a shot at the to make any comments today.

NORMAN STORY, HOMER ELECTRIC: Mr. Chairman, would you like me to make one now relevant to this subject. It might be the most important.

CO-CHAIRMAN ROKEBERG: Sure if you want to come on up and join us we would be happy to have you at the table anyway. You might point out to the Speaker; he was trying to (indisc.--other people talking at the same time). Tried not to testify, so....

NORMAN STORY: Well, we thought it was by invitation only today, so my name is Norman Story, I am General Manager of Homer Electric: And just on the subject of the contracts we have good relationship with Chugach Electric today. Our concern relative to the issue of competition, we spoke before about leveling the playing field, is that we have to have the ability to have flexibility. We cannot compete in our service territory if we are held to contracts that do not allow us flexibility to achieve different cost structures of, especially if the organization that is competing with us are the organizations that have a private contract. And that's probably the worst condition that we can perceive. For example, we have Tesoro, it is one example; we do business with Phillips and large consumers if someone and especially if it was Chugach came down and attempted to take those consumers our contract with Chugach anticipates the growth and the structure of consumers that we have. We have a pay contract so our contract anticipated the continued growth to bring a (indisc.) scale to the balance of our (indisc.) so that's where we would have a difficulty with the issue on contracts as it stands today in terms of open competition and about understanding that effect. It basically would be unfair to create an unfair market place for us. I appreciate the opportunity to speak.

CO-CHAIRMAN ROKEBERG: Certainly, Mr. Yould.

ERIC YOULD, ARECA: Mr. Chairman, along the same lines have to do with the contracts that has been voiced by primarily the two uh retailers of power, MEA and HEA. And that is that if competition were limited to the Anchorage area primarily between ML&P and Chugach Electric it is entirely possible that even though Chugach is the one that's pushing so hard for the competition and perhaps rightfully so, it is hard to say, that Chugach would actually get its butt whipped. And Chugach would actually see the cost of its power go up because 'ML & P has natural gas fields that would make them more competitive. Well maybe that's okay, but the problem is you have two wholesale contractors, HEA & MEA, that are tied to that same contract with Chugach whose destiny is going to be tied to what Chugach does. So it's not just an issue between ML&P and Chugach, but there are really four people in that dogfight.

CO-CHAIRMAN ROKEBERG: Thank you, Mr. Yould. It is clear to the committee that we are not talking about mainly fair competition here; we're talking about restructuring.

UNIDENTIFIED SPEAKER: True enough.

CO-CHAIRMAN ROKEBERG: Senator Lemman do you want to continue?

SENATOR LEMAN: Not right now.

CHAIRMAN ROKEBERG: Senator Sharp.

CO-CHAIRMAN BERT SHARP: I guess the part that uh,....

CO-CHAIRMAN ROKEBERG: Norman, you can join us anyway.

CO-CHAIRMAN SHARP: One of the things that, that tickle my imagination is the fair and just pricing out of the unbundled services. I agree that cost of service studies are a normal thing that's done. But they are not usually done every year and as growth happens or the lack of growth cost of running those particularly unbundled services go up and down and I'm just curious to know and plus the fact that a lot of lines and generators are built in anticipation of growth by the utility that is equipped to do this. And if the growth doesn't occur, then that utility has some problems, based on the economics of the investment that they have made and I guess it would progress here I would be interested to know how they would propose to price out the cost of service for transmission and/or distribution and meter reading and customer service and so forth. Would it be based on a public capacity of that transmission line or is going to be based on the average cost

per unit as of a given date and time and a cost for service for these guys, and if so, is that cost of service study have to be updated annually to come up with new average cost for those services and if so who is going to pay for that. Because cost of services are not cheap. To do the studies of cost of service, I mean. Should the regular customers not benefiting from that be forced to pay for those cost of service studies or should they be rolled into the cost of the unbundled service that's being charged to the bulk of all providers as they incur along the line. Those type of things we will get into later I'm sure Mr. Chairman, the technicalities of how you fair (indisc.) interest and seeing how this comes down. And I guess it's not anybody buy anybody....

CO-CHAIRMAN ROKEBERG: I think anybody else didn't really wanted to comment. We'll start with Mr. Bjornstad and then Ms. Pease and then anybody else....

MR. BJORNSTAD: The topic of unbundling, I think needs to be understood in a couple of different ways. There's one way to look at it and that is unbundling your financial records so as Senator Sharp suggests you can account for the costs of the different parts of your business. This isn't a topic that has just come up in the last couple of weeks. Those of you who have followed the industry for a couple of years this is a topic that people have been suggesting that a utility does. Chugach has embarked on this over a year and half ago and we have in fact segregated our financial accounts into generation transmission distribution services and retail services. It's all that we can project what it is that's going to cost somebody for a kilowatt of electricity. Now, there is another way of looking at it, talking about unbundling and separating the entire parts of the business into individual entities. That again is a different way to look at that unbundling. I don't know if that is what you had in mind but we don't think that it is that expensive now that we have done it, you have to set up your accounting system, it takes a lot of work and it takes a lot of people internally to set it up and then you have to train your workers and your work force to put the time in the right boxes and so forth and what investment you make in it, obviously you are going to change those indicators or those allocators over time. I guess I would propose that you could probably update these figures probably every couple of years. It would be something we would submit to the commission for approval and then anybody who uses our transmission system would pay the same price, as we would charge ourselves. The same thing with the distribution system. I think that is the way you'd do it.

CO-CHAIRMAN ROKEBERG: Ms. Pease.

MS. PEASE: Just expanding briefly on what Mr. Bjornstad has said; for example ML&P has about 24 miles of transmission line and approximately 350 miles of distribution line. That does not change substantially once you get a good base to work from which I think already exists. The amount of new transmission lines that is being added is negligible over the next few years. And the amount of new distribution line again is not that great. If there is a major change in the system distribution of transmission systems that the cost of study would have to be redone and those numbers recalculated. So I don't see that there is that big of an issue, and again, once you get the (indisc.) in place to update every two or three years should be sufficient.

CHAIRMAN ROKEBERG: Mr. Wonnell.

DONN WONNELL, ML&P: I think actually Senator Sharp is onto a very good problem. The Telecommunications Act by with an analogy was passed in February of 1996; court issues about pricing are now finally before the Supreme Court of the United States and are unresolved at this time. Accounting systems account for cost investment expense. That sort of thing. What they don't do traditionally is allocate the services. Particularly when the services aren't (indisc.) unbundled. When the existing mechanisms do not actually impress the question of how shall we price the particular service, when we have never provided before, and how shall it be collected. The question of identification of cost particularly what a (indisc.--coughing) joint common cost. The allocation of those costs is extremely important. It would be a natural inclination for any entity which has a choice to allocate cost where a consumer respond is least elastic where consumers have to pay for it. I conclude now, as consumers are potential users of the transmission system. There is a second problem in that cost allocated towards or away from, for example, generational impacts stranded. Stranded investment becomes quickly other peoples money and may prove to be a managerial adept approach to try and blow up generator costs for recovering from a third source if you can improve your competitive decision elsewhere in the market place. So it is not simply a matter of reforming an accounting system, I have no doubt that Chugach Electric has done so in good faith, it's a restructuring industry with the owners of all segments, the generation transmission, and distribution for recovering a reasonable profit or at least have a reasonable opportunity to recover a reasonable profit which is what the law requires. And none the less to prevent costs which are competitively neutral in due market competition to occur, as a result of this entire thing is not simply an activity. Telecom is proving that. And I think you will find similar levels of detail allocation problems in the electric (indisc.). This is something that you ought to consider

and I think that the Senator is quite correct.

MR. SCOTT: Senator Sharp also addresses quite pointedly the question that came up with fairly. How do you fairly cover these costs? Chugach Electric Association proposed to serve some of ML&P's customers and said Chugach will pay X amount to ship the electricity along ML&P's lines and we have determined this is the fair value, and that's what they we are going to pay. The ML&P I understand disagreed with that assessment. But the APUC in order 97 297-201 rejected Chugach's attempt to serve ML&P's customers and of course now, we have another proposal before the Commission from yet another group. But identifying the cost further what I'm trying to tell you what the costs are for Chugach to ship us power, I'm going to weigh this as much as I can on our side; I mean this is the natural inclination, of course, I personally would never do that because I am an honest and forthright businessman, but, the inclination industry wide is going to be for whatever business is doing the evaluation to try and shave the numbers, if you will, to benefit them as much as possible. So it's not going to be an easy matter to determine exactly what is the cost is to the consumer and what portion of that.

CO-CHAIRMAN ROKEBERG: I have a follow up for this if you have a....

UNIDENTIFIED SPEAKER: No, go ahead.

CO-CHAIRMAN ROKEBERG: I would like to direct this follow up to Mr. Ornquist. I think this issue is central to our charge; if we agree to recommend whether the legislature should take this up then I think it's our duty in terms of policy setting to give the APUC enough, as much direction as possible. Keeping it as simple as possible, but to avoid the complexities of the issue to give you some directions so you don't have to make the decisions in ord... -- and also to avoid as much litigation as might be generated from it. In so doing you think it would be appropriate for the legislature to at least make a broad brush policy statement as to which stranded embedded cost, how this is to be done, the level of burden and what could be put into a ultimate formula a narrative type forum statutorily to give you direction, do you think that would be a good idea.

DWIGHT ORNQUIST, PUBLIC UTILITIES COMMISSION: I think it would be good for the legislature to give us a very broad directive, something on the order of take care of stranded costs appropriately. The reason I say that is because we will be running into issues that we haven't considered and as slow as the APUC is to deal with things and change if we, if a mistake is made

somewhere along the line it is even more difficult generally to address that legislatively. The legislative level should give us good long distance targets and we should try to find the best method of attaining the target that the legislature has set. The complexity, the actual complexity of unbundling and determining what is and isn't stranded investment. That will be determined a lot by the form of the new structure if we do restructure. Which we haven't even determined yet, we are still at the stage of saying should we do anything and if so what would happen. Any direction from the legislature at this point especially I think should not be too detailed, but if more detail needs to be added in then add it in later.

CO-CHAIRMAN ROKEBERG: Then Mr. Ornquist how long is it going to take the APUC to define what stranded costs are? About three years?

MR. ORNQUIST: I don't think so. I recently have become the Chairman on the National Association of Regulatory Utility Commissions Finance and Technology Committee and one of the things I have asked for at this last meeting we had was to come up with a good definition of stranded investment that would also reflect our situation up here in Alaska. I would imagine that the study that we are talking about once we begin the process to coming out with the full study should probably take a couple of two or three months and we should have the information. Probably one of the biggest helps that we could receive is in the area of prioritizing if the legislature were to say we want to see you address this quickly then that would speed up our processing a lot. Right now we find ourselves dealing with a lot of different issues with a lot of different industries and sometimes the important stuff gets put off a little bit, because the urgent stuff is right in front of us and the burning issues are right there on the day to day basis. So we do try to follow direction well. If the legislature said hurry up, I'm sure we would respond well to that.

CO-CHAIRMAN ROKEBERG: I suppose my concern is that with too broad a brush then if you make decisions that that would invite litigation. Is that, I guess there's got to be a balance there somewhere. Mr. Bjornstad, go ahead.

MR. BJORNSTAD: I think you are going to hear in about a week or two I guess a couple of weeks is your meeting on the 18th you're going to have I think ARECA has hired an expert to come up and talk about this situation up here. One of the things he talked about in his book is stranded investment, I mean he classifies them in three areas, generation, contracts, long term wholesale contracts and fuel contracts and regulatory assets. I would submit to you there

is probably some of all those three in this area up here. I think you probably can talk to that person when he gets here.

CO-CHAIRMAN ROKEBERG: Any further questions along those lines. Representative Davies, do you have a question?

REPRESENTATIVE JOHN DAVIES: Just need to comment on the last discussion a little bit. I think in the issue of broad vs. narrow that it's generally better for the legislature to stick to the broad side and in respect to these kinds of issues I believe that they will be, if they need to be litigated they will be litigated in any case, no matter how detailed we try to make our instructions. So I'm always inclined to set broad policy and let the experts follow in the details. Although I have some detailed questions. My concerns are generally along the lines of reliability things like spinning reserve, how, when you have you have a wide open free wheeling market place how do you fairly allocate the costs for making sure that there is redundancy making sure there is the ability to respond and to respond quickly. In our situation when it is 50 below do you allow the possibility for a supplier to just walk away, what are the contractual penalties for that, what are the legal ramifications you know, it can become the provision of electricity in our market can be a life and death issue. And that, those are the kinds of concerns I bring to the discussion, I'd like to hear some discussion about how we can assure our customers if we are to go into a more competitive environment that those kinds of concerns would be dealt with.

CO-CHAIRMAN ROKEBERG: Bruce Scott.

MR. SCOTT: It's, I don't know how many of you have been following the news in the Lower 48 on the weather patterns down there. There is a huge heat wave going on there. They have been running low on electricity and particularly in areas where they have had more competition if you will in areas they have previously and they have been able to come up with the electricity that they have needed, unfortunately the price has gone through the roof. I've heard of people paying phenomenal costs for megawatt hour of electricity, I don't know \$7,000 per megawatt hour of electricity. What's an average cost? (Indisc.--people talking at once) I mean you are providing it so the question for them becomes well yeah sure you can provide it, but at what cost? What guarantees do you have that there is not going to be some sort of gouging or you know market base gouging or (indisc.--garbled) after the fact? I don't know how you do that, if somebody is marketing electricity and trying to make a profit off of it, they are more inclined to be selling electricity and making a profit then they are trying to figure out how to keep the customer on line all of the time. That 's not

their priority. Our priority at MEA is not to sell the electricity to make money, I mean that's important for us to do that or we would be out of business, but our first priority is to keep the lights on. If the lights aren't on, we don't have any customers. We don't send to any cells, we are just out of business. If somebody else doesn't keep the lights on, well yeah they are losing some money, but later on when the lights come back on someone else fixes the problem and they can go ahead and make some more money on the deal. So when you have that kind of area of competition, I don't think you have the commitment that you have in the case where it is a member owned cooperative, or even a municipal cooperative, where the voters, the members are depending on you to keep them from shivering when it is 50 degrees below zero. I don't know how you provide for backup in a competitive market place other than to say well they are my customers when I'm making a dollar, when I'm not making a dollar because the temperature dropped too far they're your customers.

REPRESENTATIVE DAVIES: My concern is to him, there might not be somebody over there to hand it to (this is John Davies again) (indisc.--people talking), get some more people on this issue.

CO-CHAIRMAN ROKEBERG: Ms. Pease.

MS. PEASE: The ancillary services that go along with the distribution of generation of power will be purchased just as they are today. The systems reliability should not change one iota. We supply natural gas to over 700 customers and never has one of those customers been without heat in the wintertime because of the competitive market place. It just doesn't happen. The same reliability issues that are associated with natural gas would be applied to electricity the same way that exists today. In order to purchase power, any power arrangement has to be done from a telemarketer. A utility affiliate or anybody else for that matter would have to meet stringent qualifications and have same spinning reserves low following ancillary services that are provided today on existing system.

UNIDENTIFIED SPEAKER: Can I follow up on that? How, what is that package number from (indisc.) if you're a reseller you have no spinning reserves so you have to purchase them and they would be contractual requirements of this selling arrangement?

MS. PEASE: Absolutely correct. And if I could follow up on that; in the discussions that I have had with Chugach, every single one of the conversations that we talked about the ability to purchase power from Chugach, it has been a complete package with all the other ancillary services that go along with it. Such as load

following, spinning reserves, the liability issues that we're talking about here.

CO-CHAIRMAN ROKEBERG: Then, Ms. Pease, if you want to draw an analogy to natural gas, you also have to have a spinning reserve equivalent to natural gas too.... You have to have an excess of capacity for high demand.

MS. PEASE: That's correct. High demand in the wintertime.

CO-CHAIRMAN ROKEBERG: Right and it is my understanding that if we don't have to bring new gas on line that we are going to have a shortage of gas in the procurement area in a few years. I mean there is that theory. Right?

MS. PEASE: But that just means that (indisc.) could be brought about by competitive forces, which we're talking about here and reliability of the system. That's like a natural resource....

CO-CHAIRMAN ROKEBERG: So to say, that it hasn't happened to natural gas I won't belabor the point. Mr. Scott.

MR. SCOTT: It is a bit of stretch to compare natural gas to liability, to an electrical liability. I mean how many trees fall over on natural gas lines causing power outages. 90% of the power outages MEA has is because of a tree falling on our lines. Another 5% are caused by squirrels or birds committing hari-kari. This doesn't happen to a gas supplier. And gas is there, it's reliable. Sure in an earthquake you are going to have a problem, so will we, but most of our power outages are caused by other factors. I mean who is going to send a lineman out there; you have to have contracting in place for that. If MEA is sufficiently damaged by having competition, I say it could happen, but if we were, maybe we haven't got the money to have people out there to repair the lines as quickly as before, maybe we don't have them at all. Who's going to do it?

CO-CHAIRMAN ROKEBERG: Mr. Ornquist.

MR. ORNQUIST: Thank you, Mr. Chairman. Regarding these issues, that Representative Davies brought up; first of all we do still have oversight of entry and exit in this industry. That means that a provider cannot just pick up and walk out and not serve anymore. We have certain standards for service and safety that have to be met by all providers. In as far as covering the cost of those issues, and the issues that fall upon the infrastructure let's say, those are currently allocated among all the customers. And they would continue to be allocated among all the customers. The

spinning reserves are paid by all the customers. Keep in mind the end customer is the one that's paying all the bills no matter what. And the idea is to make sure they pay for their share no more, no less, and make it as accurate as possible. We currently do all those things; we just do them with fewer companies and a little different manner right now because of the structure of the organization and the industry.

CO-CHAIRMAN ROKEBERG: Ms. Pease.

MS. PEASE: I would like to comment, who is going to bring up the oversight of the APUC? Mr. Ornquist....

MR. WONNELL: I would like to add one point. Commissioner Ornquist is correct when he talks about public utilities. They do control the entry and exit the utilities and conditions for service, but Aurora has asserted in this application that it is not a public utility, that it does not require the certificate of public (indisc.). If that is true there seems to be a free market could hold one of the most basic principle is free exit. Anytime you want (indisc.) you are not subject to regulations (indisc.) that goes to Mr. Davies question about long term liability, well these people can come and go at will, making again what happens to their company (indisc.).

CO-CHAIRMAN ROKEBERG: Speaks for universal services. Ms. Pease you have a rejoinder.

MS. PEASE: Yes, in response to that statement. The presentation that we did to the Public Utility (indisc.--coughing) the variation came up and Aurora Power even though in the application we said that it wouldn't be necessary to have any sort of a certificate for a public utility that currently exists today because we don't own any generating assets of any kind. We would be more than happy to subject ourselves to some sort of market certification, and that is addressed in the application as well, where the APUC would have to certify anyone entering and exiting the market so that they wouldn't just leave on a whim. That is not our intent by any stretch of the imagination.

CO-CHAIRMAN ROKEBERG: Very good. Question, Representative Davies.

REPRESENTATIVE DAVIES: Can I just follow up and ask another question?

CO-CHAIRMAN ROKEBERG: Sure.

REPRESENTATIVE DAVIES: If in that kind of a circumstance where

you, there was some sort of market certification, what would be the (indisc.--coughing) to just.... I don't know how that mechanism works. Mr. Chair?

CO-CHAIRMAN ROKEBERG: Oh, I'm sorry, Mr. Ornquist.

MR. ORNQUIST: There are two things to consider there, some utilities will be facilities based. I think everybody here represents or works with facilities based electric utilities there except for Ms. Pease. If you are a facilities based utility then that's where a lot of the reliability lies. And facilities include all the infrastructure and then we can go over into the generation side of the (indisc.--coughing) non-facilities based entities probably wouldn't have much impact if they exited easily. Because the facilities would remain there the service would remain there. The generation would be there; they wouldn't notice it, if their bill would come from somebody else, suddenly. But, as far as and if one of those entities wish to exit quickly we probably would say find somebody to supply your customers and everything is okay with the same price and one of the mechanisms we would use for that would be perhaps bonding. They would have to provide a bond of a certain amount to be sure that any cost could be covered. We implemented that technique with some of the telecommunications companies and it seems to work okay.

CO-CHAIRMAN ROKEBERG: Ms. Pease, did you have a comment? Okay, Eric and then Gene.

MR. YOULD: I guess a question for the Commissioner then is why was an entity that was facility based by the name of Alaska Power & Systems so easily allowed to leave the state of Alaska without any kind of a rejoinder by APUC?

MR. ORNQUIST: We have a docket on that and are working on all that right now.

MR. YOULD: And who forced you into that document?

MR. ORNQUIST: Well I'm not really able to discuss a whole lot in it, just like judges and can't talk about open cases but, it was as far as procedurally that was at the, we opened that document at the complaint of a utility and then we addressed it or are addressing.

CO-CHAIRMAN ROKEBERG: Then who is the supplier of last resort in rural area then if there is a failure?

MR. ORNQUIST: The supplier of last resort is probably a separate issue and that is certainly something that does have to be

addressed, and how it's addressed is something that we have more than one option on. Coming up with which option we wish to use would be part of the process. Picking the way right now would not be, a good way to go until the studies are....

CO-CHAIRMAN ROKEBERG: Gene, you had a question.

MR. BJORNSTAD: I guess I don't want to change the direction of this discussion, I just want to make a comment on the figure that's been talked about and what happened in June down in the Lower 48 with the shortage or the high prices on the electricity. I think there is another point of view and I don't claim to know all the details down there, but another point of view at least some people say is that is an indication that the market was working. There was shortage of some supply because of high demand and the price went up, unfortunately it went way up a lot more than people thought it was going to be, but I think if you look at what's happening down in other parts of the world that is a situation of competition. I'm not suggesting \$7,000 a megawatt hour, but I think the other point you'll find is that the cost is probably going to be paid by the investors and not the consumers because I think the regulatory agencies are not going to allow that cost to be passed onto consumers.

CO-CHAIRMAN ROKEBERG: Questions of the committee? Mr. Story?

MR. STORY: Can I just make one comment on that? And in most of our cases, the people who are the investors and the holders of this are the consumers themselves. (Indisc.).

CO-CHAIRMAN ROKEBERG: Representative Davies.

REPRESENTATIVE DAVIES: That's a good segway (ph) into my other question is I noticed that in many of the other states where they passed legislation that there is provision that allows cooperatives to op out, I guess on their own decision making. How would people feel about that kind of provision in the state of Alaska and what will the impact on the development competition here where we have a situation where the calculated 65 percent to 85 percent of the capacity is cooperatively owned?

CO-CHAIRMAN ROKEBERG: Mr. Ornquist.

MR. ORNQUIST: Representative Davies, that would probably cut it off right at about the knees, (laughter) I look around and the bulk of the area where competition would probably show the greatest benefit, I believe was served entirely by municipals and co-op's.

REPRESENTATIVE DAVIES: But, so you're presuming that they would op out.

MR. ORNQUIST: Presuming they would op out correct.

CO-CHAIRMAN ROKEBERG: Good question, Senator Sharp.

CO-CHAIRMAN SHARP: We're talking about X number of load here, so many a kilowatt hours, is this going to be split to different pies by other people coming in and taking some of the kilowatt hours and marketing generations that serve these consumers who already exist on someone else's facilities. I guess what is going to be and we know in all probability that the drivers on this is going to be the very large industrial loads or commercial loads that are privately owned and probably not owned by Alaskans. But who are very concerned about their bottom line, so they can shave a half a million bucks off their power bill they don't care who eats it. So the utility ends up with a half million dollars less in profits to meet their obligations and you multiply this times 10 percent on the pilot project or some other pilot project. Could be larger depending on the type of large accounts individual utilities have. The individual utilities has four accounts that makes up 50 percent of their load it would be disastrous, and what then is the commission going to do to protect the residential account? Utility filing a RID case that says hey we got to raise our rates because we can't make it. But the profit, the savings goes to the other supplier and to the large commercials. I don't see where there's going to be a clamoring to serve the residential users 500 kilowatt hours, 600 kilowatt hours unless the commission forces that onto that was a percentage based on that utilities percentage of residential gas, kilowatt hours and so forth. Still that's a tough sale, and how do you protect the Alaskan resident sitting here twelve months out of the year and doesn't have a bottom line to worry about, worry about stretching a paycheck. It's costing two people, two concerns 1) to the supplier and to the large commercial account that effects his bottom line, we are still the same pie, just being split up a little bit differently.

CO-CHAIRMAN ROKEBERG: Mr. Commissioner, do you want to....

MR. ORNQUIST: Boy there are a number of things there that, first of all, what happens is I -- right now we establish rates. We establish rates for the large consumer; we establish rates for the small consumer. If we have a situation that the large consumer is subsidizing the small consumer where the costs that are required, the cost incurred that are to serve that big consumer are over recovered and the costs for the small consumer are under recovered I don't know of it, because, right now our whole, the whole idea of

regulation is to make sure that those costs are adequately and accurately set. We talk a lot about the big customers being more profitable, we talk a lot about nobody wants the little customers, I'm now so sure that's necessarily the case. Do you make as an organization would you make more money with one customer and selling a million-kilowatt hours or a thousand customers and selling a million-kilowatt hours. A lot of debate that could go around that. If we've been regulating correctly, then it would be the same, because all the costs would be allocated appropriately and they'd be paying what they should be paying for power right now, unfortunately I don't think we're that good. I think that what we find is a the efficiencies that we can drive as a regulator are much like the efficiencies you might find working with your children. And you tell them to do something and watch them and they are doing it and then you go away and maybe they'll do it maybe they won't depends on your kids. I think we've got good utilities in Alaska overall, but then you compare that to the performance that you get when your paying based on performance and your child instead of earning \$5 an hour, you say do this work and when your done I'll give you more, I'll give you a hundred dollars to get this done. They will probably get more done. I suppose I didn't have to use kids, but I'm in the midst of raising kids so that comes to mind pretty fast.

CO-CHAIR SHARP: That's all okay, but would the Commission consider and any of the other utilities consider what some of the other states have done? If you want to be in the competitive retail market you divest yourself of all your generation and it goes into a pool. Everybody gets to buy out of that pool. You want to be competitive, let's get competitive.

MR. ORNQUIST: Thank you, my first cut, my theory at competition includes exactly what will be very similar to what you are saying. First of all the infrastructure should be regulated. I think that is something we don't want duplicated and everybody needs to share the costs. Secondly, you've got the wholesale and the retail pricing and that's something that could be driven by supply and demand. And then you've got generation, generation doesn't necessarily need to be regulated the same, but you have to have standards; service and safety standards. I think those three areas need to be addressed with difference using different structures. So I don't think it's a one size fits all there, I think those separations would be necessary.

CHAIRMAN ROKEBERG: The chair would like to recognize the "rocket man" Representative Alan Austerman from Kodiak. Welcome Alan. Question for the committee. I have - My own purpose, my educating myself and, perhaps some of the members of the committee. Could

someone give a definition of what the current federal and state universal service requirements are? The reason I bring this up is because is that I recall that last summer when I was in Cordova for the ARECA convention, to give a short speech on this, I took a ride out on one of the roads there and there was this three mile underground buried cable to one house, and I'm going who's paying for this. (laughter) There was a demand for the service and there was an extremely expensive installation of underground cable for power and so what is our current status and what are we mandated to do. Mr. Commissioner can you help us.

MR. ORNQUIST: Generally, the way it operates now is if you are in an area and it's in a service area of one of the utilities and you go in and you say you want power, the way most of them work that I'm aware of is you get a certain amount to work with. You get up to say \$3,000 they will put in toward building this line. Anything above that you have to finance or pay for yourself and then when it's done you give it to the utility and it becomes their property. And then a lot of times at that point depending on the agreement they have if anybody hooks up to that you might get some money back for them hooking up. But the utilities generally pay a certain first X amount of dollars and then the person wishing to be attached has to pay beyond that. Now there...

CO-CHAIRMAN ROKEBERG: There are federal requirements.

MR. ORNQUIST: That's with us. That's the state. We actually that's the way most co-ops have set it up and most utilities. It's not actually something we require I don't think.

CO-CHAIRMAN ROKEBERG: My question was what are the state requirements, and the federal requirements of universal service.

MR. ORNQUIST: I don't know of any for electric, we have them for telecom but I don't know of any for electric.

CO-CHAIRMAN ROKEBERG: Can you verify that for the committee?

MR. ORNQUIST: I'd love to.

CO-CHAIRMAN ROKEBERG: Does anybody else have any.

MR. WONNELL: There is a very extensive universal cost from the telecom act of '96, there is no equivalent cost structure to the energy act. (Indisc.--people talking).

CHAIRMAN ROKEBERG: Any more questions from our committee members?

REPRESENTATIVE DYSON: Excuse me, Mr. Chairman, is it your intention to quit at 4:30?

CO-CHAIRMAN ROKEBERG: Yes, it is.

REPRESENTATIVE DYSON: And is it your intention that the committee itself have any discussion here about how we are going to proceed or anything, at this meeting.

CHAIRMAN ROKEBERG: Not today, unless you have some questions or recommendations. We, in terms of process we have the general public hearing on the 18th, I think after that we should have, I, what I may do, at that time I'll discuss this with Senator Sharp is to break the committee into some subcommittees after that period because there are certain areas of this issue that perhaps we want to focus on if we have a little bit of division of labor and maybe we can make some more graphic headway that's something we should discuss at our next meeting. If anybody has any ideas regarding that, I'll be contacting the committee members. Mr. Kelly, sir.

MIKE KELLY: Just a question, Mr. Chairman, when you have this public meeting is it your intention that the utilities not rehash what we've done, but rather you want us there as a resource or want us to stay away out in the crowd. What's your idea there so that we can begin to prepare for the....

CO-CHAIRMAN ROKEBERG: I think that because it's a more limited period of time, I wanted to make sure that everybody else in the whole state had an opportunity to testify and you are certainly are invited to testify also.

MR. KELLY: I'm not pushing for that, I'm interested in what you want....

CO-CHAIRMAN ROKEBERG: I think that's appropriate, but if there is time available and we have the ability to do that the committee has some questions, if you want to have yourselves or representatives attend or be on teleconference as resources if the committee has any questions. One reason I decided to schedule it at that time, I thought some folks would be coming in here for the ARECA Convention in Wasilla and those people that didn't have an opportunity to come and attend today or be a part of this whole process, that would give them an opportunity to hopefully adjust their schedules to make an actual testimony at that time. Because today was intended primarily for, it was by invitation only so we could get the major players if you will to help educate this committee as to what the issues are, so we can decide what direction you want to go even without hearings and so forth. And

I think we have done that today very admirably. And we will be wrapping up in a few minutes and I do want to thank everybody for coming and participating, I know I've certainly learned a lot today, and we got a couple more minutes because we do have an airplane to catch. Gene go ahead.

MR. BJORNSTAD: This morning, Representative Dyson, I think posed the question to me and many others about changes in technology in the next five to ten years that might effect the industry. Chugach is involved in several fuel cell projects right now and if you look at the economics of them, it makes sense because there are some grants from the federal government similar to what Golden Valley got from the (indisc.) but I think fuel cells in the future are going to impact the industry. I also think that if you read the paper very small fuel cells, I think an advertisement I saw just yesterday, about a fuel cell you put in your house. The other technology that we probably need to be concerned about is micro turbines. I think you are going to get a demonstrate -- not a demonstration but at least a presentation by micro turbine manufacturer at the ARECA Convention here in a couple of weeks. Chugach is also looking into the micro turbine. Those things are important because if a person puts one of those in his house he probably doesn't need to rely very much on his local utility or local power market or anybody else. It may mean that we're going to have to look at the industry differently. I think you find the Lower 48 there are also utilities getting in other lines of business, I know Chugach certainly is, I know other utilities in this room are doing the same thing. One of the other promising things that we have heard about is the telecommunications world maybe something the electric utilities in the country are going to get concerned or involved in because apparently there is some kind of process right now that you can use your electric conductors to transmit data. Apparently, it is going forward in Europe and anticipate we will see that here in the next year or so. All those things are going to make us look differently at our customers and look differently at our organizations and I think we don't know what's coming down the pike, but there are going to be changes whether we like it or not and I think that some of these things are going to require more competition non the less. (Tape Ends)

MR. YOULD: Gene was talking about and that is the ARECA Convention that is going to be coming up. It is going to be the week of the 18th, the primary program is on the 20th and the 21st primarily on the 20th Mike, I'm sorry Senator Murkowski is going to be with us as well and I think the Governor is going to be there having to do something with uh the transfers (indisc.). Never the less the theme of the conference is Restructuring Year 2000 and it is on everybody's mind in the utility industry. It is an opportunity for

all of you'all (ph) to get first hand input from the boards of directors of all the utilities not just (indisc.--coughing) throughout the state on how they feel about this issue and what concerns they have and perhaps they are a little bit different from the concerns you have heard from the management of the utilities here today, but as Gene mentioned we are also going to have some technology people there as well. People that will be able to talk to us and are going to be a formal part of the program to talk about fuel cells, formally to talk about micro turbines and I think that we are going to be talking about uh small pylons (ph). So in addition to conducting a forum similar to this round table here, with many of the same cast of characters so that my industry and my board of directors can hear all of the concerns from everybody here as well. But I very much like to encourage all of the members of this committee to attend. I know three of you have been able to find it within your busy schedules to accept and attend and we would certainly love to see as many of you there as possible, but it will be a good educational a good two way educational process for everybody that could come. One of the advance seminar games that we are actually going to be playing is going to be the deregulation game and it is an all day probe/seminar where participants actually set themselves up as utilities and try and compete with each other and it is a formalized program that has made quite a - become quite popular amongst similar conventions in the Lower 48 where you figure out at least in a fun setting how to compete with each other.

General comments by the different presenters to committee about seminars, meetings, etc.

CHAIRMAN ROKEBERG: Any further comments from committee members? I want to thank everybody very much for attending today. It was very informative and I think that it was a day well spent with that I will adjourn this meeting until the 18th of August. Meeting adjourned at 4:27 p.m. August 6, 1998.



COMMITTEE:
Joint Committee on Electric Restructuring

DATE: August 6, 1998

Subject of meeting:

Electric Utility Restructuring - Testimony by Invitation Only

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NAME	ADDRESS (MAILING / ZIP)	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Dwight Orngquist			APUC	Available at committee wishes
LISA ROSS	Birch Horton 20016 1155 Connaught Ave Wash DC	202 659-5800		n
Bob Lohr	106 W. 6th Ave #400 99501		APUC	N
Mary Ann Pease	310 K Street		ANVORA	
Bob Price	AMLEIP	263-5275	AMLEIP	N
Ray Kreig	201 Barrow #1 Circle 99501 Chugach Road	276-2025	Chugach	N
HART HODGES	NORTHERN ECONOMICS 880 H St. Suite 210 ANCH. 99501	274-5600		N
PHIL STEYER	PO Box 196300 ANCHORAGE 99508	762-4766	CHUGACH	no



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NAME	ADDRESS (MAILING / ZIP)	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Henry P Lang	2117 Belair DA	274-7448	Lang Consulting	No
Donn T. Wonnell	410 W 3TH St Vancouver WA 98660	360/694-7272	ML&P	Yes
Jim PATRAS	19216B MONESTERY DR. 99577	561-1030	ARECA	No
DAN HELMICK	1200 East First Ave Anchorage AK 99501	263-5305	ML&P	NO
JOHN ROGERS	10302 149TH ST CT E Puyallup WA 98374	253 840 072	CFC	NO
LORI KELL	1200 E. 1ST AVE ANCHORAGE, AK 99501	263-5277	MLP	NO
NORM STORY	3177 LaPl St Homer	235-3301	HEA	No
Eric Yould	723 U Tudor Rd Anch	561-6103	ARECA	Yes
Gene Borstad	5601 Minnesota Drive Anchorage, AK 99517	762-9708	Chugach	YES
Donald W Edwards	5601 Minnesota	762-4637	Chugach	No



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REPRESENTING

DO YOU WANT TO TESTIFY?

Robert Hansen	P.O. Box 71249 Fbks AK 99707	907-451-5602	GUFA	NO
JEAN VON DOHRMANN	P.O. Box 101821 Anch 99510	212-9169	LEGISLATIVE CONSULTANTS INC	NO
Mike Kelly	Same			Yes
Arthur Miller	5601 Minnesota Drive Anch, AK 99517	762-4758	clerk	
Jerry Delson	660 ASHTON AVE PALO ALTO CA 94306	(650) 493 0404	Applied Analytics Associates	No
PARKER NATION		907-2675889	MLBP	NO
Mara Kohler	MLA P 1200 E 1st Anch	263-5202	MLA.P	(No)
Bob Reagan			"	"
Anne Hays	IBEW, 2702 Denali St Anch 99503	272-6571	IBEW	NO
BRUCE KILGASON	AFSC/SFS	243-4322		NO

COMMITTEE TAPE LOG ^{Present} ~~Absent~~

PS 10/16

COMMITTEE: Joint Comm. Electrical & Restructuring DATE: 8/16/98 TIME: 10:15

SUBJECT: Presentations by Utility Companies, Comm. Remains by invitation only

MEMBERS: (Rep. Austerman arrived at 4:10pm) (Co-Chair) Rokeberg, Sharp, Sears, Loman, Taylor, Adams
Reps) Austerman, Dyson, Davies

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
co chair Rokeberg	1/A ⁰⁰⁰	Opening statements, welcome guests explaining Comm. purpose - major issues to be brought up.
co chair Sharp	043	ADD TO - makes opening statement explaining his purpose (Comms) purpose. Brings up lower 48 examples of how handling this "restructuring" is being handled.
co chair Rokeberg	089	tight schedule, please keep to 5 minute or less. Brings up hearing - Comm. discussion (Aug 18 th - open / Gen. Public will be able to testify 12:00 -) Sept 16/17 Fairbanks. Brings up Comm. members who are absent. And reasons why. Auneau, Kenai, Homer - etc.
Eugene Bornstad	085/087	Chug. Elec: Eugene begins his testimony / presentation, complement utility restructuring / why & how. Makes recommendations how this should be handled. "High level broad policy". "APUC Authority, take in book - presentation he is making. Chug. Electric - has spoke out for more util comp. to furnish utility to customers. ... feels Reg is trying to eliminate this competition

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Eugene	122	Chug. continues his statement --- Leg. needs to clarify competition- customer choice. Feels that allowing competition is simple not complex. Feels the legis. is trying to make this a difficult question/problem "Capital / Soviet com 0" Shows newspaper headlines, from Fairbanks/Seward, etc.
	210	to prove his point. Customer should be allowed to choose, not legislature "Brookings Institution" included in handout to Comm. Wants to offer policy guide (^{Questions} high level policy issue/tech problem, long, long delay) urge to re-establish competition between utility CO's, mlwP is not opposed to competition - made by Gen. Manager a few
Eugene	268	
Eugene	270	Eugene is ^{co} Chair Chair thanks
Rohrbach	274	acknowledges Sen Yeman, who begins to ask questions of Eugene
St Yeman		
Eugene	283	answers Sen Yeman's question -
Rohrbach	290	Receives Rep Dyson who asks questions of Eugene. Eugene will answer later.
Rohrbach	297	adds to R/Dyson's question; Receives Danes
Danes	301	Asks questions of Eugene
Eugene	311	begins to answer questions Judge 1st
Rohrbach	325	moulson to Area
ll	327	Receives Janet states need of Area to set up. ---

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Robley	330	calls brief news.
Robley (March 7-10-87)	331	Recognizes Aneca Eric Yould, who begins to speak. Uses overhead projector
Eric	349	Says supported Leg. Resolution's Supports entire area (Aneca) not just railbelt. Tucks (Aneca) that this is not a "simple" problem. Aneca's caseload doubled overnight when telephone industry was deregulated. Sen. Murkowski feels this will not be an issue this yr or next. "most" issue on Fed. level 26 State - including AK trying new plans, Brings up SB54, HB235, HB287, HR234, SB355 to bring up help his "case" on how AK is trying to restructure.
Robley Eric	446 —	Says will forgive his "Ad-lib" comments. Eric says he will make many more. 119,000 miles of trans lines 1.4 million dist lines. Small end-sets break in price. Residential is bit higher. Big distinction between wholesale/retail AK runs 40 cents kil per hr. higher than other 48.
R Nelson	535	Corrects statement, city served. However, not clearly. Eric acknowledges correction, 822 kil hour per month residential use. — 822 kil hour
Eric	113000	Continues served 70 percent of AK.

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Eric	010	Moves onto Rural - Village use only 31 percent of total cost.
Eric	029	Rural area concerned about - feels complex issue - Afraid of a monopoly will happen.
Eric	041	time goes off - 20 minutes up but he continues, finishes up. "\$7,000.00 per mega watt sourced" will this happen here... price soaring & about done? Eric Yes. Need to maintain Dist. level
Rokeberg	067	
Eric	084	Eric in conclusion - Adopt uniform standards before passing legislation. Third party assessment - objective enough to conclude problems, solutions
Rokeberg	104	gives 30 more seconds to Eric who brings up RFP.
Eric Rokeberg	108	concludes, Rep Rokeberg says, I demand
Eric	110	Eric answers
Rokeberg	113	Rep. Dupon, who asks "kindly" question Eric brings up mission statement.
Dupon	121	continues question / Eric answers back / forth w/ questions.
Rokeberg	133	calls brief recess after Eric's finish, calls APUC to get ready.
note	133	calls meeting back to order

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
APUC Oringuest	134	<p>legis testimony, competition is not necessarily this (APUC's) goal. Competition is good motivating - for utility COs. Proceeding from fixed cost / phone COs - 2 areas - price up Res. cost / down for retail. Regulating not Purvis. When monopoly happens, APUC needed to protect customer. Competition may be useful when it comes to providing service for less money.</p>
Oringuest	197	<p>"Third Party Study" - APUC is prepared to fund. Choosing company would take time. This study would state where changes would work & where it wouldn't. CO-OPS - 15/-15-. 2nd Step - Symposium - legis. regulatory, and officials - bring up experts in field. get all info / balance out - see how "all" this affects. AK. identify issues, implement changes, etc. changing statute etc. APUC is "creature of Legislature" wants to be out of Legislature. NO heavy, modern direction of legis. Enba - questions</p>
Kokobeg	249	<p>APUC: 5 Lemar who ask questioning APUC</p>
Oringuest	270	<p>will answer question for Lemar - feels APUC has authority and is working</p>

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Ornquist	282	continues - gives his personal opinion - APUC was created by leg.
Leman	301	continues questions - budget - Chair - being fair - states. Leg. Direction was very clear.
Ornquist	313	may respond... 2, Chair Rokeberg gives his permission.
Rokeberg	322	Quick comment then will get to (2) DYSON, grant competition) take this away eliminate. shares (5) Leman's concerns
DYSON	337	Begins his questions, everyone pays same price. Ornquist yes. 2nd APUC unindated w/ complaints Ornquist (yes)
DYSON	357	Dyson continues questions - gives Ornquist permission to give lengthy response. back forth questions/answers.
Rokeberg	373	asks one more question. Encourage study
	383	APUC wants to follow up on discrepancy by Chair of former committee. Refers to 3000 case/lence
	401	
Rokeberg	403	Thank you & recog. MZVP
M. Kohler	415	begins speaking & introducing lawyer Wendell
Don Wonnell	4216	begins to speak for MZVP refers to HCR 34, bringing up five points.

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Wendell	448	Continues to bring up pt. 1. M&P believes competition is good for the cust, but needs some controls. Change for sake of change is not a good idea but agrees w/ HCR34. Does not want to discriminate between customers i.e. rural vs. cities. Competitive environments feels HCR34 address this. (Continues to bring up differences between lower 48 & AKs)
Wendell	2/11/00	Continues to speak / began to speak of graphics (missed 10 seconds) of testimony. Many differences in lower 48 and AKs. Last importantly there is no equal access equal time. Essentially none of the bidding blocks of competition that works in lower 48, doesn't work here in AKs. Continues to HCR34, brings up problems in CA. But, does not go into details.
Wendell	048	brings up prioritization problem w/ CO-ops. Cannot force a (divestiture). Differences - Competition doesn't mean customer gets a better deal!! Feels leg. should study restructuring electrical

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Wendell	069	LOS. Phone CO - when deregulated made better price for customers. focus on consumer not on Utility CO.
Wendell	083	Ends testimony opens for questions:
Robberg	087	Recognizes Dr. Yeman, who brings up past working w/ Wendell. Ask questions in few years will he come back? Say problems worked out.
Wendell	100 ⁽⁹⁰⁾	Brings up differences between phone/utility. Does not recommend deregulation
Robberg	115	Brings up question open competition partial M&P
Kohler	121	Answers this question: "Source of power" is where she feels competition will happen. Robberg continues to ask questions, Kohler continues to answer
Wendell	141	picks up where Kohler left off legal problems with comp selling private providers. End
Robberg	149	Thank you, make announcements, etc
Robberg	153	call recess to 1:15 pm (Durch)
Robberg	154	called meeting back to order calls roll (1:35) wants to adjourn by 4:30 for handshake. Reps to set to airport

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Rokobur	171	Recog. MEA - who proceeded setup.
Rokobur	174	Brief at ease for MEA to setup
Bruce Scott	178	Begins testimony (MEA). "Build Cost" just. "feels consumer should have choice between CO'S" "Argument says... Product transported by "electrical highway" Lower 48 can hook up across state lines. AK cannot. Lower 48 in theory can buy say CA buy from East Coast. AK is isolated from power suppliers outside of AK. "AK is a captive market" Only a few CO'S to buy electricity from. I will to customers. Mentions Black and Beach report due out later this year. MEA is not taking stance on competition, such back indifferent. Deregulation - will bring out monopoly
Scott	283	Begins to conclude -
Scott	287	Ends questions
Rokobur	288	Thank you and asks question about pilot program. Bruce Scott begins to answer. Bruce feels that before beginning pilot program feel "we" should decide what's best for AK.
Rokobur	325	Continues to ask questions. Bruce

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Bruce	—	continues to answer
Rokelberg	329	Thanks, more along GVEA will speak
11	333	Asks for written testimony from ^{through} me me
GVEA Mike Kelly	338	Begin testimony - Have real
		concerns, fears about restructuring, may
		hurt Fairbanks, i.e. mountains, mills
		between Fairbanks - Anchorage.
Mike	370	refers to hand out, he will
		begin to read from. Feels
		they are compete and doesn't
		feel that changes should be made
		right now. Consumers are most
		important. Do not put consumers
		against each other or against utility
		co's. Brings up concerns about what's
		happening in CH.
Dyson	427	asks for clarification; Mike answers,
		Dyson continues.
Rokelberg	437	Helps clarify "mega retailers"
Mike	441	Mike continues with statement.
		S.E. Raullett Bush (who order from
		importance) to GVEA. Recommends
		slow approach. Has grown absurd
		company, they are only utility CO in
		Fairbanks. Speaks of "cop car" ^{effect}
		effect. Feels that more may
		not be better. Consumer driven,
		market. Speaks of "Gupa" type
		contract. Beware of Carpetbuggers.

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Mike	218 005	changed tape while making joke of pilots/people more hunting.
Mike Robles	007 018	Goes back into wrapup - Jimmie recognized Dyson - who asks about APUC and their ability to function. Mike feels they did a very good job
Dyson	017	APUC - economic dispatch - Mike answers, Dyson brings up competition. Why are you afraid of Mike doesn't feel that they are doing anything wrong. Feels should concentrate on doing good job.
Robles	037	Asks question: Healy Coal plant. Mike speaks of testing
Robles	048	Brings up further questions goes back/forth.
Robles	059	Thank you, next Aurora Power
" "	063	Brief recess while - Aurora sets up
" "	063	Brings back to order - Aurora Power
Please May Ann	064	Begins her testimony, brought letters from customers. Wants competition, has come up with a pilot program. Came into June 1994. Entlar had tariffs. Aurora buys from different suppliers - can offer lower prices
May Ann	094	Belgium to speak of their pilot program. Feels that "market" should determine price. Wants

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
May Ann	-	'economic dispatch', competition is a good thing. Look there should be a common grid". All companies can pull from this and customer would benefit from competition.
May Ann	138	'Hypothetical Approach' would not be a smart way to go. Truck pilot program would be the best as it would work out any problems. This would help prepare customer for full competition. "Enron" CA. company ^{company} that has been brought up as an example of a monopoly that happened in CA.
May Ann	185	35 MW, 2 yr period, msp, Chugach would "unbundle" and a target group would be used to show how "retail wheeling" would work. Rural & Railnet need to separate.
May Ann Robbers	208 210	Begin to wrap up. Thank you Rep Davis begins to ask about last slide. May Ann consumers must receive lower prices. Asks
Robbers	223	Asks Roberson How force company to unbundle. How do you monitor how much the costs. May Ann explains how this can be done
Dyson	238	Asks more, May Ann answers. May Ann believes this should be regulated. APUC is necessary.

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Dyson St. Sharp	252 255	Bump up problems. What would Aurora bring. Many Ann answers, sharp asks more questions Many Ann answers.
Leman	266	Slight critic from Chug. asks more about Pilot Program. Many Ann answers. Many Ann says Aurora is in favor of full competition.
Roberts	289	Asks about reselling, commercial base. Many Ann answers. Roberts how do you plan to make money? Many Ann, will lose money during pilot program (50,000/2 yrs)
Roberts	310	Thank you, go on IBEW
Gaylord	314	Many begins to speak (IBEW) off Office. Elec. restructuring, asks on behalf of 5,000+ IBEW members, family that committee move slowly. Less very little evidence that consumers, families get any kind of break. Only lots that are "clamoring" to get in. Small consumers will suffer. Small consumers will have to subsidize large consumers. Please carefully consider. Such big conglomerate will be the only ones left with restructuring. Brought up deregulation of utilities. How this has not helped

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Gary	-	the consumer, CA. area deregulation, experience with had storms, enforced large reductions in workforce. Hurt consumers. West coast needs journeymen electricians, impacts employment levels.
Gary	435	Deregulation could cause layoffs people moving away, safety of public can be compromised. Asks Legislature to be careful and go slow.
Mary	462	ends testimony, Pohlberg thanks.
Jeman	464	Asks about radical statements, radical changes --- Mary answers.
Jeman	481	Continues to make statement - go slowly, have seen good results. Wants everyone to benefit
Gary	499	brings up deregulation, people think it is good, but this is not necessarily true. Not broken, don't fix.
Dyson	529	make jokes, appreciate bringing up safety. How hard labor unions members feared with deregulation. Gary begins to tell what happens. Back to forth question answers.
Pohlberg	598	Asks question, new technology, stand alone generation plants. Mary answers.
Gary	600	usage for what tape stopped Gary says that there would have to be good

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Mary		that someone won't come in and take over & hurt the employees.
Robbers	013	Thank you - rec on 4-DAM PDD
" "	015	Please keep under 10 minutes.
Robert H. Burns	017	Will keep under 7 minutes, thank you for allowing me to speak. On behalf of group - complex issue, problems, but see benefits in competition. Please move slowly carefully so that this will benefit all. AK is unique.
" "	045	4 state owned Hydroelectric co's service 4 communities. "Capital intensive" "Stranded investment" Long term revenue. They charge 4 cent per kilowatt hr. They agree with a lot of what Mike Kelly brought up. Also that AP CO-OPS - which regulated monopoly environment. Excited about process of change.
Robert	098	Thank you
Robbers	100	has question, cost of power, alternative power source. Robert answers.
Robbers	113	Plug for Bill he & Rep Ogan sponsored that would help
" "	119	Thank you go on break 15 min break goes into how discussion will go.
Robbers	133	at ease for breakfast until 3:15

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Rokeberg	133	Re-convene ^{3:25pm} - appreciates their attending
Dyson	139	Begins questions
Mary Ann		Answers
Bruce Scott	206	Answers
Rokeberg	265	Asks gentlemen from audience to speak
Norman Story	- Memer Elec. 274	(Makes statement - set something in writing if possible)
Eric Yould	303	begin to speak
Rokeberg	322	
Sharp	373 4/A000	how does this cost interest come down?
Rokeberg	068	
Rokeberg	115	
Paula Mary Ann	184	Discuss back forth
Rokeberg	190	
Wendell	222	Attorney for m/fp
Rokeberg	244	
Daves	245	
Rokeberg	283	
Eugene	291	
Norman Story	^{betw. elec} 301-310	
Daves	311	
Daves		
Sharp	403/404	
Rokeberg		asks question after welcoming R. Austerman
Dyson	483	Asking are we adjourning at 4:30pm (5:16 ^{incl} _{sedet})
Eric Yould	4/B 000	Tape change, Eric Begins talking
Wm. Fisher	025	
Rokeberg	027	Adjourn, 4:27pm

JOINT COMMITTEE ON ELECTRIC UTILITY RESTRUCTURING
August 18, 1998
12:00 p.m.

COMMITTEE CALENDAR

ELECTRIC UTILITY RESTRUCTURING, PUBLIC TESTIMONY

TAPE(S)

98-5, SIDES A & B
98-6, SIDES A & B
98-7, SIDES A & B

NOTE: These minutes were prepared by Co-Chairman Rokeberg's staff.

CALL TO ORDER

REPRESENTATIVE NORMAN ROKEBERG, Co-Chairman, convened the Joint Committee on Electric Utility Restructuring meeting at 10:15 a.m.

PRESENT

Committee members present at the call to order were Representative Dyson, Representative Austerman (via teleconference), Representative Davies (via teleconference), Co-Chairman Rokeberg, Co-Chairman Sharp and Senator Leman. Also present via teleconference was Senator Adams' staff and Senator Taylor's staff. Also present via teleconference was Senator Green and/or staff.

Also attending:

Sam Cotten, Chairman, Alaska Public Utilities Commission (APUC); Charles McKee; Carol Heyman, Chugach Electric; Randy Cornelius, City and Borough of Sitka, Electric Department; Robert Wilkinson, Copper Valley Electric; M. P. (Bert) Shaw; Hal Borregg, Bethel Utilities; Howard Garner, Alaska Power and Telephone; Ernie Meier, Alaska Regional Hospital; Mary Ann Pease, Aurora Power; Walter Sapp, Kodiak Electric; Donn Wonnell, Counsel, ML&P; Allan Yost; Eric Yould, Alaska Rural Electric Cooperative Association (ARECA); Dr. Peter Fox-Penner, The Brattle Group on behalf of ARECA; Gayle Knepper, Chugach Electric Association; Dave Lappi, Growth Resources; Paul Morrison, APUC; Meera Kohler, ML&P; Dick Barnes, Enstar; Ken Langsford, Southeast Service Corporation; Dwight Ornquist, APUC; Earl Ausman; Bruce Vergason, Alaska Fuel; Robert Hansen, Golden Valley Electric; Glenn Clary, Anchorage Baptist

Temple; Mike Kelly, Golden Valley Electric; Mike Berry, Dimond Center; Steve Bushong, Nushagak Electric; Barbara Jewel; Vince Beltrani; Pat Jasper; Ann Robinson, Alaska Sales and Service; Mike Notar (Teleconference Juneau); Robert Wiseman (Teleconference Kenai).

SUMMARY OF INFORMATION

OPENING REMARKS:

CO-CHAIRMAN ROKEBERG: Calls roll welcomes all committee members and people attending meeting either in person or by teleconference. Mentions, ARECA Convention in Wasilla, Thursday morning. Announces revision in program. Would like to request that anyone who has a time constraint please let us know as soon as possible and we will hear your testimony first. Will turn over to my Co-Chairman Sharp for any opening comments, and hear from committee members then will proceed with testimony. Looking forward to hearing the testimony on this very important issue. After hearing all testimony if we have the time, would like to have a short round table discussion.

CO-CHAIRMAN SHARP: No comments other than to say the next meeting will be in Fairbanks, September 16, 1998 for public testimony.

CO-CHAIRMAN ROKEBERG: Asks if any other committee member has comments.

REPRESENTATIVE DYSON: Briefly talks about the Year 2000 Conference he attended before this committee meeting.

DICK BARNES, President, Enstar Natural Gas Company: Enstar serves about one hundred thousand customers. Does not have a big stake in the deregulation of electric power, but has a few observations to share with the committee. Please carefully consider the consumer. Please carefully consider this issue. Is concerned about a possible monopoly as a result of deregulation and prices going up for consumers.

KEN LANGSFORD, Facility Manager, Southeast Service Corporation, 320 West 5th Avenue, Suite 219, Anchorage, Alaska, (907) 258-4003: States his company is in favor of the restructuring of electric utilities. His company gets a discount on their natural gas bill and wants this same type of arrangement with regards to electric costs.

DR. PETER FOX-PENNER, The Brattle Group, on behalf of ARECA, 1133 20th Street, Suite 800, Washington, DC. 20036, (202) 955-5050: See written testimony in committee file.

SAM COTTEN, Chairman, Alaska Public Utilities Commission (APUC): Submitted memo on contract time lines. Submitted draft Black and Veatch Report. Is here as a resource to the committee. Goes into pilot programs, and regulatory dockets, touched on what Commissioner Ornquist spoke on at the August 6, 1998, committee meeting. Mentioned case between Chugach Electric and ML&P. States the APUC does have the authority to allow competition, but service areas by law are exclusive.

CHARLES MCKEE: See written testimony in committee file.

ROBERT WILKINSON, Copper Valley Electric Association: See written testimony in committee file.

ERNIE MEIER, President, Chief Executive Office of Alaska Regional Hospital, 2801 DeBarr Road, Anchorage, Alaska (907) 264-1713: Asks the committee to favorably consider deregulation. States hospital could potentially save substantially if they were able to competitively bid. Hospital competitively bids everything from construction to major medical equipment and supplies. Since telecommunications has been deregulated, Alaska Regional Hospital has been able to negotiate with Anchorage Telephone Utility (ATU) and will have an 11.9 percent saving for \$23,100 by competitively bidding their long distance carrier alone. Currently served by ML&P; Mr. Meier approached Chugach Electric, received a proposal from Chugach which would save Alaska Regional Hospital 11.3 percent on their electric bill. In 1997, they paid ML&P \$662,700 for electricity. We can have a \$75,000.00 or 11.3 percent if competition were permitted. That's \$6,200 per month over \$200 per day just in savings alone.

DONN WONNELL, Counsel for ML&P: See written testimony in committee file.

DAVE LAPPI, Chairman, Growth Resources: Is the developer of the state's first natural gas development in Houston, Alaska. Has a handle on the technology of open gas production in a fairly populated place like Houston, would like to take that same concept and move it into rural Alaska where electricity prices and energy in general are fairly expensive. Two hundred twenty stand alone electric utilities in rural Alaska. His company would like to participate in supplying the Railbelt with electricity. Mr. Lappi is in favor of deregulation in the electric utility industry. Request the legislature make it possible for small companies to participate in the electrical market.

EARL AUSMAN: Competition can take place in the Railbelt. States committee needs input of experts in the field of electrical

industry, such as engineers who have worked in the industry. Must put in place rules and regulations to help protect the consumer if the electric utilities are deregulated.

GLENN CLARY, Assistant Pastor, Anchorage Baptist Temple on behalf of Dr. Jerry Prevo: See written testimony in committee file.

MIKE BARRY, 800 East Dimond Boulevard, Suite 3-500, Dimond Center, Anchorage, Alaska, (907) 344-2581,: Is very much in favor of competition. States deregulation will benefit Alaska, as with competition, there will be lower prices and this will help to attract new business to Alaska. Competition would help the Dimond Center, as it would lower their electric costs.

CO-CHAIRMAN ROKEBERG calls for a 15-minute recess will reconvene at 3:05 p.m.

CO-CHAIRMAN ROKEBERG calls meeting back to order at approximately 3:15 p.m.

BRUCE VERGASON, Plant Manager, Signature Flight: See written testimony in committee file.

VINCE BELTRAMI: Chugach Electric consumer, questions survey of 1,400 Anchorage residents, that show 91 percent surveyed felt that they should have the right to choose their power company. What was the make up of the survey? Questions whether people who were surveyed were told of the downside of deregulation. Very satisfied with service and cost of service from Chugach Electric. Feels that business will get a discount on their electric bills but feels like the residential customer will have to make up the difference for this discount given to business owners.

BARBARA JEWEL: Chugach Electric consumer also a member of International Brotherhood of Electrical Workers, Ms. Jewel is testifying for herself and not as a representative of IBEW. Has traveled to the Lower 48 where deregulation has occurred in the electric industry. The average consumer is not happy with the results of deregulation. The service has deteriorated; the rates have gone higher. Gave examples of how the service has deteriorated. As a consumer, Ms. Jewel does not want to have her service deteriorate and cost go up because of deregulation.

ANN ROBINSON, Alaska Sales and Service: Believes in the free market concept. We provide the best possible product and the best cost for service at the lowest possible price in order to be competitive. Their customers have a choice as to where they purchase and have their cars repaired Alaska Sales and Service feels consumers should have the same choice when it comes to

electric service. Alaska Sales and Service is the 17th largest customer that the electric company they are assigned to has; electricity is one of their major costs. They have no real control as electricity is a necessity and it would be more cost effective for them to be able to choose an electric company that gives them the lowest possible price.

ERIC YOULD, Executive Director, ARECA: See written testimony in committee file.

CO-CHAIRMAN ROKEBERG closes the public hearing portion of the committee meeting after asking if anyone else would like to testify. Committee will discuss what direction they are going in and how to proceed.

Engagement with APUC: Senator Leman will Chair, Representative Dyson and Representative Davies will be on this subcommittee. Purpose of this subcommittee is to develop a consensus. Co-Chairman Rokeberg would like a report at the next joint committee meeting which will be September 16, 1998, Fairbanks Legislative Information Office, 10:00 am. Senator Leman requests written statements, comments, suggestions by August 28, 1998. Chugach Electric submits a 4-point letter that is submitted to the committee. Further discussion on how long this process could take to get through the legislative process.

CO-CHAIRMAN ROKEBERG: Brings Dr. Fox-Peneer to the table

DR. FOX-PENNER: Agrees to make himself available to the committee and sub-committee. He states that his company will not bid for pilot project.

CO-CHAIRMAN ROKEBERG: Calls Don Edwards, Chugach Electric to come sit with the committee and give his thoughts.

DON EDWARDS, Chugach Electric: Agrees that a consensus is needed and is a good idea. States his concerns about economic dispatch. He is against a pilot program as there is too great a chance for "gaming."

CO-CHAIRMAN ROKEBERG adjourned the Joint Electric Utilities Restructuring committee meeting at 4:25 p.m.

COMMITTEE ACTION

The committee took no action.

ADJOURNMENT

The meeting adjourned at 4:25 p.m.

NOTE:

The meeting was recorded and handwritten log notes were taken. A copy of the tape(s) and log notes may be obtained by contacting the House Records Office at 130 Seward Street, Suite 211, Juneau, Alaska 99801-1182, (907) 465-2214, and after adjournment of the second session of the Twentieth Alaska State Legislature, in the Legislative Reference Library.

COMMITTEE TAPE LOG

Present 19

COMMITTEE: Joint Comm. on Electric Utility Reg. DATE: 8/18/98 TIME: 12:08
 SUBJECT: Public Testimony - Restructuring
 MEMBERS: (Co-Chairs) Rokebers, Sharp - Sen(s) (Leman), Taylor, Adams,
Rep(s) (Austerman, Dyson, Davies).

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Rokebers	044 / A11	Called to order, called roll, checked phone / teleconference lines. Different JTO'S, Kenan, Feuninks, Kodrak, Jurnau met attending by teleconference for Senator Taylor, Rep's Phillips office also represented by teleconference.
Rokebers	055	Asks anyone on lunch hour to speak 1st if please advise.
Sen Sharp	091	Next meeting Thursday, 19th - JTO 10 ish.
Dyson	103	Mentioned 2000 yr. conference
Rokebers	110	Recg Burns
Dick Burns	113	Enstar Gas (represents)
"	142	continue - (checking ^{status} on feedback) talks about utilities being consumer owned.
Sen Leman	222	Asks question - Broad Policy - APUC -
Rokebers	258	have questions - on line
Rokebers	"	Asks questions, when no one on line has any questions
" "	316	Thanks Mr. Burns
Kenningford	322	S.E. Sevier committee ^{CRP} wants to see restructuring, feels it will lower his cost (5th pr mail)

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
		(320WS + PK. ST 214 258-4003)
Lunsford	335	(continues to testify, for restructuring)
S. Lemay	347	Ends testimony - asks question regarding R. Rokeberg also asks question.
Rokeberg	354	Thank you Mr Lunsford (S. Sharp went for quick lunch break)
	364	asks about Mike - LTO are you okay, asks goes into who else will be speaking.
	374	Recognizes Peter - FOX, gives address pete.
Fox Penner	387	Begins to speak - 1133 20WS/NW St 800 ^{Washington, DC} 20036 202-955-5050
		Begin Begins to speak on behalf of ALEA. (has given written statement) AK. how many remote systems systems need separate different CD. for each remote area. Extraordinary effort for AK. lower 48 model may not be right for AK.
Fox Penner	000B	Also Thanking the committee for its time. And says are there any questions. Rep. Dyson asks question about R. Rokeberg followup before Fox - Penner answers (during tape change only missed Thank you's) M. testimony missed.
Dyson	012	(Clarifies his question) positive
Fox Penner	(050) (051)	Answers Rep Dyson -
Dyson	055	Continues his line of thought. Fox - Penner answers. (back forth)

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Dyson/Penner	066	question/answer continues between R. Dyson/Fox-Penner. R. Dyson thanks personally.
Rokeberg	087	Recg S. Leman, who speaks.
Leman	092	Continues asks question of Fox-Penner
FOX	109	Answers S. Leman's question, speaks about pilot programs. Laboratory for their own purposes. Wanted experience, of lost money, that is okay, because of experience gained.
Leman	112	follow up asks another question
R. Davies	152	Wants to / does elaborate (asks) question "Pilot Programs"
FOX	175	says he will be happy to come back & speak
Davies	177	follows up (back forth)
Rokeberg	208	Thanks FOX
	213	Asks a question of Dr. FOX suggestions?
FOX	217	Gives his opinion
Rokeberg	240	Continues back/forth Rokeberg/FOX
	248	Thanks Dr. he says he can stay as long as possible - left at 7:30pm.
Rokeberg	255	Recg. Comm. Cotton of APUC
Sam Cotton	260	Chair APUC begins testimony. He available for questions in regard to last meeting 8/6/98 when comm. Inquest spoke. Brings up Pilot Program. Says preliminary report will send to the comm
Rokeberg	304	interrupts w/ question

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Cotten	310ish	Spoke to someone in back (tape may not have picked up) Cotten continued to speak -
Rokeberg	333	Asks question Pilot Program - funding? Cotten answers.
Cotten	342	Ends presentation, willing to work with
Rokeberg	347	Recos: Dyson, who asks question
Dyson Cotten	360	continues back / forth
Dyson	370	finally ...
Leman	375	Asks questions of Cotten. Spoke of inconsistencies in APUC statements.
Rokeberg	395	Asks question (None from RIS testimony in Davis).
Cotten	403	Recommends some legal advice continues questions (back / forth) (member 3 yrs chairman 2 yrs (Cotten))
Rokeberg Cotten	440	Continues between Rokeberg Cotten
Davis	2/A ²⁰⁰	Pep Davis asks question
"	010	Cotten answers R. Davis's question
Rokeberg	018	Thank you
Rokeberg	025	Recognizes Charles -
Charles McKee	026	Submits his web page for consideration ...
McKee	089	Continues testimony
Rokeberg	090	Asks are you finished w/ testimony
McKee	100	Ends, Rokeberg thanks
Edwin Williams	107	begins testimony General Manager Golden Valley speaking for Copper Valley

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
• Dinkelbush	118	Continues testimony,
" "	178	is testifying. Do not mix Lodge Owners Lake House for competition. Copper Valley Electric programs may not be able to handle. Study issue carefully especially in regards to Rural AK.
"	217	Ends testimony
• Pakeburg	218	Asks a question of Robert. Pakeburg and Wilkinson go back/forth with question answers.
Dyson	264	Begins to question Robert. Robert answers, Dyson continues to ask questions.
• Pakeburg	290	makes comment
Leman	292	Begins to speak.
Wilkinson	305	Answers Leman's question.
Davies	312	Asks a question.
Pakeburg	323	makes comment / Robert answers
Dyson	328	asks question. Robert answers.
Dyson	347	Asks another question (Does not mean to be sarcastic) Robert answers.
S. Shop	370	Projection, bottom line. Robert answers.
Pakeburg	374	Thank you
AK Research # Ernie Meyer	376	280 Pakeburg 264-1713. Favours deregulation. would like to shut out electric. MSP currently serves AK. Hop. w/ electric power.
• M.L. Meyer	417	Ends testimony (Leman begins to ask question of Meyer)
Meyer	423	answers

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Meyer	425	Continues to answer.
Yeman	424/130	asks (back forth between Yeman / Meyer)
Roberts	437	tell Comm. Charitable Contribution;
Meyer	-	* Wrote off non-compensated case.
Roberts	446	Continues to ask (back forth)
11	453	Thank you, brings up who will testify next,
Donn Donnell	459	represents MZP, return briefly to introductory statement made by R. Roberts. * Refus to hand out the goal to the committee * By will request a (approx 15% reduction). Feels should establish parameters, one step at a time (construct) empower APUC,
Donnell	513	Appreciate, Thank you any questions
Yeman	514	how to empower APUC, Don answers
Roberts	540 542	questions?
Sharp	543	How do you define a utility?
Donn	547	Continues in his answer. Sharp continues his questions/comments, Donn answers.
Dyson	562	maybe an unfair question.
Dipon	2/5 ⁽⁰⁰⁰⁾	Continues in his questioning of Donn (Tape recorder malfunction, took a minute to fix, missed some of R. Dipon's question) Donn begins his answer.
Dipon	034	Makes one more attempt at question
Donn	042	attempts to answer question.
Roberts	051	Thank you

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Robbers	055	Juneau online?
Dave Lappe	062	Begins to speak (Anchorage 410) All of our power comes from "large load" Cob. This co. would also like to supply. But cannot afford to compete. Harms deregulation of electric market.
Dave Lappe	137	questions?
Robbers	138	More to see you. Ask questions, Dave answers.
Robbers	149	Thank you, a couple more witnesses then break. (3 more to testify before break)
Earl Oswald ^(?)	159	Engineer here in AK. Begins to testify. Very much for competition, could easily take place in Railbelt. Talks about distributed development.
Robbers	232	Thank you
Dyson	234	Impact our situation here in AK. Earl answers, small gas turbines (243 - Dyson puts in comment - Earl continues,
Dyson	248	Continues questions
Robbers	252	asks further ques, Earl answers (turbo)
Dyson	263	Comments / Earl answers.
Robbers	271	Called Signal
"	273	Shall we Gas / Fed. Yukon?
"	277	Thank you Earl.
G. Connolly	281	Assist Pastor / ABT on behalf of Dr. Jerry Pero who is out of town & who in favor of deregulation, would assist ie non-profit organizations. Would help "community funds"
Robbers	298	Any more comments / Glenn answers.

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Allen Clay	303	"No kind sum" no round table after meeting" (Then said it would be okay if non
	308	
Robbers	306	Yes, there will be maybe discussion
Dyson	312	utility CO'S ask'd you to testify. (Yes)
Robbers	316	how big is your church? Allen answers.
u	319	Thank you, recos. make Benj
u	320	
Mark Benj	321	Represents Diamond Center, utility but is in excess of one million dollars. Please benchmark costs, could pay for co-generational costs in 10 years. Brings up pay phones, etc.
Robbers	381	questions?
u	384	Asks question, Mike answers.
Robbers	404	further questions?
Dyson	405	ask question, gets answer.
Robbers	406	Slight break goes thru list of persons left to testify.
Robbers	404	Recessed until 3:05pm.
u	415	brought back to 3:15pm
Staff		Juneau off line, Kenai no longer here
Robbers	422	Return to Anchorage, Mr. Ferguson welcome.
Bruce Ferguson	426	signature flight represents. Found himself frustrated that there was no competition in Anchorage - Electric. Is in favor of competition. Deregulation needs to be done in steps. Pilot program would be good is willing to participate in.

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
<p>Venison Venison</p>	451	<p>Do not need to reinvent the wheel, could pull pilot project off with. Pilot program should be limited to Anchorage Bowl. Feels "no brain" to go ahead</p>
Robbery	480	question
Ferguson	481	was asked by utilities to speak.
Robbery	483	Recognizes ^{Mr.} Beltrame
<p>Kuncel Beltrame</p>	486	<p>Chugach Elec. Co. Consumer, question survey, who, downgrade of deregulation. Is satisfied with service. Concerned about savings to residential users</p>
Robbery	507	Thank you, any questions?
Venison	317000	Something up your sleeve, when do you get going
Robbery	012	<p>points out expenses in Real Estate market. Neither feels his testimony an over savings for residential in a certain</p>
Robbery	028	Thank you
<p>Barbara Janel</p>	033	<p>Consumer Chugach member, BEW, own opinion. Traveled, spoke w/ consumers of deregulation they are not "happy customers" to</p>
Robbery	063	<p>questions, Robbery choice?, Talked of peak / non-peak hrs</p>
	076	Thank you
<p>Robinson Robinson</p>	082	<p>AK. Sales / Service, she represents them who in favor of deregulation, compare to her co. Selling cars, also brings up Natural gas.</p>

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Robbers	120	Thank you for question, why need
Dyson	127	made joke (Chargens was / husband)
Robbers	133	Anybody else "willing", needs, you'd.
Eric Youll	137	Won't take up much time.
		Thanks Comm. for time, encourage attendance at ABEA Convention 20th of Aug. Testimony in favor of from Business, Linda. This unsurprising (pts out page 8 on hand out) and brings up Cato. This was handed out when expert testified & will answer questions.
Robbers	192	brings up to expert
Robbers	197	Thank you, ms. Keller,
		ms. Keller - ND
11	202	Anybody else wishes to testify?
11	206	Close Public testimony, will
		now discuss direction of Comm.
		and possibly round table discussion
11	214	Begin asking Comm, timeframe
		of this meeting begins to make
		statement
Robbers	233	wants to establish subcommittee
		no objections
11	238	acceptable?
Davies	240	Supports study - sub committee.
		will volunteer to work on
Robbers	246	2 members more time
Lester	250	1 member will join chair sub
WU	252	will join us

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Robley	255	both said yes, he appoints S. Lemon, Reps Dyson, Davies to sub committee
Leman	262	APUC - looks to see for deviator
"	268	Cooperative Engagement w/ APUC sub comm name.
Robley	273	Clear? Prelim report by next meeting
Sharp	276	go into some type of comparisons be very precise. good understanding "recognize" straight narrow.
Robley	298	Agree w/ S. Sharp. Major change of sub comm.
Ann/Annex ^{plum}	326	P3 State have pilot programs
Sharp	330	Impact APUC, cost of service, price change
Robley	337	asks for his input
Dyson	339	"gongon", back up with Robley/Dyson.
	344 with	Audience participate in answering Paul Morrison - APUC spoke
	352	Dyson/Robley discuss - must discuss competition wholesale & retail.
Daves	368	important issues - differences AK and lower 48. CO OPS, consumer owned. Cost efficiency, relatively small user base AK
Robley	367	asks for clarification. Daves gives:
Robley	391	Wants to talk to "old boys"
"	348	Volunteers to write to help Leman

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Robelberg	403	Continues - members of audience - please make written request to S. Leman cc. Robelberg.
Robelberg	415	4 pt letter Chugach - brings up and discusses where Comm. is going.
Robelberg	441	Comments
Leman	442	agrees we need some consensus.
Sharp	447	So many land uses, fields utilities should be come involved
Robelberg	457	Speaks about visitors to Leman, going etc.
Sharp	457	takes time at least 1 yr of season to get done.
Robelberg	458	16 th meet. in Harbor (Sept)
Sharp		?
Leman	474	Concur w/ request to submit written request to sub Comm. Deadline - 1st week in Sept. Info in by Aug 28 th to sub Comm
Robelberg	489	Dr. Fox - Renner / Robelberg asks for his opinion
FOX	494	Y. Do would like to give input. Budget group does not plan to discuss pilot program but will continue to work w/ AREA.
Robelberg	539	Peer review / price
DYSON	542	Firms in AR qualified (WD) back 1/8 with DYSON / FOX

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
—	549	Continuing interaction Dyson/Fox
Jerman	3/B ⁰⁰⁰	Thanks him (Fox) for his input.
Fox	607	would he/will be honored to accept continue w/ statement. Newell/MSL
Reheberg	078	Thank you any one else wish to comment?
Don Edwards	087	Chug. Elec. will save most of his comments w/letter statement to Sub-Comm.
Reheberg	137	Clarifying, integrates general consensus. pilot program?
Don Edwards	143	Near consensus that competition would be good thing.
Reheberg	153	try to find consensus, pilot program
Jerman	158	Already had bill can discuss 4.
Edwards	163	^{and get some} General Pilot - you get going
Reheberg	169	we need one
Dyson	170	2 questions Economic Dispatch
Edwards	178	has consensus problems.
Dyson	197	Competition won't effect reliability reliability? goes into his concern dyson maintenance
Edwards	197 206	transmission distribution, you eliminate threats to liability
Reheberg	239	further questions, + thank you, Anyone else.
Reheberg	247	meeting adjourned until 10am Sept 16 th in Zurich base Meeting adjourned. 4:25pm



COMMITTEE:
Joint Committee on Electric Restructuring

DATE: August 18, 1998

Subject of meeting:
Electric Utility Restructuring - Public Testimony

SIGN-IN

PLEASE PRINT!
NAME

ADDRESS (MAILING / ZIP)

PHONE

REPRESENTING

DO YOU WANT TO TESTIFY?

Charles E. McKee	Anch, AK P.O. #243053 99524	Drill		yes ✓
Carol Heyman	2180 Innes Circle Anch 99575	345-2272	Chugach Electric	No
Randy Cornelius	SITKA P.O. Box 1253 AIC 99835	747-6633	City & Borough of Sitka Electric Dept.	No
ROBERT WILKINSON	BOX 45 Glennallen 99588	822 3211	COPPER VALLEY ELECTRIC ASSN	YES ✓
M. G. (Best) Shaw	332 Shaw Circle	337-3807	Gravato	?
Hal Borresg	Bethel, AK	543-2949	Bethel Utilities	No
Howard Garner	PO BOX 3222 Port Townsend WA 98368	800 982-0136	Alaska Power & Telephone	No
ERVIE MEIER	ANCHORAGE 2801 DEBARR RD	264-1713	AK REG HOSP	YES ✓
Mary Ann Pease	310 K Street Sinitobol	277-1003	Aurora	○
WALTER SAPP	1515 LYNDEN WAY KODIAK, AK 99615-6282	486-3386	KODIAK ELECTRIC KEA	NO



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ADDRESS (MAILING / ZIP)

PHONE

REPRESENTING

DO YOU WANT TO TESTIFY?

Donn Wonnell	410 W 37th Street Vancouver, WA 98660	360-694-7272	MLAP	Yes ✓
Allyn Gost	13621 VANUS WAY ANCHORAGE 99555	345-8446	self	No
Eric Paul / Peter Furber	ARELA		ARELA	Yes.
Gayle Knepper	PO Box 196300 Anch 99519	762-4814	Chudson	No
Dave Lappi	4900 Sportsman Drive Anchorage AK 99502	248-7188	Growth Resources	Yes ✓
Paul Morrison	1016 W 6th Ave suite 400 Anchorage AK 99501	276-6222	APUC	No
Meera Kohler	MLAP	265-5202	MLAP	Yes
* Dick Barnes	ENSTAR	264-3681		yes ✓
Kew Longford ^{by} STARC	Anch 5th Ave Mall			YES ✓



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NAME

ADDRESS (MAILING / ZIP)

PHONE

REPRESENTING

DO YOU WANT TO TESTIFY ?

NAME	ADDRESS (MAILING / ZIP)	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY ?
Dwight Orngquist		276-6222	APUC	Available for Committee as desired
Frank ^{before 3} Ausman	1503 W 33rd Ave Suite 310 Anchorage 99508	259-2420	Personal	Yes
BRUCE VERGASON	1000 DEATH ^{Signature Flight Support} PO BOX 190246 ANCHORAGE 99519	2434322	(Alaska Fuel) SELF	Yes
Robert Hansen	PO Box 71249 Fbks 99707	451-5602	GUEA	No
GLENN CLARY	6401 E. Northern Lights	333-6535	ABT	Yes
Mike Kelly	Fai	452-1151	GUEA	No



COMMITTEE: Joint Committee on Electric Restructuring

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SIGN-IN

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NAME

ADDRESS (MAILING / ZIP)

PHONE

REPRESENTING

DO YOU WANT TO TESTIFY?

PLEASE PRINT! NAME	ADDRESS (MAILING / ZIP)	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Mike Barry	800 E. Dimond Blvd Suite 3-500 Anchorage Ak. 99518	344-2591	Dimond Center	Yes ✓
Steve Bushong	PO Box 350 Dillingham, AK 99576	842-5351	Nushagak Electric	No
Barbara Jones	16235 Elizabeth Anch AK 99516	345-1447	Self	Yes
Vince Beltrami	2051 Steeple Dr. Anchorage, AK. 99516	345-5441	Self	Yes ✓



COMMITTEE: Joint Committee on Electric Restructuring

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Electric Utility Restructuring - Public Testimony

SIGN-IN

PLEASE PRINT!

NAME

ADDRESS (MAILING / ZIP)

PHONE

REPRESENTING

DO YOU WANT TO TESTIFY?

NAME	ADDRESS (MAILING / ZIP)	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Pat JASPER	6141 Jewell Rd 99502	247-5078	Chugach Bus Co.	NO
Ann Robinson Alaska Sales & Service	1300 E 5th Ave Anchorage 99502	265-7572	Alaska Sales & Svc	Yes on deregulation

JOINT COMMITTEE ON ELECTRIC UTILITY RESTRUCTURING
SUBCOMMITTEE MEETING
September 4, 1998
9:10 a.m.

NOTE: This subcommittee meeting was transcribed verbatim by Representative Rokeberg's staff.

TAPE(S) 98-8, SIDES A & B

CALL TO ORDER

SENATOR LOREN LEMAN, Chairman, convened the subcommittee meeting on Electric Utility Restructuring at 9:10 a.m.

PRESENT

Committee members present were Chairman Lemman, Representative Davies and Representative Dyson. Representatives Davies and Dyson were in attendance via teleconference.

ALSO ATTENDING

Jim Patras, Homer Electric; Dwight Ornquist, APUC; Bob Lohr, APUC; Sam Cotten, APUC.

SUMMARY OF INFORMATION

CHAIRMAN LEMAN: I understand that we have Representative Davies and Representative Dyson on line. Is that correct?

REPRESENTATIVE FRED DYSON: Yeah.

CHAIRMAN LEMAN: Okay, I'll call -- John are you there too?

REPRESENTATIVE JOHN DAVIES: Yeah, I'm here.

CHAIRMAN LEMAN: Okay, good morning.

REPRESENTATIVE DAVIES: Good morning.

CHAIRMAN LEMAN: I'll call this subcommittee meeting to order and apologize for being just a few minutes late. I got caught in the morning traffic and had to drop my daughter off at school on the way in. I knew I had a very narrow window and I got trapped just a little more than I thought I would. Anyway, both of you have

received the memo with the back up information that we sent several days ago which essentially synthesized the comments from some of the respondents and, that we had requested.

CHAIRMAN LEMAN: Plus I guess I added some of our own thoughts and my thinking is that we get some input from you in response to that; maybe anything in there that you want, and then in a few minutes we will be joined by Commissioner Ornquist and Chairman Cotten. Mr. Cotten will he also be here, Dwight?

DWIGHT ORNQUIST, ALASKA PUBLIC UTILITIES COMMISSION: He's planning on being here.

CHAIRMAN LEMAN: We are going to be joined by the APUC in a few minutes and then I would like to get some feedback from them and I'll just tell you that my constraints are that I must leave by 10:30 am. So those are our time constraints today. Having said that do either of you have any comments to what we distributed or any other input to this effort that could be beneficial. How about Fred, I'll start with you and then John we'll go to you.

REPRESENTATIVE DYSON: Yeah, but my comments don't fit on a bumper sticker, (indisc.) the guidelines for the request proposal and almost line by line. I'm interested in almost every aspect on that and have comments on.

CHAIRMAN LEMAN: Is there anyway you can get your thoughts to us or maybe you can somehow share it or put it into writing or talk to me at another time; or somehow get this in?

REPRESENTATIVE DYSON: I thought that's what we were going to do this morning.

CHAIRMAN LEMAN: That is what we are planning to do this morning.

REPRESENTATIVE DYSON: That is what we are going to do now is talk about his stuff. So, I am prepared to discuss it, I haven't written my thoughts about those discussions down.

CHAIRMAN LEMAN: That's why we have people here who can write, and we are I think we're recording this so if we want to listen to this again and try to decipher what it is we are saying that is our intent. I intend for this to be fairly informal, this is essentially a working group that will make a draft recommendation to our full joint committee in Fairbanks, or sometime before that so we can have it to discuss with the full committee when we are in Fairbanks on the 16th. So as far as I'm concerned, Fred no comment is to tedious or the fact that it isn't documented isn't a problem

to me, I'd like to talk through this and see if we can come up with something that makes some sense.

REPRESENTATIVE DYSON: All right.

CHAIRMAN LEMAN: Before we go any farther, Annette are you on line also?

TELECONFERENCE MODERATOR: No she's not.

CHAIRMAN LEMAN: Did she request to be hooked in? We are checking here.

TELECONFERENCE MODERATOR: As far as I know, she was going to call in.

CHAIRMAN LEMAN: Do you know, Janet?

JANET SEITZ, LEGISLATIVE ASSISTANT TO REPRESENTATIVE NORMAN ROKEBERG: That's all I know she was going to call.

CHAIRMAN LEMAN: Do you have a (indisc.)?

TELECONFERENCE MODERATOR: I don't think we do, I will check.

CHAIRMAN LEMAN: John, did you have any quick comments before we start, we go back to Fred and then start going through line by line some of his comments.

REPRESENTATIVE DAVIES: I would be interested to sort of march through it paragraph by paragraph as Fred has indicated. I do have one sort of overall kind of concern or comment it has to do with the sort of the timing and one of the concerns in there also voiced which is the time frame that a study would be done in. It's sort of like what is our intent here, I agree with the comment in there that I don't think that we can get a substitute study done in time for us to even be done, but certainly time for us to digest this prior to making a recommendation to the legislature on the time frame that we are presently working. So I guess, I just like a little bit of feedback from you and Fred and then we might even need to go back to the full committee to kind of get a sense of are we going to modify our time scale, are we going to scale back our objectives, I think a lot of the stuff we are going to have is going to be colored by that issue of timing. So I would like to hear some comments on that, my feeling personally is that there is not time to do a credible study certainly not time to do a, what do you call the pilot program between now and January. It seems to me like sort of two options: one is to just not do that and make a

recommendation a generic kind of general recommendation to the legislature or the second thing to be would be to delay a final recommendation and say that our recommendation is that we do the study and/or a pilot program and then hold off on any other recommendations to the legislature, till maybe a year from then. So I -- have you guys been thinking about those things and what is your feelings about those issues.

CHAIRMAN LEMAN: I have done some thinking about it and I share your concerns, I don't think that this study with the proposed scope of work has...at least as we are drafting now can or even should be done in the limited time that we have between now and when session starts about the middle of January. I just think it is probably - it's unreasonable, I don't think we even had somebody under contract I'm guessing another month and would be ambitious to think of another month and probably two months. So we are just cutting down on time and by the time you have interactions with people in Alaska and with utilities and you know just getting people up to speed I just think it is unreasonable to have that result. But, my other concern is that a study is a replacement for action on those things that we can take action on and can probably -- are some areas in the state that certainly the Anchorage area where some of the concerns that have been expressed about utilities in rural Alaska or state ownership of the Four Dam Pool and some of those things do not have the same level of concern and don't want the study to be a replacement for action on those parts you know where the legislature or the commission can act and so I have been trying to think through what things can be done. Can the consultant recommend or make recommendations about design of a pilot and in what areas of the state early on and work on other eliminates of the study and so the deliverables of parts of it would be sometime beyond the middle of January perhaps far beyond the middle of January and yet we could have some elements delivered early. That's kind of, where my thinking was and I think I'm seeing eye to eye at least with your concerns. Fred, any reaction?

REPRESENTATIVE DYSON: I found the time thing was absolutely unreasonable. My guess is we won't even get RFP written for three weeks. At least, so, I think we are quite unreasonable and we are liable to get pretty shoddy results if we push that January thing.

CHAIRMAN LEMAN: But, maybe if we are really ambitious we'll have the RFP written and out on the streets by January 19th.

REPRESENTATIVE DYSON: (Indisc.--people talking) that's probably more realistic and discouragingly slow, but that's probably more realistic.

CHAIRMAN LEMAN: Well ... I think we agree then on the timing, I will invite the APUC commissioners to react to it, but, I think they probably have concluded the same thing as we have regarding timing.

REPRESENTATIVE DYSON: All right.

CHAIRMAN LEMAN: Any other comments like that John that you wanted to bring up at this time, before we go back to Fred.

REPRESENTATIVE DAVIES: I just -- I guess an over arching kind of concern about the relationship between the sort of immediate action that you want to take in front of our -- what sort of recommendation we might be coming up with. ... I'm also concerned about making a recommendation off the top of my head right now without having a little more discussion, but, I have some concerns about just trying to move ahead too quickly with this. I don't, I guess my sense is, there isn't any urgency other than that, that is being placed on us by Chugach and, I don't think that if we were to wait a year that we would be harming the consumers, and if we were to take some action that was precipitous, we might possibly do that. I think we should be cautious, I guess that's my general frame of mind here. I guess I would be more comfortable with a time frame where we did an analysis and then recommended a pilot program. I'm not opposed at this point necessarily to doing that, but I just wanted to communicate to you, kind of my general frame of mind in this whole discussion is that I don't see that there is any burning building that we - a fire that has to be put out. I think that we need to rather consider this issue in a very deliberative way and be fairly cautious about the way we redo things. I mean this has been the structure that's been in place for 20, 30 years and if we spend two or three years figuring out the best way to approach the changes, I don't think that's a really safe deal.

REPRESENTATIVE DYSON: Amazingly I tend to agree. And I think our situation is somewhat unique and you've indicated all along Loren, it takes -- if we are going to have competition and I believe we will at some point, it's going to be fairly limited and it doesn't make sense in the really small communities and I don't see why we need to be the ones making the experiments and learning the brutal hard lessons that a couple of other states have, namely California that you know, I'm wanting to go cautiously unless somebody else makes mistakes and not plow the new ground here. We've got lots of other things on our plate to deal with. We don't have to be the ones to do the grand experiments on power restructuring and when I talked with the consultant who was here Fox something, that guy with the hyphenated name; he told me that 90 or 95 percent of the

savings to the consumers would come from wholesale competition and/or economic dispatch power pooling, and I have a disproportionate interest in proceeding with wholesale competition ahead of the retail competition. So, I want you guys to know philosophically that's where I'm starting.

CHAIRMAN LEMAN: Yeah, I share many of your concerns, I may be one who is willing to be more ambitious in the schedule of at least moving ahead with some of those things that can be moved ahead and what I meant by my opening comments was that we just not place barriers in the way either intended or unintended that could slow down that potential if the legislature in its direction or if the APUC in its action were to go ahead with some limited authority for pilot work.

CHAIRMAN LEMAN: I wouldn't want our work, the study and the waiting for deliverables to be used as the excuse for stalling what could advance. Now what may result from that and what may ultimately become - let's see the word I was looking for, become a solution in Alaska for change, well I lost that thought, but I don't know why that happened...

REPRESENTATIVE DYSON: You know certainly I'm committed to not using a study as a subterfuge for torpedoing consideration and going ahead with competition that makes sense.

CHAIRMAN LEMAN: Well, that's where I am in it, I believe that we could today even without this study design or you know design a pilot in at least a portion of Alaska that makes some sense and proceed with it. I'm also concerned that it not produce erroneous results that cannot be extrapolated and I think it is possible for that to happen and we have heard testimony to that effect.

REPRESENTATIVE DYSON: Well my response to that is that you must know an awful lot more about this and how to proceed and solve what I think are some real conundrums then I do, because I don't see how we can proceed with limited competition now without raising some significant issues that I don't see the solutions to. And I'm hoping that our contractor will show us how we can do that and how other jurisdictions have done it. But, my hats off to you, ... if you are comfortable with you know enough that we can do this now.

CHAIRMAN LEMAN: I'm not saying I know all the answers I just am convinced that it can be resolved and it can be designed in a way that we can produce some results that will make sense but...

REPRESENTATIVE DYSON: I'm not, but I hope you're right.

REPRESENTATIVE DAVIES: Yeah, I'm not so convinced of that either and the fundamental issue for me is I guess, I mean, Fred raised the issue of the wholesale competition, from everybody I've talked to says it's really an effect we don't have even the wholesale competition at this point and that also people have said that you really should proceed in a step like fashion, that you should walk before you run and in this case that means wholesale competition first and then retail competition and as Fred said most of the benefit is already in the wholesale. It seems to me that we ought to be focusing on that and so if that is true why would we bother doing a pilot that looks at retail when we don't even know how that fits in with a situation where you don't have wholesale competition.

CHAIRMAN LEMAN: I guess my comment is that we have no prohibition on wholesale competition. The fact that it doesn't exist or doesn't exist to the level that we may think it should exist is more a product of the marketplace than it is or in existing contracts than it is of any statutes or any regulatory structures and...

REPRESENTATIVE DYSON: I fundamentally disagree with you Loren. I think the fact that we don't have wholesale competition is that all these people of all these companies have been operating in a regulated monopoly and there is no economic incentive nor is there a good consumer watch dog looking over their shoulder that forces them to go do the things that have saved money for the consumers and what we have is fifty years of indolence and lack of inertia to be imaginative about how to deliver services to the consumer. There's nothing out there pressing these guys to save more money for the consumer or improve services, you know, and that's of course part of the genius for the competition or the threat of it, but I don't believe and we don't have economic dispatch and power pooling or wholesale competition these guys don't want it, they are sitting - it set there for fifty years with cost plus contract and a guaranteed income no risk, and, you know our job is to find the mechanisms to get these guys out of their comfortable little fortresses and doing the imaginative things that will serve the consumer and the reason we don't have wholesale competition is they don't want it in spite of their rhetoric.

CHAIRMAN LEMAN: I'm not going to argue with you on that point Fred, in fact, I think you are probably correct, you probably have more experience directly in that (indisc.) and you speak from your experience.

REPRESENTATIVE DAVIES: May I comment on that just real quickly?

CHAIRMAN LEMAN: Sure.

REPRESENTATIVE DAVIES: You know I don't disagree entirely with what Fred said but I think there is another explanation for it too, which is -- and I don't think that we have - I don't think there is anything fundamental in our law or fundamental in our - in the APUC regulatory structure that is a hindrance that prohibits that other than the basic frame work as Fred indicated that we have a regulated monopoly situation is just a mind set that centers around that. It doesn't necessarily look for competition, but that doesn't mean to say that the various utilities here haven't gone out to bid for various things and have benefited from competition in those ways.

REPRESENTATIVE DAVIES: And I think also though that there is something fundamental about the small scale remote dispersed nature of the system that we have in Alaska, it has only been -- remember with the interties, when did we do the interties only in the last decade or so that the interties have really been you know, where we've had a situation where we could ship power from Chugach to Fairbanks, so, I mean, if a situation is slowly developing I can get -- derives mostly from the factors of geography and scales, that's what the primary impediment to wholesale competition in my mind.

CHAIRMAN LEMAN: We have the commissioners here and I'm going to ask them to join us at the table and continue our discussion, but just before we do that are there any other over arching either concerns or comments about process before we bring them to the table. Then we can start going through line by line with the guidelines, anything else on the...

REPRESENTATIVE DYSON: No, go as far as I'm concerned.

CHAIRMAN LEMAN: Okay, Sam and Dwight do you want to come up here and join us we are fairly informal and we have Fred Dyson and John Davies on line and...

UNIDENTIFIED SPEAKER: Mr. Lohr is here to.

CHAIRMAN LEMAN: Bob, do you want to come up and join us? Just so -- I think they probably would recognize your voice, just so they know for sure, please say who you are and we'll -- Janet is probably making notes and you're making notes so when we get this tape done we'll know who is talking. Just before I do, Annette, are you on line.

ANNETTE KREITZER, LEGISLATIVE ASSISTANT TO CHAIRMAN LEMAN: Yes.

CHAIRMAN LEMAN: Anything that you want to say before we continue.

ANNETTE KREITZER: No, I don't think so, I've been making notes.

CHAIRMAN LEMAN: Before we get into detail, Sam, Dwight, anything just on process you want to talk about before we start getting into the detail.

SAM COTTEN, CHAIRMAN, ALASKA PUBLIC UTILITIES COMMISSION: I had the opportunity to speak with - is it Annette, yesterday and we talked about some of the procedures that state government may or may not require as far as contracting.

SAM COTTEN: And I think we may have made some progress on that and I later had a discussion with our Executive Director as to how we may be able to shorten up the process somewhat as a result of government to government relations and I don't know if Annette had a chance to talk with Phil Bennett, but I think we are making - we are getting smarter on that subject at any rate.

ANNETTE KREITZER: I did Mr. Chairman have the opportunity to speak with (indisc.) and relayed that conversation to (indisc.).

CHAIRMAN LEMAN: Just so everybody else is up to speed, that we are talking about a possible government to government relationship with the acronym NRRI, out of I think Ohio.

ANNETTE KREITZER: Ohio State sir.

CHAIRMAN LEMAN: Ohio State -- Annette why don't you just give us a real quick thumbnail sketch of what that is and what might be accomplished by doing that.

ANNETTE KREITZER: I spoke with Vern Jones who is the (indisc.) director for GSA, who is from the administration. And he says that as Mr. Lohr is well aware because he did participate in this process, but it is possible for APUC to enter into what is called a Intergovernmental Relation with an arm of another government, the crux of the whole thing is that the entity has to have a direct link to a state university or has to be a U.S. Government entity and NRRI and I called that (Indisc.) don't remember the full name but I do know Mr. Lohr does know...

SAM COTTEN: I can interrupt and say it's the National Regulatory Research Institute.

ANNETTE KREITZER: That's it. And it does have a direct link to Ohio State University and so it would qualify under governmental

relation (indisc.--coughing) operation and the APUC would have to sign an agreement (indisc.) to sign off on that. So it does cut down significantly on the time line for someone to actually give an RFP to go out and get an RFP. But of course the committee and the APUC and other comers would have to be real comfortable with what is in that contract.

CHAIRMAN LEMAN: And what you're talking about is somebody to actually help us review the proposed RFP and maybe provide some input on what we should actually put out on the street for request for proposal.

ANNETTE KREITZER: That's correct Mr. Chairman. The NRRI does have a web site, I believe it is NRRI.Ohio-State.APU and its real...

CHAIRMAN LEMAN: Are you there?

TELECONFERENCE MODERATOR: No she just disconnected. I'll have to call back.

CHAIRMAN LEMAN: Fred and John, are you still with us?

REPRESENTATIVE DYSON: I am.

REPRESENTATIVE DAVIES: I'm here.

CHAIRMAN LEMAN: Well then, while we are trying to reconnect with Annette, we'll proceed. Anything else from the two commissioners before we get into detail, Dwight?

DWIGHT ORNQUIST: One of the things using the Intergovernmental contracting to put together an RFP and have somebody take some of the work load away from our staff basically being able to help us formulate and put together and RFP and even put it out on the street for us. Would probably help us quite a bit and if we don't have to have our staff side tracked on it, especially if it's going to be a priority. Having a time line that backs up a little bit or allows us more time to do a more in depth and adequate study it makes a lot of sense and I think it would probably get support from everybody in the commission, I know it would get my support. The fact that we're doing such a large endeavor it's going to have a lot of impact in the future, it would be a good idea to do as in-depth a study as we can and hurrying it if it -- to sacrifice quality for speed might be detrimental to a great degree for us. So anything that we could flex on at the end of the time line would be great.

REPRESENTATIVE DAVIES: Mr. Chairman?

CHAIRMAN LEMAN: John, go ahead.

REPRESENTATIVE DAVIES: Were Commissioner Ornquist and Sam Cotten in the room when we had our initial discussion about timing and if they weren't maybe you should just reiterate a little bit what our feelings were and get a reaction from them for that.

CHAIRMAN LEMAN: Commissioner Ornquist was here and I think his response right now is probably consistent with what we talked about. Sam, you weren't here but, all three of us expressed some concern about timing and whether we could even get a significant portion of this study done in time to deliver something by the middle of January which is when we need to have our recommendations to the legislature by our charge and we are just concerned about that, realistically that it can't be done. It would be unwise to force it to be done in that time frame. I bet you could do something.

SAM COTTEN: If you feel comfortable that there is a good product, project underway at that time that may satisfy your requirements to some extent.

CHAIRMAN LEMAN: And I think that is where we are. We think we're maybe fortunate to have it under way and maybe by that time, in full stride which is probably about as much as we can expect and at least that's kind of where we are in it. That's probably your thinking too.

SAM COTTEN: I just want to make one other point and that perhaps Mr. Lohr could expand upon it, because it is a result of a conversation I had with him that just came up, but there are two possibilities with NRRI. I think one of them is we could pay them to develop an RFP or we could attempt to develop an RFP ourselves and then ask NRRI probably pro bono to review and make suggestions as to the product we came up with. So I think you've got a couple of choices there as well.

CHAIRMAN LEMAN: I think because we know our state better than they know our state right now, the second approach is probably the better approach. And that is that we take a shot at what we think needs to be done within our constraints and then we say here you are, give us some inputs, maybe something based on your experience in other states that have gone into this area, what are we missing give us some reaction and if there is a charge for it, I would assume it would be reasonably nominal. Anything else? Annette, you were in the middle of a sentence when you dropped off, talking about NRRI, is there anything else on that, that you wanted to say before we...

ANNETTE KREITZER: I don't think so, Mr. Chairman. I think probably you had the opportunity to find out more about NRRRI during the time I slipped off line. I just wanted to say that (indisc.) they do have a web site and we can get a lot of information.

CHAIRMAN LEMAN: Do you gentlemen have anything else that ... I'm going to go back to -- Representative Dyson I think we'll start with you and let's work our way through the guidelines and get your comments and then maybe precipitate the discussion among us and if, if there are people you want to bring in since I can't see the two of you, just so indicate and we'll try to keep this thing as ordered as possible, but allow you to break in whenever you need to. Go ahead Fred.

REPRESENTATIVE DYSON: Starting down the page here, issues/scenarios to be addressed, bullet two there, competition potential on wholesale level, I would like to look at that a piece of savings from economic dispatch and power pooling. And it seems to me that we can get those wholesale savings kind of either way, but I don't understand how they interplay and I think the study should address that. Let's see, so that was on that one.

CHAIRMAN LEMAN: Could we just halt for a moment and I just want to make sure I understand. Does not the Black & Veatch study have a portion of what Fred just mentioned and as part of its charge?

DWIGHT ORNQVIST: That's the bulk of Black & Veatch's charge in this docket is to do the study on power pooling and economic dispatch.

CHAIRMAN LEMAN: Okay, we certainly wouldn't intend to redo it, but I think we may want to highlight how this study interacts with the other and make sure we are very clear on that as something being worked. Fair enough Fred?

REPRESENTATIVE DYSON: Yeah, but I want to learn from our efforts here what we can do for the consumer or where the potentials, what we can do for the consumer going either one of those two routes. Wholesale competition or power pooling or perhaps some combination and I don't understand how those interact and I would like the study to inform us on that issue.

REPRESENTATIVE DAVIES: Can I break in here?

REPRESENTATIVE DYSON: Sure.

REPRESENTATIVE DAVIES: Real quickly, you raised a really important issue, which is the economic analysis that attaches to that. And

I guess my question is, is Black & Veatch charged to do the economic analysis? In other words from Black & Veatch can we answer the question what percentage of the eventual savings to the consumer will result from each one of these options?

DWIGHT ORNQUIST: I think what we will find is this is an engineering analysis and they probably will address costs, but I imagine it will be more on the level of to the utilities themselves. The overall cost of generating power now and the cost that the utilities will incur if we use economic dispatch and power pooling.

REPRESENTATIVE DAVIES: So I guess, Fred it seems to me that what we would want in the study that we are talking about doing an RFP for would be to take the Black & Veatch as an input kind of at the engineering level and ask them to do the economic analysis with that as a basis, does that make sense to you.

REPRESENTATIVE DYSON: Yeah, I certainly anticipated it as Senator Leman indicated that this study would take advantage of what we learned from the Black & Veatch study and so I've said all I have to say on that.

CHAIRMAN LEMAN: I think I understand the point and we will work at incorporating that thought into the redraft we will have for our meeting in Fairbanks. Next point.

REPRESENTATIVE DYSON: Down under stranded investment what transmission facilities does the state now own?

DWIGHT ORNQUIST: I believe that the transmission facilities that the state owns, well owns, I think they finance the transmission lines and most of them are owned and operated by Chugach Electric, but the financing I believe came from the state. Now if somebody's got a better understanding of it than that I would certainly give into that.

SAM COTTEN: Yeah, I think the northern intertie that, wasn't that fully funded? Jim might even know on that.

JIM PATRAS, HOMER ELECTRIC: Yes, that's...

SAM COTTEN: That's state owned right.

JIM PATRAS: Yes, that's state owned.

SAM COTTEN: Is that the only one that's...

JIM PATRAS: I believe so.

CHAIRMAN LEMAN: Okay, in case you didn't hear that the answer was the northern intertie is fully state owned and the others were either fully or partially financed by the state and owned by others and there is some contract for pay back.

REPRESENTATIVE DYSON: Okay.

CHAIRMAN LEMAN: Those are answers, I think the answers do exist (indisc.--coughing) appropriate to have that documented and spelled out even in the study so a reader will know clearly what we are talking about.

REPRESENTATIVE DYSON: And I think the stranded investment issue is a significant one. My sense is that the ultimate result of some of the competition over ten years from now is going to be the big guy eating the little guys. My concern is about what happens to the long term contract and the debts that the little guys own and I'm not particularly interested in a state made one, and the people of Alaska being left holding the sack here on that obviously. Under reliability, probably it is implied here it says assess how to preserve reliability under competition scenarios. And I would just add safety as well. So it is reliability/safety. Then on the second bullet assess possible handling of peak loads particularly in the winter, I don't see that problem it is hardly even being worth addressing in the study. We have so much over generation capacity in the areas that I see that we would probably have competition out of -- somebody would have to explain to me how that needs to have that much attention here.

REPRESENTATIVE DAVIES: I think there is a concern about that and I think it is easily handled, but I think it needs to be explicitly handled and it is the issue of maintaining the appropriate -- it has to do with peak loads and maintaining appropriate spinning reserve and how you when you have basically people are moving into the market that are just resellers, how you barely attribute the (indisc.) resellers cost structure the requirement of maintaining the spinning load. Now I think that's all doable but it's absolutely imperative that it become in a transparent way so that everybody knows that they are picking up their fair share of maintaining the same reserves that are required for peak loads.

REPRESENTATIVE DYSON: (Indisc.) taking up their fair share of the cost of main....somebody maintaining a spinning reserve and stand by.

REPRESENTATIVE DAVIES: That is exactly what I mean.

CHAIRMAN LEMAN: What we heard from previous testimony from I think it was Mary Ann Pease with Aurora Power, was that they would provide that through contracts and are providing, but we just want to make sure that that is being done to the extent that it needs to be and I think that's what you mean, that's what we mean by that second bullet.

REPRESENTATIVE DYSON: Okay, all right.

CHAIRMAN LEMAN: Annette did you have anything on that as to why that bullets there. Is that -- are we interpreting correctly?

ANNETTE KREITZER: Yes, Mr. Chairman you are, and some of the things are overt and are there for discussion purposes whether or not they should be in there. I'm sure (Indisc.) has some comment on some issues (indisc.) you can interpret several different ways. I guess the important thing is for us to understand from a staff perspective exactly what the committee consensus is on each (indisc.).

CHAIRMAN LEMAN: I think and I understand the direction we are given there. I tend to agree that we can handle it but I think we need to figure out how to explicitly address it in the way that we've just already discussed. So I think you probably reword it to accomplish that. Anybody else have any comment on that point. If you do get it to us. Go ahead Sam.

SAM COTTEN: Just generally on this page? Any of these?

CHAIRMAN LEMAN: Well, Fred was -- we've covered those two sections, now Fred was going to move to another one and then....

SAM COTTEN: I'll wait.

CHAIRMAN LEMAN: Okay, go ahead Fred.

REPRESENTATIVE DYSON: I'm -- under the affordability, really the thing that jumps out here is the public policy call on universal public service, universal services and that's absolutely a public policy issue and that's one that the legislature if we're ever...I think we have a (indisc.) agreement here that we're gonna provide some kind of affordable service, you know, everybody except the very most remote people, as long -- but I think that we as a legislature need to be faced with that decision. Are we going to maintain that position that we are going to make power available. And then the decision that falls on that one once we decide the affirmative on that and decide to go ahead with some kind of competition particularly retail competition. Who is going to be

the provider of last resort? And that one gets to be a significantly more complicated decision, so I would insert after the universal services the provider of last resort. I would like to hear Sam comment on that. Sam.

SAM COTTEN: Sure, well it's an interesting issue and we are dealing with it right now when it comes to telecommunications and there is a specific statutory provision that allows the commission to set up a universal service fund for telecommunications, so that's a way to get there. If you really wanted to get into universal service you could do that instead of power cost equalization for example, and that would require some sort of a surcharge, like we do with telephones right now. I'm not sure if that's the direction you are heading but that's a way to get there that would be a different path than is now followed with this general fund appropriations for PCE. As far as provider of last resort, that is an issue that you must deal with, but I don't know that its automatically going to be a problem here if you for example, if you have a company that provides service in a specific area they have to provide service to everybody in that area.

REPRESENTATIVE DYSON: Who says?

SAM COTTEN: Well that's typically the condition of a certificate that we issue.

REPRESENTATIVE DYSON: That's right. But are we deemed -- are we in danger of moving in a direction here with competition (indisc.) a condition of doing business?

SAM COTTEN: Yeah, we might have to be depending on the ability of a provider. For example if a person wanted to provide electricity on a competitive basis, but didn't have enough to sell to everybody, it is pretty obvious that they wouldn't be able to hit every customer yeah it could be.

SAM COTTEN: [TAPE 1, SIDE B] by design be limited as opposed to a provider coming and proposing to serve an area and again we typically require them to serve anybody that asks for service if they have a certificate.

REPRESENTATIVE DYSON: Yeah, and so what we are looking to you, is we'd like (indisc.) be here. What should we impede when we/if we allow a pilot should we be requiring the competitors to take anybody that asks for it? Power?

SAM COTTEN: I'm not going to respond to that right now, we -- there is an active case in front of the commission, there is an

application to institute a pilot program and I don't think I want to express any opinions on it at the moment.

REPRESENTATIVE DYSON: Yeah.

SAM COTTEN: I apologize for that.

CHAIRMAN LEMAN: But, I think that's fair and I think you should... Dwight.

DWIGHT ORNQUIST: One of the things that comes up under universal service is what's required for that and in the electric industry the biggest requirement or the biggest hindrance to universal service is the construction of the infrastructure so depending on how exactly we structure, you know how we build, if we have competition, how we build it. If that infrastructure the wires can be still be put out there and somehow covered by the costs then we'll have the same coverage as we do now, in fact we might have better penetration for universal service if we incorporate larger areas. It is a valid concern and it is one that can be addressed and in the RFP that certainly should be one of the items that they address, but just to let you know there are ways to take care of it.

REPRESENTATIVE DYSON: And that's really different, I probably have more concern because I represent lots of people who are quite a few people who are quite a ways from the main urban centers and it will certainly be an issue on the edges of the service areas.

REPRESENTATIVE DAVIES: Can I break in for just a second?

REPRESENTATIVE DYSON: Sure.

CHAIRMAN LEMAN: Go ahead, John.

REPRESENTATIVE DAVIES: Another example occurs to me in the context that you are talking about in terms of provider of last resort is the situation where you might have a large enterprise that can generate electricity as co-generation doing some other activities, power or something else. And where they would then have a significant amount they contribute, but clearly they are not designing their operations to be a major supplier, so and quite a -- I guess questions come in that context of how you barely pay them and how you provide that you distribute the benefit of that, possibly lower costs power coming onto the grid. But clearly, they are going to be limited in their scope.

REPRESENTATIVE DYSON: All right last page, under the financial

issues I would like you to add another bullet that says how to deal, I'm thinking that here in the wholesale competition business, how to deal with present long term power purchase contracts.

ANNETTE KREITZER: Mr. Chairman?

CHAIRMAN LEMAN: Annette.

ANNETTE KREITZER: When I talked to earlier, I did tell you that I had to leave at 10:00 a.m. off the teleconference, and I didn't think the operator knew that.

CHAIRMAN LEMAN: And I announced that I have to leave at 10:30 a.m., so we are gonna -- at the most have a half hour more of this work session. Okay, Fred I understand your comment, we have that down.

REPRESENTATIVE DYSON: All right, thanks.

CHAIRMAN LEMAN: Okay, John did you have anything you wanted to add now to our discussion?

REPRESENTATIVE DAVIES: I don't want to go...I think Fred raised most of the detailed issues, I guess I'm still mostly concerned with kind of a more broad scale disposition about time scales and then what/how do we decide as a sub committee or committee I think we are going to need to have more discussions in our meeting here in Fairbanks about which direction we are headed in terms of recommendation and what kind of recommendations to the legislature. And I guess my -- I'm still on the frame of mind that I indicated earlier that I think that we have in place the laws and regulations that allow application for example, we have one pending right now for a pilot project. And I don't think anything we've done in the past or are doing now hinders the APUC in looking at that request, and so I vote that we don't get too much wrapped around -- I don't see a big need for real rapid action on the part of the legislature right now, I think we - rather what I see is the need for really careful consideration of what we are doing. And so I guess my recommendation and I hope that we have a...that we can have a recommendation to the legislature which is a little bit more long term outlook and not so much any kind of knee jerk short term reaction.

CHAIRMAN LEMAN: John are you talking about the overall product of the joint committee or are you talking about this particular RFP and its scope of work?

REPRESENTATIVE DAVIES: Well I guess I have a hard time separating

the two, but I was really talking about the overall recommendation but, still I'm assuming that has an implication then for what we are doing on the sub committee and that would be that I hope that our recommendations of the subcommittee is to put together a very credible RFP process that will have a longer time frame than certainly January, as we have kind of -- I think we have all agreed as a sub committee pretty much that it's going to...that we are going to be lucky if we get a really quality RFP out of this - on the street by the end of December, so I guess that's kind of my recommendations on the sub committee level and I think it anticipates a recommendation to the legislature from the full committee that this is a bigger issue than can be dealt with in six months and that the legislature is going to have to deal with it over several terms I believe.

CHAIRMAN LEMAN: Well, I think that is consistent with the legislature's track record so far. Anything else before we go to Commissioner Cotten. Okay, Sam.

SAM COTTEN: I just want to make one comment, and I spoke about this with Annette, and it had to do with, under on your guidelines, issues, scenarios to be addressed; the second to the bottom there on power cost equalization question. My suggestion, thought, idea on it was that perhaps that could be worded differently to determine the benefits that might accrue as a result of restructuring. But, the way it is worded now it sounds like its sort of a separate question hanging out there all by itself, to assess the benefits of getting rid of the power cost equalization program. And it may be that we could examine the possibility of lesser need for a program like that if you had restructuring, that would tie into what we are talking about here. I think it was good that Fred brought up that business about universal service, because that's another angle that the legislature would be involved with if there was a new direction to take there. The concept of universal services widely held in the United States when it comes to telecommunications and in Alaska we really have a form of it with the power cost equalization and that the attempt is to somehow assure that people have affordable electricity. The way we are doing it right now is with those general fund appropriations and that's almost an indirect recognition of the need for universal service. Glad to see it on the agenda. As you may or may not know the Governor appointed a task force on power cost equalization and I'm a member of that task force and so very much aware that the legislature - the funds that the legislature set aside for that program are almost gone, you will be faced with decisions in that arena this year as well.

CHAIRMAN LEMAN: The money is going to that self help pool that --

what the -- namely the project down in the Wrangell area, is taking....

SAM COTTEN: Well the legislature you set aside some funds a few years ago that funded this program. Now there will be about five or six million dollars left in that fund this year, but an additional source of funds could be the revenue from the Four Dam Pool. But, some of those are going toward the Southeast Intertie deal and some are available for power cost equalization unless the Four Dam Pool people oppose self-help. They'll say we need those funds for our own maintenance activities, et cetra, so that would remove them from the table. But even that's going to maybe 25 percent of the requirements for PCE, that's only four or five million dollars, that would be available....

CHAIRMAN LEMAN: So, what happened to the other moneys that we had projected that the moneys would be available at the level of what seventeen million dollars a year. Then that may have even been when you where in the legislature.

SAM COTTEN: No that was right after I left. Yeah, I think you guys did that in '83.

CHAIRMAN LEMAN: '93.

SAM COTTEN: '93.

CHAIRMAN LEMAN: What happened?

SAM COTTEN: Well the fund is just depleted now.

CHAIRMAN LEMAN: How did it get depleted?

SAM COTTEN: Well, seventeen million dollars a year times how ever many years it was, that was all that was in there.

CHAIRMAN LEMAN: But 'adn't we projected that it could last indefinitely, or it never was the projection.

SAM COTTEN: No you didn't fund it to that level -- your statement from the legislature was that the program should continue through the year 2013, but the actual cash that was put on the table didn't/wasn't expected to last that long.

CHAIRMAN LEMAN: I'll get into that....

SAM COTTEN: That's a separate question, I'm sorry to divert your attention from what's on the table today, I think it is a good, it

could be an important element of your deliberations.

REPRESENTATIVE DAVIES: Loren?

CHAIRMAN LEMAN: Yes, John.

REPRESENTATIVE DAVIES: I guess, maybe we should move the discussion right now, because you've got to leave here pretty soon to what our next step should be, and how do we get the RFP going. It seems like we had, I agreed with your earlier comment that we should construct a draft RFP and have the NRRI outfit evalu -- you know, plus the APUC of course evaluate that draft. How do we get to the stage of having a draft?

CHAIRMAN LEMAN: I think we can take a crack at it and have something done in time for us to look at in Fairbanks on the 16th.

REPRESENTATIVE DAVIES: We means you and Annette?

CHAIRMAN LEMAN: And Janet, and staff to Representative Rokeberg and the APUC staff.

SAM COTTEN: We volunteer our staff to assist in the project.

CHAIRMAN LEMAN: And we accept the offer. I may be an engineer and a consulting engineer but this area is - it stretches me to the limits of my capabilities.

REPRESENTATIVE DYSON: Loren.

CHAIRMAN LEMAN: Yes, sir.

REPRESENTATIVE DYSON: My former staff member Pat Harman is really quite knowledgeable in this area. He's now moved down the hall and working for Representative Pete Kott, but I volunteer him to help as well.

CHAIRMAN LEMAN: Okay, well and I accept that. So what we are saying is that here in the next eleven days we need to get these inputs in and get it reworded and it may not, it still won't be a final version at that time, but we will incorporate it -- some of our concerns and comments from today and whatever else people have and have a draft that the full committee can see and I think the intent is that we have it even distributed before that meeting in Fairbanks so then we can discuss it in Fairbanks. Commissioner Ornquist.

DWIGHT ORNQUIST: Just a couple of things I would like to put out

or pro-offer (ph) for inclusion in the RFP as well, of course anything that we do we want to consider the safety, reliability, quality, sustainability of service, all of that just like we do now. But, in addition, when we go out to do the RFP the overall question is going to be how can Alaska benefit from restructuring the electric industry. In thinking of that we need to review the existing system and the RFP needs to address the fact or be very specific that there may not be one structure, one competitive structure for the entire state that in some cases or maybe in all cases the existing regulatory structure might be correct, I don't think we will find much of that and I think competition has a role, but the study should address it I believe and look at various forms of competition and various structures. I agree on the long term power contracts need to be addressed specifically, we might want to consider performance-based regulation in lieu of full-blown competition. I believe the legislature will be very interested in having the study address what kind of regulatory oversight it will want to have us doing after competition or after restructuring. Probably a portion to address definition, measurement and recovery of stranded costs.

DWIGHT ORNQUIST: That in mind is just because something isn't used after restructuring occurs doesn't mean its necessarily stranded cost automatically. And we need to define what fits in that. I think anybody we choose or if the RFP should probably for qualifications of the bidders we might want to make them large enough so they have had international, national and state level all three and the reason I say that is at the international level a lot of different countries have addressed restructuring and competition in electric way before the United States began looking at it. So companies that have been helping other countries probably have a head start on seeing the benefits and pit falls. And maybe -- well that is probably good enough there. One of the other items I think is very important would be to address the impact that new technology has had, will have and would have immediately on restructuring. We may find that if we restructure one way, we won't see new technology coming in and if we restructure other ways it will encourage new technology to come in as soon as it is economically viable. The point made about universal service is a good one I think that is a state call, the -- at the ... in the telecommunications industry there is a Congressional Mandate from the Telecommunications Act of 1934 and it was carried forward in the Telecommunications Act of 1996. In the electric industry we don't have such a mandate at the congressional level, so it is a state call on that and that is something the legislature should and does have complete authority to define what should be occurring. I believe that is a policy call that the legislature will want to be making. The last thing that I can think of right off hand is

defining and identifying what we call cherry picking. In reality if we are doing our job right as regulators there are no cherries out there, because we'll have the costs or the price for service down to the cost as close as possible for every one. In reality, we probably have a number of implicit subsidies, those should probably be identified and maybe at that point the legislature needs to decide if we want subsidies do we want them explicit or implicit. Maybe the legislature would decide to oversee and take care of subsidizes or perhaps hand them down to us, but it should be something that's addressed, and all the information there for you to make your decisions. That's all I have and I will scribble this stuff...I scribbled it up now, but I'll type it up I guess and hand it out, the stuff that I have down here, to anybody who is interested in having it.

CHAIRMAN LEMAN: If you could get that to us, it will help us integrate some of those topics into this/these guidelines. Go ahead Fred.

REPRESENTATIVE DYSON: Or in the committee members Dwight brings up several significant questions that we owe discussion here, because I think he just eloquently in about three breathes widely expanded the scope of what we are going to do here. Every one of the issues he raised I think are significant, interesting and some of them have profound implications but I think they expand the scope of what we are talking about here, beyond the competition thing. If our scope is what we are going to do long term in restructuring the power industry I guess he's exactly right those are all the issues that we need to deal with, but boy what I heard him just say makes this a bigger job.

CHAIRMAN LEMAN: Probably what we should be doing and we maybe hearing back from our friends at NRRI and other friends in the industry is that this scope of work is far to large for the funds that we have available and the time that we are expecting results so that's probably going to be the reaction and I fully expect it to be.

REPRESENTATIVE DYSON: I'm also interested with the incentive, what do you call it...

BOB LOHR, APUC: Performance-based.

REPRESENTATIVE DYSON: Performance-based incentive. And I'm also quite interested in how do we get - if the threat of competition doesn't get these folks really motivated to do all the innovative things they can do to better serve their customers cheaper, what does, as Dwight very properly brought up that question and it is

one that I was, have been kind of pursuing but somewhat separately and I have thought of linking it into this contract. I think it is a very valid one for us to work on, but I think we need to make a policy call here on whether to put it into this study at this time, and I think the right on the money may be unlimited for us.

REPRESENTATIVE DAVIES: Can I comment on that?

CHAIRMAN LEMAN: Go ahead John.

REPRESENTATIVE DAVIES: I think at this stage of game we ought to be putting everything down on a piece of paper that people raised. I would hope, Loren, as you guys put this together that you err(ph) on the side of putting more into it rather than less and I agree that we are going to have to pare it back, but I think we ought to have on some of these more major issues, I think we ought to make the full committee aware that these are points that we need to make.

CHAIRMAN LEMAN: I have some questions I'm going to throw out that are fairly basic, but I think it really impacts how this is conducted. First one is who is the owner? Who is the project director for the study? Is it the legislature? Is it the APUC? How do we work that out, because we want to make sure whoever the consultant is knows who their, essentially who their boss is, who they report to and that is something we need to figure out. Whether the APUC will take the lead, the legislature, that's not necessarily something we need to decide today, but it's I think it is a very important question. The second thing is timing for all of this, we have touched on it, but we haven't fully agreed and nor necessarily do we need to decide today, we need to address that somehow and the funding level is another issue, we've kind of talked around it and we've talked in generalities and something of this magnitude may cost what the numbers (indisc,) what one hundred fifty to two hundred thousand dollars I think is what one expert said last time. And then the last item is the process for selection of a consultant if we go through a process where we have them submit statements of qualifications and pare that down to a short list that actually receives the detailed RFP and respond to that and what we have interviews, what's the schedule and the selection committee the whole process for selection and how we get there is an important one, because if we are asking every interested entity in the world that might mention that they are here to prepare a detailed response and there's a dozen who do, there's a big investment just in responding to the RFP and maybe we want to have a process that pares that down so it makes our job easier and it makes their job easier. Anyway, those are my comments.

REPRESENTATIVE DYSON: Well said.

REPRESENTATIVE DAVIES: I agree with all of that stuff. Can I offer a couple other little specific things?

CHAIRMAN LEMAN: Go ahead.

REPRESENTATIVE DAVIES: Back to the issue of stranded investment, one of the things I think we need to explicitly deal with in the RFP is the issue of depreciation, on the part of the various utilities that own existing plants and distribution structures. And that gets to the question of how you, how do you actually calculate what this investment is, but the issue of depreciation is a major one. Some of these plants have been in place for 30 or 40 years and others are more recent and that there has to be some recognition of that as opposed. The other big issue I think that comes into play in that context is the issue of states investment and should (indisc.) state put into the interties or the Four Dam Pool, those kinds of things, there are all these legal issues that are already in place but just as a policy issue it should be (indisc.--other people talking) stranded investment.

REPRESENTATIVE DAVIES: And now I guess I would like to go back to Fred's' question about do we need explicit Legislative action on the issue of universal service and I would like to put that question to Sam and Commissioner Ornquist, could you comment on that do you think that's something that the committee should recommend should that be a full Legislative determination someday. Should it be a recommendation of the full committee what kind of Legislative action do we need on ... the question of universal service?

SAM COTTEN: Mr. Chairman.

CHAIRMAN LEMAN: Commissioner Cotten.

SAM COTTEN: My only point there was I think that if you wanted to create a universal service fund, then that would require specific Legislative action. Right now, as I mentioned the concept of universal service is sort of - is being handled obliquely through your funding of the power cost equalization program. Now if you want to talk about universal service in a different setting I don't really -- I guess I'm not sure how it might apply in for example in the Railbelt. Right now, I mean Dwight points out there are implicit subsidies right now, if you live right next to the power plant, it is cheaper to deliver you power. If you live 10 miles out in South Anchorage or Eagle River or where ever your -- it's inherently going to cost more to deliver you power so they charge

one rate for each service area probably, I guess I'm not clear as to what other universal service applications you are interested in.

REPRESENTATIVE DAVIES: Well I guess what I'm concerned about is the -- you do now as Commissioner Ornquist indicated when you get a certificate and start to operate in the area you -- there is an explicit requirement that you serve everybody in that area and that your prices are controlled by the regulatory group. If we were to move toward deregulating that or restructuring that it seems to me that that's a question of what are those requirements going to be in future are you going to allow if you are closer to the power plant are you going to have lower prices. You almost -- if you imagine going to the smaller and smaller power plants one of the...and smaller, smaller service areas, clearly that's going to be something that's going to come into play, that you can offer a cheaper price if your just trying to serve a very small homogeneous area. How do we handle those things and how do we handle those in the context of universal service? And my specific question is do you think that we need explicit Legislative consideration that policy issue at this stage or is that something we should put off for the future or does the existing structure handle it okay?

SAM COTTEN: I think the existing structure handles it. If the legislature changes the structure or requires a change to the structure, then I believe you have to have -- that has to be a point that considered and dealt with, how you deal with it I wouldn't speculate at this point, but if you change it and don't require people to just to serve in their areas or somehow change the existing structure, you can't let that idea just be forgotten. At the moment, I don't think you need any change.

CHAIRMAN LEMAN: Just so I understand, currently, in a service area requiring to serve but they are not required to charge the same price. For example if I wanted service at the end of a quarter mile road and you needed four poles or averaging (indisc.) takes then the utility has the right to charge me for the replacement of those poles being in service and somebody else (indisc.--coughing) transformer then that would be a different cost. Is that essentially how it operates today and that's consistent with universal service?

SAM COTTEN: They have to file a tariff and so one of the tariffs that they'd file that would be applicable would be the line extension policy. And so, therefore, you'd be charged a certain amount if they had to expend certain capital resources, but I believe that they still have to -- in a service area still pay the same amount per kilowatt hour. So you pay the operating, the bill is the same but you want them to put a big bunch of poles out to

your property?

CHAIRMAN LEMAN: Then you pay for that.

SAM COTTEN: Yes, essentially, that's the case.

DWIGHT ORNQUIST: And if I may throw in there, that's actually not consistent with universal service, as we know it generally speaking. Because generally speaking with universal service you'd get connected up for the same rate, but in electric you would charge more for certain. The idea is different classes of customers pay different rates and I think that's where we find the most implicit subsidies and that's where we find the most creation if you can say cherries to be picked.

CHAIRMAN LEMAN: But a lot of that comes about because of either the size or the timing of the load or things that create certain benefits to providing through out the cent a kilowatt hour for a certain type of customers because of what the impact then they have on generating system or something else.

DWIGHT ORNQUIST: Absolutely.

CHAIRMAN LEMAN: Okay, we are running out of time, I want to make sure in the next three minutes we can at least get whatever direction to us and our staff so we can take another shot at this. Any other comments on anything we ought to get into this?

BOB LOHR: Mr. Chairman I haven't heard mention the geographic scope of this study and I'd like the committee to grapple with whether it should be Railbelt with the most immediate promise for potential benefits for competition might be or whether it should be state wide which again affects the cost, the timing, et cetera.

CHAIRMAN LEMAN: That's a very good question. My opinion is eventually, and I agree with John that have everything on our plate and then decide okay we're not going to be able to address everything but start peeling back things we can't address. That would be an area where I would see would be pretty obvious. The initial study in my opinion ought to focus on the areas of the highest potential and clearly there are areas of Alaska that are at least in my opinion clearly that are not candidates for competition. But there are other areas in my opinion that are. We differ on each...on that for example Anchorage I would say ought to be at the higher end of that list and I would suggest that McGrath probably should not be, just to point out a couple. Anything else?

SAM COTTEN: Your next meeting is in Fairbanks?

CHAIRMAN LEMAN: Yes, we next meet in Fairbanks on Wednesday, September 16th, at 10:00 am, at the LIO.

JANET SEITZ: Fairbanks LIO.

CHAIRMAN LEMAN: Fairbanks LIO and the schedule is that we will take public testimony and I believe testimony from various utilities that have been invited and we are going to discuss this draft RFP issue.

SAM COTTEN: Are you going to have - attempt to have a straw man there for people to shoot at? A draft RFP?

CHAIRMAN LEMAN: I hope so, I hope that we'll have -- well we can at least have this with the inputs that we got from today and can at least have that and maybe take a shot at some of the other things in it, in the overall synopsis. Any other issues for the good of the order? Thanks for participating and we will -- if you have any other inputs, I'm going to be traveling a fair amount next week, I think I leave on Tuesday, I'm not sure if it's Tuesday evening or Tuesday morning, but if you have anything else you need to give to me call me on Monday, otherwise Annette on my staff and I'll be calling in from wherever I am and checking with her and she can handle some of that for the rest of the week. And the following week I'll be back in town and we can work it at lease coming up with a good final draft. Thanks, have a good day guys.

ACTION

The committee took no action.

ADJOURNMENT

The meeting adjourned at 10:30 a.m.

NOTE:

The meeting was recorded and handwritten log notes were taken. A copy of the tape(s) and log notes may be obtained by contacting the House Records Office at 130 Seward Street, Suite 211, Juneau, Alaska 99801-1182, (907) 465-2214, and after adjournment of the second session of the Twentieth Alaska State Legislature, in the Legislative Reference Library.

COMMITTEE TAPE LOG

Oproost 1987

COMMITTEE: EUR Subcommittee DATE: 9/4/98 TIME: 9:10 am

SUBJECT: RFP

MEMBERS: Senator Leman (Chair), Rep(s) Davies, Dyson
by teleconference

SPEAKER	TAPE#	SIGNIFICANT INFORMATION
Sen. Leman	001/A	Called EUR meeting to order at 9:10 am.
Rep. Dyson	018	Begins to make comments - "Do not fit on a bumper sticker"
Sen. Leman	020/1A	Wants written or meet w/ Rep. Dyson to get further comments Rep. Dyson w/ Sen. Leman talk back & forth.
Sen. Leman	038	Asks if Annette will be hooked up wants to get her on line
Rep. Davies	045	Begins to speak. Talks about time frame, study guidelines.
Sen. Leman	065	Begins to speak, action taken - timeline.
Rep. Dyson	089	Timeline is unreasonable. Wounded about
Sen. Leman	094	RFP results
Dyson	096	Timing
Leman	097	Bumps up APUC rep's.
Dyson	100	agrees
Davies	101	Concerned about recommendations. Don't move ahead too quickly.
Dyson	120	Agrees - unique situation in AK. Bumps up Comp. be cautious. 90-95% savings to consumers come from wholesale comp.
Sen. Leman	138	Shows many of us. Concerns, more ambitious in schedule. Do not place barriers in way of Leg. APUC.

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
S. Leman	146	no excuses. Looking for solution....
R. Dyson	153	Do not use study as substitute
S. Leman	156	possible to design pilot w/out study.
Dyson	162	His concerns about starting limited comp w/out further study.
Leman	170	Doesn't have all the answers.
Dyson	172	re-states his concerns
Davies	173	shares concerns. (go for wholesale comp. before retail).
S. Leman	182	NO prohibition on wholesale comp. more of product of marketplace
Dyson	187	Doesn't agree w/ this. Bring up monopoly. Cost plus contracts - no risks. Get companies out of contract.
S. Leman	206	Won't argue on that point.
R. Davies	209	feels there's another reason. NO law that would hinder mindset of monopoly. "ventures"
S. Leman	227	Reg. Comm. come to table & join discussion. Any more comments
S. Leman	233	Sam Dwight pls. join us. Bill John also joining. Annette also on line
Annette	241	no comments
Sam Cotton	244	makes opening comments. "Phil Bearet"
Annette	253	Did speak w/ him
S. Leman	256	ANNRT, Annette go ahead & brief comm
Annette	260	Vern Jones, spoke w/ goes into what Vern told her.

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Annette	268	continues,
Sam	269	clarifies what thesis is,
Annette	270	continues w/ conversation
Jeman	277	Review RFP, input.
Annette	280	w NREI, Ohio - Edu, contracts
Jeman	284	lost Annette, will re-connect
Dwight	289	Inte-governmental contracting - goes into. Would help cut down on staff time. makes sense.
R. Davis	306	Who was present when comm. meeting started, pls. brief who wasn't
S. Jeman		does bring Sam up to speed.
Sam	319	talks about started project see where it goes
S. Jeman		makes comment
Sam	326	RFP, 2 choices
S. Jeman	334	2nd approach letter.
Annette	345	Doesn't have much more to say
Jeman	349	Start w/ Dyson work thru guidelines
Dyson	357	begins to go thru guidelines, #2. "economic dispatch", power pooling"
S. Jeman	369	Black, Veatch Study
Dwight	372	Does go over Dyson's questions
Jeman	378	this report will address Dyson's concerns
Dyson	379	Consumer
Davis	387	Economic analysis. Black, Veatch
Dwight	393	Engineering analysis (Black, Veatch) more toward cost.
Davis	400	Study, RFP Black/Veatch cost, also do expense

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Dyson	404	says he understands
Jeman	410	will have info at Sept 16 th meeting
Dyson	412	what does State own
Dwight	414	CEA own transactions
Sum	422	clarifies
Jeman	423	back forth
Sum	424	"
Jeman	425	nothing interesting fully owned.
Dyson	434	Stranded investment.
Davis	459	Voices his concerns (spinning reserves) Resellers.
Dyson	473	Spinning reserves
Davis	476	Exactly
Jeman	477	Contracts, Annette comments
Annette	486	alot is just for discussion purposes. Staff perspective
Jeman	494	understands direction, how to address
Sam	503	Bury up any pts? Jeman, Dyson goes 1st.
Dyson	507	universal services, public policy issue. 'Last resort provider!'
Sum	537	Comments on this issue 'universal services, must deal with this issue
Dyson	561	back & forth on this issue
Sum	565	on Pilot program
Sum	000/B	continue
Dyson	003	Asks question on pilot program
Sum	006	Cannot comment case pending
Jeman	009	Says this is approp.
Dwight	010	Goes into universal services.

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Dyson	019	More concern, Represents people who are not in urban areas
Daves	023	provider of last resort. Bump up to generation, fairly pay, benefits
Dyson	032	financial issues ^{need to} how to deal w/ present long term power projects.
Annette	037	has to leave this comm.
Leman	041	have comments down
Dyson	042	I'm done.
Daves	043	Time scale, need more discussion on this. In place laws, regulations pilot project, doesn't hinder APUC. Careful consideration. Recom to Leg. Long term in outlook
Leman	061	Overall joint comm. on specific RFP
Daves	063	wants to put together RFP go further longer timeline than Jan 1999.
Leman	074	Consistent w/ Leg. track record
Sam	076	power cost equalization. Perhaps worded differently. Now. appt task force on equalization Sam is on this task force
Sam	076	
Leman	102	Where money is going to. Self help
Sam	104	yes, but 4 to 6 million will be left over.
Leman	112	What happened to other money \$17 million
Sam	116	Depleted.
Leman	118	projected
Sam	119	Program cont's 2013, among other things

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Sam	121	to last
Davis	125	more discussion to next step Draft RFP.
Jerman	131	Can take "crack at it" make proposal to ^{team}
Davis	133	Who?
Jerman	135	Annexes, Layout, Diagrams
Sam	136	Offers his Staff's help
Dyson	139	Offers Pat Hammar's help
Jerman	143	Goes over input, will have discussed before Sep 16 th meet
Dought	149	Safety, reliability. How can AIC benefit from rest. Review Sep. Look at various structures, comp. contracts, etc. Impact of new technology
Jerman	209	Get those comments to us
Dyson	211	brings up several issues, comments.
Jerman	223	NREI, maybe hearing from them & others. Brings up time line, etc
Dyson	228	concerned ...
Bill	230	brings up item
Dyson	231	continues w/ statement
Davis	241	write everything down. Put more net less in beginning
Jerman	248	has questions, basic, who's project director? figure out APUC, Jap. Timing of all of this, Funding level. Process for selection of consultant.
Dyson	277	well said.
Davis	278	Agrees with, has a few additional comments investment, Depreciation

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Davies	289	State investment, legal issues, policy issues.
Leman	296	okay
Davies	297	Universal service. Reconn.
Sam	305	Create universal service fund, needs. Leg. action. Must not see how this would apply to railhelt. Different rates for different service areas.
Davies	321	Bumps up contracts.
Sam	340	Existing structure maintains this.
Leman	348	Asks for clarification on costs.
Sam	357	Talks about tariffs.
Dwight	364	Not consistent w/ universal services.
Leman	376	make comments, bump up time limit to meeting any more comments
Bob	383	Railhelt, statewide?
Leman	389	Get more info, then pare down. highest potential. Not candidates (areas) for competition. Someone.
Sam	404	Next meeting
Leman	405	Sept 16th Lantank 210 goes over schedule, etc
Sam	412	Shawman, Draft RFP
Leman	416	At least have RFP (Draft)
	421	Any other issues
Leman	423	+ thanks everyone for attending, call S. Leman on Mondays, talk to Annette, (S. Leman traveling)
S. Leman	435	adjourns meeting at 10:30 am.

JOINT COMMITTEE ON ELECTRIC UTILITY RESTRUCTURING
September 16, 1998
10:00 a.m.
Fairbanks, Alaska

COMMITTEE CALENDAR

Public testimony

NOTE: Due to a recording malfunction, tapes are not available. Handwritten log notes were taken. Written testimony and witness registers are available in the Legislative Reference Library.

PRESENT

Members present were Co-Chairman Sharp, Co-Chairman Rokeberg, Senator Leman, Representative Austerman, Representative Davies, Representative Dyson. Members absent were Senator Adams and Senator Taylor.

COMMITTEE TAPE LOG A Side 11

COMMITTEE: Joint Utility Task Force DATE: 09-16-98 TIME: 10:00 a.m.

SUBJECT: Electrical Restructuring

MEMBERS: Co-Chair Sharp, Co-Chair Rokeberg, Sen. Lawrence, Rep. Astorino, Rep. Davico, Rep. Dysan

SPEAKER	TAPE # 2	SIGNIFICANT INFORMATION
Co-Chair Sharp	001	Call to Order
Wilson	010	Called Roll
Sharp	024	Explained Committee Mbrs positions
Rep. Rokeberg	040	Thanks Com Mbrs for work on Rpt.
Sharp	066	Mits & mins approval
Amst	084	I signed up to testify 4pm APUC
Sharp	089	what
Cittro	091	APUC intro mbrs.
Rokeberg	095	Mr. Conn
Amst	098	Yes
Rokeberg	099	Rec'd how to mbrs
Sharp	104	left case
Sharp	108	3 2 Dec. 7 p.m. Now 1st
Brewer	127	Brewer City = Aurora Power
Sharp	175	Spk up please
Brewer	176	Continued
Sharp	228	wrap up
Brewer	231	2 more cmts.
Sharp	259	Thank you
Dysan	261	Who know how introduced
Brewer	262	Intro Self
Dysan	263	Implication - Single - lets get d.
Brewer	268	
Dysan	282	Heard yes
Brewer	283	
Sharp	284	Other questions
Davis	285	3 ques Mbrs - making
Brewer	294	Did not mean to help
Davis	305	One more bring Committee

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Brenna	321	Utilities only ones that are participants
Davies	339	Let Gas
Shup	340	Rep. Rep. Brown + Brown's laws.
Rokobeg	346	Mr. Curran's time
Sho	350	Is that all with you Mr. Curran?
Coon	351	Whatever you say
Maxwell	354	My name is Rob Maxwell
Shup	404	Rep. Dixon?
Dixon	405	Would be interested
Maxwell	407	Now-road - Schools
Dixon	415	or smallest Gas.
Maxwell	416	We would
Dixon	419	Not what I heard you
Maxwell	420	My
Dixon	428	So they did
Maxwell	432	Well it's interesting
Dixon	434	Is the public likely
Maxwell	436	I think they are
Dixon	442	You want (ask) my question
Maxwell	443	As the public
Dixon	444	Should be changing
Maxwell	445	It is my understanding
Shup	446	Rep. Rokobeg?
Rokobeg	455	Mr. Maxwell's stock buyback
Maxwell	457	Plans are to be created
Rokobeg	472	Co-Chair of Mr. Maxwell
Maxwell	473	Or he may have no
Rokobeg	477	But they still have
Maxwell	482	All questions that need to be
Rokobeg	486	Mr. Chair if I may
Maxwell	489	If we're going to open
Shup	493	Also Sam Cotton
Cotton	495	Thanks Mr. Chairman

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Sharp	502	OK thank you well
Cowd	505	Thank you very much Mr. Chair
		Tape A Side 2
Sharp	676	Comments?
Rokeby	677	Thank you Mr. Chairman
Cowd	691	well I think
Rokeby	712	Answered my questions
Davis	713	I appreciate that
Cowd	731	he hasn't reached any conclusions
Sharp	756	Any more comments? (See Lemma)
Lemman	757	Steve, I appreciate your comments
Sharp	786	Since Mr. Cowd brought it up
Edwards	810	Good Morning, let that be for today, no testimony again
Sharp	888	OK any comments?
Rokeby	899	Thank you Mr. Chair Mr. Edwards
Edwards	910	Yes I would appreciate you
Rokeby	959	Thank you King called, some question
Edwards	964	To my knowledge there is no
Rokeby	983	Mr. I interject?
Edwards	985	I subject things but yes
Rokeby	989	Now that is your
Edwards	990	Roughly down to Solidator
Rokeby	996	If you didn't have
Edwards	998	Yes, but really
Rokeby	1001	
Sharp	1003	Repp (Dyson)
Dyson	1004	Pat. for Brewer, but
Edwards	1011	we are very public minded
Dyson	1021	I appreciate your
Sharp	1023	Rep Davis
Davis	1024	Yes, I heard you
Edwards	1027	Well

09-16-98

Tape 2
Side A

PAGE: 5

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Rokeby	064	Interruption
Hanson	066	Interruption pretty much
Rokeby	073	low-flying test level
Hanson	077	
Rokeby	088	Ok next, I don't think he has
Hanson	099	Idea Coal Plant
Rokeby	121	What happens with the
Hanson	124	the initial study
Rokeby	126	What happens if I take
Hanson	130	be maintained
Rokeby	138	Say there was a clear break
Hanson	143	It depends on how much
Rokeby	148	military
Hanson	150	They have new plots
Rokeby	154	my last question
Hanson	159	One of the nice things about being a computer
Rokeby	178	What is your position?
Hanson	185	I don't believe he has a position
Sharp	199	Thank you I would like to get
Cola	206	Thank you my name is [unclear]
Sharp	286	Sen. David Rep. Dwyer Rep. [unclear]
Lewis	287	We are very [unclear] [unclear]
Kohler	299	Possible if it [unclear] [unclear]
Dwyer	314	I think it [unclear] by [unclear]
Kohler	314	The APIC will have
Dwyer	323	but since I understand what [unclear]
Kohler	323	I suppose I would [unclear]
Dwyer	330	But, it did how can I say
Kohler	332	All [unclear] sales
Dwyer	334	Have you had a chance
Kohler	337	I saw it for the 1st time
Sharp	341	I have no [unclear] [unclear] [unclear]
		Mr. Conchici

Recessed for lunch 12:02 p.m.

SPEAKER	TAPE #	Side 1	SIGNIFICANT INFORMATION
Sharp	353		Call Committee back to order
Ginchici	358		My name Ginchici 1/5 Dubau
Sharp	392		Distinction Comments?
Dyson	393		Name? Sorry I was late
Ginchici	402		I came to Dist.
Rokibeg	406		TO clarify a point
Lemard	414		has there any P. I B.E. results
Sharp	414		Any other questions or comments?
Lemard	417		Thank you Mr (Chairman) - Secret
			Lemard presents RFP Study
Cotton	436		Mr. Chairman he is being thanked here
Lemard	439		Can you hear now?
Rokibeg	524		Thank you Lemard, I think it would be
Lemard	530		I could we might have had
Rokibeg	545		Thank you Lemard just to put forward
Lemard	557		Mr. Chairman, I would like to thank
Rokibeg	582		Final report, circulation
Lemard	564		Under that schedule
Rokibeg	587		When would you report
Lemard	584		I put you to vote
Rokibeg	592		Let me clarify
Quiteman	015		I don't mind (the time from now)
Sharp	37		Complex of points, since the final
Lemard	42		That's the best way I
Cotton	48		Sorry what point
Lemard	51		Who should be lead
Cotton	54		Happy to provide staff
Sharp	62		My other questions were
Cotton	88		Yes Sir, deal of points
Sharp	118		Yes Sam, But Sharp that was my
Dyson	121		Saw Sharp it seems to be this is unusual
Sharp	146		I would like to hopefully to make clear
Lemard	158		Maybe that's the

Side 2
hit reset

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Westman	160	Continued to begin with
Rokobeg	174	well it seems to be a study
Davis	181	I'm not a lawyer or don't know
Cotton	195	well we have prohibitions
Jensen	218	Can you give us a time
Davis	221	make, because of that
Rokobeg	240	I agree with that
Andriam	246	Are we proposing to give
Shup	247	No
Rokobeg	248	The problem is
Westman	259	Mr. Chair you just
Rokobeg	261	as it has already been
Jensen	268	Mr. Chair P. M. (Lipson)
Rokobeg	276	Do we need to have legal counsel
Cotton	279	Mr. Chair your right
Rokobeg	287	I don't understand you correctly
Cotton	291	that would be one way
Rokobeg	295	Let me ask the from committee members
Dyson	304	Do you mean that? This
Rokobeg	307	We would act contractor
Dyson	310	Only reservation I have
Rokobeg	316	Some policy lines
Dyson	318	Wholesale, retail
Rokobeg	327	Let see
Dyson	330	Cotton will have to do something
Davis	338	well the recommendations he has here
Cotton	371	I don't know if it lines up
Rokobeg	374	Any further comments
Jensen	387	I think we need to re define work scope
Rokobeg	400	Commission Cotton Sir
Cotton	407	Right, my brother APUC
Rokobeg	412	You believe that?
Cotton	415	Yes sir it would be my

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Eto? Div	424	Yes that's basically it
Cotton	434	Mr. Chairman I just want
Eto, Div	438	That beyond of the writer's intent
Leman	442	Mr. Jones We talked about this
Cotton	455	Mr. Chairman that's why
Leman	458	I think that's fair per RFP
Rokeberg	468	Rather that submitter think process
Sharp	472	Sub Committee good representative
Rokeberg	473	
Leman	478	Yes probably somebody in legis
Rokeberg	480	LRB A or
Leman	481	
Rokeberg	482	It's there in Condensed
Cotton	483	to Sir I
Rokeberg	492	Anybody in audience has contacts
Crowell	493	Yes I have a contact
Rokeberg	504	Mr. Crowe Sir do you have the
Crowell	506	I'm sure right at it
Rokeberg	513	In the meantime I assure you
Crowell	519	Are you speaking of same
Rokeberg	523	Mr. Crowe no
Rokeberg	525	It is my understanding how
Rokeberg	529	I think basically
Sharp	536	Sub commit
Leman	538	Somebody earlier today Mr. Edwards
Rokeberg	543	Anybody wish to make written
Leman	546	What do you think
Rokeberg	549	2-3 weeks
Sharp	551	make submittable to you
Leman	553	at home call office
Rokeberg	555	Any further contacts
Cotton	556	
Rokeberg	560	Thank you

Meeting Adjourned 2:44 p.m.

ROLL CALL

	YES	NO
Co-chair Rep. Rokeberg	✓	
Co-chair Sen. Sharp	✓	
Sen. Adams		✓
Sen. Lemman	✓	✓
Sen. Taylor		
Rep. Austerman	✓	
Rep. Davies	✓	
Rep. Dyson	✓	

09/16/98
11:24:28

ANCHORAGE
#3

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM
PARTICIPANT LIST (ALL PARTICIPANTS)
TCN:80902 SCHEDULED FOR:09/16/98 10:00 TO 16:00
PUBLIC HEARING (JNT) ELECTRIC UTILITY RESTRUCTURING

LTN1150
BY:ANC
FOR:ANC

LOCATION: ANCHORAGE

ELECTRIC UTILI MR	STEVE	CONN	AKPIRG	TESTIFY
ELECTRIC UTILI MS	JANET	SEITZ	REP ROKEBERG	OBSERVE
ELECTRIC UTILI MR	SAM	COTTON	APUC	TESTIFY
ELECTRIC UTILI MR	PAUL	MORRISON	APUC	OBSERVE
ELECTRIC UTILI MR	JIM	POSEY	APUC	OBSERVE
ELECTRIC UTILI MR	BOB	LOHR	APUC	TESTIFY
ELECTRIC UTILI MR	RAY	KREIG		OBSERVE
ELECTRIC UTILI MR	PHIL	STEYER	CHUGACH	OBSERVE
ELECTRIC UTILI MS	VIVIAN	KINNARD	CHUGACH	OBSERVE
ELECTRIC UTILI MS	PATTI	HARPER		OBSERVE

09/16/98
10:11:31

LEGISLATIVE TELECONFERENCE NETWORK SYSTEM
PARTICIPANT LIST (ALL PARTICIPANTS)
TCN:80902 SCHEDULED FOR:09/16/98 10:00 TO 16:00
PUBLIC HEARING (JNT) ELECTRIC UTILITY RESTRUCTURING

LTN1150
BY:JNU
FOR:JNU

LOCATION: JUNEAU

ALL ITEMS	MS	ANNETTE	KRIETZER	LEMAN'S STAFF	OBSERVE
ALL ITEMS	MS	PAT	JACKSON	ADAMS'S STAFF	OBSERVE

10/14/98

14:14:38

TCN: 80902

DATE & TIME: 09/16/98 10:00 TO 16:00 STATUS:7 STATS. IN

**** ORDER SUMMARY ****

SPONSOR: MISC (JNT) ELECTRIC UTILITY RESTRUCTURING CHAIRS: ROKEBERG
PURPOSE: PUB PUBLIC HEARING LEGISLATIVE SHARP
CONTACT: JANET SEITZ TEL#: (907)258-8191
CHAIRING SITE: FAIRBANKS 119 N CUSHMAN ST ZZZ

SPONSOR REMARKS (PUB): TESTIMONY:Y ALLOWED 3 MINUTE LIMIT
TESTIMONY WILL BE TAKEN WITH A 3 MINUTE LIMIT.
TCN REQUESTED ON 09/16/98 AND HAS 2 UPDATES

**** AGENDA ****

1 ELECTRIC UTILITY RESTRUCTURING

**** PARTICIPATING LIOS ****

ANC ANCHORAGE	716 W 4TH, #200	LOCATION STAFF
BAR BARROW	COURTHOUSE #305	LOCATION STAFF
* FBX FAIRBANKS	119 N CUSHMAN ST	LOCATION STAFF
JNU JUNEAU	CAPITOL	LOCATION STAFF
KEN KENAI LIO	145 MAIN ST LOOP	LOCATION STAFF
KOD KODIAK	112 MILL BAY RD.	LOCATION STAFF
MAT MATSU	600 E RAILROAD	LOCATION STAFF

CAP211

**** VOLUNTEER & OFFNET SITES ****

ZZZ OF1 OFFNET 1	HOMER	REP. PHILLIPS	(907)999-9999
ZZZ OF2 OFFNET 2	WRANGELL	SEN. TAYLOR	(907)999-9999

PARTICIPANTS IN: ANCHORAGE

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4 MR	PAUL	MORRISON	APUC	OBSV. ELECTRIC UTIL
	1016 W 6TH		ANCH	AK 99501 (907)276-6222
5 MR	JIM	POSEY	APUC	OBSV. ELECTRIC UTIL
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6 MR	BOB	LOHR	APUC	TSFY. ELECTRIC UTIL
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7 MR	RAY	KREIG		OBSV. ELECTRIC UTIL
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8 MR	PHIL	STEYER	CHUGACH	OBSV. ELECTRIC UTIL
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	126 BOATER'S LN		FAIRBANKS	AK 99709	(907)479-5290
9 MS.	MARY ANN	PEASE			TSFY. ELECTRIC UTIL
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10 MR.	ROBERT	HANSEN	GVEA		TSFY. ELECTRIC UTIL
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11 MR.	ROBIN	BRENA			TSFY. ELECTRIC UTIL
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14 MS.	MARY	FISHER	ARECA		OBSV. ELECTRIC UTIL
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15 MR.	ROBERT	TRENT	UAF		OBSV. ELECTRIC UTIL
			FAIRBANKS	AK 99775	(907)474-7366
16 MS.	CAROL	LEWIS	UAF		OBSV. ELECTRIC UTIL
			FAIRBANKS	AK 99775	(907)474-7670
17 MS.	BONNIE	WILLIAMS			OBSV. ELECTRIC UTIL
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18 MS.	MARILYN	WILSON	SEN. SHARP		OBSV. ELECTRIC UTIL
	119 N. CUSHMAN		FAIRBANKS	AK 99701	(907)452-7885
19 REP.	TOM	BRICE			OBSV. ELECTRIC UTIL
	119 N. CUSHMAN		FAIRBANKS	AK 99701	(907)456-7423
20 MR.	ANDREW	CASSEL	FOX 7 NEWS		OBSV. ELECTRIC UTIL
			FAIRBANKS	AK	(907)000-0000

PARTICIPANTS IN:JUNEAU

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PARTICIPANTS IN:KENAI LIO

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2 MS.	MEL	KROGSENG	SEN. TAYLOR		OBSV. ELECTRIC UTIL
				AK	(907)000-0000

JOINT COMMITTEE ON ELECTRIC UTILITY RESTRUCTURING
NOVEMBER 18, 1998
10:00 am

Note: These minutes were prepared by Co-Chairman Rokeberg's staff.

TAPES

- 1 Sub-Committee Report, Testimony, Committee Discussion
- 2 Black & Veatch Report, Committee Discussion

CALL TO ORDER

CO-CHAIRMAN NORMAN ROKEBERG convened the Joint Committee on Electric Utility Restructuring at 10:12 am.

PRESENT

Committee members present were Co-Chair(s) Rokeberg, Sharp, Senator Leman, Representative Dyson, Karisse Ackerman for Representative Davies in Fairbanks.

ABSENT

Committee members absent were Senator Adams, Senator Taylor, Representative Austerman.

ALSO ATTENDING

Ed Kozak, Kodiak Electric Association; Jim Patras, Homer Electric Association; Ray Kreg, Chugach Electric; Carol Hegman, Chugach Electric; Anne Hays, IBEW; Robert Hansen, Golden Valley Electric; Tom Staudenmaier; Meera Kohler, ML&P; Mary Fisher, ARECA; Vivian Kinnaird, Chugach Electric; Robert Maxwell, Alaska Energy Associates; Hart Hodges, Northern Economics; Mary Ann Pease, Aurora Power; Theresa Jurotich, Black & Veatch; Myron Rollins, Black & Veatch; Paul Morrison, APUC; Joanne Stoop, GVEA; M. Riddle, GVEA.

SUMMARY OF INFORMATION

OPENING REMARKS

CO-CHAIR ROKEBERG: Calls roll and welcomes all committee members and people attending meeting either in person or by teleconference. We do have a quorum to conduct business. Goes over agenda, after report given by Senator Leman, will open up the hearing for additional public testimony, we will conclude the public testimony and will have ample opportunity to have committee discussion before the lunch break and possibly include audience members in this discussion.

JOINT COMMITTEE ON ELECTRIC UTILITY RESTRUCTURING
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CO-CHAIR ROKEBERG: Will reconvene after lunch break for a presentation on the power pooling and central dispatch study at 1:30 pm. After presentation there will be a brief discussion, and hope to be able to adjourn before 3:00 pm if not sooner. With that, I would like to ask Senator Leman to give a brief report and recommendation as to the RFP and his work on the sub-committee with the APUC.

SENATOR LEMAN, Chairman of EUR Sub-Committee: Thank you Mr. Chairman. The members will recall that at a meeting in September we went through the draft, scope of work for a proposed study to be done jointly with the APUC. Senator Leman met with the APUC, staff and technical people and together they refined the scope of work, incorporating comments that several members made, particularly Representative Davies, and Representative Dyson, as well as other comments made at the September sub-committee meeting. Senator Leman & APUC also spoke with a representative from NRRI by teleconference to discuss the RFP scope. This review was done without cost. Scope of this report was very thorough, the NRRI representative said committee was asking for so much, "we" agreed with that and he suggested we refine the scope of work to make it more understandable in a request for proposals and we incorporated our guidelines as an appendix to the request for proposal. During this meeting worked toward goal to make this report understandable to anyone reading it for the first time and would be able to understand the background of Alaska. The first priority is the pilot study in the Anchorage area, and identified an earlier delivery of that work product. APUC suggested March 12th; Senator Leman would like it done a little earlier than that. Target date for a draft report due the end of March and a presentation to the Legislature on or about April 19th. This would include special committees or joint committees of the Legislature that would hear the presentation and the contractor would issue a final report by June 30th. The APUC advertised in state and received one or two responses; APUC requested and was given permission to advertise outside the state. They are receiving more calls and requests for the request for proposal packet. The deadline for the proposal is to be due December 9th, interviews have been schedule December 17th. Selection committee will include representation from the Legislative branch and the APUC. The funding has been approved by the commission for up to \$200,000.00. Expects to have somebody under contract and (indisc. coughing), and should begin prior to the start of the Legislative session.

The committee members discussed the target award date of January 12th. There may be a short delay of a few days, but should have somebody under contract shortly after January 12th. Senator Leman referred to the request for proposal which was sent electronically to each committee member. Co-Chairman Rokeberg asked if anyone was aware of something being removed from the APUC's docket at their last meeting? No one from the APUC was at the morning meeting and question could not be answered at that time.

JOINT COMMITTEE ON ELECTRIC UTILITY RESTRUCTURING
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CO-CHAIR ROKEBERG: Thanked Senator Leman and the members of the sub-committee for working on this project. He is aware that a good deal of time and effort was put forward and the committee really appreciates that. **It was discussed at the Fairbanks meeting that once the recommendations were put together a poll of members would be conducted, but this has not been formally accomplished. The Chair would entertain a motion that we accept the sub-committee report and make a recommendation to the APUC to move forward with the contract.**

CO-CHAIR SHARP: **So motioned.**

CO-CHAIR ROKEBERG: **Any objections? Seeing none, so ordered.**

CO-CHAIR ROKEBERG: Opened public testimony.

ED KOZAK, Kodiak Electric Association: See written testimony.

TOM STAUDENMAIER: See written testimony.

CO-CHAIR ROKEBERG: Asks if anyone else would like to testify, as there is no one else who wishes to testify, closes public testimony and begins a committee discussion.

COMMITTEE DISCUSSION

CO-CHAIR ROKEBERG: Next scheduled meeting is January 6, 1999. The committee will make final recommendations to take back to 21st Legislature. Discussed how much the Legislature needs to be involved in managing these changes or allow the APUC to handle day to day details.

CO-CHAIR SHARP: Time frame of the study was brought up and what the study will involve and the scope of the study. Is very interested in hearing the Black & Veatch report and what the APUC has come up with in regards to how to implement study. After hearing this, the committee will have a better understanding of the scope of the pilot program and will be better informed to make the final recommendations to the 21st Legislature.

CO-CHAIR ROKEBERG: Agrees with Senator Sharp. Final resolution will include statements regarding the study. States committee will take into consideration all the public testimony that has been heard and pass this along to the 21st Legislature. The House has established a special committee to take up any telecommunications issues as well as electric utility restructuring during the 21st Legislature; this will be under the purview of the Labor & Commerce Committee of both "Houses".

JOINT COMMITTEE ON ELECTRIC UTILITY RESTRUCTURING
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CO-CHAIR SHARP: The recommendations of this committee will get the new committees "off ground zero" a good place to start.

CO-CHAIR ROKEBERG: The record of this committee is the foundation of the entire policy making process and will expedite it substantially. Thanks all the people who participated in the process. Believes this committee has honed down a lot of the issues and will be of great assistance and an asset to the new committees and the 21st Legislature. Would like to get a sense of the committee as Ms. Seitz & Ms. Kreitzer and everyone else and their staffs will be working on some recommendations for the committee which we can circulate over the holiday season prior to our meeting, to get a sense of the committee. To work on drafts to decide how far we want to go in the issue about Legislature making policy, statutes, and how much latitude we want to give the APUC.

SENATOR LEMAN: Reiterated his opinion that the Legislature should be involved in broad policy statements and the APUC should be involved in the detail and implementation. States the APUC is reticent in using the power that they have to move to implement some areas of competition. One question that needs to be addressed by the next Legislature is to clarify that competition is the norm unless demonstrated otherwise. This is much like game management or fisheries management, the Legislature does much better by establishing general policy and letting that detail be done by others. Would be willing to support something like that. APUC needs a little guidance on how to implement policy.

CO-CHAIR ROKEBERG: Discuss whether to recommend to the next Legislature, stranded cost development, reliability and totality of those issues that we have identified. Doesn't feel the committee should make any statutory recommendations other than in a more general form.

SENATOR LEMAN: The committee can offer a number of possibilities, if we don't want to take a side on it now because we have the study ongoing I can understand that. Believes the committee does have the capacity to lay out some options which may help the contractor responding to us, give different approaches.

REPRESENTATIVE DYSON: Reluctant to speak on this. States he may be out of step with the committee. Recommends fundamental questions the committee needs to deal with, such as policy level. Is not sure if competition is the norm for electric power. Doesn't believe competition is the norm for water distribution or sewage. Need to ask the fundamental question is there a public responsibility for universal service for power distribution. Touches on clean air, water, waste disposal in rural Alaska; for this we need electric power.

JOINT COMMITTEE ON ELECTRIC UTILITY RESTRUCTURING
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REPRESENTATIVE DYSON: Electric power is important to schools, medical facilities and communications. Thinks we need to consider the question is providing electric power a basic human service that the state has a responsibly to see is available. Touches on the

communications industry and problems that were faced. Also brings up the huge markets down in the lower 48, electric competition has not demonstrated that we know how to do it and manage it well. Touches on a few of the horror stories that the committee has heard. Doesn't feel Alaska needs to lead or be in the forefront of deciding how this is done in North America. States we can learn from the lower 48's mistakes. Mentions power pooling, economic dispatch and wholesale competition and retail competition.

CO-CHAIR SHARP: Let's wait and see what the APUC presents this afternoon and entertain questions to them on other peripheral topics regarding competition that may be on some of our minds. How would this work, they must have some kind of perception of what they feel would have to be done if we come out with a mandate or perimeters legislatively that puts them in a position basically of not having to approve rate tariffs anymore because condominium associations can come in and negotiate or other small groups deciding how much each subdivision should pay.

REPRESENTATIVE DYSON: Wants APUC to be more pro-active and not reactive. Doesn't feel like it is in the consumers' best interest in forcing the utilities to do the very best job they are capable of, this should have been done voluntarily.

CO-CHAIRMAN ROKEBERG: Recessed for lunch at 11:30 am. Committee will reconvene at 1:30 pm

CO-CHAIRMAN ROKEBERG: Reconvened the meeting at 1:46 pm. Called roll, quorum to conduct business.

MYRON ROLLINS, Black & Veatch: See written testimony.

CO-CHAIR ROKEBERG: Senator Sharp will you be able to attend the next meeting?

CO-CHAIR SHARP: No, I'm not sure I can be here, I will probably attend by teleconference.

CO-CHAIR ROKEBERG: In that case, I'm going to take this opportunity to....since this may be your last chance to get a gavel in your hand, turn the gavel over to you.

CO-CHAIR SHARP: I'm good at adjourning, is that what you want me to do? (laughter)

JOINT COMMITTEE ON ELECTRIC UTILITY RESTRUCTURING
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CO-CHAIR ROKEBERG: It may be your last opportunity after an illustrious decade long period in the Legislature to do so, and I will turn the meeting over to you, we were discussing some various things about the direction of this committee. Would you like to discuss this further?

CO-CHAIR SHARP: Thank you Mr. Co-Chair. Doesn't have anything to add at this time, you have allowed us to participate quite frequently in the discussion. Looks forward to keeping in contact between now and the January meeting to have some additional information filtered down from the APUC and we can get some information on what the actual prospectus was or the (indisc.) or what the draft may be. Has nothing further to add, asks for comments from other committee members.

SENATOR LEMAN: Applauds the Co-Chairs on their leadership of the committee. Doesn't sound like we have come to anymore consensus then when we started, except for the fact that we are moving ahead. I would suggest that we make a positive statement to the next Legislature about competition, or we at least make a statement would somehow be positive to the APUC about pilot study (a well-crafted study) in the Anchorage area. States this is a positive step and if well designed it may give us the information we need to move on. Mr. Chairman would you like to take that up at our January meeting?

CO-CHAIR ROKEBERG: I would hope that we can reach a general outline and general consensus points that we could present a document and discuss that document at the January 6th meeting.

SENATOR LEMAN: Looking for common ground.

CO-CHAIR ROKEBERG: Would be helpful if we could do that.

REPRESENTATIVE DYSON: Would like committee to recommend that the Legislature consider universal service. This would be a precursor to any reevaluation that we do with power cost equalization. Is providing affordable electric power to communities is a public policy issue?

CO-CHAIR ROKEBERG: Shares Representative Dyson's concern about the importance of universal service, doesn't believe a linkage between the power cost equalization issue and the issue before this committee is appropriate. Counsels very strongly against it. Once we do that we are not going to be able to make any political progress whatsoever, and I would not like to see that. Appreciates your point.

REPRESENTATIVE DYSON: (indisc.) logical, but probably politically inadvisable.

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CO-CHAIR ROKEBERG: Brings up cherry picking, states if we approach a pilot program, that we recommend it be a percentage of a market area, but not what percentage it should be. Has to be a large enough area to generate "good" information and data. Equalize commercial and residential service to avoid cherry picking.

REPRESENTATIVE DYSON: States this gets back to universal service question, one solution to cherry picking is we say as an entry into this market, if you want to go after customers you have agree to take any of them.

CO-CHAIR ROKEBERG: Mandate it.

REPRESENTATIVE DYSON: Right.

CO-CHAIR SHARP: There is a diverse opinion between the four members of the committee who are here. I will work with my co-chair to state what I feel needs to be included in the draft before the January meeting and that we all work together to do the same. Pilot program does have merits, as long as we don't hog-tie the commission into an impossible situation legally. I have nothing else to add.

CO-CHAIR ROKEBERG: Mr. Chairman, why don't we request that all committee members and we will send out a memo to make a recommendation in writing to my office, right Janet? Subjects, issues or so forth they would like to see in the committee's recommendation.

CO-CHAIR SHARP: Would you please see that all members get that invitation to participate, early in the first couple of weeks in December.

CO-CHAIR ROKEBERG: Need to get a target date. How about December 7th.

CO-CHAIR SHARP: As there is no objection so ordered. Okay you will be sending out correspondence to all committee members. Anything else Mr. Co-Chairman.

CO-CHAIR ROKEBERG: Thank you and a happy holiday season to everybody. Look forward to meeting with everyone after the first of the year.

CO-CHAIR SHARP: (Indisc.) I will be on teleconference. Thank you.

JOINT COMMITTEE ON ELECTRIC UTILITY RESTRUCTURING
NOVEMBER 18, 1998

CO-CHAIRMAN SHARP adjourned the committee meeting at 2:58 pm.

Adjournment

NOTE

The meeting was recorded and handwritten log notes were taken. A copy of the tapes and log notes may be obtained by contacting the House Records Office at 130 Seward Street, Suite 211, Juneau, Alaska 99801-1182, and after adjournment of the second session of the Twentieth Alaska State Legislature in the Legislative Reference Library.

COMMITTEE TAPE LOG

10/10

COMMITTEE: Electrical Restructuring DATE: 11/18/98 TIME: 10:18 am

SUBJECT: Subcommittee reports, Public testimony, Black, Watch report

MEMBERS: Present: (Co-Chair) Rebeles, Sharp, Rep(s) Dyson,
Senators) Leman Absent: Sen Adams
Rep. Davies Taylor
Rep. Austerman

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Rebeles	000	Roll, opening comments, Goes over Agenda, Hopes to adjourn at 3:00
S. Leman	029	Goes over RFP, Sub-committee report findings, Mentions APUC.
RD-	073	ASK question
Le	074	Response, clarifies (Jan 12 th State)
RD	084	NOV 12 th draft in his packet,
Le	090	cont ^{ing} responding
RD	093	APUC packet - last meeting
RD	098	Thanks Chairman & Sub-comm (Leman)
		Sub-comm
RD	106	No questions for L. Wants motion
RD	110	Asks for motion to adopt
Sh	111	rules
RD	112	no objections, so adopted.
RD	117	opens Pub Test
Ed Kozak	121	KEA CO-OP rep.
Ed	182	End testimony
Le	184	Asks question of ED,
ED	208	Begin answer, mentions charging
Le	212	Response
ED	215	Response
Le	217	Stranded Post is mentioned
ED	221	Thank Lem
Dy	223	mentions cameras, last 10 yrs Powergrid

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Ed	228	mentions when he became 6m
Dy	232	Asks another question, clarifies
Ed	241	Response
Sh	247	Asks about Large Processor (KODIC)
Ed.	264	Agrees
Sh	268	APUC weighing in app ind.
Ed	277	continues to talk
Sh	278	back & forth between
Ed	279	statements asking
Sh	280	clarifying, and responding
Ed	283	to each other & for
Ed	286	the comm.
Ed	287	↙
RO	295	4-Dam Pool
Ed	304	clarifies 4 Dam Pool.
RO	307	cost?
Ed	308	states cost, formula
RO	331	Direct Power,
RO/Ed	333	questions,
Ed	334	comments
RO	337	back & forth between
Ed	338	(R) Pokelug & Ed Kozak
RO	344	questions
Ed	345	answers
RO	349	continues
Ed	350	↙
RO	358	
Ed	359	
RO	361	Thurman
Ed	362	

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
EE	366	Continues to speak
RO	368	money involved, brought up
		OSG Conf. 4 Green Power's
ed	381	Demographics, differences between
		AK and CA.
RO	407	Asks about Coast Guard,
Ed	410	CG buy all elec. from Kideak Corp.
RO	416	Thank you, next part.
Tom Staudt	423	Begins speaking. (2.5 cont Kildes.)
	469	PO/Le / Stud / K. talking about Tom's
		handout, making copies,
Tom	480ish	Begins test, again.
RO	500	Who elected you
Tom	502	MEA
RO	503	Pls continue
Tom	503	Continues (change of tape at 548)
Tom	2/5 ⁰⁰⁰	Brings up Elec. / Telp. \$8 million
		talks about additional \$5,000 check.
Tom	052	Brings up by-laws, he wants to
		initiate, talks about all his
		info will be on internet.
RO	053	Thank you,
Tom	054	questions?
DY	055	Ask questions
Tom	058	Resp
DY	061	Heard test.
Tom	064	no-comp
Tom/DYS	066	
DYS	067	

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
TOM	068	NO COMP.
Dy	072	one more time, may I finish
TOM	074	NO COMP (airways) (Enstar, maps, Petro, brings up)
Dy	090	went beyond my question
TOM	091	any more quest.?
RO	092	ask question
Tom	094	respond
RO	095	clarification?
TOM	096	brings up PFD.
RO	117	Thank you, any other topics, asks 2nd time.
RO	121	close public hearing, opens up comm discussion. Brings up Jan. 6, 1998 last comm. meeting, and will give final report to 21st Leg. comments, time frame <u>6th</u> , of Jan. can make basic, baseline recommendations.
SH	143	Agrees w/SH. Brings up study.
RO	158	makes comments
Dy	174	Sui Comm both "House"!
RO	175	agrees w/ Statement.
SH	179	Thanks, honed down issues. Wants to get "sense of the committee"
RO	185	Reiterates opinion, Leg needs to make broad, APUC handle detail.
Le	198	need to be specific, stranded cost -
RO	216	possibilities, options
Le	231	need
RO	235	

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Le	237	Agrees
Dy	239	Reluctant to speak on this.
RD	283	Jen Sh.
Sh	284	question to APUC this afternoon.
Dy	306	APUC would like them to be pro-active not reactive.
RD	341	wants to add context to my.
RD	342	Buys up concerns
Le	389	Buys up APUC Authority, Buys up last session leg.
RD	409	Responds to S. Le.
Le	427	talks about consensus, a lack of.
RD	441	Speaks of report.
RD	447	Asks MS Litz, Jen Sharp, what can we do, authority.
RD	472	Recess until 1:30 pm. Recessed at 11:38 am
RD	1/8000	Meeting called to order at 1:46 pm (Reconvened) members present to chair Sharp, Robbery, Rep Dyson, S. Leman
Black/Veatch	011	Black & Veatch Rep. begins presentation used projector and gave handouts. Cases "individual", "Pooled", "Joint"
	087	(2m 0000 left off slide regarding conditions Chusack)
Dy	095	ASKS question of Rep B/V
B/V	098	resumes report

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
B/V	108	continues with report
RD	113	asks about generator
B/V	115	answers
RD	119	asks for clarification
B/V	120	answers.
"	122	mentions Cost/Savings
RD	129	not sure about answer.
RD	131	makes/asks another qu.
B/V	133	back tracks to clarify answer
B/V/RD	139	both speaking
B/V	141	continues — continues to clarify
B/V	147	goes forward with presentation
RD	180	Present Value?
B/V	181	answers
DY	183	Horizontal case
B/V	185	answers
DY	191	cost of pooling/joint
"	193	continues back
B/V	195	answers / continues w/ presentation.
RD	285	asks question
B/V/RD	286	both speaking
B/V	287	answers
DY	294	Production cost?
B/V	297	answers
DY	299	What?
B/V	300	independent
DY	302	Pool, ISO, Prod. Cost
B/V	306	save, pool
DY	314	Base Case
B/V	315	Yes

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
B/V	316	continues
Dy	319	Wants to go back a few slides
B/V	-	goes back and answers
Dy	328	Alright back up to Speed
B/V	332	continues w/ presentation, asks "Teresa" a question.
Le	342	asks
Teresa B/V	343	answers B/V
RO	344	asks percentages
B/V	345	answers - RO - B/V continue to talk back forth.
B/V	355	continues w/ presentation
RO	371	Dollar figure
B/V	373	clarifies.
RO	382	Pool case 2.1%
B/V	385	yes, answers before you spend...
RO	391	add costs account figure
B/V	395	back up take step at a time
RO	403	calc on that
B/V	404	no,
RO	405	ask for clarif.
B/V	406	gives clarif
Sh	412	delivered cost, transmitting
B/V	416	delivered to
Sh	418	?, clarify, B/V did
B/V	421	continues w/ presentation
Dy	441	try to summarize for B/V as good lim.
B/V	447	believe so,
Dy	450	makes joke
B/V	457	CA ISO, power exchange

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
B/V	458	continues answering Dy's question.
Dy	470	Real wholesale lamp here?
B/V	475	Some contracts in place (Spot mkt, Wholesale, no)
Dy	484	Long term purchase, choose who they buy it from.
B/V	490	answers
Dy	495	complete wholesale?
B/V	500	need ISO or something, scenarios of possible problems, spinning reserves.
Dy	527	? factors
Dy	530	power purchaser own market
B/V	534	power bought won't cause problem
Dy	540	eliminate long term contracts
B/V	549	Price discovery, etc.
Dy	556	unit price?
B/V	558	answers clarkus
Dy	562	re-asks how to have wholesale run
B/V	565	examples of
Dy	568	wants add. clarification
B/V	570ish	series clarification
Dy	585	future?
B/V	587	Work of B/V, leading power plant provider. pps working FL.
B/V	300 600	Florida very similar to AR, but AR more isolated, Bump up by processing.
Dy	013	?

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
BIV	015	continuous daily pricing. buy/sell
Dy	039	Analysis, range of operation
BIV	041	essentially down, except for questions. Went thru recommendations
BIV	063	Ends presentation
Sh	064	pooling, movement lower 48. Investor owned utilities
BIV	070	Six thoughts - Investor owned - Shared Investment.
RO	094	further questions? Thank you
Dy	097	question outside of scope - Small plants, widely spaced. Fuel sale work program
BIV	103	NO. Cost/Price
Dy	123	Stop building trans. lines, utilities?
BIV	127	wouldn't stop trans. lines
Dy	128	once we agree,
BIV	129	answers
RO	133	Thank you.
Dy	134	Thank you Mr. Chairman
RO	136	take liberty can you attend 1-6-99 meeting
Sh	137	no, makes yoke.
RO	142	turns meeting over to S. Sharp.
Sh	146	Thanks RO, looks forward to being in contact w/ everyone
Sh	156	Any comments?
Je	157	Thanks both to Chair, brings up consensus. Wants to make pos. statement
RO	174	wants outline general consensus present document 1-6-99 meeting

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
RO	181	continue w/ what outline should be used
Ye	184	Common Ground
RO	186	would be helpful
Dy	188	Comm recommend - Universal Service to 31st Jcg.
RO	201	Share Dy concerns Un. Service
Dy	212	logical, politically
Ye	215	consistent opinion
Ze/Dy	216	getting
RO	218	pilot program 70 of mkt area
Dy	239	Bunge up universal service,
RO	244	mandate against cherry picking
Sh	248	Division opinions, 4 members not present to open them. Sh will continue to work/comm to work out pilot program.
RO	258	request all com members make recs to RO office, (in writing)
Sh	267	pls see all members get invite to put in outline 1st few weeks of Dec.
RO	273	target date
Ja		Dec 1, Dec 4
RO	276	Dec 7th agreed upon
Sh	281	send out memo
RO	283	Thank you
Sh	286	Thank you.
Sh	288	adjourned meeting at 2:58 pm.

11/18/98 13:45:44 LEGISLATIVE TELECONFERENCE NETWORK SYSTEM
MESSAGE FROM: LIOCFRA IN FAIRBANKS

LTN1120
ANC

RE TCN: 80886 SCHEDULED FOR:11/18/98 10:00 TO 17:00
SPONSOR: (JNT)ELECTRIC UTILITY RESTRUCTURING PURPOSE: PUBLIC HEARING

MESSAGE TEXT: REP. DAVIES LEG AIDE (KARISSE ACKERMAN)
HERE TO LISTEN-POSSIBLY ASK QUESTIONS?



5 min. time limit

LEGISLATIVE TELECONFERENCE NETWORK SIGN-IN SHEET

80886

SPONSOR: (Int) Electric Utility Restructuring

SUBJECT: Electric Utility Restructuring

START/END TIME: 10 am DATE: 11-18

PLEASE PRINT

	Name/Representing	Address	Zip	Phone No.	Testify	Observe	Bill No.
1.	ED KOZAK, KODIAK ELECTRIC ASSOC.	Box 787, KODIAK, AK	99615	486-7707	YES		
2.	JIM PATRAS HOMER ELECTRIC ASSOC.	3380 'C' ST ANCHORAGE 99503		561-1030	NO		
3.	Ray Krup Chugach Electric	201 Barrow #1 Ave 99501		276-2025	NO		
4.	Carol Hegman Chugach Electric	5001 MINNESOTA 99516	99516	762-4707	NO		
5.	Anne Hays	IBEW			NO		
6.	Robert Hansen Golden Valley Elec	Box 71249 Fbks AK	99707	451-5602	NO		
7.	TOM STAUDENMAIER	P.O. Box 190170 ANCH. AK	99574	276-2212	YES		
8.	MEERA KOHLER	MLAP 1700 E 1st Ave Anch	99516	273-5202	NO	YES	
9.	Mary Fisher	ARECA 703 W. TUDOR	503	5632559	NO	yes	
10.							
11.							
12.							
13.							
14.							
15.							



LEGISLATIVE TELECONFERENCE NETWORK SIGN-IN SHEET

SPONSOR: (Jnt) Electric Utility Restructuring

SUBJECT: EUR

START/END TIME: 10am DATE: 11-18

PLEASE PRINT

	Name/Representing	Address	Zip	Phone No.	Testify	Observe	Bill No.
1.	<i>William Kinnaird, Chugach</i>					<input checked="" type="checkbox"/>	
2.							
3.							
4.							
5.							
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LEGISLATIVE TELECONFERENCE NETWORK SIGN-IN SHEET

SPONSOR: Joint Electric Utility Restructuring

SUBJECT: EUJ

START/END TIME: 1:46 pm DATE: 11/18/98

PLEASE PRINT

	Name/Representing	Address	Zip	Phone No.	Testify	Observe	Bill No.
1.	Robert Maxwell / ALASKA Energy Associates	126 Boaters Lane	99709	479-5290	✓	✓	
2.	Hart Hodges / Northern Economics	880 H St. suite 210 Anch	99501	774-5600	NO	✓	
3.	Mary Ann Pease / Aurora Power	810 K St, suite 601	99501	277-1003			
4.							
5.							
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LEGISLATIVE TELECONFERENCE NETWORK

SIGN-IN SHEET

SPONSOR: Joint Electric Utility

SUBJECT: EUP

START/END TIME: 1:46pm DATE: 11-18-98

PLEASE PRINT

	Name/Representing	Address	Zip	Phone No.	Testify	Observe	Bill No.
1.	Theresa Jurotich / Black & Veatch	12450 11401 Lamar Overland Park, KS	66213	913-458-2788			
2.	Myron Ballins / Black & Veatch	P.O. Box 8205 Kansas City, Mo	64114	913-458-7432			
3.	Paul Morrison / APUC	1016 W 17th Ave	99501	270-222		*	
4.	Jo Anne Stood / GUEA	POB 71249 FBA	99707	452-1151		X	
5.	Maura Riddle / GUEA	71249 FBKS	99707	452-1151			
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JOINT COMMITTEE ON ELECTRIC UTILITY RESTRUCTURING
JANUARY 6, 1999
10:00 AM

TAPES

1, 3

2 (Malfunction)

CALL TO ORDER

CO-CHAIRMAN NORMAN ROKEBERG convened the Joint Committee on Electric Utility Restructuring at 10:27 am.

PRESENT

Committee members present were Co-Chair Rokeberg, Senator Leman, Representative Davies, Representative Dyson.

ABSENT

Committee members absent were Co-Chair Sharp, Senator Taylor, Senator Adams, Representative Austerman.

ALSO ATTENDING

Representative Hudson; Meera Kohler, ML&P; Dan Helmick, ML&P; Paul Morrison, APUC; Bob Lohr, APUC; Mary Fisher, ARECA; Jim Patras, HEA; Eric Yould, ARECA; Robin Brena, Aurora Power; Mary Ann Pease, Aurora Power; Mike Kelly, GVEA; Carol Hegman, Chugach Electric; Don Edwards, Chugach Electric.

SUMMARY OF INFORMATION

OPENING REMARKS

CO-CHAIR ROKEBERG: Calls roll and welcomes all committee members and people attending meeting either in person or by teleconference. Brings up draft dated January 1999, and amendments that committee members need to consider from the Co-Chair and consider any other amendments. Will have Senator Leman comment on the RFP and discuss the preparation content of the final report of the joint committee. Doesn't expect that this will take long and then will adjourn the meeting. Any comments, Senator Leman, on the RFP particularly about any dates?

JOINT COMMITTEE ON ELECTRIC UTILITY RESTRUCTURING
JANUARY 6, 1999

SENATOR LEMAN: Brings to the members' attention that at the last meeting the APUC and the Legislature had/or was nearly ready to issue the request for proposal for the professional study of electric utility restructuring. Proposals were due early December; 10 respondents across the country. Senator Leman and two members of the APUC served on the selection committee, reviewed the proposals, & short-listed three firms. Held interviews on December 17th, selected a firm to begin negotiations. Post notice of intent to offer. Time period for challenges expired and the APUC went into negotiations and is currently finalizing with CH2MHill. CH2MHill was the only company to get all the 10 points of the selection process, has an in state presence. The firm will be issued a notice to proceed perhaps late this week or early next week. Work will begin soon after this. One change that was made is the date for the deliverable on the pilot project from March 12th to March 1st. Gives more time in the Legislature. The contractor is actually a team with CH2MHill and Econergy International Corporation. Recognizes two members from the APUC that are here and can answer any questions the committee may have.

CO-CHAIR ROKEBERG: Any questions? Chair notes that Commissioner Ornquist and staff is here. Asks Mr. Lohr, APUC, if he would like to make any comments.

REPRESENTATIVE HUDSON: Asks that the name of the company that will complete the RFP. Wasn't clear earlier.

SENATOR LEMAN: CH2MHill, Econergy International Corporation. Believes that these two companies will do a professional and complete job. These companies are currently in Colorado working on a similar program.

CO-CHAIR ROKEBERG: Thanks Senator Leman for all of his hard work on the RFP. Moving on to the final item on the Agenda; mentions article that Senator Sharp wanted included in the packet pertaining to the activities in Palm Spring is included and has been distributed to all members. Has requested from the Leadership the funds to subscribe to the LEAP Letter, this deals with issues relating to electrical restructuring. Begins to go over the draft and will go through each amendment and take comments from committee members. Two primary issues: changes to the body of the report, member comments. Starts with member comments, these were added for the members but not the general public. All are welcome to submit comments to be included in the final report. Recognizes Representative Davies.

REPRESENTATIVE DAVIES: Submitted a one-page overview to be included in "that section".

JOINT COMMITTEE ON ELECTRIC UTILITY RESTRUCTURING
JANUARY 6, 1999

CO-CHAIR ROKEBERG: Senator Leman, Senator Sharp also have inserts to the report. If there is no objection asks that the committee add anything that any member of the committee wishes to add to it. In the form of their own comments, dissents on what the report may ultimately say... As there is no formal quorum, it is the Chair's intention in terms of the practical application of the report, take it up today and circulate it in Juneau prior to the 19th, and get approval by circulating a memorandum. Vote by memorandum, any objections?

SENATOR LEMAN: No objection.

REPRESENTATIVE DAVIES: No objection.

REPRESENTATIVE DYSON: No objection.

Committee members discuss possible time to have the final meeting on January 18, 1999. After a brief at ease of 2 minutes, the committee members came up with a tentative time of 10:30 am in Fahrenkamp Room. The committee discussed how to get the written comments to Co-Chair Rokeberg's office, he gave his personal fax and phone number as office computers and faxes were packed and being shipped to Juneau.

CO-CHAIR ROKEBERG: Goes back to the report. Any comments, questions at this time?

REPRESENTATIVE DAVIES: No problem with Amendment 1, brought up that he had made marginal notes that he would like to go through and has come up with alternative language in regards to certain parts of the report.

CO-CHAIR ROKEBERG: Asks Representative Davies to go through his concerns, changes that he would like to see made on the report.

REPRESENTATIVE DAVIES: Would like it stated throughout the report that comments were not solicited from the "run of the mill" residential customer. Mentions that no poll has been taken of the residential customer, brings up the problems that residential customers have had in California and also mentions the Black & Veatch report.

CO-CHAIR ROKEBERG: Agrees with the point made. States staff can handle that concern, and address in the report.

REPRESENTATIVE DYSON: Asked of the Chair what exactly would the staff be handling.

JOINT COMMITTEE ON ELECTRIC UTILITY RESTRUCTURING
JANUARY 6, 1999

CO-CHAIR ROKEBERG: Draft language into the introduction to indicate that the committee believes that we did not get enough, not enough public participation in the hearing process.

REPRESENTATIVE DYSON: Stated he misunderstood and thought the Chair meant that the staff would get more comments from the public. (laughter)

CO-CHAIR ROKEBERG: Looks at the report as an alert/transmittal for the public record this committee has established on this issue to pass onto the 21st Legislature.

REPRESENTATIVE DAVIES: Second item page 9 paragraph 3 and a couple of other places throughout the report (3rd & 4th paragraphs). "General consensus of the committee is that electric restructuring will come to Alaska"..... another point in the next paragraph it says "recognize that some form of retail restructuring".... States that this is not clear to him. Another problem is that it is not clear what "we" mean by restructuring at this point. Instead of saying that electrical restructuring is "inevitable" say "likely" or something less certain than that. Does not want to pre-judge the results of the RFP, wait and see what the results are.

REPRESENTATIVE DYSON: States he & Representative Davies are "somewhat kindred spirits". Is not eager to see restructuring happening precipitously, agrees that the wording here is okay and that some restructuring is inevitable. Agrees now is not the time. Believes restructuring is inevitable and does not find the language objectionable.

CO-CHAIR ROKEBERG: Authored the report and appreciates comments. Third paragraph states "for the general consensus is that electrical restructuring will come to Alaska". It is a matter of when and how. Goes on to defend this issue, as he has been involved in this for two years. Hasn't heard anyone other than IBEW and AKPIRG make any objections to this issue. Agrees inevitable is a strong word, is open to modifying that.

REPRESENTATIVE DYSON: Suggests "it appears at this time inevitable".

REPRESENTATIVE DAVIES: Agrees it needs to be modified. This is his main concern.

CO-CHAIR ROKEBERG: Brings up there is a legitimate debate on whether a pilot program is a good idea and to the results of a pilot program.

JOINT COMMITTEE ON ELECTRIC UTILITY RESTRUCTURING
JANUARY 6, 1999

REPRESENTATIVE DAVIES: Page 9, "there were a few individuals and groups that object to competition". This is not consistent with Representative Davies recollection, does not remember anybody saying they objected to competition. Remembers people being concerned about restructuring, especially in a context where there wouldn't be competition. Brought up the problem of cherry picking.

CO-CHAIR ROKEBERG: Stated that reflects the views of some written testimony of IBEW & (indisc.) received by the committee that objects to competition.

REPRESENTATIVE DAVIES: Doesn't believe they object to competition.

CO-CHAIR ROKEBERG: "We are talking about the word competition, rather than.....perhaps delete that and change it to restructuring?" No problem with that understands his point. "Probably use electrical restructuring".

REPRESENTATIVE DAVIES: Top of page 10, third sentence "the commission appears to be reluctant to do so". (indisc.) He believes that the APUC feels the proposals so far have not been adequate.

CO-CHAIR ROKEBERG: Defends the language..... Talks about calling the APUC up, but does not want to put them on the spot.... (laughter).

REPRESENTATIVE DAVIES: States some people feel that APUC is dragging their feet, does not share that view.

CO-CHAIR ROKEBERG: Defends the language "in as much as I drafted it". Believes it reflects his opinion. Brings up past testimony that the committee heard and concerns about the APUC and their ability to move ahead quickly, brings up DOCKET 97-201. States again he does not want to put them on the spot.

REPRESENTATIVE DAVIES: Has heard the questions and states that the committee is impatient with the speed that the APUC (indisc.)

CO-CHAIR ROKEBERG & REPRESENTATIVE DAVIES continue to speak about the APUC and their role in the RFP and the direction they will get from the Legislature.

REPRESENTATIVE DAVIES: Doesn't feel the APUC is necessarily dragging their feet. States he believes they are taking a prudently cautious view. (Two or more people talking at once.)

JOINT COMMITTEE ON ELECTRIC UTILITY RESTRUCTURING
JANUARY 6, 1999

CO-CHAIR ROKEBERG: Open to modification of the language and would welcome his help. This report is a transmittal to the Legislature to take this matter up in a timely fashion.

SENATOR LEMAN: Is frustrated with the APUC and its responses and has expressed this to the Chairman. In the last 1/2 year to 3/4 of the year the Commission has been at least from my perspective surprisingly cooperative in taking this up and I believe their interest in dealing with this is real and "I've been pleased with that." Doesn't know if that has anything to do with this committee, but has been pleased with the cooperation from the Commission. Is encouraged by what he is seeing. Does not see them proceeding blindly and being willing to make some massive changes. He believes the APUC as well as the Legislature will be very methodical in any changes that are made.

REPRESENTATIVE DYSON: Agrees with the Chairman. In talking with the APUC they have been in a position of regulating monopolies. Believes the APUC is looking for some policy direction. Doesn't believe they have been saying no, but have been looking for the very thing that you are offering, Mr. Chairman.

CO-CHAIR ROKEBERG: States there was a split between the various factions within the industry, as short as a year ago, about whether or not there was authority in the existing statute (indisc.). Split has "gone away" because of changing attitudes or legal interpretations, but was a major point of controversy for a number of years as to whether the APUC had the authority or not. Will be happy to work with Representative Davies in trying to modify that language in some respects, failing that to make comments in comment section about this issue.

REPRESENTATIVE DAVIES: This paragraph is the source of his discomfort. (indisc.) States APUC has regulatory authority that "we" granted them. We have the statutory authority to grant competition and that they would move in that direction. Doesn't think there are any constitution issues coming up. The issue is how important the members of the committee think it is to highlight the view that there is a (indisc.) shift. It would then be appropriate for the Legislature to change the statutes to make that "underscore"...to move this issue ahead, doesn't feel it is required. Doesn't feel there is any disagreement between the APUC & Legislature about who sets the policy.

CO-CHAIR ROKEBERG: This was an editorial comment. Will take another stab at rewriting. Believes there is a split in the committee about whether to grant the authority to the APUC in a clearer manner.

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REPRESENTATIVE DAVIES: Believes legislation at this point will be premature, as the study has not been done. Agrees that if we want to provide them guidance that we wanted to move ahead then there's the requirements of statutory changes. Brings up universal service and believes there needs to be more discussion before moving ahead.

CO-CHAIR ROKEBERG: We agree then. Let me make another stab at writing this....

REPRESENTATIVE HUDSON: Dropping off the line now, will read over the report that was sent down. Doesn't have the report in front of him. Will see the committee at the January 18, 1999 meeting. Congratulates the committee on the great job they are doing.

CO-CHAIR ROKEBERG: Thanks Representative Hudson and states that he will get a copy to him ASAP.

SENATOR LEMAN: Asks Representative Hudson and committee members since the Representative hasn't seen the report would it be better to move the meeting to 10:00 am.

Committee members discuss time of meeting and decide to meet at 10:00 am.

CO-CHAIR ROKEBERG: Thanks Representative Hudson for sitting in and looks forward to seeing him on January 18, 1999.

REPRESENTATIVE HUDSON: States that he and his staff are available to assist in any way possible.

REPRESENTATIVE DAVIES: One more comment, under APUC (indisc.) context of the question do you want broad or narrow recommendations.

CO-CHAIR ROKEBERG: Doesn't understand the question.

REPRESENTATIVE DAVIES: Reads this as the APUC is asking the Legislature here for guidance. "I haven't that." When asked the APUC states they would like policy guidelines. Equating broad with policy and narrow with regulation.

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CO-CHAIR ROKEBERG: States that the committee review the minutes from the last meeting to clarify.

REPRESENTATIVE DAVIES: That is my recollection.

CO-CHAIR ROKEBERG: Not sure that he understands even after Representative Davies explained.....

REPRESENTATIVE DAVIES: The question that was put to the committee (as recalled) would/should there be broad policy guidance or that they be micromanaged.

CO-CHAIR ROKEBERG & REPRESENTATIVE DAVIES discuss this point further and CO-CHAIR ROKEBERG agrees to rewrite this point.

REPRESENTATIVE DAVIES: The last issue: Pilot program, supports the pilot in some form, but the committee does not have the entire scope of the RFP, does not know the right questions to lay out. States doing the pilot program first is putting the "cart before the horse."

SENATOR LEMAN: It is likely that the pilot will be restricted to the Anchorage market. Agrees with part of what he said. The consultant recognizes that the focus is on the pilot study itself limited to Anchorage. That much of the work should be done by that time and they will have the opportunity to make those comments. Doesn't feel it is inappropriate to conduct this study. Doesn't feel there will be much action or comment until after March 1st, possibly weeks after this.

CO-CHAIR ROKEBERG: Believes the language in the section about the pilot program is not time sensitive. State conclusions are being drawn based on the time frame within the RFP. States two different points of view that is where the disagreement is.

SENATOR LEMAN: Reiterates the thinking was....wanted the early deliverable in case any Legislative action would be necessary to deal with the pilot issue. Wanted to give adequate time to complete the study, did not want to force everything to be done at....aggressive schedule.

REPRESENTATIVE DAVIES: Continues to voice his concern about the pilot program. Doesn't have a problem with the schedule. Brings up recommendations on page 18, number 2 and number 3, not recommending that.

CO-CHAIR ROKEBERG: In the body, do you want to add any language about that issue.

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REPRESENTATIVE DAVIES: Wants to have added his concern about the pilot program. He will voice his concerns in his comments that he will submit to the committee.

CO-CHAIR ROKEBERG: Comments are not time sensitive.

SENATOR LEMAN: Voices comments on the part of the draft report that talks about the changes in the contiguous 48 states, Hawaii is also currently or has studied restructuring, like us is not under the (indisc.). It is looking at the possibilities of some of the benefits of restructuring. Will give written comments to the committee on this subject. Recommendations on page 18, second recommendation: Not fully accurate, when we get the recommendations for the design of the pilot, if there are any, not if the Legislature considers whether or not the pilot should be implemented, the Legislature will respond if there is a need for Legislative action. The Commission is going to respond to the request for pilot, not the Legislature. Legislature is not the one who should decide whether to implement the pilot or not, that is up to the APUC. "We" will implement Legislation if any is necessary.

CO-CHAIR ROKEBERG: Doesn't agree with this.

SENATOR LEMAN: As sponsor of the legislation to do that, is not speaking against his own legislation. If the Commission is proceeding on track and take action and is not going to hide behind the lack of statutory authority as the reason for inaction, then "I" don't see a reason to have the legislation.

CO-CHAIR ROKEBERG & SENATOR LEMAN: Discuss this point further. Agree to disagree. Senator Leman will get written comments to the committee.

CO-CHAIR ROKEBERG: Question is whether we need any statutory authority to proceed with the pilot or what role should the Legislature play in that particular issue. Believes the Legislature should play a role in that.

SENATOR LEMAN: If necessary, "I" agree with you.

CO-CHAIR ROKEBERG: Brought up his concerns about the APUC's ability to proceed without legislative authority on something like this. Statute is silent on developing a pilot program. Agrees the language needs to be reviewed on number two. Any other comments on that point.

REPRESENTATIVE DAVIES: Agrees with Senator Leman.

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CO-CHAIR ROKEBERG: As this is a recommendation, there needs to be a consensus on it and make sure it is very clear.

SENATOR LEMAN: Talks about possible language, states again that the pilot will be limited to Anchorage. Will submit written language to the committee that is consistent with the committee's thinking on whether to take a vote in March or April.....will give it some thought.

CO-CHAIR ROKEBERG: Doesn't necessarily disagree....If the APUC has the authority to grant competition now then they would presumably have the authority to create a policy....another form of competition. Question about how and what form a program would take and what policy guidelines should be articulated by the Legislature.....the regulatory body. Who dictates the policy and how much authority Commission vs. the Legislature?

SENATOR LEMAN: Wants the committee to recommend and support an implementation of a pilot in Anchorage. Would like the pilot to be designed so that it perpetrates the necessary protections to accommodate stranded costs and reliability and some of the other issues that are important. If the Legislature has to draft legislation to give that direction to the APUC, I'm perfectly happy to do that. Do not vote on whether or not there should be a pilot study in Anchorage. Believes there should be a pilot study and be designed within these broad guidelines.

CO-CHAIR ROKEBERG: We will look forward to your written comments.

REPRESENTATIVE DYSON: Have two suggestions for the report. Page 12 under consumer protection; move consumer protection to first and then reword it to say consumer protection/consumer advocacy to insure the consumers obtained the lowest cost power consistent with safety, reliability and long term interest. Respectfully to the committee, the electrical industry in our state have been operating in a protected monopoly and have not had the normal forces to make them get "lean, mean and efficient." Why did electric utilities wait until they were forced to; too get efficient and to look after consumer interest. Thinks we have a public policy issue. 90% of our state (geographically) will not face competition. We do not have a consumer advocacy protection function working.

CO-CHAIR ROKEBERG: Appreciate your comments on moving it to first. Do you want to move the whole paragraph or.....

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REPRESENTATIVE DYSON: Move consumer protection ahead of consumer education. Add words I supplied or something like them. Will submit written language.

REPRESENTATIVE DAVIES: Has a few problems with the editorial comments. Brings up concerns and his disagreement regarding the APUC and their ability to function properly. States he believes the co-ops and others have tried to keep the best interest of their customers in mind.

REPRESENTATIVE DYSON: Accepts that and agrees with you, states that utilities are doing a good job and the consumer appears to be happy. What we don't have is a comparison of how good it could be. What was startling was the testimony from the producers stating that they were beginning to get leaner and meaner, starting to work at efficiency. There is quite a lot more to be done. The APUC (respectfully) waits for an issue to come in (a docket they call it), there is not a pro-active function there. Going out looking for how can our consumers get a better job done for them. It is not a part of their mission.

REPRESENTATIVE DYSON: They become involved when a utility comes in asking for a rate change. Would like to go onto page 13; second paragraph, no quarrel with what you said but how you said it, Mr. Chairman, electrical service is as important as the other utility from heating, cooking (indisc.) to running electronic equipment. Would like to add a few words here that underscores how important electric power is. I would add water treatment, public safety, air traffic control rescue operations medical services and education. We have a public policy question.

CO-CHAIR ROKEBERG: Any objections? Will you supply us with your written comments? We have a few minutes here to get through my amendments. Amendment one, any objections? No objections. Amendment two, any objections? No objections. Amendment three, any objections?

SENATOR LEMAN: I don't have any objections, I have a one or two page elucidation of principle from Senator Murkowski that you may want to incorporate either by appendixes or acknowledge by reference in this paragraph. Will find it and give to Co-Chair Rokeberg.

CO-CHAIR ROKEBERG: Comments about the states unique circumstances. That is why I put it in there. Amendment four, objections? No objections. Amendment five, objections? No objections. Amendment six, any objections?

REPRESENTATIVE DAVIES: There are some ideas that relate to that. The central one is that the universal division of power. What is the analysis of that. Question is to mandate that to make basic service available. You are saying.....I don't think that...I would have a problem with that unless you change the sentence a little more.

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CO-CHAIR ROKEBERG: We don't have an obligation to serve. You don't give power away just because you are a low-income person. By this I mean that you have a right for free service. That's what low-income assistance is.

REPRESENTATIVE DAVIES: But, I don't think that low-income assistance is synonymous with universal service.

CO-CHAIR ROKEBERG: Universal service in terms of electrical normally means providing the line out to the residence or the use and then having the cap, like the \$3,000.00 cap for the line. It is not as if we are granting free consumption. In Alaska....Mr. Lohr can you explain the regulation where you can't cut off power in the winter.

BOB LOHR, APUC: Mr. Chairman there is a regulation that below a certain temperature utilities shall not remove power. Even with adequate notification, adequate advance notice. The Commission several years ago viewed that question and see whether there were any utilities that were causing problems in that area and concluded there were no issues to raise the concern that the policy was adequately being observed.

CO-CHAIR ROKEBERG: Is that a Commission policy? Is it in regulation?

BOB LOHR: My recollection is it was a commission policy not a regulation. The question was whether or not a regulation was needed. The Commission after an extensive review of every certificate of electric utility in the state concluded that cold weather shut off was not a problem and was being handled responsibly by the electric industry.

CO-CHAIR ROKEBERG: There would be no recourse to the consumer if there was a cut off in low temperature because it is not part of the law.

BOB LOHR: It would be in accordance with did they follow their tariff. Is there a tariff provision that governs that and the Commission very definitely gets involved based on complaints all over the state. If there is an issue like that we have a toll-free number and we do respond to consumer complaints to insure the utilities are operating in accordance with their tariff, as well as, commissions, policies, regulations and statutes.

CO-CHAIR ROKEBERG: Commissioner Ornquist would you like to make a comment on this? (End of tape, inserted new tape in recorder, tape was defective, inserted new tape)
.....Guidance, it reminds me of ruling by the APOC, that they decided to interpret something somehow, but they didn't put it in regulation. They just decided to interpret it that way. Is it policy to do that? Policy & opinion is not law.

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COMMISSIONER DWIGHT ORNQUIST, APUC: Mr. Chairman I agree with you and we did debate this at quite in depth at the meetings that we have had regarding the one issue that we found very difficult to justify putting it in a regulation, was that a very effective argument is made by utilities is made that they already have difficulty collecting when the bills are high and working with the customers. If we put it in regulation or in law that they could not be cut off the point was that a lot of people would not be paying all winter long. And then the cost continues to fall to the people who do pay their bills to make up for that. The APUC would be open to direction and guidance from the Legislature on this.

CO-CHAIR ROKEBERG: Representative Davies and then we will wrap this up. Forgive me for bringing.....for opening Pandora's box.

REPRESENTATIVE DAVIES: Appreciate this discussion, what I want to know is.....tell me what the concept of universal service is?

COMMISSIONER ORNQUIST: Universal service is the idea that anybody who wishes to have service would have access to the system. Just exactly as the Chairman said you have to draw some lines and establish some level at which the existing system supports that growth and where the customer needs to pick up any additional cost of expanding the system to meet that customer.

CO-CHAIR ROKEBERG & REPRESENTATIVE DAVIES: Discuss and debate the concept of universal service and is it available to everybody. Is this low-income subsidy?

CO-CHAIR ROKEBERG: To put a tag on this: In the discussions within the industry any subsidies low income assistance (indisc.) included under the umbrella of universal service by definition. That is why the disclaimer is there. Many jurisdictions provide subsidized electrical service, they put this in their tariff structure. We have power cost equalization programs.

REPRESENTATIVE DAVIES: Goes back to the amendment, line three. Question: Mandate on....long term assistance, conservation programs. Separate issues. Geographical area concerns.

CO-CHAIR ROKEBERG: Will strike amendment six.

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REPRESENTATIVE DYSON: Brings up universal service, when brought up in the past was thinking about how it was defined in telecommunications. "Affordable" is one word that is not in the discussion between Co-Chair & Representative Davies. Need to have a full public policy decision sometime, is there a public responsibility to make sure that power is available for utilities.

CO-CHAIR ROKEBERG: That is why I had the amendment, to introduce the concept.

REPRESENTATIVE DAVIES: Agrees that affordable is inherent with universal service, there is a subsidy involved. But does not differentiate between consumers within a geographic area. Everybody gets the same price, that's the notion of universal service. Inherent subsidy problem.

REPRESENTATIVE DYSON: Agrees got it the first time.

CO-CHAIR ROKEBERG: Chair notes; I have withdrawn the amendment. Amendment 7, any objections? No objections. Amendment 9, any objections? No objections. Amendment 10, any objections? No objections. Page 16, line 1.....line one paragraph 4, Senator Leman, any comments. Will adopt that. Conclusions better take a look at that.

SENATOR LEMAN: Offers as an amendment, the replacement of current recommendation 2 with "my" language which incorporates what "I" am trying to say. Positive way, doesn't commit the Legislature.

CO-CHAIR ROKEBERG: Leave the target date in of March 1?

SENATOR LEMAN: That is currently our target date, we might as well acknowledge it. March 1, 1999.

CO-CHAIR ROKEBERG: Conception amendment is now moved, any objections? No objections, it is adopted to replace recommendation number two. Any further activity or comments? Will schedule the meeting for the 18th at 10:00 am, communicate to the other committee members that they are invited to have their written comments, get a draft out in a timely fashion to everybody. Target no later than Saturday, 16th. Any other comments? Thank you very much, meeting adjourned at 12:20 pm.

The meeting was recorded and handwritten log notes were taken. A copy of the tapes and log notes may be obtained by contacting the House Records Office at 130 Seward Street, Suite 211, Juneau, Alaska 99801-1182, and after adjournment of the second session of the Twentieth Alaska State Legislature in the Legislative Reference Library.



Official Business

COMMITTEE:

EUR

DATE: 1/6/99

SIGN-IN

Subject of meeting:

Discussion
Final Report

PLEASE PRINT!

NAME	ADDRESS (MAILING) & (ZIP)	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
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MEERA KOHLER	1200 E 1st	263-5202	MLRP	No
DAN HELMICK	1200 E 1st	263-5205	MLRP	No
Paul Morrison	1016 W 6th Ave	276-6222	APUC	No
Bob Lott	"	"	"	No
Mary Fisher	703 W. Tudor	563-2559	ARECA	No
Jim PATER	1033 'C' St	561-1030	NEA	No
Eric Yould	703 W Tudor Anch	561-6133	ARECA	No
Robin Brenz	310 K St, Suite 601 A	258-2000	Aurora Power	
Mary Ann Pease	310 K Street Suite 601	277-1003	Aurora Power	No
Mike Kelly	Box 71249 FLKS	452-1151	GVEA	
Carol Heyman	5601 Minnesota 99519	762-4707	Chugach	No

COMMITTEE TAPE LOG

PS 1089

COMMITTEE: Joint Comm. Electrical Restructuring DATE: 1/6/99 TIME: 10:27am.
 SUBJECT: Report on RFP for Study, Discussion / Preparation of Final Report of joint committee (Absent Sen's) Taylor, Adams
 MEMBERS: Present: Sen. Leman, Rep. Davies, Co-Chair Rokeberg, Rep. Dyson,
(Others Rep Hudson)

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Co-Chair Rokeberg	000/A1	Welcomes members, others delayed. Will ask S. Leman to give report, & then discuss w/ S. Leman comments?
Sen. Leman	018	Reiterates last meeting comments - APUC. Prop. early Dec. 10 reports across country selection comm. - S. Leman, APUC (2) members, 1 company of 10 companies had all the 10 pt. requirements. Late this week or early next week firm will be notified of getting the RFP. (Hill - firm chosen)
R. Rokeberg	052	Questions if comm. APUC case to make comments, (no per APUC)
S. Leman	058	Answers question of teleconf. participant company that will be completing RFP.
R. Rokeberg	066	Thank you S. Leman on yr hard work - move on to final item on Agenda, discussion of preparation of final report of joint committee - mention S. Sharp is article was included in packet
R. Rokeberg	077	Lead letter asking if can set, Janet
Janet S.	085	Janet explains (include in packet)
(P) Rokeberg	090	Reiterates, goes forward w/ draft Recomm.
R. Rokeberg	098	Brings up amendments & Recomm.
"	108	Any more comments. Rep. Davis
Davies	111	Submitted one of his recommendations -
Rokeberg	115	asks to add comments, dissent, etc. of C-members - Doesn't have

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
		formal quorum. Take comments, finalize report after 5 sessions starts
R. Robbers	126	objection's
S. Lemann	127	okay w/ me.
R. Davies	131	no objection
R. DYSON	133	fine
R. Robbers	137	meeting afternoon of the 18th to finalize. Meeting at ...
R. Robbers	141	Budget case. (2 minutes) calls back to ...
R. Robbers	141	Tent. meeting 10:30am. Mon. 18th
		Farenkamp Rm. possible.
R. Robbers Janet	150	When can we get out depending on Comp.
S. Lemann	153	Comp's, fares are packed how to set ...
R. Robbers	157	I have fax-email or Janet has
R. Davies	160	Time line.
R. Robbers	164	Leaving 14th, fax email me 248-73098, Robbers at AK.net 243-1454 phone call when e-mailing
R. Robbers	177	move back to body of report, any comments
R. Davies	182	no prob amend 1
R. Robbers	184	Any corrections, objections appreciated
R. Davies	187	my dozen marginal comments, so thru.
R. Hudson	194	pls. move closer to to "mike"
R. Davies	195	apolog(s) makes comments, corrections re residential customers.
R. Robbers	217	Address w/ points. Staff will take of that
R. Dyson	223	handle what?
R. Robbers	225	wow that not enough comments residential

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
R. Dyson	227	Get more comments? Res. Aust.
R. Pikeberg	228	NO. Goes on to overview rest of report.
R. Davies	241	PS 9, 3rd paragraph & 4th para 1st ^{3rd} sentence, ^{4th} initial restructuring exercise Strong statements, not clear
R. Pikeberg	264	Rep DYSON
R. Dyson	665	Kindred spirits, agree w/ you, now is not the time
R. Pikeberg	273	as author, appreciates comments, 3rd paragraph, defend statement, Bump up Area comments, Black, Veatch comments.
R. Dyson	307	suggests modifiers, appears in entire
R. Davies	310	agrees with this
R. Pikeberg	314	Was intentional, to bring up legitimate debate. Several years, there will be restructuring
R. Davies	331	PS 9, few industries, groups object to competition. He doesn't agree with them. "Cherry picking" was brought up.
R. Pikeberg	343	Written letters objecting to
R. Davies	349	Doesn't feel they will object to competitor
R. Pikeberg	355	Doesn't object (Pause)
R. Davies	361	PS 10 3rd sentence, not clear APUC...
R. Pikeberg	373	defends language
R. Davies	376	Doesn't share view APUC draws feet
R. Pikeberg	377	Defends his opinion, language. 97-201 Docket. Doesn't want to put APUC on spot.
R. Davies	398	(Agrees) Some people feel APUC draws it

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
R. Davies	406	Continues APUC waiting, prudent, cautious view....
R. Pothers	413	ASK question
D. Davies	414	answers...
Pothers	415	statement
both Pothers/Davies	416
Pothers	417	Expands on report.
Selman	428	Frustrated; APUC feels they are willing to work with Leg.
Dyson	455	Agrees w/ chairman. APUC has been regulating monopolies. Policy direction needed.
R. Pothers	471	Refresh Com members, split in industry.
" Pothers	500	will work w/ R. Davies to modify
R. Davies	504	Agrees w/ statement, needs to be modified pg 11, Southelt, doesn't like "Networks" wants "enteries"
Pothers	522	no objections
" "	526	Audience participation
Davies	530	will get terms
Pothers	534	Redundant.?
Selman	540	bothered, let experts come up with works
Davies	547	Competition, bothered by:
Pothers	572	S. Central area is different from other parts of AB. Bump up while related comments, hope not practice
Davies	591	pg 12 CENS probably, Com members each make comments on this.
Davies	000/B	continues w/ suggestions, Red flag, level of summary?

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Rokeby	008	Dismissed in 3 words suggestions
Dyson	012	up. wording is brilliant.
Rokeby	014	will accept compliments
Davies	016	amunicipal issues, as well as state
Dyson	021	local case word
Davies	023	PS 15
Rokeby	024	Amendment 8, discusses. (pauses) continues w/ Amendment
Davies	049	Source of my discomfort, APUC does have regulatory authority. No constitutional issues. Leg. change statutes, not required. Delete all.
Rokeby	064	Okay, will re-write, split in the committee, needs to be clear
Davies	070	move ahead, universal service, need to be statutory change
Rokeby	078	will make another attempt
Hudson	079	will drop off, I see you on the 18 th
S Lemmon	083	before you drop off, should we meet at 10 am instead of 10:30 am
Dyson Hudson	090	1 pm. they think meeting will be
Davies	102	one more comment before we close.
Rokeby	108	Doesn't understand
Davies	110	clauses
Rokeby	115	Review minutes
Davies/Rokeby	116	Both are talking
Davies	121	APUC brings up guidance.
Roke/Davies	127	Both discuss
Davies	129	Pilot program brings up concerns
S Lemmon	140	Pilot will be restricted to Anchorage Market. Doesn't feel inappropriate (restricted)

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
S-Leman	157	Brings up March 1st, weeks or months after.
Robekus	154	RFP, timeframe. R. Davies/Robekus back forth.
Leman	167	Aggressive schedule, reasonable way to split work, consultant agrees.
Davies	172	Broad legislative policies. Answer we have.
Robekus/Davies	184	Both talking, going back & forth, finishes, that's it.
Davies	197	
Leman	198	48 contiguous states, brings up Hawaii; will suggest comments get today. Pg 18 2nd Recomm. Leg. will respond, should be APUC.
Robekus	219	Doesn't agree,
Leman	222	Sponsor of legislation, not speaking against.
Robekus	228	both are commenting on leg. & what each means. S Leman will get recomms to Robekus. Robekus makes
Leman	229	might agree w/ this
S Leman	242	
Robekus	249	Statute needs to be looked into. Review language #2. more context
Davies	252	Agrees w/ S Leman's drift. Statutory authority.
(A) Robekus	270	Needs consensus
(S) Leman	272	gives possible language, will offer something. Will give it some thought
Robekus	283	Doesn't necessarily disagree. How what from policy guidelines.

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
S. Jeman	297	^{write} Committee to recommend Pilot Study in Anchorage. Enough said
Rokberg	310	Supports, looks forward to comment
Dyson	312	2 suggestions p 12 Consumer protection move 2 nd to 1 st . give language "protected monopoly" protect consumers from monopoly of utility companies.
Rokberg	356	Thank you, pls. clarify
Dyson	359	will write out for comm.
Davies	364	Little bit of problem w/ editorial comments. Bump up APUC.
Dyson	393	Accepts that Clarie's comments, APUC sits & waits, not pro-active
DYSON	429	PS 15 2 nd paragraph, not what said, but but how said. ADD comments
Rokberg	446	objections, no we will adjust,
Rokberg	450	Wants to go over amendments.
S. Jeman	466	No objections to Amend 1, Amend 2, Amend 3 - has one or 2 pgs to add on his comments.
Rokberg	475	explains Amend 3, Amend 4 no objection
11	502	Amend 5 no objection, no objection
11	523	Amend 6, objections too.
Davies	537	Central one universal driver of power Rokberg & Davis discuss & speak forth
Bob Jahr	575	Clarifies, below certain temp cannot shut off power.
Rokberg	588	Policy?
Jahr	592	Policy, was being hard? resp.
Rokberg	600	Not a part of law

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Bob Johns	601	tanff - clarified
Ornquist	000/PA	starts to defend Johns statement tape malfunction, change tape.
(R) Robekus	001/PA new tape	Disagrees with this brings up policy.
Ornquist	013	Brings up debate, policy vs. regulation.
(R) Robekus	024	Sorry
(R) Davies	025	Appreciates discussion, basic concepts / universal service.
Ornquist	030	Explains Universal Service.
Robekus/Davies	034	Low income assistance.
Davies	038	Universal Service, available to everyone.
Robekus	041	Subsidies, universal service, conservation programs
Davies	049	line 3 Amend.
Robekus	055	Will strike Amend. 6
Dyson	056	Public policy, decision, power available.
Robekus	064	Why I offered it.
Davies	065	Subsidy involved, universal service means everyone gets it
Dyson	080	Agrees
Robekus	083	il withdrew Amendment.
Robekus	084	Amend. 7 no objections
Robekus	090	Amend 9, Amend 10 no objections line 1, paragraph #
Robekus	103	S. Leman Call to comment?
Robekus	105	Adopted, no objections
Leman	110	offers amendment, (PS 18)
Robekus	115	Leaves in, S. Leman yes

JOINT COMMITTEE ON ELECTRIC UTILITY RESTRUCTURING
JANUARY 18, 1999
10:00 am

TAPES
1-A

CALL TO ORDER

CO-CHAIRMAN ROKEBERG convened the Joint Committee on Electric Utility Restructuring at 10:07 am.

PRESENT

Committee members present were Co-Chair Rokeberg, Senator Leman, Representative Dyson, Representative Davies, Representative Austerman.

ABSENT

Senator Adams, Senator Taylor, Co-Chair Sharp.

ALSO ATTENDING

Representative Hudson, Mary Ann Pease, Aurora Power; Meera Kohler, ML&P; Eric Yould, ARECA.

SUMMARY OF INFORMATION

CO-CHAIR ROKEBERG: Calls the committee meeting to order, calls roll and welcomes all members and guests. Have a quorum to conduct business. Goes over agenda, final report of the committee to the 21st Legislature. Introductory remarks, states this report is the next step in consideration of Electric Utility Restructuring and whether it is applicable to Alaska. Thanks all committee members and others who assisted in the making of this report for all the hard work and participation. Brings up the good work between the committee and the APUC and their assistance to the committee. Asks committee members if they have any comments. Again, states this is a draft, members' comments are on the back of the report, any revisions or additions, the Chairman asks the members to do so. After reviewing the report any changes, or causes for "heartburn" let the Chairman know. Thanks his staff members Janet Seitz for heading up this effort, and Dianna Pree for her assistance to the committee. Will put together an entire record of the committee and will forward to the archives, also will be providing the contractors with a copy of the entire committee record.....

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SENATOR LEMAN: CH2MHill & Econergy.

CO-CHAIR ROKEBERG: Will give CH2MHill & Econergy a copy of the entire committee record and will keep an entire record in Chairman's office. Will forward a copy to the 21st Legislature a copy of the entire committee record. Any comments or questions? Deadline for comments is the end of the day. Opens to the committee any comments.

REPRESENTATIVE DYSON: Joint Committee findings and conclusions, page 22, end of first paragraph. Doesn't remember having technical problems with incompatible frequencies in this state.

CO-CHAIR ROKEBERG: This was submitted as written testimony. Ms. Kohler.

MEERA KOHLER, ML&P: (indisc.) system is at 50, frequency of (indisc.) contiguous connected....

REPRESENTATIVE DYSON: Asks if we have any contiguous connections with BC or Yukon.

MEERA KOHLER: If there were to be interconnections, that is where it would be.

CO-CHAIR ROKEBERG: Asks Representative Dyson if he wants this taken out of the report.

REPRESENTATIVE DYSON: States add phrase "if interconnections are made with (indisc.) Canada."

CO-CHAIR ROKEBERG: Any objections? No objections.

REPRESENTATIVE DYSON: Last paragraph, page 23, end of the first sentence. "If this pilot program can be designed in a meaningful manner". Asks for clarification, all-inclusive?

CO-CHAIR ROKEBERG: Clarifies this. States it was his word "meaningful". Any suggestions? Point was to make it a meaningful study.

REPRESENTATIVE DYSON: Concern is that it has very limited use, as it is only in the Anchorage market.

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REPRESENTATIVE AUSTERMAN: The body of the report sets the guidelines for what the recommendations and the findings on. Page 20, talks about the pilot program and defines what you are talking about. The well meaning can be referred back to page 20, clarifies this well enough.

CO-CHAIR ROKEBERG: Any more comments?

SENATOR LEMAN: Would be happy if the report gave a positive statement regarding the pilot program; that a pilot study done in Anchorage or a limited area of the Railbelt, is desirable and should be designed properly. Hopes that the final result/report of the committee is a very positive statement in regards to the pilot program.

REPRESENTATIVE AUSTERMAN: Page 20 gives this positive statement.

CO-CHAIR ROKEBERG: Language in the recommendations gives this.

SENATOR LEMAN: Doesn't object too, could be crafted a little differently, in the interest of reaching consensus with this group is willing to accept this.

CO-CHAIR ROKEBERG: Any further comments on this issue?

SENATOR LEMAN: A few little things, relatively minor, mentioned in the last meeting, dates have not passed regarding a selection and the notice to proceed for the consultant with no objection from the body. Pick up the actual dates, make the report read so it is current as of tomorrow when it is delivered to the Legislature, consultant is under contract and is proceeding right now.

CO-CHAIR ROKEBERG: No objection.

SENATOR LEMAN: Has a few editorial comments that he won't bring up now, as these comments will not change the body of the report.

REPRESENTATIVE DAVIES: Has a few typo kind of things that he will submit as marginal comments. Page 18 statutory guidance & page 19 APUC, significant amount of redundancy, especially under APUC, bottom of page 19 and first paragraph on page 19, a¹most identical wording. Get rid of the whole sub-section on the bottom of page 19 and add it to the statutory section and substitute the bottom paragraph for the first paragraph on page 19.

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CO-CHAIR ROKEBERG: He believes there is a difference there, whether it is the APUC paragraph on the bottom of 19, takes this as an expression of preference on the part of the commission as articulated by the APUC, whereas, the guidance issue is the discussion that was held within the committee.

REPRESENTATIVE DAVIES: He believes slightly different perspective, same issue. Looking at the wording, these two paragraphs almost identical wording.

CO-CHAIR ROKEBERG: Calls a brief at ease at 10:21 am. Calls meeting back to order at 10:23 am. Asks if Representative Davies would like to recommend an amendment.

REPRESENTATIVE DAVIES: Moves a conceptual amendment on the bottom of page 18, that the headline would be statutory guidance to the APUC. The paragraph that exists at the bottom of page 19, would be incorporated into the first paragraph on page 19.

CO-CHAIR ROKEBERG: "Could we delete that?"

REPRESENTATIVE DAVIES: "You could, but you might want to use some of the wording, merge those to essentially."

CO-CHAIR ROKEBERG: Any objections? Hearing none so ordered. Further discussion.

SENATOR LEMAN: Moves that the committee adopts this as the report of the committee.

CO-CHAIR ROKEBERG: Appreciates that, any objections to taking up discussion on this adoption.

REPRESENTATIVE AUSTERMAN: Seconds the motion made by Senator Leman.

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REPRESENTATIVE DAVIES: Agrees with the understanding that the Chairman will accept drafts for some minor wording changes, concurs with the motion.

CO-CHAIR ROKEBERG: Further discussion? Seeing none, so ordered. Meeting adjourned at 10:25 am.

Adjournment

The meeting was recorded and handwritten log notes were taken. A copy of the tapes and log notes may be obtained by contacting the House Records Office at 130 Seward Street, Suite 211, Juneau, Alaska 99801-1182, and after adjournment of the second session of the Twentieth Alaska State Legislature in the Legislative Reference Library.

COMMITTEE TAPE LOG

COMMITTEE: EUR DATE: 1/18/99 TIME: 10:07am

SUBJECT: Annual Report Joint Committee

MEMBERS: Present: Rep(s) Austerman Co-Chair Rokeberg, ^{REP} Dyson, Sen(s) Jaman
Rep(s) Danner (Rep Hudson) Absent: Sen Adams, Sen Starn
Sen Taylor

SPEAKER	TAPE #	SIGNIFICANT INFORMATION
Co-Chair Rokeberg	002/1A	welcomes members, calls roll, goes over agenda. Thanks "all" for participating. Invites comments, revisions.
		- CH2M Hill, Economy - will get entire copy of committee record.
Rep Rokeberg	082	Asks for comments, begins to see record
Rep Dyson	090	ps 22, end of 1st paragraph.
Rokeberg	099	written testimony (2) Dyson asks question
Kohler	103	Answers
Dyson	104	clarification
Kohler	105	clarifies
Rokeberg	109	States who was speaking
Dyson	111	Changes
Rokeberg	113	no objections
Dyson	115	ps 23, pilot program
Rokeberg	128	Answers
Dyson	136	Anchorage market.
Austerman	142	Brings up body of report, ps 20 defines
(S) Jaman	149	pilot program, positive statement
Austerman	161	comments.
Rokeberg	163	—
Jaman	164	consensus
Rokeberg	167	—
Dyson	168	NO
Jaman	170	minor pts, dates, current tomorrow - consultant has been selected.

