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STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

Keith Kurber II, Chairman
Robert A. Doyle
Robert M. Pickett
Daniel A. Sullivan
Janis W. Wilson

In the Matter of the Application filed by the)
RAILBELT RELIABILITY COUNCIL for)
Certification as an Electric Reliability Organization)

E-22-001

ORDER NO. 12

**ORDER APPROVING APPLICATION FOR CERTIFICATE TO BE AN
ELECTRIC RELIABILITY ORGANIZATION, REQUIRING FILINGS AND
PROVIDING GUIDANCE FOR FUTURE FILINGS, AND CLOSING DOCKET**

BY THE COMMISSION:

Summary

We approve the application for a certificate to be the electric reliability organization (ERO) for the interconnected Railbelt bulk-electric system filed by the Railbelt Reliability Council (RRC). We provide guidance to the RRC for future tariff and rule filings. We close this docket.

Background

The geographic area served by Chugach Electric Association, Inc. (Chugach); Golden Valley Electric Association, Inc. (GVEA); Homer Electric Association, Inc. (HEA); Matanuska Electric Association, Inc. (MEA); and the City of Seward (Seward) is commonly referred to as the Railbelt. These Railbelt electric utilities are interconnected by a bulk-electric system that includes generation and transmission components owned by the electric utilities and the State of Alaska through the Alaska Energy Authority (AEA) and smaller generation components owned by other entities. The Railbelt bulk-electric

1 system is also interconnected with Doyon Utilities, LLC (DU) which provides electric utility
2 services to Fort Richardson, Fort Wainwright, and Fort Greely.¹

3 The legislature enacted law, effective July 1, 2021, requiring the certification
4 of an ERO for certain interconnected bulk-electric systems.² On December 27, 2021, we
5 provided the notice required by AS 42.05.760(c) to Chugach, GVEA, HEA, MEA, and
6 Seward, informing them that they are load-serving entities (LSEs) in an interconnected
7 bulk-electric system subject to this law.³

8 The RRC filed an application to be the ERO for the interconnected Railbelt
9 bulk-electric system.⁴ We issued public notice of the Application with comments, petitions
10 to intervene, and notice of competing applications due by April 22, 2022.⁵ Comments
11 were received from 10 individuals and entities.⁶ No competing applications were filed.
12 The Office of the Attorney General, Regulatory Affairs and Public Advocacy Section
13

14 ¹DU is not a load-serving entity because it only bills one customer, the United
15 States Department of Defense, for the electric utility services it provides. See
AS 42.05.790(6).

16 ²AS 42.05.760 – 42.05.790.

17 ³Order R-20-001(5)/R-20-002(6)/R-20-003(6), *Order Readopting Regulations with*
18 *Department of Law Changes, Providing Notice Required by AS 42.05.760, and*
Scheduling Technical Conference, dated December 27, 2021 (Order R-20-001(5)), at 3-4,
Appendix B.

19 ⁴*Application for Certification as the Electric Reliability Organization for the Alaska*
20 *Railbelt Interconnected Electric Energy Transmission Network*, filed March 25, 2022
(Application).

21 ⁵*Notice of Electric Reliability Organization Application*, dated April 1, 2022.

22 ⁶Two comments by Sandra Stark, filed April 22, 2022; Correspondence from
23 Jenny-Marie Stryker on behalf of the Alaska Center, filed April 22, 2022; Correspondence
24 from the City of Seward, filed April 22, 2022; Comments from Kenzley Defler on behalf of
25 the Fairbanks Climate Action Coalition, filed April 22, 2022; Comments by Margaret Stern
26 on behalf of the Susitna River Coalition, filed April 22, 2022; Correspondence from
Renewable Energy Alaska Project (REAP), filed April 22, 2022; Correspondence from
Golden Valley Electric Association, Inc., filed April 22, 2022; Correspondence from Cook
Inletkeeper, filed April 22, 2022; *Comments of the Attorney General*, filed April 22, 2022;
Correspondence from the Alaska Public Interest Research Group (AKPIRG), filed
April 22, 2022.

1 (RAPA) elected to participate in this docket.⁷ We scheduled a prehearing conference and
2 a public hearing for this docket.⁸ We granted petitions to intervene filed by HEA, AEA,
3 Chugach, MEA, DU, GVEA, and Seward.⁹ We also granted a petition to intervene filed
4 by Kenneth W. Castner (Castner).¹⁰

5 The RRC, RAPA, HEA, AEA, Seward, Chugach, MEA, DU, GVEA, and
6 Castner all participated in the prehearing conference held May 13, 2022.¹¹ Veri Di Suvero
7 and Alyssa Sappenfield attended the prehearing conference on behalf of AKPIRG and
8 Joel Groves attended the prehearing conference on behalf of the Alaska Independent
9 Power Producers Association.¹² At the prehearing conference we requested
10 development of a procedural schedule that provided written prefiled testimony,
11 preliminary statements of the issues, and final statements of issues with witness lists.¹³
12 Based on those requests, the parties proposed a procedural schedule for resolution of
13 this docket.¹⁴ We adopted the procedural schedule proposed by the parties and allowed
14 the RRC to adopt the Application as its prefiled direct testimony.¹⁵

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18 ⁷*Notice of Election to Participate*, filed April 5, 2022.

19 ⁸*Order E-22-001(1), Order Granting Motion, Scheduling Prehearing Conference,*
and Scheduling Hearing, dated May 5, 2022.

20 ⁹*Order E-22-001(3), Order Granting Petitions to Intervene and Modifying Discovery*
Procedures, dated May 11, 2022.

21 ¹⁰*Order E-22-001(6), Order Granting Motion and Petition to Intervene*, dated
22 May 17, 2022.

23 ¹¹Tr. 5-7.

24 ¹²Tr. 7-8.

25 ¹³Tr. 14.

26 ¹⁴Tr. 15-32.

¹⁵*Order E-22-001(5), Order Adopting Procedural Schedule and Addressing Form*
of Direct Testimony, dated May 13, 2022.

1 Our Staff asked preliminary questions of the RRC.¹⁶ The RRC requested
2 clarification of those questions,¹⁷ and our Staff responded.¹⁸ The RRC responded to
3 these questions.¹⁹ The RRC adopted the Application as the prefiled direct testimony of
4 witnesses David Hilt, Thomas Lovas, Rachel Wilson, and Rena Miller.²⁰

5 Preliminary issue statements were filed by HEA, Castner, Chugach, GVEA,
6 the RRC, MEA, RAPA, and AEA.²¹ We received responsive prefiled testimony from
7 Chugach witness Matthew C. Clarkson,²² MEA witness Anthony M. Izzo,²³ Castner,²⁴ and
8 RAPA witness Ralph C. Smith.²⁵ Our Staff submitted a second set of questions to the
9 RRC,²⁶ and the RRC responded to those questions.²⁷ We received prefiled reply

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11 ¹⁶Correspondence from C. Knudsen-Latta, filed May 16, 2022.

12 ¹⁷*Clarifying Questions of the Railbelt Reliability Council Regarding Initial Staff
Questions and Notice of Intent to File Responses on May 31, 2022*, filed May 24, 2022.

13 ¹⁸Correspondence from C. Knudsen-Latta, filed May 26, 2022.

14 ¹⁹*Responses of the Railbelt Reliability Council to Initial Staff Questions*, filed
May 31, 2022 (Exhibit H-1).

15 ²⁰*Notice of Adoption of Portions of the Railbelt Reliability Council's Application for
Certification as an Electric Reliability Organization as Prefiled Direct Testimony*, filed
May 20, 2022 (Exhibit T-2).

16 ²¹*Statement of Issues*, filed May 27, 2022, by HEA; *Kenneth Castner's Preliminary
Statement of Issues*, filed May 27, 2022; *Chugach Electric Association, Inc.'s Preliminary
Statement of Issues*, filed May 27, 2022; *Golden Valley Electric Association, Inc.'s
Preliminary Statement of Issues*, filed May 27, 2022; *Railbelt Reliability Organization
Preliminary Statement of Issues*, filed May 27, 2022; *Matanuska Electric Association,
Inc.'s Preliminary Statement of Issues*, filed May 27, 2022; *Office of the Attorney
General's Statement of Issues*, filed May 27, 2022; *Alaska Energy Authority's Preliminary
Statement of Issues*, filed May 31, 2022.

17 ²²*Prefiled Responsive Testimony of Matthew C. Clarkson*, filed June 15, 2022
18 (Exhibit T-7).

19 ²³*Prefiled Testimony of Anthony M. Izzo on Behalf of Matanuska Electric
Association, Inc.*, filed June 15, 2022 (Exhibit T-6).

20 ²⁴*Testimony of Kenneth Castner*, filed June 15, 2022 (Exhibit T-8).

21 ²⁵*Prefiled Testimony of Ralph C. Smith*, filed June 15, 2022 (Exhibit T-5).

22 ²⁶Correspondence from C. Knudsen-Latta, filed June 23, 2022.

23 ²⁷*Responses of the Railbelt Reliability Council to Second Set of Staff Questions*,
24 filed July 7, 2022 (Exhibit H-2).

1 testimony from RRC witnesses Miller and Groves.²⁸ We received final statements of
2 issues from HEA, RAPA, GVEA, the RRC, Castner, Chugach, MEA, and AEA.²⁹

3 We allowed an additional public comment period and scheduled a
4 consumer input hearing for July 20, 2022.³⁰ We rescheduled the prehearing conference
5 to follow the consumer input hearing, with the public hearing to start following the
6 prehearing conference on July 20, 2022.³¹ We received additional written public
7 comments from five individuals or entities,³² and oral comments at the consumer input
8 hearing from six persons.³³

9 All parties participated in the prehearing conference held July 20, 2022, and
10 the public hearing held July 20 and 21, 2022.³⁴ We received opening statements from
11 the RRC, RAPA, MEA, Chugach, Castner, AEA, HEA, DU, GVEA, and Seward.³⁵ We
12

13 ²⁸*Prefiled Reply Testimony of Rena E. Miller on Behalf of the Railbelt Reliability*
14 *Council*, filed July 8, 2022 (Exhibit T-3); *Prefiled Reply Testimony of Joel D. Groves on*
Behalf of the Railbelt Reliability Council, filed July 8, 2022 (Exhibit T-4).

15 ²⁹*Final Statement of Issues*, filed July 11, 2022, by HEA; *Office of the Attorney*
16 *General's Statement of Issues*, filed July 11, 2022; *Golden Valley Electric Association,*
17 *Inc.'s Final Statement of Issues*, filed July 11, 2022; *The Railbelt Reliability Council's*
18 *Statement of Issues*, filed July 11, 2022; *Kenneth Castner's Final Statement of Issues*,
19 filed July 11, 2022; *Chugach Electric Association, Inc.'s Final Statement of Issues*, filed
20 July 11, 2022; *Matanuska Electric Association, Inc.'s Final Statement of Issues*, filed
21 July 11, 2022; *Alaska Energy Authority's Final Statement of Issues*, filed July 12, 2022.

22 ³⁰Order E-22-001(7), *Order Scheduling Consumer Input Hearing*, dated June 30,
23 2022.

24 ³¹Order E-22-001(8), *Order Rescheduling Prehearing Conference*, dated July 18,
25 2022; as corrected by *Errata Notice to Order Rescheduling Prehearing Conference*, dated
26 July 19, 2022.

³²Comments from P. Crimp, filed July 19, 2022; Comments from D. Evans, filed
July 19, 2022; Correspondence from C. Fredenberg, filed July 20, 2022; Correspondence
from C. Rose on behalf of REAP, filed July 20, 2022; Comments from N. Kiley-Bergen,
filed July 20, 2022.

³³Tr. 3-26 (Chris Rose on behalf of REAP; Veri Di Suvero on behalf of AKPIRG;
David Brailey; Gary Newman; Kat Haber; Bernie Smith).

³⁴Tr. 41-90.

³⁵Tr. 92-142.

1 received oral testimony from RRC witnesses Miller,³⁶ Groves,³⁷ and Wilson;³⁸ RAPA
2 witness Smith;³⁹ MEA witness Izzo;⁴⁰ Chugach witness Clarkson;⁴¹ and Castner.⁴² We
3 provided additional questions to the RRC,⁴³ and they provided a response.⁴⁴

4 We issued a preliminary decision and required the RRC to file responses to
5 that decision.⁴⁵ The RRC timely filed the required responses.⁴⁶

6 Discussion

7 Issue Certificate

8 We “may certificate an electric reliability organization if [we determine] that
9 the electric reliability organization has the ability to comply with AS 42.05.762.”⁴⁷

10 AS 42.05.762 states:

11 An electric reliability organization shall

12 (1) develop reliability standards that provide for an adequate level of
13 reliability of an interconnected electric energy transmission network;

14 (2) develop integrated resource plans under AS 42.05.780(a);

15 (3) establish rules to

16 ³⁶Tr. 144-315, 528-534.

17 ³⁷Tr. 316-417, 534-542.

18 ³⁸Tr. 520-528.

19 ³⁹Tr. 419-429.

20 ⁴⁰Tr. 430-463.

21 ⁴¹Tr. 463-474, 490-504.

22 ⁴²Tr. 505-514.

23 ⁴³Tr. 417-419, 474-475, 477-480.

24 ⁴⁴Tr. 515-516; Exhibit T-9.

25 ⁴⁵Order E-22-001(11), *Order Issuing Preliminary Decision and Requiring*
26 *Responses*, dated August 16, 2022 (Order E-22-001(11)).

⁴⁶*The Railbelt Reliability Council’s Notice of Filing Amendments and Resolution*,
filed September 14, 2022 (RRC Amendments and Resolution).

⁴⁷AS 42.05.760(b).

1 (A) ensure that the directors of the electric reliability organization and
2 the electric reliability organization act independently from users, owners,
and operators of the interconnected electric energy transmission network;

3 (B) equitably allocate reasonable dues, fees, and other charges
4 among all load-serving entities connected to the interconnected electric
energy transmission network for all activities under AS 42.05.760 —
5 42.05.790;

6 (C) provide fair and impartial procedures for the enforcement of
reliability standards;

7 (D) provide for reasonable notice and opportunity for public comment,
8 due process, openness, and balancing of interests in exercising its duties;
and

9 (4) be governed by a board that

10 (A) includes as nonvoting members the chair of the commission or
11 the chair's designee and the attorney general or the attorney general's
designee; and

12 (B) is formed as

13 (i) an independent board;

14 (ii) a balanced stakeholder board; or

15 (iii) a combination independent and balanced stakeholder board.

16 In determining if the RRC has the ability to comply with AS 42.05.762, we will examine
17 the record on each of these criteria.

18 AS 42.05.762(1) (Reliability Standards)

19 In the Application, the RRC included a proposed reliability standards work
20 plan and budget. This work plan projected the development of 21 Operating and Planning
21 standards by March 31, 2025, and of 12 Critical Infrastructure Protection (CIP)⁴⁸
22 standards by September 30, 2025.⁴⁹ It also projected the development of Open Access
23 standards for transmission services and interconnection by September 30, 2024, and of

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25 ⁴⁸The term "CIP" is defined in Application, Exhibit E-10-2 at 36.

26 ⁴⁹Application, Exhibit E-4 at 1.

1 Transmission Cost Recovery standards by March 31, 2025.⁵⁰ The total cost estimate for
2 developing these standards is \$4.8 million, which includes funding for eight RRC staff
3 engineers and a consultant.⁵¹

4 The RRC also included a Standards Authorization Request Process in the
5 Application. In its overview of this process, the RRC stated:

6 All reliability standards and associated developments are initiated with a
7 Railbelt Reliability Council (RRC) Board of Directors (Board) directive to the
8 Chief Executive Officer. Any person or entity may request the Board initiate
a reliability standard or revise or retire a reliability standard by submitting a
Standards Authorization Request (SAR) as provided in this process.⁵²

9 This process includes timelines for determining the completeness of requests for
10 adoption, revision, or retirement of reliability standards and for review of the request by
11 the Technical Advisory Council (TAC).⁵³ The composition, independence, and
12 procedures of the TAC are set out in the Application.⁵⁴

13 The RRC proposes to retain a technically competent Chief Executive Officer
14 (CEO) who will be responsible for advising the RRC Board of Directors (Board) on
15 standards and supervising the TAC.⁵⁵ The RRC proposes that under the CEO's
16 supervision will be a Senior Standards Engineer who will have to "meet technical
17 qualifications, including a degree in electrical engineering; experience in transmission and
18 generation operations and in standards compliance; and experience in developing and
19 interpreting standards."⁵⁶ Also under the CEO's supervision will be a Senior Studies

21 ⁵⁰Application, Exhibit E-4 at 2-3.

22 ⁵¹Application, Exhibit E-4 at 1-4.

23 ⁵²Application, Exhibit E-5 at 1.

24 ⁵³Application, Exhibit E-5 at 2-3.

25 ⁵⁴Application, Exhibit E-7.

26 ⁵⁵Application at 2.

⁵⁶Application at 3.

1 Engineer responsible “for conducting technical studies necessary for the development of
2 standards” and a Senior Compliance Engineer responsible “for compliance monitoring
3 and enforcement of all approved standards, including making penalty recommendations
4 to the Board.”⁵⁷

5 The RRC proposes a process for standards development that includes
6 public notice and providing the opportunity for public comment, in addition to a process
7 that balances the interests of potentially affected parties.⁵⁸ This process includes
8 publishing public documents on the RRC’s website in conformance with 3 AAC 46.460,
9 with limits on the RRC’s ability to classify documents as confidential.⁵⁹ The RRC’s
10 witness Miller adopted those portions of the Application addressing development of
11 reliability standards.⁶⁰

12 In its prefiled testimony, Chugach did not question the ability of the RRC to
13 meet the requirements of AS 42.05.762, but did question the proposed cost of doing so.
14 Chugach suggested either reducing the number of RRC staff engineers or the number of
15 SMEs retained by the RRC as a means of reducing costs.⁶¹ In its prefiled testimony MEA
16 also raised concern about the RRC’s proposed budget, noting that AS 42.05.762(3)(B)
17 only allows the RRC to allocate “reasonable dues, fees, and other charges among [LSEs]”
18 (emphasis added by MEA).⁶² Castner suggested that the RRC adopt the reliability
19 standards previously proposed by the Railbelt utilities to avoid expensive duplication of
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22 ⁵⁷Application at 3.

23 ⁵⁸Application, Exhibit E-10-1, Exhibit E-10-5, Exhibit E-10-6, Exhibit E-10-7.

24 ⁵⁹Application, Exhibit E-10-3, Exhibit E-10-4.

25 ⁶⁰Exhibit T-2 at 2-3.

26 ⁶¹Exhibit T-7 at 2-9.

⁶²Exhibit T-6 at 3.

1 effort.⁶³ RAPA supported approval of the Application, but expressed certain concerns
2 about details of the Application.⁶⁴ RAPA determined that the RRC's total initial budget
3 was projected to be \$10.8 million per year.⁶⁵ RAPA asserted that 55% of the RRC's
4 proposed budget was to hire nine staff engineers plus SMEs, and that this appears to be
5 excessive.⁶⁶

6 In response to this testimony, RRC witness Miller addressed the RRC's
7 proposed staffing model, including the basis for the specific numbers of staff engineers
8 and SMEs in the proposed budget.⁶⁷ RRC witness Groves addressed development of
9 the proposed budget, including plans to utilize reliability standards previously developed
10 by the Railbelt utilities to the fullest extent possible.⁶⁸ At hearing, Groves explained why
11 the RRC could not simply adopt the reliability standards previously developed by the
12 Railbelt utilities.⁶⁹

13 In our preliminary decision, based upon the record discussed above, we
14 found that the process set out in Article 2.3.10.3 of the RRC's Bylaws and Section 5.2.2.2
15 of the TAC Structure and Process could result in the unnecessary retention of an
16 excessive number of SMEs. We required the RRC to revise its Bylaws and TAC Structure
17 and Process to address this concern.⁷⁰ The RRC Board unanimously adopted revisions
18 to its Bylaws and internal procedures responding to this concern.⁷¹

19 ⁶³Exhibit T-8 at 1.

20 ⁶⁴Exhibit T-5 at 10-11.

21 ⁶⁵Exhibit T-5 at 12-16.

22 ⁶⁶Exhibit T-5 at 18-30.

23 ⁶⁷Exhibit T-3 at 5-20.

24 ⁶⁸Exhibit T-4 at 3-16.

25 ⁶⁹Tr. 536-537, 540-542.

26 ⁷⁰Order E-22-001(11) at 8-10.

⁷¹RRC Amendments and Resolution at 1-10, Attachments A, B, C, D, E.

1 AS 42.05.762(2) (Integrated Resource Plans)

2 AS 42.05.762(2) requires an ERO to develop integrated resource plans
3 consistent with the requirements of AS 42.05.780(a). This statute states:

4 An electric reliability organization shall file with the commission in a petition
5 for approval an integrated resource plan for meeting the reliability
6 requirements of all customers within its interconnected electric energy
7 transmission network in a manner that provides the greatest value,
8 consistent with the load-serving entities' obligations. An integrated resource
9 plan must contain an evaluation of the full range of cost-effective means for
10 load-serving entities to meet the service requirements of all customers,
including additional generation, transmission, battery storage, and
conservation or similar improvements in efficiency. An integrated resource
plan must include options to meet customers' collective needs in a manner
that provides the greatest value, consistent with the public interest,
regardless of the location or ownership of new facilities or conservation
activities.⁷²

11 In its Application, the RRC included a proposed process for development of an integrated
12 resource plan (IRP).⁷³ The RRC IRP is intended to be a "plan for meeting the combined
13 forecasted annual peak and energy demand of its [LSEs] in a manner that minimizes
14 costs and maximizes benefits while meeting the reliability requirements of the Railbelt."
15 The RRC proposes to hire a Senior Planning Engineer responsible for IRP development
16 who must have a degree in electrical or mechanical engineering; experience in
17 transmission system planning; generation; IRP development; resource planning,
18 evaluation, or development; and experience with islanded power systems.⁷⁴

19 The process for developing an IRP is broken up into five steps: (1) Develop
20 IRP Principles; (2) Develop Planning Approaches; 3) Develop Planning Inputs; (4)
21 Develop IRP; and (5) Review and Implement IRP. Each of these steps would be
22 completed by the TAC with opportunity for public participation and comment.⁷⁵ IRP

23 ⁷²AS 42.05.780(a).

24 ⁷³Application, Exhibit E-8.

25 ⁷⁴Application at 3.

26 ⁷⁵Application, Exhibit E-8 at 2.

1 portfolio development will include consideration of existing resources, supply-side
2 resources, demand-side resources, storage resources, transmission expansion,
3 purchases, and sales.⁷⁶

4 In the Application, the RRC included a proposed IRP work plan and budget.
5 This work plan projected Board approval of an initial IRP by June 30, 2026, with our
6 approval of the IRP and implementation of it occurring by September 30, 2026.⁷⁷ The
7 RRC projects spending \$12.7 million to develop its initial IRP. This includes \$3.1 million
8 on consultants, \$3.4 million on RRC staff, \$0.9 million on software, and \$5.3 million on
9 meeting fees and SMEs for qualified representatives serving on the TAC.⁷⁸ In response
10 to questions about the time required to develop the IRP, Groves testified that some of the
11 planning reliability standards must be adopted before work can begin on the IRP.⁷⁹ RRC
12 witness Wilson testified about the IRP implementation process.⁸⁰

13 No party expressed concern about the RRC's technical ability to produce
14 an IRP consistent with the requirements of AS 42.05.762(2) and AS 42.05.780(a).
15 Castner expressed concerns about the adequacy of the RRC's proposed public
16 involvement in the IRP development process.⁸¹ The concerns expressed by the parties
17 related to the cost of developing reliability standards identified above applied equally to
18 the cost of developing an IRP, and we will not repeat that discussion here. Our concern
19 expressed above about the possible retention of an excessive number of SMEs also
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22 ⁷⁶Application, Exhibit E-8 at 16-17.

23 ⁷⁷Application, Exhibit E-8 at 1.

24 ⁷⁸Application, Exhibit E-8 at 2.

25 ⁷⁹Tr. 349, 539.

26 ⁸⁰Tr. 520-527.

⁸¹Tr. 510.

1 applies to the development of an IRP. We also will not repeat that discussion or the
2 RRC's response here.

3 AS 42.05.762(3) (Rules)

4 AS 42.05.762(3) requires an ERO to establish rules to: (A) ensure that the
5 ERO and its directors act independently from users, owners, and operators of the
6 interconnected bulk-electric system; (B) equitably allocate reasonable dues, fees, and
7 charges for activities under AS 42.05.760 – 42.05.790 to its LSEs; (C) provide fair and
8 impartial proceedings for enforcement of reliability standards; and (D) provide reasonable
9 notice and opportunity for public comment, due process, openness, and balancing of
10 interests in exercising its duties.

11 The minimum requirements to conform with AS 42.05.762(3)(A) are set out
12 in our regulation at 3 AAC 46.110. In its Application, the RRC identified Bylaw Section
13 2.1.2.6 and the rules that specifically address each individual requirement of 3 AAC
14 46.110(a).⁸² The rules include an ethical conduct rule, a voting procedures rule, a product
15 development rule, and a conduct compliance rule.⁸³ The requirement of 3 AAC 46.110(b)
16 that members of the public may serve as non-voting members of advisory committees is
17 addressed by Section 5.2.2.3 of the TAC Structure and Process rule and the public
18 participation in a development rule.⁸⁴

19 The requirements of AS 42.05.762(3)(B) are addressed in the public notice
20 and equitable allocation of costs rules.⁸⁵ The requirements of AS 42.05.762(3)(C) are
21 addressed in the compliance monitoring and enforcement program and ethical conduct

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23 ⁸²Application at 7-9, 15, Exhibit E-10-11. Bylaw Section 2.1.2.6 is found in the
Application, Exhibit E-12 at 10-11.

24 ⁸³Application, Exhibits E-10-1, E-10-10, E-10-11, E-10-12.

25 ⁸⁴Application, Exhibit E-7 at 5-6; Application, Exhibit E-10-5.

26 ⁸⁵Application at 15, Exhibits E-7, E-10-13.

1 rules.⁸⁶ The requirements of AS 42.05.762(3)(D) are addressed in the public notice,
2 public meeting, documents retention and access, confidential documents and access,
3 product development, and the ethical conduct rules.⁸⁷

4 RAPA remains concerned that there is no rule requiring the LSEs to notify
5 the RRC of plans to unilaterally construct generation facilities.⁸⁸ RRC witness Wilson
6 testified that the ERO would have no way of requiring LSEs to construct a project on the
7 ERO's IRP Action Plan.⁸⁹

8 AS 42.05.762(4) (Board Governance)

9 AS 42.05.762(4)(A) requires that an ERO's board include the chair of the
10 Regulatory Commission of Alaska and the Alaska Attorney General, or their designees,
11 as non-voting members. RRC Bylaw Section 2.1.2.3 complies with this requirement.⁹⁰
12 The RRC has applied for certification as an ERO with a combination balanced stakeholder
13 and independent board subject to the safe harbor provisions of 3 AAC 46.080.⁹¹ Castner
14 questions whether the Board is sufficiently balanced and independent to warrant
15 application of the safe harbor provisions.⁹² RAPA also had questions about Board
16 balance, but RAPA resolved those questions to its satisfaction during discovery.⁹³

17 Findings

18 We find that the RRC has demonstrated the ability to perform the duties of
19 an ERO, which under 3 AAC 46.050(f) includes having established rules, as an applicant,

20 ⁸⁶Application at 16, Exhibits E-10-2, E-10-11.

21 ⁸⁷Application at 16-17, Exhibits E-10-1, E-10-3, E-10-4, E-10-6, E-10-7, E-10-11.

22 ⁸⁸Application, Exhibit T-5 at 35-37.

23 ⁸⁹Tr. 526-527.

24 ⁹⁰Application, Exhibit E-12 at 8-10.

25 ⁹¹Application at 28-47.

26 ⁹²Application, Exhibit T-8 at 1.

⁹³Application, Exhibit T-5 at 30-34.

1 that comply with 3 AAC 46.460(a) and having established procedures, as an applicant, to
2 ensure that reliability standards and integrated resource plans satisfy the technical
3 qualification requirements of 3 AAC 46.460(a)(1) and are technically sound. As required
4 below, once certificated the applicant's rules must be filed, and will be further reviewed
5 and approved, subject to modification, under 3 AAC 46.470.

6 We find that the RRC meets the requirements of 3 AAC 46.070(b),
7 specifically that its proposed Board composition meets both the independent board
8 standard under 3 AAC 46.070(a) as to its independent member, and the balanced board
9 safe harbor under 3 AAC 46.080. The balanced board safe harbor only provides a
10 rebuttable presumption that 3 AAC 46.060(b)(1) and 3 AAC 46.060(b)(4)(A) and (B) have
11 been satisfied. Because the presumption has not been rebutted, we do not need to further
12 consider whether the requirements of 3 AAC 46.060(b)(1) and 3 AAC 46.060(b)(4)(A) and
13 (B) have been satisfied.

14 We find that the RRC has demonstrated that its proposed Board satisfies
15 the remaining balanced board standards in 3 AAC 46.060(b)(2), (3), (4)(C), and (5). The
16 RRC appropriately classified and sub-classified stakeholders under 3 AAC 46.060(c). To
17 make the finding that the Board proposed by the RRC is balanced, we considered the
18 factors in 3 AAC 46.060(d)⁹⁴ and accept that the weight given to each factor by the RRC
19 in classifying and sub-classifying stakeholders, assigning Board seats to stakeholder
20 groups, and developing the governance process is reasonable. Our regulations
21 recognize that circumstances may change in the future that alter this analysis⁹⁵ and we
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23 ⁹⁴The changes to Section 5.2.2.2 of the TAC Structure and Process that we
24 required in Order E-22-001(11) considered 3 AAC 46.060(d)(7). Equal access to all
25 SMEs adequately ensures that Board members have sufficient resources to adequately
26 consider Board actions and avoid undue amplification/attenuation.

⁹⁵3 AAC 46.060(d)(8).

1 will evaluate continued compliance with the balance standards during the certificate
2 renewal process under 3 AAC 46.050(b), or sooner if necessary.

3 Having found that the RRC qualifies for the balanced board safe harbor,
4 complies with the remainder of the requirements for a balanced board, and its
5 independent member meets the independent board standard, the ERO certificate will be
6 issued for a combination Board.⁹⁶

7 To ensure that the information presented to us by the RRC witnesses
8 reflected the Board's interpretation of the RRC's governing documents, we required the
9 RRC to file a Board resolution ratifying that information.⁹⁷ The RRC provided us with the
10 required resolution.⁹⁸ On that basis, we rely on the statements of the RRC witnesses and
11 consider the RRC as an organization bound by those interpretations, even if they are
12 inconsistent with other potential interpretations, including the plain language of the
13 application or supporting documents. However, our reliance on the RRC testimony does
14 not bind other parties or the general public in this or any future proceeding.

15 To ensure that the RRC Bylaws essential to a finding that the RRC is able
16 to comply with the requirements of AS 42.05.762 remain in effect at least during the
17 RRC's initial period of operation as an ERO, we required the RRC to provide us with a
18 Board resolution committing to not amend RRC Bylaw Articles 2.1.1, 2.1.2, 2.3.6, 2.3.10,
19 and 8 for the initial certification period of six years without our prior approval.⁹⁹ The RRC
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⁹⁶AS 42.05.762(4)(B)(iii).

24 ⁹⁷Order E-22-001(11) at 7-8.

25 ⁹⁸RRC Amendments and Resolution at 10-11, Attachment F.

26 ⁹⁹Order E-22-001(11) at 10-11.

1 responded by amending Bylaw Article 8 to include this requirement.¹⁰⁰ We find that the
2 RRC's response on this issue satisfies our concern expressed in Order E-22-001(11).

3 Following discovery and the opportunity to cross examine RRC witnesses,
4 all other parties to this docket were expressly in favor of our certifying the RRC as the
5 Railbelt ERO, except Castner and DU.¹⁰¹ Neither Castner nor DU expressly opposed our
6 certifying the RRC as the Railbelt ERO.¹⁰² Some of the parties expressed continuing
7 concerns about the RRC and asked us to condition the ERO certificate issued to the RRC
8 in a manner that would address those concerns.¹⁰³ However, RAPA stated reasons why
9 conditioning the certificate cannot work in this instance.¹⁰⁴ Further, no party has cited an
10 authority that permits us to attach conditions to an ERO certificate issued under
11 AS 42.05.760(b) similar to the express authority granted in AS 42.05.241 for certificates
12 of public convenience and necessity.

13 Through our preliminary decision, we have attempted to address some of
14 the concerns raised by the parties and shared by us. We are satisfied with the RRC's
15 responses to that preliminary decision. Based upon the information provided in the
16 Application, as modified and interpreted by the RRC in subsequent filings and testimony,
17 and the lack of opposition by the parties participating in this docket, we find that the RRC
18 has the ability to serve as the Railbelt ERO in compliance with the requirements of
19 AS 42.05.762. Therefore, we approve the Application as modified during the course of
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22 ¹⁰⁰RRC Amendments and Resolution at 9-10, Attachment C at 2, Attachment D at
23 33, Attachment E at 33.

24 ¹⁰¹Tr. 557 (RAPA), 572 (MEA), 575 (Chugach), 592 (AEA), 593 (HEA), 594
25 (GVEA), 597 (Seward).

26 ¹⁰²Tr. 584-591 (Castner), 594 (DU).

¹⁰³Tr. 572-575 (MEA), 575-584 (Chugach).

¹⁰⁴Tr. 559-560.

1 this docket and certificate the RRC as the ERO for the interconnected Railbelt bulk-
2 electric system. A certificate will be provided to the RRC under separate cover.

3 The RRC applied as a combination independent and balanced stakeholder
4 board, and the application has been approved on that basis. As a result, we may decline
5 to renew the certificate under 3 AAC 46.050(b) if the Board no longer meets the
6 requirements for this type of board.

7 Requiring Filings and Providing Guidance

8 We note that concurrent with filing its Application, the RRC filed a petition
9 for approval of its proposed tariff and initial surcharge.¹⁰⁵ We construed that petition to
10 be a motion and denied the motion.¹⁰⁶ We denied that motion in part because it effectively
11 asked us to waive the public review process established in 3 AAC 46.320 through 3 AAC
12 46.430.¹⁰⁷ We defined the scope of this docket saying:

13 Therefore, in this proceeding we will consider the RRC's proposed
14 organizational rules developed to ensure compliance with AS 42.05.762.
15 We will consider the proposed tariff and surcharge to the extent required to
16 determine if the RRC is capable of complying with AS 42.05.762.¹⁰⁸

16 In conformance with that holding, we have reviewed the proposed initial tariff and
17 organizational rules included in the Application solely for the purpose of determining if the
18 RRC is capable of complying with AS 42.05.762.

19 Consistent with the requirements of 3 AAC 46.090(c), we require the RRC
20 to file its initial tariff as a new tariff filing. The RRC shall file its initial budget within 15

21 ¹⁰⁵*Railbelt Reliability Council Petition for Proposed Tariff and Initial Surcharge to*
22 *Take Effect Upon Certification of the Railbelt Reliability Council as an Electric Reliability*
23 *Organization*, filed March 25, 2022.

24 ¹⁰⁶Order E-22-001(2), *Order Construing Petition to be a Motion, Denying Motion,*
25 *Addressing Scope of Docket, Addressing Timeline for Decision, Designating Commission*
26 *Panel, and Appointing Administrative Law Judge*, dated May 6, 2022 (Order E-22-001(2)).

¹⁰⁷Order E-22-001(2) at 6.

¹⁰⁸Order E-22-001(2) at 7-8.

1 days of the date of this order in conformance with the requirements of 3 AAC 46.160. Not
2 later than 45 days after the date that it files its initial budget the RRC shall file its initial
3 tariff, including the initial annual surcharge filing. This filing must be made in compliance
4 with the requirements of 3 AAC 46.320 through 3 AAC 46.430. Further, we require the
5 RRC to file for our approval its initial organizational rules developed to ensure compliance
6 with AS 42.05.762(3) in a manner consistent with the requirements of 3 AAC 46.470. This
7 ERO rule letter shall also be filed within 15 days of the date of this order.

8 Final Order

9 This order constitutes the final decision in this proceeding. This decision
10 may be appealed within thirty days of this order in accordance with AS 22.10.020(d) and
11 Alaska Rule of Appellate Procedure 602(a)(2). In addition to the appellate rights afforded
12 by AS 22.10.020(d), a party has the right to file a petition for reconsideration in
13 accordance with 3 AAC 48.105. If such a petition is filed, the time period for filing an
14 appeal is tolled and then recalculated in accordance with Alaska Rule of Appellate
15 Procedure 602(a)(2).

16 Closing Docket

17 No substantive or procedural matters remain in this proceeding.
18 Accordingly, we close this docket.

19 **ORDER**

20 THE COMMISSION FURTHER ORDERS:

21 1. The *Application for Certification as the Electric Reliability Organization*
22 *for the Alaska Railbelt Interconnected Electric Energy Transmission Network*, filed
23 March 25, 2022, by the Railbelt Reliability Council, as interpreted and modified by the
24 Railbelt Reliability Council during the course of this proceeding, is granted.

25 2. By October 10, 2022, the Railbelt Reliability Council shall file its initial
26 budget in conformance with 3 AAC 46.160 as discussed in the body of this order.

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3. The Railbelt Reliability Council shall file its initial tariff, including the initial annual surcharge filing not later than 45 days after the date it files its initial budget. This filing must be made in compliance with the requirements of 3 AAC 46.320 through 3 AAC 46.430.

4. By October 10, 2022, the Railbelt Reliability Council shall file its initial organizational rules developed to ensure compliance with AS 42.05.762(3) for approval as discussed in the body of this order.

5. Docket E-22-001 is closed.

DATED AND EFFECTIVE at Anchorage, Alaska, this 23rd day of September, 2022.

BY DIRECTION OF THE COMMISSION

