Notice of Utility Tariff Filing

The REGULATORY COMMISSION OF ALASKA (Commission) gives notice that Golden Valley Electric Association, Inc. (GVEA) filed tariff revision TA284-13 proposing a two method approach to the development and calculation of the rates for purchases from Qualifying Facilities (QF) with a design capacity of greater than 100 kW. GVEA proposes that the costs and expenses related to integration of the QF to GVEA's system will be developed as part of the avoided cost paid for the energy delivered. Alternatively, GVEA proposes that a QF may enter into a mutually agreed upon special contract in accordance with 3 AAC 50.770(h), specifying the charges, rates, terms, and conditions of interconnection, integration, and sales between GVEA and the QF.

GVEA proposes that until the total nameplate rating of the Non-Schedulable QF Generation exceeds 5 megawatts, the Variable Avoided Cost Rate shall be determined by the first method (Method 1). Under Method 1, GVEA proposes to determine the Variable Avoided Cost Rate during the month following the delivery of energy by calculating for each hour of the previous month the incremental cost of each generating unit and applying the highest avoided cost in each hour (in $/kWh) to the production by QF generators supplying power to GVEA during that hour. If, in any hour, the resource with the highest incremental cost is operating at a level such that its output for that hour, plus the production by QF generators for that hour, exceeds the monthly rating of that unit, then any production by QF generators in excess of the monthly rating of that unit shall be priced at the next-highest incremental cost resource in that hour. GVEA proposes to use the following when calculating the Variable Avoided Cost Rate: 1) The average monthly fuel price for the month in which deliveries are received; 2) Resource heat rate curves determined by GVEA; 3) Actual generation unit loadings for each hour; and, 4) Metered energy deliveries from QF generators. Finally, GVEA proposes that hydroelectric resources, GVEA's own wind resources, and purchases made by GVEA will have an avoided cost of zero.

When the nameplate rating of the Non-Schedulable QF Generation exceeds 5 megawatts, GVEA proposes that the Variable Avoided Cost Rate will be determined by the second method (Method 2) and will be applied to all QFs supplying power to GVEA. With Method 2, GVEA proposes using an hourly dispatch program to simulate the GVEA system both with and without all QF generation receiving payment under Method 2. All projections shall use actual hourly loads and average monthly fuel and purchased power prices from the Cost of Power Adjustment (COPA) mechanism for the month being simulated. In the month following the delivery of energy, GVEA proposes calculating the Variable Avoided Cost Rate for Method 2 according to the following formula, where Cost A is GVEA's hourly system costs for GVEA's existing system configuration without QF generators and Cost B is GVEA's hourly system costs for GVEA's existing system configuration with QF generators:

(Cost A - Cost B) / Total amount of QF Generation receiving payment under Option 2 that was delivered in the month = Method 2 Rate

Method 2 Rate x Actual generation delivered by the QF in that month = Amount paid to QF

GVEA proposes calculating the Cost A component as follows: The GVEA system is modeled as if all QF generators receiving payment under Option 2 were not available. Regulation requirements used in modeling the system are based on GVEA Non-Schedulable Generation, QF-1 generation, and the Contracted Rate QF Generation.

GVEA proposes calculating the Cost B component as follows: the GVEA system is modeled as if all QF generators receiving payment under Option 2 were available. Regulation requirements used in modeling the system are based as on Cost A plus the combined rating of all QF generators receiving payment under Option 2.

Additionally, GVEA proposes adding definitions for Contracted Rate QF Generation, Variable Avoided Cost Rate, GVEA Non-Schedulable Generation, and Non-Schedulable QF Generation.

Finally, GVEA proposes adding language that requires a QF to enter into an Interconnection Agreement with GVEA and that a QF may elect Standby Service in the form of Backup Power Service, Scheduled Maintenance Power Service, Supplemental Power Service, and/or Interruptible Power Service.

GVEA provided revised tariff sheets to clarify language on April 14, 2016. The revised tariff sheets were used in the preparation of this notice.

This notice does not contain all requested revisions and the Commission may approve a rate or classification that varies from those proposed. You may obtain more information about this filing by contacting Monica Grassi, Regulatory Specialist at GVEA, at P. O. Box 71249, Fairbanks, AK 99707; phone: (907) 458-5788. The complete filing is also available for inspection at the Commission's office at 701 West 8th Avenue, Suite 300, Anchorage, AK 99501; phone: (907) 276-6222, or may be viewed at the Commission's website at http://rca.alaska.gov by typing "TA284-13" in the *Find a Matter* search box.

To comment on this filing, please file your comments by 5:00 p.m., May 10, 2016, at the Commission address given above or via our website at:

https://rca.alaska.gov/RCAWeb/WhatsNew/PublicNoticesComments.aspx

Please reference TA284-13 and include a statement that you've filed a copy of the comments with GVEA at its address given above or by email at mgrassi@gvea.com. Individuals or groups of people with disabilities, who require special accommodations, auxiliary aids or service, or alternative communication formats, please contact Joyce McGowan at (907) 276-6222, toll-free at 1-800-390-2782, TTY (907) 276-4533 or send a request via electronic mail to rca.mail@alaska.gov by May 3, 2016.

DATED at Anchorage, Alaska, this 19th day of April, 2016.

REGULATORY COMMISSION OF ALASKA

Rich Gazaway
Advisory Section Manager