

Valerie Nurr'araaluk Davidson
Lieutenant Governor
State Capitol
Juneau, Alaska 99811
907.465.3520
WWW.LTGOV.ALASKA.GOV



530 West 7th Ave, Suite 1700
Anchorage, Alaska 99501
907.269.7460
LT.GOVERNOR@ALASKA.GOV

**OFFICE OF THE LIEUTENANT GOVERNOR
ALASKA**

MEMORANDUM

TO: Richard Gazaway
Department of Commerce, Community and Economic Development

FROM: Scott Meriwether, Office of the Lieutenant Governor
465.4081

A handwritten signature in blue ink, likely belonging to Scott Meriwether.

DATE: November 21, 2018

RE: Filed Permanent Regulations: Regulatory Commission of Alaska

Regulatory Commission of Alaska regulations re: Alaska Universal Service Fund (3 AAC 48.430; 3 AAC 48.440; 3 AAC 53.290(a); 3 AAC 53.300 - 3 AAC 53.399; 3 AAC 53.740 - 3 AAC 53.799)

Attorney General File:	2018200039
Regulation Filed:	11/20/2018
Effective Date:	12/20/2018
Print:	228, January 2019

cc with enclosures: Linda Miller, Department of Law
Judy Herndon, LexisNexis
Megan Saupe, Regulatory Commisison of Alaska

ORDER CERTIFYING THE CHANGES TO
REGULATIONS OF THE REGULATORY COMMISSION OF ALASKA

The attached 13 pages of regulations, dealing with revisions to the Alaska Universal Service Fund, are certified to be a correct copy of the regulation changes that the Regulatory Commission of Alaska adopted at its August 8-9, 2018, meeting, under the authority of AS 42.05.151 and after compliance with the Administrative Procedure Act (AS 44.62), specifically including notice under AS 44.62.190 and 44.62.200 and opportunity for public comment under AS 44.62.210.

This action is not expected to require an increased appropriation.

In considering public comments, the Regulatory Commission of Alaska paid special attention to the cost to private persons of the regulatory action being taken.

The regulation changes described in this order take effect on the 30th day after they have been filed by the lieutenant governor as provided in AS 44.62.180.

Date: August 13, 2018



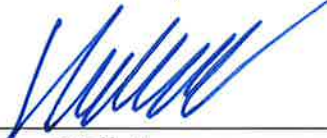
Stephen McAlpine, Chairman

FILING CERTIFICATION

Valerie Nurrenault Davidson

I, ~~Byron Mallott~~, Lieutenant Governor for the State of Alaska, certify that on

November 20th, 2018 at 9:06 p.m., I filed the attached regulations according to the provisions of AS 44.62.040 - 44.62.120.



~~Byron Mallott~~, Lieutenant Governor
Valerie Davidson

Effective: December 20, 2018.

Register: 228, January, 2019.

9

to rea

666

As in original

Category 4 13 or [AND

Category 4.15 61 [FIND]

154(a), will be apportioned

11. lowercase)))

Network Access E

Alaska Alaska

Antal III

Local Exchange Revenue

ed to read:

(2) Category 3 investment, as defined by 47 C.F.R. 36.125(a) is apportioned to the AUSF on the basis of weighted state toll DEM minus state toll DEM. Weighted state toll DEM is equal to state toll DEM times in weighting factor set out in (3) of this subsection.

(3) The applicable weighting factor is as follows:

[NUMBER OF ACCESS LINES IN LOCAL EXCHANGE COMPANY STUDY AREA	WEIGHTING FACTOR
0-10,000	3.0
10,001-20,000	2.5
20,001-or ABOVE <i>Cafu</i>	1.0]

(A) in a local exchange carrier study area with 10,000 or fewer access lines, the applicable weighting factor is 2.33 beginning January 1, 2019, 1.67 beginning January 1, 2020, and 1.0 beginning January 1, 2021 and thereafter.

(B) in a local exchange carrier study area with more than 10,000 but fewer than 20,001 access lines, the applicable weighting factor is 2.0 beginning January 1, 2019, 1.5 beginning January 1, 2020, and 1.0 beginning January 1, 2021 and thereafter.

(C) in a local exchange carrier study area with 20,001 or more access lines, the applicable factor is 1.0.

Register 228, January 2018 ⁹ COMMERCE, COMMUNITY, AND EC. DEV.

(4) Notwithstanding (1) – (3) of this subsection, the allocation factor to intrastate toll and universal service is limited to a level that brings the total allocation to interstate toll plus federal universal service support for switching, intrastate toll, and the state universal service support for DEM weighting to the percent of Category 3 investment determined for each focal exchange company by the following formula:

$$.85 + (.05 \times (A \div B))$$

where:

A = the number of exchanges with toll free calling to less than 100 access lines

B = the total number of exchanges

(5) Reductions to intrastate factors resulting from application of (3) and (4) of this subsection are applied first to reduce the DEM weighting support portion of the state universal service factor, with any residual used to reduce the intrastate toll DEM factor.

(Eff. 7/18/75, Register 55; am 11/25/83, Register 88; am 4/9/89, Register 110; am 3/28/90, Register 113; am 1/10/99, Register 149; am 5/20/99, Register 150; am 1/1/2001, Register 156; am 4/24/2004, Register 170; am 12/20/2018 Register 228)

Authority: AS 42.05.141

AS 42.05.151

AS 42.05.401

3 AAC 48.440 is amended to read:

line 0.5" Tab 111 **3 AAC 48.440. Rates for interexchange access.** Access charges shall be assessed for use of local exchange telephone utility facilities by the providers of intrastate interexchange telecommunications services. Those charges must be determined, assessed, and collected, and revenues from those charges must be distributed, in accordance with the commission's rules as

Register 228, January 2018 ⁹ COMMERCE, COMMUNITY, AND EC. DEV.

set out in the *Alaska Intrastate Interexchange Access Charge Manual*, dated [MAY 4, 2011],

August 9, 2018 and adopted by reference. That manual is available at the offices of the Regulatory Commission of Alaska as specified in 3 AAC 48.010(a). (Eff. 2/16/90, Register 113; am 4/7/93, Register 126; am 1/10/99, Register 149; am 4/24/2004, Register 170; am 7/9/2004, Register 171; am 12/12/2004, Register 172; am 8/14/2006, Register 179; am 7/31/2011, Register 199; am 12/20/2018 Register 228.)

Authority:	AS 42.05.141	AS 42.05.321	AS 42.05.381
	AS 42.05.151	AS 42.05.361	AS 42.05.401
	AS 42.05.311	AS 42.05.371	AS 42.05.830

3 AAC 53.290(a) is amended to read:

(a) Except as provided in 3 AAC 48.440 and the Alaska Intrastate Interexchange Access Charge Manual, adopted by reference in 3 AAC 48.440, the provisions of

(1) 3 AAC 48.275 do not apply to those services for which the carrier is a nondominant carrier; and

(2) 3 AAC 48.277 and 3 AAC 48.430

(A) do not apply to a local exchange carrier

(i) after its application for certification to provide local exchange telephone service in competition to an existing local exchange carrier is granted; or

(ii) for services in an area designated by the commission as a competitive local exchange market; and

(B) apply, notwithstanding (A) of this paragraph, to a local exchange carrier whose

Register 228, January 2018 COMMERCE, COMMUNITY, AND EC. DEV.

(i) costs are used as the basis for determining intrastate access charge rate caps; or

(ii) costs or rates are used as the basis for determining state universal service support under

3 AAC 53.300 - 3 AAC 53.399[, EXCLUDING THE LIFELINE PROGRAM]. (Eff. 6/21/98,

Register 146; am 11/11/2001, Register 160; am 4/24/2004, Register 170; am 9/16/2005, Register 175; am 7/31/2011, Register 199; am 11/6/2016, Register 220; am 10/27/2017, Register 224; am 11/13/2017, Register 224; am 12/20/2018 Register 228)

Authority:	AS 42.05.141	AS 42.05.221	AS 42.05.711
	AS 42.05.151	AS 42.05.241	AS 42.05.990

3 AAC 53.300 is amended by adding a new subsection to read:

(d) The provisions of 3 AAC 53.300 – 399 do not apply after June 30, 2023. The commission will commence a comprehensive review of the AUSF by no later than June 30, 2021. (Eff. 1/10/99, Register 149; am 12/20/2018, Register 228)

Authority:	AS 42.05.141	AS 42.05.431	AS 42.05.800
	AS 42.05.145	AS 42.05.711	AS 42.05.840
	AS 42.05.151		

3 AAC 53.330 is amended by adding a new subsection to read:

(c) A carrier that receives Essential Network Support in lowercase pursuant to 3 AAC 53.346 shall file with the commission, not later than July 1 of each year, a report explaining how Essential under Network Support was used during the prior year to fund capital investment or pay ongoing in lowercase

Register 228, January 2018 ^⑦ COMMERCE, COMMUNITY, AND EC. DEV.

operation and maintenance expenses. (Eff. 1/10/99, Register 149; am 11/6/2016, Register 220;

am 12/20/2018 Register 228)

Authority: AS 42.05.141 AS 42.05.431 AS 42.05.800
AS 42.05.145 AS 42.05.711 AS 42.05.840
AS 42.05.151

3 AAC 53.340(d) is amended to read:

(d) By October 1 of each year, the administrator shall calculate a proposed budget for the estimated total amount of the universal service support payment that will be needed from the AUSF for the following calendar year and for the administrative costs anticipated to be approved by the commission. The administrator shall recommend the annual universal service surcharge factor for the following year to cover the proposed budget. The universal service surcharge factor is calculated based on the ratio of the total estimated amount of disbursements for the AUSF to the total annual gross revenues from intrastate end users subject to the universal service surcharge. The administrator shall recommend to the commission adjustments to the universal service surcharge factor on a quarterly basis, as necessary, as described in 3 AAC 53.330. The recommended universal service surcharge factor and adjustments must be approved by the commission, before implementation by the administrator. **The universal service surcharge**

factor is capped at and may not exceed 10 percent. (Eff. 1/10/99, Register 149; am 1/30/99,

Register 149; am 7/31/2011, Register 199; am 3/1/2017, Register 221; am 12/20/2018 Register

228)

Authority: AS 42.05.141 AS 42.05.431 AS 42.05.800

Register 228, January 2018, ⁹ § COMMERCE, COMMUNITY, AND EC. DEV.

AS 42.05.145

AS 42.05.711

AS 42.05.840

AS 42.05.151

3 AAC 53.345 is repealed:

3 AAC 53.345. Local exchange carrier of last resort support and rate cap increase.

Repealed. (Eff. 7/31/2011, Register 199; am 10/27/2017, Register 224; repealed 12/20/2018

Register 228)

3 AAC 53 is amended by adding a new section to read:

3 AAC 53.346. Essential Network Support for Local Exchange Carriers. Effective January 1, 2019, carrier of last resort support and carrier common line support are eliminated. As of that date, carriers that previously received carrier of last resort support or carrier common line support shall receive support, designated Essential Network Support, as follows:

(1)

(a) a carrier that previously received carrier common line support but not carrier of last resort support shall receive, on an annual basis, Essential Network Support in an amount equal to the amount of carrier common line support received for the year ended December 31, 2016. Essential Network Support is frozen at that level and the amount payable is subject to 3 AAC

53.350(e)

(2)

(b) a carrier that provides service in a study area that is entirely a remote area and that previously received both carrier common line support and carrier of last resort support shall

Register 228, January 2018 COMMERCE, COMMUNITY, AND EC. DEV.

receive, on an annual basis, Essential Network Support in an amount equal to (A) the amount of carrier common line support received for the year ended December 31, 2016, plus (B) the amount of carrier of last resort support received for the year ended December 31, 2016. Essential Network Support for both is frozen at those levels and both are subject to reduction under the 10 percent rate cap provided for under 3 AAC 53.340(d).

(C) a carrier that provides service in a study area that has both remote and areas that are not remote and that previously received both carrier common line support and carrier of last resort support shall receive, on an annual basis, Essential Network Support in an amount equal to (A) the amount of carrier common line support received for the year ended December 31,

2016, plus

(B) the amount of carrier of last resort support received for the year ended December 31, 2016. Essential Network Support for both is frozen at those levels and both are subject to reduction under the 10 percent rate cap provided for under 3 AAC 53.340(d). The amount of carrier of last resort support received solely for service provided in remote areas shall be

determined based on the percentage of access lines in the remote area, using the average of

January 2016 and December 2016 line counts. (Eff. 12/20/2018, Register 228)

Authority:	AS 42.05.141	AS 42.05.431	AS 42.05.800
	AS 42.05.145	AS 42.05.711	AS 42.05.840
	AS 42.05.151		

3 AAC 53.350(a) is amended to read:

(a) The administrator shall disburse on a monthly basis money approved by the commission from the AUSF for universal service support eligible in the current month for

(1) dial equipment minute (DEM) weighting; and

(2) essential network support.

[(2) LIFELINE PROGRAM;

(3) PUBLIC INTEREST PAY TELEPHONES DESIGNATED UNDER 3 AAC 53.740 - 3 AAC 53.799;

(4) LOCAL EXCHANGE CARRIER OF LAST RESORT SUPPORT; AND

(5) CARRIER COMMON LINE SUPPORT PROVIDED UNDER ^{lowercase} (C) OF THIS SECTION

AND UNDER SECTIONS 104 AND 105 OF THE ALASKA INTRASTATE

INTEREXCHANGE ACCESS CHARGE MANUAL, ADOPTED BY REFERENCE IN 3 AAC 48.440.]

3 AAC 53.350(b) is repealed and readopted to read:

(b) Beginning January 1, 2019, the administrator shall distribute to each company 67 percent of the DEM weighting support paid to such company for the year ended December 31, 2016. Beginning January 1, 2020, the administrator shall distribute to each company 33 percent of the DEM weighting support paid to such company for the year ended December 31, 2016.

the administrator may not pay
Beginning January 1, 2021, ~~the~~ DEM weighting support ~~shall be paid~~. In addition to the annual reductions in DEM weighting support specified in this subsection, the amount of DEM weighting support payable is subject to 3 AAC 53.350(e).

3 AAC 53.350(c) is repealed:

(c) repealed 12/20/2018
Cef

3 AAC 53.350(d) is repealed:

(d) repealed 12/20/2018
Cef

3 AAC 53.350(e) is amended to read:

~~(e) The administrator shall disburse the AUSF in the following order of priority:~~

~~(1) administrative costs;~~

~~(2) repealed 3/17/2018;~~

(3) repealed 12/20/2018;

~~(4) repealed 3/17/2018;~~

(5) repealed 3/17/2018;

(6) repealed 3/17/2018;

(7) repealed 3/17/2018;

(8) other universal service support programs listed in (a) of this section, oldest claims

first, pro-rated among claimants within a monthly accounting period based on total unpaid claims for that period;

(9) valid claims for universal service support accrued before March 17, 2018; except for those claims, the administrator may not pay any claim that remains unpaid more than six months after accrual.

iii Publisher: The only change to 3 AAC 53.350(e) is the repeal of 3 AAC 53.350(e)(3). The rest of existing 3 AAC 53.350(e) remains unchanged.)))

Register 228, January 2018, 9 COMMERCE, COMMUNITY, AND EC. DEV.

3 AAC 53.350(f) is repealed:

(f) repealed 12/20/2018 (Eff. 1/10/99, Register 149; am 1/11/2001, Register 157; am 7/31/2011, Register 199; am 3/17/2018, Register 225; am 12/20/2018, Register 228)

Authority: AS 42.05.141 AS 42.05.431 AS 42.05.800
AS 42.05.145 AS 42.05.711 AS 42.05.840
AS 42.05.151

3 AAC 53.390 is repealed:

3 AAC 53.390. Lifeline and link up eligibility. Repealed. (Eff. 1/28/2005, Register 173; repealed 12/20/2018, Register 228)

3 AAC 53.399 is amended by adding a new section to read:

(13) "remote areas" means all areas of Alaska except the ACS-Anchorage incumbent

study area; the ACS-Juneau incumbent study area; the Fairbanks zone¹ disaggregation zone in the ACS-Fairbanks incumbent study area; and the Chugiak 1 and 2 and Eagle River 1 and 2 disaggregation zones of the Matanuska Telephone Association incumbent study area. (Eff.

1/10/99, Register 149; am 1/28/2005, Register 173; am 7/31/2011, Register 199; am 3/1/2017, Register 221; am 12/20/2018, Register 228)

Authority: AS 42.05.141 AS 42.05.431 AS 42.05.800
AS 42.05.145 AS 42.05.711 AS 42.05.840
AS 42.05.151

3 AAC 53.394(4) is repealed:

(4) repealed 12/20/2018;

3 AAC 53.399(8) is repealed:

(8) repealed 12/20/2018;

paragraph

the state

Register 228, January 2018 ⁹ COMMERCE, COMMUNITY, AND EC. DEV.

3 AAC 53.740 is repealed:

3 AAC 53.740. Applicability, purpose, and waiver. Repealed. (Eff. 1/11/2001,
Register 157; repealed 12/20/2018, Register 228)

3 AAC 53.745 is repealed:

3 AAC 53.745. Criteria for designation of a public interest pay telephone. Repealed.
(Eff. 1/11/2001, Register 157; repealed 12/20/2018, Register 228) ^{in 2018}

3 AAC 53.750 is repealed:

3 AAC 53.750. Designation of public interest pay telephones. Repealed. (Eff.
am 11/6/2016, Register 220; 1/11/2001, Register 157; repealed 12/20/2018, Register 228)

3 AAC 53.755 is repealed:

3 AAC 53.755. Assignment of public interest pay telephones. Repealed. (Eff.
1/11/2001, Register 157; repealed 12/20/2018, Register 228)

3 AAC 53.760 is repealed:

3 AAC 53.760. Funding for public interest pay telephones. Repealed. (Eff. 1/11/2001,
Register 157; repealed 12/20/2018, Register 228)

3 AAC 53.765 is repealed:

Register 228, January 2018 ⁹ COMMERCE, COMMUNITY, AND EC. DEV.

3 AAC 53.765. Service requirements. Repealed. (Eff. 1/11/2001, Register 157; repealed 12/20/2018, Register 228)

3 AAC 53.770 is repealed:

3 AAC 53.770. Maximum charge for a public interest pay telephone. Repealed. (Eff. 1/11/2001, Register 157; repealed 12/20/2018, Register 228)

3 AAC 53.775 is repealed:

3 AAC 53.775. Miscellaneous provisions. Repealed. (Eff. 1/11/2001, Register 157; repealed 12/20/2018, Register 228)

3 AAC 53.799 is repealed:

3 AAC 53.799. Definitions. Repealed. (Eff. 1/11/2001, Register 157; repealed 12/20/2018, Register 228)

MEMORANDUM

State of Alaska Department of Law


To: The Honorable Valerie Nurr'araaluk Davidson
Lieutenant Governor

Date: November 19, 2018

File No.: 2018200039

Thru:

Tel. No.: 465-3600

From: Steven C. Weaver 
Senior Assistant Attorney General
and Assistant Regulations Attorney
Legislation and Regulations Section

Re: Regulatory Commission of Alaska
regulations re: Alaska Universal
Service Fund (3 AAC 48.430;
3 AAC 48.440; 3 AAC 53.290(a);
3 AAC 53.300 - 3 AAC 53.399;
3 AAC 53.740 - 3 AAC 53.799)

The Department of Law has reviewed the attached regulations of the Regulatory Commission of Alaska against the statutory standards of the Administrative Procedure Act. Based upon our review, we find no legal problems. I have reviewed this project under a standing delegation dated December 5, 2014 from the regulations attorney. This memorandum constitutes the written statement of approval under AS 44.62.060(b) and (c) that authorizes your office to file the attached regulations. The regulations were adopted by the Regulatory Commission of Alaska after the close of the public comment period. The regulations streamline the programs that the Alaska Universal Service Fund supports, and update the general administration of the Alaska Universal Service Fund.

The January 14, 2018 public notice, the March 4, 2018 supplemental public notice, the May 9, 2018 public notice, and the August 23, 2018 certification of adoption order all state that this action is not expected to require an increased appropriation. Therefore, a fiscal note under AS 44.62.195 is not required.

We request that these regulations be filed on or before November 30, 2018, so that they go into effect not later than January 1, 2019, at the commission's request.

We have made some technical corrections to conform the regulations in accordance with AS 44.62.125. The corrections are shown on the attached copy of the regulations.

SCW

cc w/enc:

Stephen McAlpine, Chair
Regulatory Commission of Alaska
Department of Commerce, Community, and Economic Development

Linda Mattson, Regulations Contact
Department of Commerce, Community, and Economic Development

Richard Gazaway, Administrative Law Judge
Regulatory Commission of Alaska
Department of Commerce, Community, and Economic Development

Jeffrey F. Davis, Administrative Law Judge
Regulatory Commission of Alaska
Department of Commerce, Community, and Economic Development

MEMORANDUM

State of Alaska Department of Law

To: The Honorable Byron Mallott
Lieutenant Governor

Date: December 5, 2014

From: Susan R. Pollard *Susan R. Pollard*
Chief Assistant Attorney General
and Regulations Attorney
Legislation and Regulations Section

Tel. No.: 465-3600

Re: Delegation of Authority for
Regulations Matters

In my absence, when I am traveling or otherwise out of the office, Senior Assistant Attorney General and Assistant Regulations Attorney Steven C. Weaver is designated as Acting Regulations Attorney. Under this delegation, Steve Weaver has my full authority under AS 44.62 to conduct the legal review of regulations or take necessary actions as Acting Regulations Attorney.

This delegation is effective immediately and is in effect until revoked by me.

If you have any questions, please let me know.

SRP/pav

cc: Scott Meriwether, AAC Coordinator
Office of the Lt. Governor

Jim Cantor, Deputy Attorney General
Civil Division

Nancy Gordon, Statewide Office Chief
Civil Division

Steven C. Weaver, Sr. Assistant Attorney General
and Assistant Regulations Attorney
Legislation and Regulations Section

Cori Mills, Assistant Attorney General
Legislation and Regulations Section

Linda Miller, Legal Editor
Legislation and Regulations Section

Lisa Rickey, Legal Editor
Legislation and Regulations Section

AFFIDAVIT OF NOTICE OF PROPOSED REGULATION
AND FURNISHING OF ADDITIONAL INFORMATION

I, Jeffrey F. Davis, Administrative Law Judge, of Regulatory Commission of Alaska, being sworn, state the following:

As required by AS 44.62.190, notice of the proposed repeal of regulations regarding the Alaska Universal Service Fund (3 AAC 48.442, 3 AAC 52.372, 3 AAC 53.300-.399, 3 AAC 53.740.-799) has been given by being

- (1) published in a newspaper or trade publication;
- (2) furnished to interested persons;
- (3) furnished to appropriate state officials;
- (4) furnished to the Department of Law, along with a copy of the proposed regulation;
- (5) furnished electronically to incumbent State of Alaska legislators;
- (6) furnished to the Legislative Affairs Agency, Division of Legal and Research Services;
- (7) posted on the Alaska Online Public Notice System as required by AS 44.62.175(a)(1) and (b) and 44.62.190(a)(1);
- (8) furnished electronically, along with a copy of the proposed regulation, to the Legislative Affairs Agency, the chair of the Labor & Commerce Committee of the Alaska Senate and House of Representatives, the Administrative Regulation Review Committee, and the legislative council.

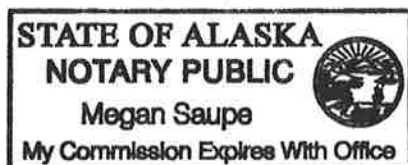
As required by AS 44.62.190, additional regulation notice information regarding the proposed adoption of the regulation changes described above has been furnished to interested persons and those in (5) and (6) of the list above. The additional regulation notice information also has been posted on the Alaska Online Public Notice System.

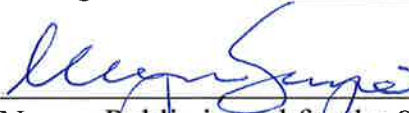
Date: 8/23/18



Jeffrey F. Davis, Administrative Law Judge

Subscribed and sworn to before me at Anchorage, Alaska, on 8/23/18.





Notary Public in and for the State of Alaska
My commission expires with this office.

AFFIDAVIT OF ORAL HEARING

I, Jeffrey F. Davis, Administrative Law Judge of The Regulatory Commission of Alaska, being sworn, state the following:

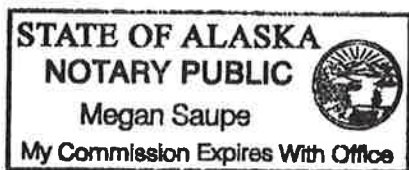
On April 9, 2018, at 9:00 a.m., in room 301 W 8th Ave. Suite 300, Anchorage, AK, 99501, I presided over a public hearing held under AS 44.62.210 for the purpose of taking testimony in connection with the adoption of changes to 3 AAC 48.442, 3 AAC 52.372, 3 AAC 53.300-.399, 3 AAC 53.740-.799, regarding the repeal of the Alaska Universal Service Fund.

Date: November 14, 2018



Jeffrey F. Davis, Administrative Law Judge

Subscribed and sworn to before me at 301 W. 8th Ave. Suite 300, Anchorage, AK, 99501 on November 14, 2018.





Notary Public in and for the State of Alaska

AFFIDAVIT OF ORAL HEARING

I, Jeffrey F. Davis, Administrative Law Judge of The Regulatory Commission of Alaska, being sworn, state the following:

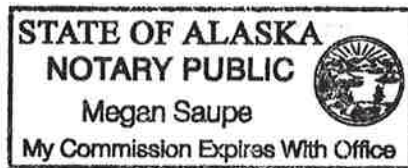
On May 30, 2018, at 9:30 a.m., in room 301 W 8th Ave. Suite 300, Anchorage, AK, 99501, I presided over a public hearing held under AS 44.62.210 for the purpose of taking testimony in connection with the adoption of changes to 3 AAC 48.442, 3 AAC 52.372, 3 AAC 53.300-.399, 3 AAC 53.740-.799, regarding the repeal of the Alaska Universal Service Fund.

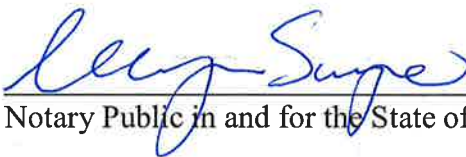
Date: November 14, 2018



Jeffrey F. Davis, Administrative Law Judge

Subscribed and sworn to before me at 301 W. 8th Ave. Suite 300, Anchorage, AK, 99501 on November 14, 2018.





Notary Public in and for the State of Alaska

**NOTICE OF PROPOSED CHANGES IN THE
REGULATIONS OF THE REGULATORY COMMISSION OF ALASKA**

The Regulatory Commission of Alaska (Commission) proposes, in Docket R-18-001, to repeal regulations in Title 3 of the Alaska Administrative Code related to the Alaska Universal Service Fund (Fund), the programs the Fund directly supports, and the general administration of the Fund; and possible revisions to ancillary regulations, including regulations related to intrastate access charges that may be necessitated by the proposed repeal. The Commission proposes to phase out the Fund over a period of time with an effective date for the full repeal of July 31, 2019.

You may comment on the proposed regulation changes, including the potential costs to private persons of complying with the proposed changes, by submitting written comments to the Regulatory Commission of Alaska at 701 West 8th Avenue, Suite 300, Anchorage, Alaska 99501. Additionally, the Regulatory Commission of Alaska will accept comments via the Commission's website at: <https://rca.alaska.gov/RCAWeb/WhatsNew/PublicNoticesComments.aspx>. Comments may also be submitted electronically through the Alaska Online Public Notice System, by accessing this notice on the system and using the "comment" link. All comments must be received no later than 5:00 p.m. on February 26, 2018. No reply comments are scheduled.

If you are a person with a disability who needs a special accommodation in order to participate in this process, please contact Valerie Fletcher-Mitchell at (907) 276-6222, toll-free at 1-800-390-2782 or TTY/Alaska Relay: 7-1-1 or (800) 770-8973 no later than three business days before the relevant public comment period ends to ensure that any necessary accommodations can be provided.

Since this is a regulation proceeding, commenters are not required to serve their comments on other entities or persons set out on the service list of this Notice. Interested persons may request from the Commission copies of the comments filed in this proceeding. For a copy of the proposed regulation changes and related material contact

the Commission's Records & Filings Section at the above address or at (907) 276-6222 or go to: <http://rca.alaska.gov/RCAWeb/home.aspx>. Those seeking to obtain the materials at the above website must pick "All Open Rulemaking Dockets" under *Top Searches* and choose matter number R-18-001.

After the public comment period ends, the Regulatory Commission of Alaska will either adopt the proposed regulation changes or other provisions dealing with the same subject, without further notice, or decide to take no action. The language of the final regulations may be different from that of the proposed regulations. **YOU SHOULD COMMENT DURING THE TIME ALLOWED IF YOUR INTERESTS COULD BE AFFECTED.** Written comments received are public records and are subject to public inspection.

Statutory Authority: AS 42.05.141; AS 42.05.145; AS 42.05.151; AS 42.05.291; AS 42.05.306; AS 42.05.311; AS 42.05.321; AS 42.05.361; AS 42.05.371; AS 42.05.381; AS 42.05.391; AS 42.05.431; AS 42.05.571; AS 42.05.581; AS 42.05.611; AS 42.05.711; AS 42.05.800; AS 42.05.810; AS 42.05.830; AS 42.05.840

Statutes Being Implemented, Interpreted, or Made Specific: AS 42.05.141; AS 42.05.145; AS 42.05.151; AS 42.05.291; AS 42.05.306; AS 42.05.431; AS 42.05.800; AS 42.05.810; AS 42.05.830; AS 42.05.840

Fiscal Information: The proposed regulation changes are not expected to require an increased appropriation.

DATE: January 12, 2018


Stephen McAlpine, Chairman

ADDITIONAL REGULATIONS NOTICE INFORMATION
(AS 44.62.190(g))

1. Adopting agency: Regulatory Commission of Alaska
2. General subject of regulation: Alaska Universal Service Fund
3. Citation of regulation (may be grouped): 3 AAC 48.442, 3 AAC 52.372, 3 AAC 53.300-.399, 3 AAC 53.740.-799
4. Department of Law file number, if any:
5. Reason for the proposed action:
☐ Compliance with federal
☐ Compliance with new or changed state statute
☐ Compliance with court order
☐ Development of program standards
☒ Other (please list): repealing regulations regarding the Alaska Universal Service Fund
6. Appropriation/Allocation: Regulatory Commission of Alaska
7. Cost of implementation to the state agency and available funding (in thousands of dollars):

	Initial Year FY <u>18</u>	Subsequent Years
Operating Cost	\$ <u>0</u>	\$ <u>0</u>
Capital Cost	\$ <u>0</u>	\$ <u>0</u>
1002 Federal receipts	\$ <u>0</u>	\$ <u>0</u>
1003 General fund match	\$ <u>0</u>	\$ <u>0</u>
1004 General fund	\$ <u>0</u>	\$ <u>0</u>
1005 General fund/ program	\$ <u>0</u>	\$ <u>0</u>
1037 General fund/ mental health	\$ <u>0</u>	\$ <u>0</u>
Other	\$ <u>0</u>	\$ <u>0</u>

8. The name of the contact person for the regulations:

Name: David Parrish

Title: Common Carrier Specialist IV

Address: 701 W. Eighth Avenue, Suite 300

Anchorage, Alaska 99501

Telephone: 907-263-2194

E-mail address david.parrish@alaska.gov

9. The origin of the proposed action:

☒ Staff of state agency


☐ Federal government

☐ General public

☐ Petition for regulation change

☐ Other (identify)

10. Date: 1/12/2018 Prepared by: _____


[signature]

Name: David Parrish

Title: Common Carrier Specialist IV

Telephone: 907-263-2194

ANCHORAGE DAILY NEWS

R.C.A. - RECEIVED
18 NOV 8 AM 11:20

AFFIDAVIT OF PUBLICATION

Account #: 268448

Order #: 0001415467

Cost: \$328.70

STATE OF ALASKA
THIRD JUDICIAL DISTRICT

Joleesa Stepetin
being first duly sworn on oath
deposes and says that she is
a representative of the
Anchorage Daily News, a
daily newspaper. That said
newspaper has been approved
by the Third Judicial Court,
Anchorage, Alaska, and it now
and has been published in the
English language continually as a
daily newspaper in Anchorage,
Alaska, and it is now and during
all said time was printed in an
office maintained at the aforesaid
place of publication of said
newspaper. That the annexed is
a copy of an advertisement as it
was published in regular issues
(and not in supplemental form)
of said newspaper on

January 14, 2018

and that such newspaper was
regularly distributed to its
subscribers during all of said
period. That the full amount of
the fee charged for the foregoing
publication is not in excess of
the rate charged private individuals.

Signed Joleesa Stepetin

Subscribed and sworn to before

me this 5 day of November

20 18

Britney Thompson

Notary Public in and for
The State of Alaska.
Third Division
Anchorage, Alaska
MY COMMISSION EXPIRES

2/23/2019



A0-08-107214-18

268448
0001415467
\$328.70

RCA
RECEIVED

18 JAN 19 PM 12:01

AFFIDAVIT OF PUBLICATION

STATE OF ALASKA

THIRD JUDICIAL DISTRICT

Joleesa Stepetin
being first duly sworn on oath deposes and
says that he/she is a representative of the
Alaska Dispatch News, a daily newspaper.
That said newspaper has been approved
by the Third Judicial Court, Anchorage,
Alaska, and it now and has been published
in the English language continually as a
daily newspaper in Anchorage, Alaska, and
it is now and during all said time was
printed in an office maintained at the
aforesaid place of publication of said
newspaper. That the annexed is a copy of
an advertisement as it was published in
regular issues (and not in supplemental
form) of said newspaper on

January 14, 2018

and that such newspaper was regularly
distributed to its subscribers during all of
said period. That the full amount of the fee
charged for the foregoing publication is not
in excess of the rate charged private
individuals.

Signed

Joleesa Stepetin

Subscribed and sworn to before me
this 16th day of January, 2018

Britney Thompson

Notary Public in and for
The State of Alaska,
Third Division
Anchorage, Alaska
MY COMMISSION EXPIRES

2/23/2019

NOTICE OF PROPOSED CHANGES IN THE REGULATIONS OF THE REGULATORY COMMISSION OF ALASKA

The Regulatory Commission of Alaska (Commission) proposes, in Docket R-18-001, to repeal regulations in Title 3 of the Alaska Administrative Code related to the Alaska Universal Service Fund (Fund), the programs the Fund directly supports, and the general administration of the Fund; and possible revisions to ancillary regulations, including regulations related to intrastate access charges that may be necessitated by the proposed repeal. The Commission proposes to phase out the Fund over a period of time with an effective date for the full repeal of July 31, 2019.

You may comment on the proposed regulation changes, including the potential costs to private persons of complying with the proposed changes, by submitting written comments to the Regulatory Commission of Alaska at 701 West 8th Avenue, Suite 300, Anchorage, Alaska 99501. Additionally, the Regulatory Commission of Alaska will accept comments via the Commission's website at: <https://rca.alaska.gov/RCAWeb/WhatsNew/PublicNoticesComments.aspx>. Comments may also be submitted electronically through the Alaska Online Public Notice System, by accessing this notice on the system and using the "comment" link. All comments must be received no later than 5:00 p.m. on February 26, 2018. No reply comments are scheduled.

If you are a person with a disability who needs a special accommodation in order to participate in this process, please contact Valerie Fletcher-Mitchell at (907) 276-6222, toll-free at 1-800-390-2782 or TTY/Alaska Relay: 7-1-1 or (800) 770-8973 no later than three business days before the relevant public comment period ends to ensure that any necessary accommodations can be provided.

Since this is a regulation proceeding, commenters are not required to serve their comments on other entities or persons set out on the service list of this Notice. Interested persons may request from the Commission copies of the comments filed in this proceeding. For a copy of the proposed regulation changes and related material contact the Commission's Records & Filings Section at the above address or at (907) 276-6222 or go to: <http://rca.alaska.gov/RCAWeb/home.aspx>. Those seeking to obtain the materials at the above website must pick "All Open Rulemaking Dockets" under Top Searches and choose matter number R-18-001.

After the public comment period ends, the Regulatory Commission of Alaska will either adopt the proposed regulation changes or other provisions dealing with the same subject, without further notice, or decide to take no action. The language of the final regulations may be different from that of the proposed regulations. YOU SHOULD COMMENT DURING THE TIME ALLOWED IF YOUR INTERESTS COULD BE AFFECTED. Written comments received are public records and are subject to public inspection.

Statutory Authority: AS 42.05.141; AS 42.05.145; AS 42.05.151; AS 42.05.291; AS 42.05.306; AS 42.05.311; AS 42.05.321; AS 42.05.361; AS 42.05.371; AS 42.05.381; AS 42.05.391; AS 42.05.431; AS 42.05.571; AS 42.05.581; AS 42.05.611; AS 42.05.711; AS 42.05.800; AS 42.05.810; AS 42.05.830; AS 42.05.840

Statutes Being Implemented, Interpreted, or Made Specific: AS 42.05.141; AS 42.05.145; AS 42.05.151; AS 42.05.291; AS 42.05.306; AS 42.05.431; AS 42.05.800; AS 42.05.810; AS 42.05.830; AS 42.05.840

Fiscal Information: The proposed regulation changes are not expected to require an increased appropriation.

DATE: January 12, 2018

Stephen McAlpine, Chairman

Published: January 14, 2018

Notary Public
BRITNEY L. THOMPSON
State of Alaska

My Commission Expires Feb 23, 2019

**SUPPLEMENTAL NOTICE OF PROPOSED CHANGES IN THE
REGULATIONS OF THE REGULATORY COMMISSION OF ALASKA**

On January 12, 2018, the Regulatory Commission of Alaska (Commission) issued a public notice of proposed regulation changes in Docket R-18-001 proposing to repeal regulations in Title 3 of the Alaska Administrative Code related to the Alaska Universal Service Fund with a proposed effective date for the full repeal of July 31, 2019. The January 12, 2018, public notice set a deadline of February 26, 2018, for filing comments on the regulations proposal detailed therein.

This a SUPPLEMENTAL NOTICE adding to the NOTICE OF PROPOSED CHANGES that was issued on January 12, 2018. This supplemental notice establishes a reply comment period and provides notice of an oral hearing to allow oral comment on the proposed repeal of the Alaska Universal Service Fund. You may provide reply comments on the proposed regulation changes, including the potential costs to private persons of complying with the proposed changes, by submitting written comments to the Regulatory Commission of Alaska at 701 West 8th Avenue, Suite 300, Anchorage, Alaska 99501. Additionally, the Regulatory Commission of Alaska will accept comments via the Commission's website at: <https://rca.alaska.gov/RCAWeb/WhatsNew/PublicNoticesComments.aspx>. Comments may also be submitted electronically through the Alaska Online Public Notice System, by accessing this notice on the system and using the "comment" link. All reply comments must be received no later than 5:00 p.m., on April 3, 2018.

Additionally, on April 9, 2018, the Commission will hold an oral hearing commencing at 9 a.m., at the Commission's offices at 701 W. 8th Avenue, Suite 300, Anchorage, Alaska, for interested persons or entities to provide further comment on the proposed regulations changes.

If you are a person with a disability who needs a special accommodation in order to participate in this process, please contact Valerie Fletcher-Mitchell at (907) 276-6222, toll-free at 1-800-390-2782 or TTY/Alaska Relay: 7-1-1 or (800) 770-8973 no later than three business days before the relevant public comment period ends to ensure that any necessary accommodations can be provided.

Since this is a regulation proceeding, commenters are not required to serve their comments on other entities or persons set out on the service list of this Notice. Interested persons may request from the Commission copies of the comments filed in this proceeding. For a copy of the proposed regulation changes and related material contact the Commission's Records & Filings Section at the above address or at (907) 276-6222 or go to: <http://rca.alaska.gov/RCAWeb/home.aspx>. Those seeking to obtain the materials at the above website must pick "All Open Rulemaking Dockets" under *Top Searches* and choose matter number R-18-001.

After the public comment period ends, the Regulatory Commission of Alaska will either adopt the proposed regulation changes or other provisions dealing with the same subject, without further notice, or decide to take no action. The language of the final regulations may be different from that of the proposed regulations. YOU SHOULD COMMENT DURING THE TIME ALLOWED IF YOUR INTERESTS COULD BE AFFECTED. Written comments received are public records and are subject to public inspection.

Statutory Authority: AS 42.05.141; AS 42.05.145; AS 42.05.151; AS 42.05.291; AS 42.05.306; AS 42.05.311; AS 42.05.321; AS 42.05.361; AS 42.05.371; AS 42.05.381; AS 42.05.391; AS 42.05.431; AS 42.05.571; AS 42.05.581; AS 42.05.611; AS 42.05.711; AS 42.05.800; AS 42.05.810; AS 42.05.830; AS 42.05.840

Statutes Being Implemented, Interpreted, or Made Specific: AS 42.05.141; AS 42.05.145; AS 42.05.151; AS 42.05.291; AS 42.05.306; AS 42.05.431; AS 42.05.800; AS 42.05.810; AS 42.05.830; AS 42.05.840

Fiscal Information: The proposed regulation changes are not expected to require an increased appropriation.

DATE: March 1, 2018



Stephen McAlpine, Chairman

268448
0001417550
\$368.54

18 MAR 12 AM 11:20

AFFIDAVIT OF PUBLICATION

AO-08-107232-18

STATE OF ALASKA
THIRD JUDICIAL DISTRICT

Joleesa Stepetin
being first duly sworn on oath deposes and
says that he/she is a representative of the
Anchorage Daily News, a daily newspaper.
That said newspaper has been approved
by the Third Judicial Court, Anchorage,
Alaska, and it now and has been published
in the English language continually as a
daily newspaper in Anchorage, Alaska, and
it is now and during all said time was
printed in an office maintained at the
aforesaid place of publication of said
newspaper. That the annexed is a copy of
an advertisement as it was published in
regular issues (and not in supplemental
form) of said newspaper on

March 04, 2018

and that such newspaper was regularly
distributed to its subscribers during all of
said period. That the full amount of the fee
charged for the foregoing publication is not
in excess of the rate charged private
individuals.

Signed

Joleesa Stepetin

Subscribed and sworn to before me
this 5th day of March, 2018

Britney Thompson

Notary Public in and for
The State of Alaska.
Third Division
Anchorage, Alaska
MY COMMISSION EXPIRES

2/23/2019

Notary Public
BRITNEY L. THOMPSON
State of Alaska
My Commission Expires Feb 23, 2019

SUPPLEMENTAL NOTICE OF PROPOSED CHANGES IN THE REGULATIONS OF THE REGULATORY COMMISSION OF ALASKA

On January 12, 2018, the Regulatory Commission of Alaska (Commission) issued a public notice of proposed regulation changes in Docket R-18-001 proposing to repeal regulations in Title 3 of the Alaska Administrative Code related to the Alaska Universal Service Fund with a proposed effective date for the full repeal of July 31, 2019. The January 12, 2018, public notice set a deadline of February 26, 2018, for filing comments on the regulations proposal detailed therein.

This a SUPPLEMENTAL NOTICE adding to the NOTICE OF PROPOSED CHANGES that was issued on January 12, 2018. This supplemental notice establishes a reply comment period and provides notice of an oral hearing to allow oral comment on the proposed repeal of the Alaska Universal Service Fund. You may provide reply comments on the proposed regulation changes, including the potential costs to private persons of complying with the proposed changes, by submitting written comments to the Regulatory Commission of Alaska at 701 West 8th Avenue, Suite 300, Anchorage, Alaska 99501. Additionally, the Regulatory Commission of Alaska will accept comments via the Commission's website at: <https://rca.alaska.gov/RCAWeb/WhatsNew/PublicNoticesComments.aspx>. Comments may also be submitted electronically through the Alaska Online Public Notice System, by accessing this notice on the system and using the "comment" link. All reply comments must be received no later than 5:00 p.m., on April 3, 2018.

Additionally, on April 9, 2018, the Commission will hold an oral hearing commencing at 9 a.m., at the Commission's offices at 701 W. 8th Avenue, Suite 300, Anchorage, Alaska, for interested persons or entities to provide further comment on the proposed regulations changes.

If you are a person with a disability who needs a special accommodation in order to participate in this process, please contact Valerie Fletcher-Mitchell at (907) 276-6222, toll-free at 1-800-390-2782 or TTY/Alaska Relay: 7-1-1 or (800) 770-8973 no later than three business days before the relevant public comment period ends to ensure that any necessary accommodations can be provided.

Since this is a regulation proceeding, commenters are not required to serve their comments on other entities or persons set out on the service list of this Notice. Interested persons may request from the Commission copies of the comments filed in this proceeding. For a copy of the proposed regulation changes and related material contact the Commission's Records & Filings Section at the above address or at (907) 276-6222 or go to: <http://rca.alaska.gov/RCAWeb/home.aspx>. Those seeking to obtain the materials at the above website must pick "All Open Rulemaking Dockets" under Top Searches and choose matter number R-18-001.

After the public comment period ends, the Regulatory Commission of Alaska will either adopt the proposed regulation changes or other provisions dealing with the same subject, without further notice, or decide to take no action. The language of the final regulations may be different from that of the proposed regulations. YOU SHOULD COMMENT DURING THE TIME ALLOWED IF YOUR INTERESTS COULD BE AFFECTED. Written comments received are public records and are subject to public inspection.

Statutory Authority: AS 42.05.141; AS 42.05.145; AS 42.05.151; AS 42.05.291; AS 42.05.306; AS 42.05.311; AS 42.05.321; AS 42.05.361; AS 42.05.371; AS 42.05.381; AS 42.05.391; AS 42.05.431; AS 42.05.571; AS 42.05.581; AS 42.05.611; AS 42.05.711; AS 42.05.800; AS 42.05.810; AS 42.05.830; AS 42.05.840

Statutes Being Implemented, Interpreted, or Made Specific: AS 42.05.141; AS 42.05.145; AS 42.05.151; AS 42.05.291; AS 42.05.306; AS 42.05.431; AS 42.05.800; AS 42.05.810; AS 42.05.830; AS 42.05.840

Fiscal Information: The proposed regulation changes are not expected to require an increased appropriation.

DATE: March 1, 2018

Stephen McAlpine, Chairman

AO-08-107232-18
Published: March 4, 2018

**NOTICE OF PROPOSED CHANGES IN THE
REGULATIONS OF THE REGULATORY COMMISSION OF ALASKA**

The Regulatory Commission of Alaska (Commission) proposes, in Docket R-18-001, to adopt revisions to regulations in Title 3 of the Alaska Administrative Code related to the Alaska Universal Service Fund (AUSF), the programs the AUSF directly supports, and the general administration of the AUSF. The Commission further proposes to sunset the revised AUSF after June 30, 2023, with a comprehensive review of the AUSF to commence by no later than June 30, 2021.

You may comment on the proposed regulation changes, including the potential costs to private persons of complying with the proposed changes, by submitting written comments to the Regulatory Commission of Alaska at 701 West 8th Avenue, Suite 300, Anchorage, Alaska 99501. Additionally, the Regulatory Commission of Alaska will accept comments via the Commission's website at: <https://rca.alaska.gov/RCAWeb/WhatsNew/PublicNoticesComments.aspx>. Comments may also be submitted electronically through the Alaska Online Public Notice System, by accessing this notice on the system and using the "comment" link. All comments must be received no later than 5:00 p.m., on June 15, 2018. No reply comments are scheduled.

Additionally, on May 30, 2018, the Commission proposes an intervening oral hearing to allow oral comment on the proposed revisions to the AUSF. The oral hearing will commence at 9:30 a.m., at the Commission's offices at 701 W. 8th Avenue, Suite 300, Anchorage, Alaska. The Commission expects the oral hearing to conclude by 3:00 p.m., but may extend the hearing to accommodate those present before 3:00 p.m. that did not have an opportunity to address the Commission. Further details concerning how the oral hearing will be conducted will be announced at the hearing's opening.

If you are a person with a disability who needs a special accommodation in order to participate in this process, please contact Valerie Fletcher-Mitchell at (907) 276-6222, toll-free at 1-800-390-2782 or TTY/Alaska Relay: 7-1-1 or (800) 770-8973 no later than three business days before the relevant public comment period ends to ensure that any necessary accommodations can be provided.

Since this is a regulation proceeding, commenters are not required to serve their comments on other entities or persons set out on the service list of this Notice. Interested persons may request from the Commission copies of the comments filed in this proceeding. For a copy of the proposed regulation changes and related material contact the Commission's Records & Filings Section at the above address or at (907) 276-6222 or go to: <http://rca.alaska.gov/RCAWeb/home.aspx>. Those seeking to obtain the materials at the above website must pick "All Open Rulemaking Dockets" under *Top Searches* and choose matter number R-18-001.

After the public comment period ends, the Regulatory Commission of Alaska will either adopt the proposed regulation changes or other provisions dealing with the same subject, without further notice, or decide to take no action. The language of the final regulations may be different from that of the proposed regulations. YOU SHOULD COMMENT DURING THE TIME ALLOWED IF YOUR INTERESTS COULD BE AFFECTED. Written comments received are public records and are subject to public inspection.

Statutory Authority: AS 42.05.141; AS 42.05.145; AS 42.05.151; AS 42.05.291; AS 42.05.306; AS 42.05.311; AS 42.05.321; AS 42.05.361; AS 42.05.371; AS 42.05.381; AS 42.05.391; AS 42.05.431; AS 42.05.571; AS 42.05.581; AS 42.05.611; AS 42.05.711; AS 42.05.800; AS 42.05.810; AS 42.05.830; AS 42.05.840

Statutes Being Implemented, Interpreted, or Made Specific: AS 42.05.141; AS 42.05.145; AS 42.05.151; AS 42.05.291; AS 42.05.306; AS 42.05.431; AS 42.05.800; AS 42.05.810; AS 42.05.830; AS 42.05.840

Fiscal Information: The proposed regulation changes are not expected to require an increased appropriation.

DATE: May 8, 2018


Stephen McAlpine, Chairman

ADDITIONAL REGULATIONS NOTICE INFORMATION
(AS 44.62.190(g))

1. Adopting agency: Regulatory Commission of Alaska
2. General subject of regulation: Alaska Universal Service Fund
3. Citation of regulation (may be grouped): 3 AAC 48.442, 3 AAC 52.372, 3 AAC 53.300-.399, 3 AAC 53.740.-799
4. Department of Law file number, if any:
5. Reason for the proposed action:
☐ Compliance with federal
☐ Compliance with new or changed state statute
☐ Compliance with court order
☐ Development of program standards
☒ Other (please list): sunsetting regulations regarding the Alaska Universal Service Fund
6. Appropriation/Allocation: Regulatory Commission of Alaska
7. Cost of implementation to the state agency and available funding (in thousands of dollars):

	Initial Year FY <u>18</u>	Subsequent Years
Operating Cost	\$ <u>0</u>	\$ <u>0</u>
Capital Cost	\$ <u>0</u>	\$ <u>0</u>
1002 Federal receipts	\$ <u>0</u>	\$ <u>0</u>
1003 General fund match	\$ <u>0</u>	\$ <u>0</u>
1004 General fund	\$ <u>0</u>	\$ <u>0</u>
1005 General fund/ program	\$ <u>0</u>	\$ <u>0</u>
1037 General fund/ mental health	\$ <u>0</u>	\$ <u>0</u>
Other	\$ <u>0</u>	\$ <u>0</u>

8. The name of the contact person for the regulations:

Name: David Parrish

Title: Common Carrier Specialist IV

Address: 701 W. Eighth Avenue, Suite 300
Anchorage, Alaska 99501


Telephone: 907-263-2194

E-mail address david.parrish@alaska.gov

9. The origin of the proposed action:

☒ Staff of state agency
☐ Federal government
☐ General public
☐ Petition for regulation change
☐ Other (identify)

- 10.

Date: 5/8/2018 Prepared by: 
[signature]

Name: David Parrish

Title: Common Carrier Specialist IV

Telephone: 907-263-2194

ORIGINAL

ANCHORAGE DAILY NEWS

R.C.A. - RECEIVED
18 MAY 15 AM 10:49

AFFIDAVIT OF PUBLICATION

Account #: 268448

REGULATORY COMM OF AK
701 W 8TH AVE #300
ANCHORAGE, AK 995013469Order#
Cost0001421177
\$353.58Product ANC-Anchorage Daily News
Placement 0300
Position 0301STATE OF ALASKA
THIRD JUDICIAL DISTRICT

Joleesa Stepetin

being first duly sworn on oath deposes and says that he/she is a representative of the Anchorage Daily News, a daily newspaper. That said newspaper has been approved by the Third Judicial Court, Anchorage, Alaska, and it now and has been published in the English language continually as a daily newspaper in Anchorage, Alaska, and it is now and during all said time was printed in an office maintained at the aforesaid place of publication of said newspaper. That the annexed is a copy of an advertisement as it was published in regular issues (and not in supplemental form) of said newspaper on

May 09, 2018

and that such newspaper was regularly distributed to its subscribers during all of said period. That the full amount of the fee charged for the foregoing publication is not in excess of the rate charged private individuals.

Signed

Joleesa Stepetin

Subscribed and sworn to before me
this 9th day of May, 2018

Notary Public in and for
The State of Alaska.
Third Division
Anchorage, Alaska

MY COMMISSION EXPIRES

2/23/2019
Notary Public
BRITNEY L. THOMPSON
State of Alaska
My Commission Expires Feb 23, 2019

NOTICE OF PROPOSED CHANGES IN THE
REGULATIONS OF THE REGULATORY COMMISSION OF ALASKA

The Regulatory Commission of Alaska (Commission) proposes, in Docket R-18-001, to adopt revisions to regulations in Title 3 of the Alaska Administrative Code related to the Alaska Universal Service Fund (AUSF), the programs the AUSF directly supports, and the general administration of the AUSF. The Commission further proposes to sunset the revised AUSF after June 30, 2023, with a comprehensive review of the AUSF to commence by no later than June 30, 2021.

You may comment on the proposed regulation changes, including the potential costs to private persons of complying with the proposed changes, by submitting written comments to the Regulatory Commission of Alaska at 701 West 8th Avenue, Suite 300, Anchorage, Alaska 99501. Additionally, the Regulatory Commission of Alaska will accept comments via the Commission's website at: <https://rca.alaska.gov/RCAWeb/WhatsNew/PublicNoticesComments.aspx>. Comments may also be submitted electronically through the Alaska Online Public Notice System, by accessing this notice on the system and using the "comment" link. All comments must be received no later than 5:00 p.m., on June 15, 2018. No reply comments are scheduled.

Additionally, on May 30, 2018, the Commission proposes an intervening oral hearing to allow oral comment on the proposed revisions to the AUSF. The oral hearing will commence at 9:30 a.m., at the Commission's offices at 701 W. 8th Avenue, Suite 300, Anchorage, Alaska. The Commission expects the oral hearing to conclude by 3:00 p.m., but may extend the hearing to accommodate those present before 3:00 p.m. that did not have an opportunity to address the Commission. Further details concerning how the oral hearing will be conducted will be announced at the hearing's opening.

If you are a person with a disability who needs a special accommodation in order to participate in this process, please contact Valerie Fletcher-Mitchell at (907) 276-6222, toll-free at 1-800-390-2782 or TTY/Alaska Relay: 7-1-1 or (800) 770-8973 no later than three business days before the relevant public comment period ends to ensure that any necessary accommodations can be provided.

Since this is a regulation proceeding, commenters are not required to serve their comments on other entities or persons set out on the service list of this Notice. Interested persons may request from the Commission copies of the comments filed in this proceeding. For a copy of the proposed regulation changes and related material contact the Commission's Records & Filings Section at the above address or at (907) 276-6222 or go to: <http://rca.alaska.gov/RCAWeb/home.aspx>. Those seeking to obtain the materials at the above website must pick "All Open Rulemaking Dockets" under Top Searches and choose matter number R-18-001.

After the public comment period ends, the Regulatory Commission of Alaska will either adopt the proposed regulation changes or other provisions dealing with the same subject, without further notice, or decide to take no action. The language of the final regulations may be different from that of the proposed regulations. YOU SHOULD COMMENT DURING THE TIME ALLOWED IF YOUR INTERESTS COULD BE AFFECTED. Written comments received are public records and are subject to public inspection.

Statutory Authority: AS 42.05.141; AS 42.05.145; AS 42.05.151; AS 42.05.291; AS 42.05.306; AS 42.05.311; AS 42.05.321; AS 42.05.361; AS 42.05.371; AS 42.05.381; AS 42.05.391; AS 42.05.431; AS 42.05.571; AS 42.05.581; AS 42.05.611; AS 42.05.711; AS 42.05.800; AS 42.05.810; AS 42.05.830; AS 42.05.840

Statutes Being Implemented, Interpreted, or Made Specific: AS 42.05.141; AS 42.05.145; AS 42.05.151; AS 42.05.291; AS 42.05.306; AS 42.05.431; AS 42.05.800; AS 42.05.810; AS 42.05.830; AS 42.05.840

Fiscal Information: The proposed regulation changes are not expected to require an increased appropriation.

DATE: May 8, 2018

Stephen McAlpine, Chairman

Published: May 9, 2018

A0-08-107265-18

Public Meeting

REGULATORY COMMISSION OF ALASKA

August 8, 2018

1 STATE OF ALASKA
2 REGULATORY COMMISSION OF ALASKA
3
4 Before Commissioners: Stephen A. McAlpine, Chairman
Paul F. Lisankie
5 Robert Pickett
Antony Scott
6 Janis W. Wilson
7
8
9

10
11 REGULATORY COMMISSION OF ALASKA
701 West Eighth Avenue, Suite 300
12 Anchorage, Alaska
13

14 PUBLIC MEETING
15 August 8, 2018
9:02 o'clock a.m.
16
17
18
19
20
21
22
23
24
25

REGULATORY COMMISSION OF ALASKA

Public Meeting

August 8, 2018

1	TABLE OF CONTENTS		
2	ITEM	ISSUE	PAGE
3	1.	Public Participation	3
4	2.	U-18-057, In the Matter of	3
5		the Nomination of Directors to the	
6		Board of the ALASKA UNIVERSAL	
7		SERVICE ADMINISTRATIVE COMPANY	
8	3.	R-16-001, In the Matter of the	8
9		Alaska Universal Service Fund	
10		Regulations	
11	4.	Presentation: GVEA - Economic	66
12		Dispatch at Golden Valley	
13	5.	Presentation: GDS - Summary and	92
14		Recommendations of the GDS Report	
15		and a Way Forward	
16	6.	Discussion: NERC - GridEx V	140
17	7.	Other Business	150
18	8.	Executive Session, if required	151
19			
20			
21			
22			
23			
24			
25			

1 P R O C E E D I N G S

2 (On record - 9:02 a.m.)

3 CHAIR MCALPINE: This is a
4 meeting of the Regulatory Commission of
5 Alaska. It's Wednesday, August 8th. The
6 time is 9:02 a.m. For the record, my name is
7 Stephen McAlpine. I'm the chairman of the
8 Commission. Joining me on the dais today are
9 Commissioners Wilson, Scott, Lisankie, and
10 Pickett.

11 The first item on the agenda is
12 public participation.

13 Are there any members of the
14 Anchorage audience who wish to address the
15 Commission this morning?

16 Seeing none, I'll turn to anyone
17 who might be appearing telephonically, and
18 ask if there's anyone appearing on the
19 telephone who would like to address the
20 Commission this morning?

21 Hearing none, go back to the
22 Anchorage audience. Seeing no one who wants
23 to participate, I'll close out public
24 participation, Item No. 1, and go to Item No.
25 2, U-18-057, In the Matter of the Nomination

1 of the Directors of the Board of the Alaska
2 Universal Service Administration -- is that
3 right, administration? Whatever.

4 Commissioner Pickett.

5 COMMISSIONER PICKETT: Yes, we do
6 have a nomination to the AUSAC board to
7 replace Tabitha Gregory. That would be
8 Mr. Robert Himschoot. I believe he is on
9 line.

10 Mr. Himschoot, are you on line?

11 MR. HIMSCHOOT: Yes, sir.

12 COMMISSIONER PICKETT: Claire has
13 prepared a memo, and I'm going to turn it
14 over to her for a few moments just to give a
15 little bit of background information. Then
16 we will go to Mr. Himschoot for any comments
17 he may care to make.

18 So, Claire.

19 MS. KNUDSEN-LATTA: Good morning.
20 Docket U-18-057 was opened for the purpose of
21 appointing a member to the Alaska Universal
22 Service Administrative Company, or AUSAC's,
23 board of directors.

24 AUSAC is a member-based
25 association established by the Commission to

1 administer the state's Universal Service
2 Fund. Any telecommunication provider who
3 pays into the Universal Service Fund and
4 receives a disbursement from the fund is
5 eligible to be a member of AUSAC. AUSAC's
6 members are organized into six membership
7 groups represented by a board of seven
8 directors.

9 To be eligible to serve on the
10 board of directors for AUSAC, an individual
11 must be employed by an AUSAC member. The
12 term of each director is three years on a
13 staggered rotation. Per AUSAC's bylaws, the
14 Commission appoints the board of directors
15 through a nominating process conducted by
16 AUSAC.

17 With Docket U-18-057 Mr. Robert
18 Himschoot, CEO and general manager of
19 Nushagak Electric and Telephone Cooperative,
20 Inc., has been appointed to represent the
21 incumbent Local Exchange Carrier's Membership
22 Group until February of 2020. AUSAC now
23 forwards Mr. Himschoot to the Commission for
24 appointment.

25 If the Commission elects to

1 were no specific comments to that that I'm
2 aware of. I think you could summarize, I
3 think, fairly industry's response to RAPA's
4 edits as generally favorable, barring the
5 extra reporting that would have attached to
6 ENS. That was the only comment that I had
7 lodged as being critical of RAPA's comments.
8 So I think industry --

9 COMMISSIONER PICKETT: Just the
10 administrative burden? Is that what --

11 MR. PARRISH: Yeah.

12 COMMISSIONER PICKETT: -- it is?

13 MR. PARRISH: For those extra
14 reporting requirements?

15 COMMISSIONER PICKETT: Yeah.

16 MR. PARRISH: Yeah, I think they
17 considered them overly burdensome and
18 possibly not useful to the Commission because
19 I think it would have pulled in every single
20 federal report -- or any federal filing, so
21 making it overbroad.

22 COMMISSIONER PICKETT: And so,
23 Commissioner Wilson, your thinking on that to
24 get that information, that delta? How would
25 you see the Commission using that over the

1 next three years? If we say, yeah, the
2 surcharge would have been 30, 35 percent, if
3 not for these.

4 COMMISSIONER WILSON: Staff
5 believes that that information will be useful
6 in the sunset review. I'm not in a position
7 to say that I know better than staff on this
8 issue.

9 COMMISSIONER PICKETT: And how
10 would staff use that information?

11 MR. PARRISH: I felt that it
12 was -- you know, it's not -- and possibly
13 it's something that staff could calculate on
14 their own. So it's not a strong
15 recommendation by any means. It could be --
16 you know, to me it just seems like it wasn't
17 that much of a burden on AUSAC to provide
18 that going forward.

19 COMMISSIONER PICKETT: And,
20 Commissioner Scott, do you want to weigh in?
21 I'm going to vote however you vote on this.

22 COMMISSIONER SCOTT: So I think
23 in terms of establishing a successor program,
24 the information is not particularly important
25 or useful. Having said that, the information

1 itself, I think, would be useful for helping
2 to explain to the public why it was necessary
3 indeed to take the actions we're taking now,
4 and there is some value in having industry
5 provide that rather than staff, so -- but I'm
6 not hard over it either way.

7 COMMISSIONER PICKETT: So you're
8 inclined to go with staff recommendation on
9 this?

10 COMMISSIONER SCOTT: I am.

11 COMMISSIONER PICKETT: And I will
12 go that way, too. So I think we've made a
13 decision. Please note, Mr. Parrish.

14 MR. PARRISH: Okay. So the next
15 decision, I guess, is whether the
16 Commission -- these are moving into the
17 individual funding support programs. So the
18 proposal for ATA was to, as noted, eliminate
19 CCL and COLR support, and then I guess roll
20 it into a -- the essential network support.
21 So it's kind of recharacterizing support,
22 freezing it at 2016 levels, and then doing a
23 little bit of, I guess, triage on who gets
24 what based on federal definition of remote or
25 nonremote.

1 So you would be entitled to your
2 frozen CCL support; everyone would be. Then
3 if you happen to be serving in a nonremote
4 area, you would lose the COLR support. So
5 there's some adjustments to what had been
6 received in 2016 based on that federal
7 definition of nonremote areas.

8 So the first action -- so I don't
9 know if you want to take kind of a holistic
10 view and take a vote on whether or not that's
11 prudent policy, and then we can go through
12 the matrix, because there's about four or
13 five sections.

14 COMMISSIONER PICKETT: Yeah. So
15 I think -- are you getting at: Does the
16 Commission buy the whole concept, the
17 essential network support in lieu of CCL,
18 COLR? Is that kind of your basic question?

19 MR. PARRISH: Yeah. I mean, the
20 other option is to keep the status quo, which
21 is you -- given the stay of the appeal,
22 everybody would still be getting COLR and CCL
23 support designated as such. In theory, your
24 COLR support would be tied to your COLR
25 designation. That's the status quo. This

1 would revamp that obviously. You would no
2 longer -- it wouldn't matter what the
3 Commission did in terms of COLR designation.
4 This frozen support would be hard-coded until
5 the regulation was changed.

6 COMMISSIONER PICKETT: Yeah. I
7 guess when it comes to the essential network
8 support, I had to think about it a while, but
9 I think in a strange sort of way it's
10 probably a more honest characterization as to
11 what's going on in the industry. The fact of
12 the matter is COLR support has never had COLR
13 teeth.

14 We had two prongs in the
15 regulations. We are in litigation on one of
16 them at this point, but when you actually
17 look at it, it's a plug number that has
18 maintained company support levels as CCL has
19 declined, and that's all it is. So it's sort
20 of hard, if you're intellectually honest and
21 you look at it, and you go: Okay, are COLR
22 activities expanding within the study area to
23 bring more people in and, in fact, because
24 the rules of the game have changed with the
25 transformation order and the new FCC regime

1 to where it's a backfill. So the companies
2 have a funding source to meet their federal
3 requirements, and it really doesn't have
4 anything to do per se with our statutes as we
5 have with intrastate long distance phone.

6 So with that, any thoughts on
7 essentially network support? I guess I'm not
8 inclined to keep the current construct.

9 Commissioner Lisankie.

10 COMMISSIONER LISANKIE: Nor am I.
11 I might quibble with the terminology that's
12 being used, but I think we have to recognize
13 that it's an integral part of the broad
14 agreement that ended up with the approach
15 that was broached to us that we basically
16 indicated we were favorably inclined towards.
17 Whether or not we can change it or not at
18 this juncture, I leave to legal opinion, but
19 as far as whether we can assume that whatever
20 we do will be received favorably, I think
21 we're walking away from what we assumed we
22 had.

23 So I'm not going to be in favor
24 of any change to the construct that has been
25 proposed to us that we sent back out to the

1 public and got broadly favorable reviews of
2 so as to support and continue that support of
3 that proposition. I just think it's too late
4 in the game to be taking chances on something
5 that may appear innocuous to me, having not
6 worked in the industry, and then find out
7 that it is not so innocuous to them. I mean,
8 90 days from today is into November. If we
9 want to get something done by January 1st, I
10 think we might already be a little bit late.
11 But, anyway, so that's my position.

12 COMMISSIONER PICKETT: At the
13 risk of making Mr. Goering cringe, when I
14 first saw the ATA consensus and went through
15 it and had a chance to think about it a
16 little bit, and I think it was after a public
17 meeting a couple months ago or a month and a
18 half ago, I cornered Mr. Hitz and I said:
19 You know, there are aspects of this thing I
20 think really stink, quite frankly. But
21 having said that, I think within the group
22 that came up with this, there's probably
23 people that thought aspects of it stunk, too.

24 So given where we're at today, I
25 tend to totally agree with Commissioner

1 Lisankie.

2 Commissioner Scott, any thoughts?

3 COMMISSIONER SCOTT: Not really,
4 except for I think it's okay to do something
5 new. The concerns about specific programs
6 that staff has identified, while I'm very
7 sympathetic, I don't think we're going to be
8 able to assess that with any amount of study
9 in an ivory tower. So I'm inclined on doing
10 something expeditious and moving forward with
11 the proposal -- the industry proposal.

12 COMMISSIONER PICKETT: And,
13 Commissioner Wilson, any thoughts?

14 Mr. Chairman, are you going to
15 keep us in the dark? How do you really feel?

16 CHAIR MCALPINE: No, I don't see
17 anyone in the audience that wants to hear my
18 feelings on this particular subject. I think
19 that looking at the proposal last night, I
20 couldn't help but notice that there's only
21 one member of this body that's probably going
22 to be sitting here when the time for the
23 review comes, and why she did that to herself
24 is beyond me. However, I certainly wouldn't
25 have delayed it, but I understand that we

1 live in a small D democratic society, and the
2 vote was taken and I can count.

3 COMMISSIONER PICKETT: With that,
4 Mr. Parrish, we'll go back to you.

5 MR. PARRISH: Sure. Well, if the
6 Commission's -- I guess the will of the
7 Commission is to go forward with ENS. Then
8 what you'd need to do is just follow the
9 column, the second column. That would be
10 what you'd adopt. You would repeal 53.345 in
11 its entirety and -- oh, I guess there's
12 some -- a little bit of difference on the
13 RAPA proposal.

14 COMMISSIONER PICKETT: Why don't
15 we get back to the matrix --

16 MR. PARRISH: Sure.

17 COMMISSIONER PICKETT: -- and the
18 pages that would probably be the best. It
19 looks like that's true with page 6, 7 would
20 be what we noticed, 8, 9, and then you get to
21 page 10, and there's some differences there.

22 MR. PARRISH: Yeah. So moving on
23 to, I guess, the adoption of essential
24 network support, first of all, there's a
25 title to the change. RAPA proposed a more

1 fulsome title, Essential Network Support for
2 Local Exchange Carriers. I guess that's the
3 decision point, No. 1, if you want to make
4 that more clear in the language.

5 Other than that, the differences
6 between the ATA revision and the RAPA
7 proposal, basically RAPA has piggybacked on
8 ATA's revision. So everything in the third
9 column is brought forward into the fourth
10 column, and then anything different on the
11 RAPA proposal is also highlighted.

12 I believe this is where RAPA's
13 revisions received general support from other
14 commenters. So they were seen at least by
15 industry as an improvement on the ATA
16 revision.

17 COMMISSIONER PICKETT: So
18 basically on page 10, 11, and the top part of
19 12, everyone seems to be on board with RAPA's
20 proposal.

21 MR. PARRISH: That is my
22 understanding, yes.

23 COMMISSIONER PICKETT: Okay. Any
24 commissioner comments on that?

25 I'm fine with that if that --

1 okay, looks like we have a consensus. We'll
2 take the RAPA proposal on those pages.

3 Now we're going to page 12. This
4 is the reports, audits, and separation of
5 money.

6 MR. PARRISH: Yes. So there are
7 some -- ATA's proposal, the third column, had
8 some nominal -- it was noticed had some
9 nominal reporting requirements that it tended
10 to ENS recipients. RAPA had expanded those
11 in a way that I think industry found to be
12 overbroad. So the comments that the
13 Commission received on this point were fairly
14 strong against RAPA's, I think, attempt --
15 good-faith attempt to instill a little
16 accountability -- or further accountability.

17 COMMISSIONER PICKETT: So
18 basically ATA is staying with what was
19 noticed; is that correct?

20 MR. PARRISH: That's correct.
21 They didn't provide any revisions to this.

22 COMMISSIONER PICKETT: Any
23 comments on RAPA's proposal? If we hear
24 none, we will stay with --

25 COMMISSIONER LISANKIE: I would

1 stay with the original proposal.

2 COMMISSIONER PICKETT: Okay. I
3 think it's the consensus to stay with the
4 original proposal we noticed.

5 MR. PARRISH: So moving on to
6 page 13, the top, 3 AAC 53.399. It would add
7 a definition. ATA had had a -- I think a
8 cite to an order. That's what had gone out.
9 I think they had expressed some concern or at
10 least responding to some Commission concern
11 at the public hearing that maybe that's not
12 the best approach. They had provided a more
13 direct federal regulation to cite for remote
14 areas. That was one alternative.

15 The other alternative was
16 basically to spell out what that reg was. So
17 to, I guess, lift the language from the
18 federal reg and instill -- I don't know if
19 there's a policy preference on the
20 Commission's part or the ATA format to
21 provide actual language or to provide a jump
22 cite to a federal reg, so --

23 COMMISSIONER PICKETT: So the ATA
24 proposal, alternative 2, does spell things
25 out in a little more detail.

1 MR. PARRISH: If a layperson or a
2 member of the public wanted to know, I think
3 they wouldn't have to go through another
4 source. I believe I checked this, that it
5 tracks with the language. So I think it
6 would be a reasonable alternative.

7 COMMISSIONER WILSON: May we ask
8 Mr. Goering about this?

9 COMMISSIONER PICKETT: Mr.
10 Goering.

11 MR. GOERING: The general rule is
12 that you can incorporate federal statutes and
13 regulations into your regulations if you want
14 to simply by reference to them. The risk in
15 that, and that risk is actually eventuated
16 recently, is that the FCC has no qualms at
17 all about reusing regulation numbers for
18 totally different subjects.

19 So you now have embedded in your
20 regulations cites to CFR provisions, which no
21 longer cover the subject matter that they did
22 when you adopted the regulations. So while
23 normally I would say reduce the size of your
24 regulations by incorporating material by
25 reference because that's the better practice,

1 that way you don't have to leave doubt about
2 whether or not your intentions were to have
3 the language continue to track federal law,
4 or whether you meant to freeze that in time.

5 In this particular case, because
6 the FCC is in a fairly significant state of
7 transformation, I would recommend using the
8 exact language that you want, and whether
9 that's lifted from federal law or whether
10 that's something that you make up yourselves,
11 I would not at this point recommend
12 incorporating the CFR by reference simply for
13 the reason I've stated.

14 COMMISSIONER PICKETT: Okay.

15 MR. GOERING: And we can get into
16 the places where that's happened on another
17 date, but that is a serious concern, and it
18 does create some real ambiguities.

19 COMMISSIONER PICKETT: Okay. It
20 sounds like we are best taking ATA proposal
21 alternative No. 2 with spelling out the
22 remote area language.

23 Is that what I'm hearing? Okay.

24 Mr. Chairman.

25 CHAIR MCALPINE: Yeah. I would

1 like to address this because this is part of
2 the umbrage that I have about this whole
3 matter. There is nothing in the CFR or the
4 ATA proposal that remotely resembles what is
5 remote in this state. I'm going to assume
6 that most of the participant members have
7 been to villages around the state. Probably
8 the best, and it's been studied over and over
9 and over again, the best definition that I've
10 seen of what constitutes rural is what the
11 federal agencies have adopted for the purpose
12 of subsistence priorities.

13 When you look at the map of
14 Alaska and see what they have adopted,
15 whether you agree with the policy granting a
16 subsistence priority or not, the fact that
17 they have clearly defined what is rural and
18 what is not rural and have painted it very
19 closely to reality, I would much prefer to
20 see a legitimate definition of rural as
21 opposed to some of the most heavily populated
22 areas of the state being excluded, and
23 somehow falling into the remote area is
24 beyond me. But be that as it may, I just
25 think this defies reality.

1 COMMISSIONER PICKETT: I don't
2 disagree with you, but as many other
3 aspects -- but I'm going to hearken back to
4 some comments that Commissioner Lisankie
5 made. This was part of the overall mix.
6 This is one of the things that sort of stuck
7 in my throat, but having said that, it's got
8 a limited life.

9 In the sunset review, if anything
10 like this remotely appears in a
11 recommendation, I will come screaming from
12 outside the Commission as a highly irate
13 citizen that you people are nuts. So that's
14 a promise.

15 Commissioner Lisankie, you'll be
16 there too, right?

17 COMMISSIONER LISANKIE: Or you.

18 COMMISSIONER PICKETT: So with
19 that, we are adopting the ATA proposal
20 alternative No. 2 with strong dissent from
21 the chairman; is that correct?

22 CHAIR MCALPINE: That would be
23 putting it mildly, yes.

24 COMMISSIONER PICKETT: Okay.

25 Mr. Parrish, continue. We're now

1 on jurisdictional separations.

2 MR. PARRISH: Sure. So we -- the
3 order 4 language, I think, had some possible
4 errors that RAPA had pointed out, including a
5 numbering error. So it also
6 mischaracterized, I think, revenue versus
7 support. So RAPA had made some clarification
8 at its -- also fixing a reference to 345,
9 which would be repealed under the ATA
10 proposal.

11 So there were a few clerical
12 edits that RAPA had proposed that you can see
13 in highlight in the fourth column. AT&T had
14 added some language that didn't receive any
15 comments, but that may be well taken. They
16 had had some concern -- you can see in the
17 third column on page 14 they were going to
18 add ladies language -- they proposed adding
19 language that said amounts previously
20 assigned to state toll by an allocation
21 factor of .2 or by direct assignment are
22 intended to be assigned to the local exchange
23 such that the common line revenue requirement
24 should be zero.

25 They were concerned -- their

1 additional edit is designed to ensure that
2 investments and related expenses that had
3 been included in the common line access
4 charge calculation do not inadvertently end
5 up in future access charges after the switch
6 to essential network support. That seemed to
7 have some traction with me, so -- but, again,
8 not having the benefit of industry comment on
9 this proposal, that's the caveat.

10 COMMISSIONER PICKETT: So do you
11 have -- with the RAPA proposal, it seems like
12 those are very sound recommendations; is that
13 a correct --

14 MR. PARRISH: Yeah, I think they
15 would be required edits.

16 COMMISSIONER PICKETT: Okay.

17 MR. PARRISH: But to the extent
18 that AT&T's additional proposal has merit.
19 At least I think they raise a relevant
20 concern and believe that the language
21 addresses that. Again, no contrary comments
22 for that.

23 COMMISSIONER PICKETT: But nobody
24 proposed -- said anything on the AT&T
25 proposal. Do they have the opportunity to --

1 MR. PARRISH: Yeah, I think it
2 was -- that was kind of the structure of the
3 notice and comment period, was that there was
4 no real opportunity for other commenters
5 to -- because of where and how AT&T raised
6 their two suggestions, they didn't generate
7 any kind of comments from others.

8 COMMISSIONER PICKETT: I guess
9 I'm inclined to go with the RAPA proposal. I
10 don't have -- I mean, with the -- I'm not
11 saying it doesn't have merit. It's just
12 that, based on the record we have, I'm not
13 sure it's --

14 Any other commissioner thoughts
15 on that? Commissioner Wilson.

16 COMMISSIONER WILSON: I would go
17 with the AT&T proposal.

18 COMMISSIONER PICKETT: Would you?

19 COMMISSIONER WILSON: Yes.

20 COMMISSIONER PICKETT: Okay.
21 Commissioner Lisankie.

22 COMMISSIONER LISANKIE: well, as
23 I understood it, the way I read their
24 proposal it was meant by way of clarification
25 as opposed to being offered as something that

1 needed to be changed. So I would have a
2 tendency to go with the RAPA proposal because
3 I interpret their request for a clarification
4 as potentially unnecessary because I don't
5 think it was our intention that what they're
6 fearful of should be done.

7 So in my view if we go with the
8 RAPA proposal and it turns out that someone
9 is reading it inconsistent with that, then I
10 think we can react to that. But, again, I'm
11 just reluctant to make changes in a vacuum
12 this late in the process.

13 COMMISSIONER PICKETT: So at this
14 point it appears we have two RAPAs and one
15 AT&T.

16 Commissioner Scott.

17 COMMISSIONER SCOTT: I'm
18 comfortable with the RAPA proposal.

19 COMMISSIONER PICKETT: Okay. And
20 does the chairman care to say anything?

21 CHAIR MCALPINE: On this matter,
22 I would go with the RAPA proposal.

23 COMMISSIONER PICKETT: Okay. So
24 moving along. It looks like we do have no
25 comments outside of what we noticed for

1 48.440; is that correct?

2 MR. PARRISH: That's correct.

3 Basically it would just insert a new date for
4 the access charge manual. That's something
5 that the Commission will probably need to
6 take up before these -- you're inserting a
7 date for basically adopting by reference an
8 actual manual that will have to have
9 revisions to it. That's not being taken up
10 currently, although I think there were
11 proposals for what would need to be changed
12 to align the manual with the changes proposed
13 in the ATA proposal.

14 So this might be prudent to take
15 up at a subsequent meeting. I don't know
16 whether or not you can supply a date. In the
17 future that might be for the attorney general
18 to address, but, no, there were no comments,
19 I think.

20 COMMISSIONER PICKETT: Okay. So
21 when you get to page 15 under R-18-001, Order
22 4, what am I hearing about the date that's
23 going to be -- or we're going to refer back
24 to the May 4th, 2011 interstate access change
25 and --.

1 MR. PARRISH: I believe -- my
2 understanding is that the changes effectuated
3 with the ATA proposal in regulation are going
4 to require --

5 COMMISSIONER PICKETT: The access
6 charge manual -- got it.

7 MR. PARRISH: -- the adoption of
8 a new revised access charge manual, which
9 will need to have a placeholder date
10 inserted.

11 COMMISSIONER PICKETT: And I'm
12 just going to turn to the attorney general,
13 and placeholders and things of this nature,
14 as we submit stuff to the Department of Law,
15 do you have any thoughts on that,
16 Mr. Goering?

17 MR. GOERING: Yes. We're not
18 going to be able to accept regulations that
19 aren't -- that essentially are not in a form
20 that could be filed with the Lieutenant
21 Governor at that time. So I think to address
22 a couple specific things that have been
23 mentioned.

24 In order to adopt the access
25 charge manual changes by reference, those

1 changes have to exist in the access charge
2 manual before you adopt them. Then the
3 access charge manual, as modified, will have
4 to be attached to the regulations that are
5 forwarded to the Department of Law.

6 As to any other, you know,
7 references or whatever internal to the
8 regulations, before you adopt them, those
9 placeholders will have to be filled in with
10 real things before you can actually adopt
11 them effectively. So you can't leave to some
12 future date the sort of ministerial task,
13 which really should have taken place before
14 adoption as opposed to after.

15 Does that answer the question?

16 COMMISSIONER PICKETT: Yes,
17 unfortunately, it does.

18 MR. GOERING: There were a bunch
19 of questions sort of mooshed together, but
20 I'm not sure that's a --

21 COMMISSIONER PICKETT: So I guess
22 my question to staff and to counsel is: How
23 is this actually going to happen?

24 MR. PARRISH: My thought was that
25 once you have the regulations -- the

1 substantive regulations that you want adopted
2 and approved, that you would take up the
3 changes for the access charge manual at a
4 future public meeting. Then probably go
5 through and have another adoption for this
6 particular regulation and submit that
7 separately, so that it's not -- you're not
8 waiting to get the meaty part of the
9 revisions to the Lieutenant Governor while
10 you're waiting to get the access charge
11 manual finalized. So a two-step --

12 COMMISSIONER PICKETT: Okay. I'm
13 going to turn -- Mr. Goering has -- looks
14 like he just drank a gallon of pickle juice.
15 So please weigh in.

16 MR. GOERING: So I think that --
17 I think there's an embedded assumption in
18 that that the process of changing the access
19 charge manual has to follow the same process
20 as changing regulations, and that's not a
21 correct statement. The access charge manual
22 is whatever it is at any given moment, and it
23 only becomes effective if it's incorporated
24 in reference by regulations, but you could
25 change the access charge manual today if you

1 had the edits there.

2 Certainly between -- as I am
3 understanding this conversation, you are not
4 planning on adopting -- actually adopting
5 regulations language today, that you're
6 trying to agree on what will be put up for a
7 vote at some future point.

8 COMMISSIONER PICKETT: Like
9 tomorrow is what the thinking was.

10 MR. GOERING: Right. So sometime
11 between now and when you actually vote, you
12 can make the changes to the access charge
13 manual, put the effective date of those
14 changes on the --

15 COMMISSIONER PICKETT: Whoa,
16 whoa, whoa. We're going to be making changes
17 to the access charge manual like this
18 afternoon or tomorrow morning before
19 9 o'clock?

20 MR. GOERING: Well, so that would
21 be what would be necessary if you wanted to
22 adopt those changes by reference tomorrow.
23 If you aren't able to do that, then as
24 Mr. Parrish suggests, you would have to do
25 that as a separate regulations process. As I

1 sit here, I can't -- I can't say whether you
2 would be able to do that without any further
3 notice or not.

4 COMMISSIONER PICKETT: Yeah.

5 MR. GOERING: At the moment I
6 think that the notice contemplated that you
7 would change the access charge manual to
8 accomplish the things that you're trying to
9 do within this regs project, but it's
10 questionable whether or not you would need to
11 do a new notice for that change at this
12 point. I mean, I think it depends on what
13 those changes are.

14 I believed, as I was reading
15 through this, that the changes to the access
16 charge manual had been made. That's why they
17 were referring to a new effective date of an
18 access charge manual. Apparently that's not
19 the case. So those have to exist before you
20 can adopt them by reference, I guess, is the
21 final answer.

22 COMMISSIONER PICKETT: So your
23 belief was the industry has already prepared
24 a new access charge manual for filing with
25 the Commission? Was that your impression?

1 MR. GOERING: No. The access
2 charge manual is the Commission's document,
3 not the industry's document. So you can --
4 you are the keeper of the access charge
5 manual. And when you change it, it only
6 becomes effective if you adopt it by
7 reference in regulations, but you can change
8 it, so --

9 COMMISSIONER PICKETT: So I'm
10 just curious as to how it was that we somehow
11 believe that the access charge manual had
12 been already amended.

13 Mr. Parrish.

14 MR. PARRISH: Yeah. Industry has
15 provided revisions that would comport with
16 the full adoption of the ATA consensus plan.
17 The staff's thought was that until the
18 Commission had voted to adopt them, you can't
19 really change the access charge manual
20 formally, so that it kind of requires a
21 two-step process. Unless the Commission is
22 going to vote and say: well, we'll accept
23 all of the edits.

24 So the language I think that
25 would be required is already on file with the

1 Commission. So it would be an easy process,
2 assuming that the Commission takes the
3 R-18-001 proposal forward.

4 COMMISSIONER PICKETT: So if the
5 language is already there and the access
6 charge manual is in a de facto sense has
7 already been changed, Mr. Goering, is it
8 possible when we take the vote on this, we
9 vote on the regulations first, and then we
10 vote on the access charge and date them the
11 date of the vote? Is that --

12 MR. GOERING: Actually I would
13 recommend that you do it in the opposite
14 order, because you can't adopt something by
15 reference that doesn't exist at the time you
16 adopt it. So I would recommend that you
17 adopt the changes to the access charge
18 manual, and then (indiscernible).

19 COMMISSIONER PICKETT: So my
20 question now is: Will that be ready tomorrow
21 morning to vote on the access charge manual?

22 MR. PARRISH: It can be, assuming
23 we have -- staff has direction on what the
24 Commission wants to take -- the direction
25 that it wants to take.

1 COMMISSIONER PICKETT: Yeah,
2 okay. It sounds like the language that ATA
3 has provided for access charge manual changes
4 is the direction we're going. So with that,
5 let's put that page 15 of 35 -- and we are
6 five minutes after 10:00. I'm seeing -- I'm
7 just trying to look at the pages ahead.

8 I see a lot of pages where there
9 actually are no highlighted items, meaning
10 the proposal we put out we received no
11 comments on, is that correct, Mr. Parrish,
12 until you get to about page 16? You've got
13 the RAPA proposal on DEM weighting. Why
14 don't you go through that real quickly.

15 MR. PARRISH: Sure. RAPA merely
16 has a clarification edit. They changed --
17 they propose to change the language that went
18 out for comment just by replacing company
19 with carrier. It's pretty simple. Again, I
20 think it goes with the general affirmation of
21 RAPA's clarification edits.

22 COMMISSIONER PICKETT: Okay. Any
23 problem adopting the RAPA proposal? Looks
24 like the consensus is adopt it.

25 I see nothing on page 17. Well,

1 let's see. The RAPA proposal, that was a
2 continuation of --

3 Mr. Parrish, would you turn to
4 page 17?

5 MR. PARRISH: Sure. So now I
6 think we are getting into --

7 COMMISSIONER PICKETT: The repeal
8 of state lifeline.

9 MR. PARRISH: That's correct.
10 And so there was -- so the repeal actually
11 would only come when we discuss 350. What I
12 had inserted was my belief that the
13 Commission, if they're going to go down the
14 path of eliminating state lifeline, doesn't
15 need to have their own separate eligibility
16 regulations. So the proposal that staff had
17 made in accordance with going with the
18 noticed regulations changes for lifeline was
19 to eliminate the eligibility --

20 COMMISSIONER PICKETT: And that's
21 really from pages 18 through page 22, is that
22 correct, just to kind of clean up the current
23 lifeline --

24 MR. PARRISH: That's correct.

25 COMMISSIONER PICKETT: -- regs?

1 MR. PARRISH: Yeah.

2 COMMISSIONER PICKETT: Okay. Any
3 comments on that? Looks like we're okay with
4 staff recommendation on that.

5 MR. PARRISH: Yeah. And that
6 actually will clear up a pending R docket
7 that's --

8 COMMISSIONER PICKETT: Okay. Now
9 we're to page 23, public interest pay phone.

10 MR. PARRISH: Yeah. So
11 essentially this would come down to whether
12 or not you wanted to eliminate the
13 PIPT program. There are a lot of attendant
14 regulations that go with that. You'd be
15 eliminating not just the support, but also
16 the obligation to provide service to those
17 phones. So the entire Section 740 through
18 799 would be repealed under the proposal in
19 Order 4.

20 COMMISSIONER PICKETT: Okay. And
21 that covers matrix pages 23 through 30; is
22 that correct?

23 MR. PARRISH: That is correct.

24 COMMISSIONER PICKETT: Any
25 comments on public interest pay phone

1 language that was noticed? Okay. Looks like
2 we're through page 30.

3 MR. PARRISH: And then really the
4 last thing is to adopt language for the
5 disbursements of the AUSF. There are a few
6 revisions. ATA's revision is brought forward
7 in RAPA's proposal. So there's again -- RAPA
8 is building on that, and I think other
9 than -- if you go to page 34, the
10 substantive -- it's not really substantive,
11 it's more clarification -- basically spells
12 out how the pro rata provision would work in
13 a little more clarity. I don't know that it
14 substantively changes anything, but I think
15 tries to describe the process in more
16 detail --

17 COMMISSIONER PICKETT: Okay.

18 MR. PARRISH: -- whether or not
19 that's required.

20 COMMISSIONER PICKETT: So staff
21 would be inclined to support the RAPA
22 proposal; is that correct?

23 MR. PARRISH: I don't know that
24 the clarification is required. I don't know
25 if it adds additional complexity or

1 ambiguity. I don't know. I don't really
2 have a position on that. We took up those
3 edits on 8 and 9 in R-17-001, I want to say,
4 docket. So they've been vetted by industry
5 and no other industry thought that they were
6 confusing. So that's --

7 COMMISSIONER PICKETT: Would you
8 stay with the original language that was
9 noticed?

10 MR. PARRISH: I don't think
11 there's any flaw in that, in the original
12 language, so --

13 COMMISSIONER PICKETT: Okay. Any
14 thoughts on if you're inclined to go with the
15 original language we noticed? With that, I
16 think we have covered the matrix.

17 Was there one more?

18 MR. PARRISH: I just wanted to
19 say that ATA did offer an edit in the third
20 column.

21 COMMISSIONER PICKETT: You're on
22 page?

23 MR. PARRISH: Page 32.

24 COMMISSIONER PICKETT: Okay.

25 MR. PARRISH: It's a long

1 section. So right before the -- basically
2 they had proposed adding the amount of DEM
3 weighting support payable as subject to
4 3 AAC 53.350(e), which I think is just kind
5 of a clarification.

6 COMMISSIONER PICKETT: Okay. Any
7 issues with adopting the ATA clarification on
8 page 32 of the matrix? Okay.

9 MR. PARRISH: So that's column 3
10 for that.

11 COMMISSIONER PICKETT: Column 3.

12 MR. PARRISH: Okay. And that's
13 it.

14 COMMISSIONER PICKETT: Okay. So,
15 Mr. Chairman, what I would propose is we
16 table this to the continuation of the public
17 meeting tomorrow. Staff will come forward
18 with the revised access charge manual and
19 we'll take a vote on that first, and then
20 we'll vote on the regulations as a whole.

21 CHAIR MCALPINE: Without
22 objection. That will close out Item No. 3.
23 At this point, it's 10 after 10:00. Let's
24 take a break for -- well, I have some things
25 I have to do, so let's take 15 minutes. So

1 until 25 after.

2 (Break.)

3 CHAIR MCALPINE: Call the meeting
4 back to order.

5 The next item on the agenda is a
6 presentation on behalf of Golden Valley
7 Electric, Economic Dispatch at Golden Valley.
8 You're there.

9 Mr. Borgeson.

10 MR. BORGESON: Thank you,
11 Commissioner McAlpine, and to the rest of the
12 Commission, thanks for the opportunity to
13 present to you today. I understand you have
14 a very long day, and I will keep this as
15 short as possible. Just give me that look if
16 I'm talking too much. I'm capable of doing
17 that.

18 But Golden Valley is pleased to
19 be able to give you a little bit of
20 information here, and as things are coming
21 forward, I think you'll find it very helpful.

22 First, a little bit about Golden
23 Valley. We have 44,635 meters that are in
24 place. To put that in perspective, I think
25 Chugach Electric has about 81,000 meters, and

1 Matanuska Electric has 61,000 meters. But we
2 serve nearly 100,000 residents, a very large
3 service territory.

4 We're based in Fairbanks, but we
5 go all the way past Denali National Park to
6 Cantwell, and then actually a little bit past
7 Delta Junction serving the missile defense
8 folks out there. Our retail sales at 1.24
9 billion makes us, I think, the largest.
10 Chugach and Golden Valley might fight for who
11 produces more retail sales, but I think we're
12 a little bit on top.

13 The reason we have more retail
14 sales is because we have very large mine
15 loads, Fort Knox Mine, the Pogo Mine,
16 industrial loads like missile defense. Now
17 Clear Air Force Base is a customer. So
18 that's a little bit of the difference of
19 balance.

20 Actually the load is geared more
21 towards the large industrial loads than it is
22 the residential customers, also unusual for
23 an electric cooperative. We have in our
24 service territory 381,000 megawatt generation
25 capacity. Our peak load hovers right around

1 210 megawatt hours -- 210 megawatts.

2 So just a little bit so you can
3 understand what we have to do and how we --
4 the decisions we have to make and how we
5 dispatch our generation. Some of these
6 colors kind of look alike, so I apologize for
7 that, but you can see that we haven't changed
8 too much between 2016 and 2017. We have a
9 little slice of hydro and we have a little
10 slice of wind.

11 We have the natural gas, which is
12 kind of the brownish- orange colors, that
13 went from 27 percent to 30 percent in 2017.
14 It's the power that we are able to acquire
15 from the Anchorage utilities and Homer
16 Electric in 2016. Then we have our coal,
17 which dropped a little bit in 2017.

18 In 2016 we were running Unit 2
19 for a little bit of time. That amounts for
20 that difference. Then the balance is our
21 oil-fired units that we have scattered
22 throughout our service territory. This is a
23 picture of our different generation units,
24 Healy 1 and Healy 2. I'm going to give you
25 an update on Healy 2. I'm pleased to let you

1 know about that. We have our Zehnder Plant
2 that's up and to the right. That's right
3 behind our headquarters on Illinois Street.
4 It doesn't run very often, which is good
5 because it's expensive. But, anyway, it's
6 there and it has a total of about
7 41 megawatts as it says.

8 You see our Eva Creek and our
9 Delta and North Pole and expansion plant and
10 our North Pole Frame 7 plant. We have
11 180 megawatts based in North Pole. Of course
12 that's right where the pipeline comes
13 through.

14 But, wait, there's more. We
15 purchase power. This is where I talk about
16 economic dispatch. There's -- we have
17 independent power producers that we buy from.
18 Aurora Energy is 25 megawatts. Sometimes
19 they can get up to 30 megawatts. They were
20 the old FMUS plant that's owned by kind of a
21 sister company to the Usibelli Coal Group.

22 We buy power from Chugach
23 Electric, ML&P, MEA, HEA, and I believe
24 that's a picture of the SPP power plant
25 that's a joint venture of Chugach and ML&P.

1 we have a little note there that an intertie
2 that we can bring across the intertie that
3 kind of goes in the 75 to 80 megawatts range.
4 That's where we operate at this time. We've
5 had some improvements to the intertie that
6 has allowed us to increase that to those
7 numbers by putting some SVCs in. So we're
8 very happy to be able to bring this power
9 across the intertie.

10 Golden Valley kind of pioneered
11 encouragement of renewable energy sources on
12 our system. We created the SNAP program,
13 which this Commission approved, that allows
14 to buy power from our members who put in
15 solar panels or wind. You can see most all
16 of all it's solar, but there's a little bit
17 of wind and a little bit of co-gen. It has
18 grown significantly in the last two years.
19 It's probably doubled.

20 When net metering came into play,
21 we incorporated it into the SNAP program. We
22 call it SNAP Plus. I think we're at about
23 1.5 megawatts from these independent
24 producers. Bradley Lake Hydro, we have 16.9
25 percent share of a 120 megawatt facility. Of

1 course if we ran it at 120 megawatts, we'd
2 drain the lake in about six months or -- I
3 don't know. Everyone talks how long -- it
4 wouldn't be long. So really it's 16.9 share
5 of about 60 megawatts. Alaska Environmental
6 Power is a Delta wind plant and there's a
7 picture of it there. They produce
8 2 megawatts. They have installed capacity of
9 2 megawatts.

10 So we've got all this different
11 generation to look at. So the question is:
12 How do we go about deciding what's going to
13 happen? I titled this presentation Economic
14 Dispatch at Golden Valley. So you can kind
15 of understand, and I'll give you a little
16 short video here that kind of shows how we do
17 it. This video is not new. You'll recognize
18 Henry Dale, who was employed here. That's
19 okay, because we've been doing this for a
20 long time.

21 After this, I'm going to give you
22 a little sketch of what's happened in the
23 Railbelt interties so you can kind of see how
24 it was before the Alaska intertie was built
25 and what we do now; but I'm going to do this.

1 I think it's kind of hard for people to hear,
2 so I've got the remote mic and I'm going to
3 put it next to the speaker on the monitor so
4 I think everyone will be able to hear it
5 then. At least that's what I think will
6 happen here.

7 (Video played.)

8 "Go ahead, admit it. When it's
9 time to fill up your car or truck, you go to
10 the station with the lowest price, even if
11 you have to go out of your way to get there.
12 At GVEA we do the same thing when we produce
13 and purchase power. We go out of" -- let me
14 go back.

15 "We always find the lowest cost
16 power and the cheapest fuel for our power
17 plants. We always buy or produce the least
18 expensive power we can get, and that means
19 savings on your electric bill.

20 "My name's Henry Dale. I'm the
21 power systems manager here at Golden Valley
22 Electric. My job is to figure out which
23 units we need to run to make the most
24 economical power for our members.

25 "GVEA has nine different power

1 sources it can draw from. The dispatchers
2 take as much power as they can get from the
3 least expensive sources.

4 "On a fitful day like today,
5 we're trying to get as much economy energy as
6 we can out of Anchorage, and we usually get a
7 good price on the natural gas down there.
8 Hey, this is Jeremiah. We're looking for
9 some more power. Do you got any available?

10 "Our most inexpensive power is
11 our coal plants, and we run those flat out
12 all the time. Then to balance things out, we
13 use our Bradley Lake, which there's only so
14 much water for the year. So we use the right
15 amount of water for the day and then the rest
16 is oil-fired. We of course run our most
17 inexpensive units first, and then our more
18 expensive ones afterwards.

19 "But Golden Valley doesn't have
20 enough cheap power available, so it has to
21 burn oil and that's expensive.

22 "You can see that we're running a
23 little under -- just under \$10,000 an hour in
24 our fuel costs and generation.

25 "When you're spending that kind

1 of money on fuel, it's important to make
2 every bit count. GVEA has sophisticated
3 software that calculates the optimum fuel mix
4 for reliability and lowest cost.

5 "We do the economic calculations.
6 We have a program that runs every minute
7 automatically, looks at the system, looks at
8 what units I have on line, and calculates
9 what the best mixture of those units are.
10 Our automatic generation for the whole system
11 is making control corrections every four
12 seconds to ensure that we're getting the
13 cheapest possible mix for our customers.

14 "Every four seconds Golden Valley
15 adjusts its fuel mix to minimize the use of
16 oil and maximize the use of cheaper fuels.

17 "Compared to oil fired, our coal
18 is cheap. Our wind is cheap. Gas-fired
19 energy out of Anchorage is cheap, relatively
20 speaking, but oil fired, as anybody who gets
21 fuel at the pump knows, it has just gotten
22 outrageous these last several years.

23 "This is just one way that GVEA
24 is working hard to kick the oil habit, and
25 that means real savings for our members.

1 "Through our calculations and our
2 minute-by-minute scheduling, we can save
3 \$100,000 a day in a cold winter type day.
4 It's not simply just turn on the generators
5 and go home. We're at it hour by hour,
6 minute by minute, and I've got people
7 dedicated to finding cheaper power every
8 day."

9 MR. BORGESON: So it's a real
10 commitment from Golden Valley to make sure
11 that we're able to dispatch the most
12 economically as possible. Since this video
13 was done, it's become a little bit more
14 complex in the Railbelt because we're now
15 able to buy power from Homer Electric and
16 from Matanuska Electric. Then it was usually
17 a call to Chugach Electric.

18 We've found that ML&P with their
19 Plant 2A, they've become a very, very
20 important source of our economy energy
21 purchases. So it -- we're very, very pleased
22 we're able to do this. I sometimes -- well,
23 I sometimes joke that maybe we could put our
24 prices on Craigslist. We don't have to call
25 everyone because you'd just post it.

1 But we know -- we've been down
2 negotiating in the last two weeks trying to
3 find cheaper power for the next quarter.
4 We're doing everything we can. It means the
5 Railbelt utilities all coordinate and work
6 together to make sure that the cheapest units
7 on the Railbelt are producing the most amount
8 of power possible.

9 So the idea that we can share and
10 use the generation that's in the Anchorage
11 area and the Kenai didn't exist in the 1970s.
12 It's hard to believe that the Alaska intertie
13 was built in the early 1980s. I got to
14 Alaska in 1982, and it seems like it was
15 always here.

16 But this is what the Railbelt
17 looked like. You could see we had our power
18 lines from Healy down to Delta, but we
19 weren't at all connected. In the 1980s the
20 Alaska intertie was built and the utilities
21 entered into the Alaska Intertie Agreement.
22 It allowed for the first time Golden Valley
23 to use the cheap economy energy that came
24 from the gas that was produced in the Cook
25 Inlet.

1 The Marathon -- the legacy
2 Marathon Oil contract didn't have Golden
3 valley as a named party, but we always
4 considered ourselves a third-party
5 beneficiary of that contract. Indeed, we got
6 a lot of low-cost economy energy ever since
7 that Alaska intertie's been built. It's been
8 a huge success and continues to be a very
9 important part of the Railbelt system.

10 You notice there's not a grid --
11 well, let me fill this in a little bit more.
12 So in the 1990s there was more transmission
13 that was needed for the Bradley Lake Hydro.
14 Golden Valley built the Fort Knox line that's
15 kind of up at the top here to go to the Fort
16 Knox Mine site. Fort Knox today is probably
17 burning 35 megawatts. It's a very large load
18 for Golden Valley, and it's been important to
19 us as well as to the community.

20 But in the Railbelt today, the
21 2000s, the northern intertie was added.
22 That's the second line here that goes kind of
23 through the flats into Fairbanks. That was
24 always designed to be put in place to
25 accommodate the Healy 2 plant that was going

1 in. It allows us to bring 100 megawatts
2 across from Healy into Fairbanks. The
3 battery energy storage system was built in
4 Fairbanks. Also, very important. The
5 ground-based missile defense transmission
6 line was hooked in. We electrified the
7 Alyeska Pump Station No. 9. They're very,
8 very grateful to have that power from Golden
9 Valley.

10 The Pogo Gold Mine, they built
11 their own transmission line to the
12 underground mine that's out in Delta Junction
13 in this area. So we serve it out at Delta,
14 and they've got, I want to say it's about a
15 30-mile transmission line to the mine. We
16 also worked on the North Pole, the Carney
17 transmission line, and then more recently
18 we've connected the Clear Air Force Base with
19 the transmission line, and then most recently
20 the missile -- the long-range discrimination
21 radar project that's going in at Clear.

22 We're in the final throes of our
23 agreement with the long-range missile defense
24 on the long-range discrimination radar. It
25 could be a 20 megawatt load, 24/7. It could

1 be a 30 megawatt load. It's an important
2 part of the mix. Again, we're kind of
3 excited about it, but you never count it
4 until it's there.

5 So I wanted to kind of show you
6 what our economy energy purchases looked like
7 for 2017. You can see that Anchorage
8 Municipal Light & Power sold us
9 294,000-and-some megawatt hours. We paid
10 them \$26.6 million for that economy energy.
11 They have been, with their Plant 2A, our
12 lowest cost economy energy provider.

13 But during the course of times
14 when units are available and we're looking
15 always for the cheapest and the best
16 opportunity, we've bought power also --
17 economy energy from Chugach Electric
18 Association. You can see that just about
19 \$5 million, and from Matanuska Electric at
20 the very bottom -- sorry, Tony, I didn't mean
21 to put you at the bottom of the list, it just
22 happened -- about \$6.5 million. You can see
23 the others.

24 You can see the amount of the
25 solar and the wind from SNAP. Alaska Energy

1 Authority is what we pay for the transmission
2 line costs -- no, excuse me, I'm wrong on
3 that. Alaska Energy Authority is what we pay
4 for our Bradley Lake power because Bradley is
5 owned by Alaska Energy Authority. So,
6 anyway, it kind of shows you the diverse
7 decisions and choices that we make.

8 As Henry said, every four
9 seconds, minutes by minute and day by day on
10 the economy energy purchases. It's -- and
11 the total there, 56 million of economy energy
12 purchases. Our total fuel bill for 2017 was
13 about 140 million. So it's about 40 percent.
14 So we're producing about 60 percent of our
15 power, but we're buying 40 percent.

16 We never produce our own power if
17 we can buy it cheaper. So that's where we
18 are, and that's what 2017 looks like. I can
19 talk -- when I talk about Healy 2, I can talk
20 about how it's going to change, because it
21 will change the dynamics significantly if
22 that power plant comes on.

23 So just a few things here. You
24 know, we know that the power pooling
25 agreement is still being worked on. I was

1 talking to managers this morning. They're
2 trading things back and forth. They're
3 waiting. It's a process. I understand the
4 frustration of how long everything takes. I
5 kind of would always tell my partners in the
6 law practice that it isn't about winning a
7 case, it's about process. It's so important.
8 But I can understand getting tired of process
9 too.

10 The formation of a Railbelt
11 transmission company, I think, is coming
12 along well. We continue to meet monthly or
13 more on that. I think we've had some
14 break-through moments on the transmission
15 company efforts, and I think you'll see
16 something coming forward and perhaps there
17 will be the opportunity for us to kind of
18 give you a presentation on really some nuts
19 and bolts on where the utilities are in the
20 formation of a transco.

21 The Railbelt Reliability Council
22 you're going to hear about later, so I won't
23 say much on that, but I think we're making
24 good progress. We understand the
25 Commission's desire to have this up and keep

1 it simple and get it going direction.

2 So I've had goals that have been
3 put on me by my board. They want the CPCN
4 filing for the transco. They want to get the
5 RRC formed, and they've given me direction to
6 put all the resources necessary to get that
7 to happen.

8 Healy 2 -- by the way, the
9 picture there to the right, the darker gray
10 little structure there, that's Unit 1,
11 25 megawatts. Unit 2, you would think it
12 would be about 300 megawatts, but it's 50.
13 It's a very complex system that was designed
14 to reduce nox emissions with precombustors
15 and feeds and preconditioning and all types
16 of things. We're going to make it work. It
17 has not been easy, and I've been quoted in
18 the paper as saying we underestimated the
19 complexity and the effort needed to restart
20 this plant, but I think we've got it now.

21 So on July 12th, a little bit
22 late, four or five weeks late, we fired on
23 oil and created 27 megawatt hours.
24 July 28th, we fired on coal. Every time you
25 fire on coal, you have to start with oil.

1 You heat the boiler up with oil, and then you
2 take the injectors out, and you start the
3 coal going after it's warm. We fired on coal
4 on July 31st. On August 5th we fired on coal
5 again. From August 5th until now, the plant
6 has been running continuously, but we're
7 doing it a little bit differently.

8 We started up on coal in the
9 morning when the specialized start-up crew is
10 there, and at 7 o'clock at night we shut it
11 down. We leave it running on oil, but we
12 don't run the coal at night. The idea is
13 that we need to be able to control this
14 plant. So you have to be successful in the
15 start-up on coal and you have to be
16 successful on shutting down on coal, making
17 sure you inert the coal, making sure there's
18 no high levels of CO2, and it seems to be a
19 really good system that we have going here.

20 We have a new project owner's
21 representative. We have a company called
22 Blue Water that does nothing but start up
23 power plants, and I think we've got the right
24 team in place here. Again, I don't want to
25 sugar coat the effort needed here to get this

1 plant going. We put in a suppression system
2 into the coal feed system. In other words,
3 if there's high levels of CO2 or if the heat
4 levels are too high, it injects into the coal
5 feed system a secret absorbent or something
6 that will extinguish any type of CO2 or heat
7 problems.

8 The guys at the plant said it's
9 really just Dawn dishwashing soap, but we
10 haven't tried substituting that and won't.
11 But, anyway, it's a -- we call it -- a mill
12 pro system is how we refer to it. It's been
13 put in a number of plants throughout the
14 United States who uses power river basin coal
15 that has been more difficult to burn in these
16 pulverized coal plants. So that has created
17 more effort in the tuning and everything
18 that's got to get done.

19 Just to remind you, there's two
20 mills in the plant. In other words, there's
21 two coal feeds, two kinds, an A mill and a
22 B mill. So as we start it up or start the
23 B mill, we start the A mill. We tune it,
24 make sure we get the right levels of air and
25 suppression and coal feed and get the

1 maximum. We have to make sure that we meet
2 our environmental emissions rate. So you've
3 got to watch what you're putting out the
4 stack. It's all about tuning it to make sure
5 it's going to be right.

6 It's going to be, we thought, a
7 30-day process. It might be a little bit
8 longer than that, but it's coming. The idea
9 that the plant is running continuously now
10 since August 5th is really a good thing.

11 So I think I went pretty fast
12 here, but I'd be glad to take any questions
13 you might have.

14 CHAIR MCALPINE: Questions or
15 comments from the Commission?

16 Go ahead, Commissioner Scott.

17 COMMISSIONER SCOTT: Thank you.
18 I need to make a quick comment. Each of the
19 utilities in the Railbelt within their own
20 resources available to them, whether it's
21 generation or purchase, performs economic
22 dispatch on behalf of their customers.
23 However, for the record, that is not the same
24 thing as jointly deploying resources for
25 purposes of economic dispatch. The dispatch

1 schedule will differ between those two.

2 This is why there is real value
3 available if the parties can come together
4 and form a tight pool. I hope they do so.
5 In fact, I think we are all in some peril if
6 they do not. There was a schedule that was
7 laid out or something that you filed with us
8 in a month. Based on my conversations that
9 I've been having with various of you all, I
10 think we are in grave jeopardy of missing
11 that target date. I hope that doesn't
12 happen. I think that would be incredibly
13 unfortunate.

14 I appreciate that commercial
15 discussions are difficult, but the issues
16 aren't really new. We've been working on
17 this for a long time. So I appreciate that
18 given the institutions that are available
19 now, Golden Valley does the very best that it
20 can with the tools available, and I think
21 each of the utilities does; but there are
22 institutional innovations that are possible,
23 and I believe are required because we can do
24 better for our customers in the Railbelt
25 compared to what we are doing today.

1 So I'm sorry, that's not a
2 question. It's just a correction of the
3 record. There's just a distinction there. I
4 know you know that, Corey, but other people
5 listening to it or reading the transcript may
6 not appreciate that.

7 CHAIR MCALPINE: Any other
8 questions or comments?

9 Commissioner Pickett.

10 COMMISSIONER PICKETT: A comment
11 and a question. I was at Healy 2 in mid-June
12 on a Saturday morning at about 5:45. There
13 was actually a lot of activity at your coal
14 plant there. It looked like they were
15 scrambling trying to get some stuff done.

16 Question: I have done a tour of
17 both Healy 1 and Healy 2. It's been a number
18 of years, and my takeaway and remembrance of
19 that was one of the early issues was the
20 coal-feeding problem, the explosion, all
21 that. So this dampening mechanism that
22 you've mentioned is dealing with all of those
23 issues.

24 Is that a correct assumption on
25 my part?

1 MR. BORGESON: Yes, Commissioner
2 Pickett, that is correct. We've done two
3 things. We have made some changes to the
4 coal-feed system to increase the pressure
5 limits and the pressures as the coal goes
6 through. As the coal goes through the
7 coal-feed system, it's like baby powder, and
8 it was getting stuck up in the dampers. We
9 had the world's largest coal-feed pipe.
10 Well, we don't have it anymore. We sized
11 some things down so we could increase the
12 pressures.
13 We took out some bends and things
14 like that in the coal-feed system and changed
15 the splitter into a dynamic classifier. It's
16 really the same plant, the same technology,
17 but it's refined better. They tell me that
18 when the plant has been running on coal
19 during the day when they get up, it runs
20 smoother than they've ever heard it. That's
21 from the guys that were there in 1999 when
22 ADA was trying to run it. Some of the
23 banging, clanking, knocking -- it really
24 sounds good when it is running. So we're
25 very encouraged about that.

1 So we did the changes to the
2 coal-feed system, so it's not the same
3 coal-feed system that caused the two puffs to
4 occur, explosions. Then we did put in that
5 suppression system, so if there were to be a
6 CO2 problem with high levels of CO2 or the
7 potential of explosion or with heat, we have
8 a way of making sure that it does not happen.

9 COMMISSIONER PICKETT: And just
10 another question more out of curiosity than
11 anything. One of the visuals I found
12 particularly striking, the building is huge
13 for two. I mean, it's a massive -- a lot of
14 steel. I mean, there's a lot of steel there.
15 Looking down to the 50 megawatt Mitsubishi
16 generator kind of sitting there, it appeared
17 kind of tiny.

18 Were there any issues with that
19 thing sitting idle for so many years and
20 getting it fired back up, or did it just
21 immediately take off?

22 MR. BORGESON: You know, during
23 the time that the plant was idle, the turbine
24 had been maintained properly. The boiler too
25 from that standpoint had had blankets put in

1 and things like that, but the turbine would
2 be spun and turned on a regular basis
3 pursuant to all the maintenance. Then the
4 Fuji crew came back in 2015. They did all
5 the work on it they needed to to make sure it
6 was ready, and it got a clean bill of health
7 and it's been working very well.

8 COMMISSIONER PICKETT: Thank you.

9 CHAIR MCALPINE: Further
10 questions or comments? Seeing none --

11 MR. BORGESON: Can I --

12 CHAIR MCALPINE: You can.

13 MR. BORGESON: I've just got to
14 talk a little bit more about economic
15 dispatch in the Railbelt --

16 CHAIR MCALPINE: Sure.

17 MR. BORGESON: -- in response to
18 Commissioner Scott's comments.

19 We don't have the most efficient
20 market in the Railbelt, but I think there's
21 more economic dispatch going on than some
22 might think. I think the coordination
23 amongst the utilities, the purchases between
24 ML&P and Chugach that go on, do mitigate and
25 make us a more efficient group of utilities

1 than you might think.

2 You know, there's only six or
3 seven, maybe eight generators running at any
4 one time in the Railbelt. It's not terribly
5 complex. I believe, and from my discussions
6 with the other utilities, is they're working
7 all the time to dispatch the cheapest units
8 in the Railbelt. It's not the most
9 efficient, but to give you an example of
10 something recently that's been done is we now
11 have dynamic scheduling of Bradley so that
12 all of us can put into our computers, we all
13 have matching SCADA systems, that we can make
14 Bradley run when it's most efficient for us.

15 There are some limits, some
16 issues that some transmission upgrades
17 wouldn't hurt, but we do have dynamic
18 scheduling for Bradley. You know, it's just
19 like the stock market. The more information
20 there is, the more transparency there is, the
21 more efficient the market is. So I
22 acknowledge that somewhere between what you
23 might hear that there's absolutely no
24 economic dispatch in the Railbelt to, you
25 know, there's perfect economic dispatch in

1 the Railbelt, we're somewhere I think
2 hopefully closer to perfect.

3 But I recognize and understand
4 that there's the thought that we can do
5 better, and I think there's a lot of will and
6 desire to do that.

7 CHAIR MCALPINE: Seeing none,
8 Corey, thank you very much.

9 MR. BORGESON: Thank you for the
10 time.

11 CHAIR MCALPINE: The next item on
12 the agenda, and I'm going to apologize in
13 advance. I think it's Brown Wielgus and
14 Glines, or do you pronounce it Wielgus?

15 MR. BROWN: Wielgus is on the
16 telephone.

17 CHAIR MCALPINE: Oh.

18 MR. BROWN: This is Seth Brown.

19 CHAIR MCALPINE: Good morning,
20 Seth.

21 MR. BROWN: Good morning.

22 MR. GLINES: I'm David Glines.
23 I'm representing ARCTEC today, and next to me
24 is Tom DeLong also.

25 Again, I'm Dave Glines

1 representing ARCTEC. I am a board member
2 with MEA and Tom DeLong next to me here is a
3 board member with Golden Valley. I asked Tom
4 to come up here with me because he's the one
5 that led the -- on the ARCTEC board led the
6 initiative to put an RFP together on an RRC
7 on the effort where we ended up hiring GDS
8 Associates to complete a good, independent
9 look at us and a stakeholder-driven method to
10 come up with a final report, which was
11 finally issued in May of this year.

12 We've had a couple of stakeholder
13 technical conferences right here in public
14 meetings in this room. We've had other
15 stakeholder meetings with other -- in other
16 venues. GDS has worked independently or
17 individually one on one with a lot of the
18 different stakeholders, all of the Railbelt
19 utilities as well as other stakeholders like
20 CIRI -- gosh, who are some of the other ones.
21 Tom?

22 MR. DELONG: AEA.

23 MR. GLINES: AEA, yes. Others,
24 anyway, that -- and REAP, et cetera.

25 So in any event, Tom, do you have

1 anything to say that you'd like to add?

2 MR. DELONG: I guess the only
3 thing I'd like to add is that ARCTEC was
4 really formed out of the recognition that the
5 Railbelt utilities need to come together.
6 ARCTEC came together quite a number of years
7 ago, but it was really the understanding that
8 we had to have a stakeholder process, kind of
9 bring everyone together. ARCTEC has
10 voluntarily done this.

11 It's a cooperative of
12 cooperatives and municipalities, and we came
13 together recognizing that we really needed to
14 do a stakeholder process.

15 We then went out with an RFP and
16 entertained lots of different proposals to do
17 a stakeholder process. Selected GDS, and
18 then we proceeded with the stakeholder
19 process. You've got that final report and
20 today is an update. But I'm really proud
21 that ARCTEC was formed with the recognition
22 we needed to come together. I think ARCTEC
23 continues to make progress, and it's a great
24 opportunity for the Railbelt to get together.

25 The unique thing about ARCTEC is

1 its composition of its board is made up of
2 one CEO and one director from each of the
3 cooperatives. I'm a director. I'm not the
4 CEO. So that gives ARCTEC a unique kind of
5 perspective on things and lets a board of
6 director who represents the members of their
7 respective co-ops come into the board room
8 and make sure that the co-ops' members are
9 represented in the things that ARCTEC does.

10 So I really, really applaud the
11 formation of ARCTEC and the composition of
12 ARCTEC's board. I think we can continue to
13 make progress on the issues facing the
14 Railbelt. Thank you.

15 MR. GLINES: If I may, Mr. Chair.
16 I also want to point out that we are
17 providing -- we are hosting GDS today because
18 there seemed to be expressed a great deal of
19 interest from a couple of you from the dais
20 there to have a hearing or at least a meeting
21 on the RRC report that GDS put together. He
22 will go through this, and I hope you have a
23 lot of questions and whatnot.

24 I also want to let you know the
25 way forward from today, I think -- I do want

1 to let you know that the Railbelt utility
2 managers have been working a draft -- or a
3 negotiated MOU along with the report filed in
4 May was a baseline, a suggested MOU that
5 GDS put together for the six Railbelt
6 utilities to consider.

7 They have been negotiating that
8 within the Railbelt utility managers forum to
9 craft something that perhaps all six could
10 sign. They're very, very close to finishing
11 that process. I'm convinced of that, and
12 that from there, that product would go to the
13 Railbelt utility co-op boards and municipal
14 entities. They'll work it, but that will be
15 just something so that we can get something
16 signed as quickly as we can.

17 Now, in order to -- I do want to
18 let you know that ARCTEC also is reviewing
19 some options to perhaps stand up this
20 organization, more quick-start it, so to
21 speak, to get it off the ground. If we had
22 guidance from the Commission or some
23 directives, we will be ready to do that if
24 that's what you do want at some point in
25 time.

1 So in any event, I'd like to turn
2 this over to Seth.

3 MR. BROWN: Thank you.

4 Unfortunately, Mr. Chairman, I
5 don't see our presentation queued up there.
6 Maybe it is. I'm not sure.

7 CHAIR MCALPINE: We have the
8 presentation. You just need some technical
9 expertise to do that?

10 MR. BROWN: Yes, exactly.

11 CHAIR MCALPINE: Okay. Jay, you
12 want to come up and fire up the generator?

13 MR. BROWN: Okay. Thank you.

14 My name is Seth Brown. I'm vice
15 president of transmission services with
16 GDS Associates located in Marietta, Georgia.
17 I'm presenting today another report on the
18 Railbelt Reliability Council Summary and
19 Conclusions. Also, I'll talk a little bit
20 about a way forward with respect to
21 reliability standards, compliance, monitoring
22 and enforcement, and finally transmission
23 planning.

24 For today's discussion we'll just
25 recap quickly the process that GDS conducted

1 with stakeholders, what our findings and
2 recommendations were, touch on the governance
3 scope and functions that were recommended
4 that's similar to what you have seen before.
5 I want to do a little bit deeper dive into
6 reliability standards development. We know
7 that's a concern for the Commission, as well
8 as compliance monitoring and enforcement,
9 what the program elements for that could be,
10 as well as transmission expansion planning,
11 which is highly related to reliability
12 standards compliance.

13 Then, finally, we're going to do
14 a little bit of a structural comparison. I
15 just have one quick slide on an RRC versus a
16 potential of a transco, keeping in mind this
17 is structural, not a functional comparison,
18 No. 1.

19 No. 2, I have no knowledge, have
20 not been read in on any of American
21 Transmission Company's proposals to the
22 utilities with respect to a transco. So that
23 is strictly -- what I'm presenting is
24 strictly based on my knowledge working in
25 other states.

1 So as far as the stakeholder and
2 interested party outreach, we of course held
3 one-on-one discussions with stakeholders and
4 interested parties. We conducted follow-up
5 discussions at least one time with each one.
6 we conducted one all-hands technical
7 conference with the stakeholders and
8 interested parties. Then we finally
9 confirmed positions and filed summaries of
10 those positions with the Commission earlier
11 this year.

12 The conclusions that came out of
13 the GDS facilitation process was that we had
14 near consensus on an initial set of what I'm
15 calling interdependent functions to be
16 performed by the RRC. Those include
17 reliability standards, development and
18 enforcement, transmission access, and system
19 planning.

20 The function that was the most
21 controversial and was the material issue of
22 debate amongst the stakeholders and
23 interested parties is the potential role for
24 the RRC to be an independent or unified
25 system operator operating the Railbelt system

1 as a single-load balancing area with security
2 constrained economic dispatch.

3 A brief summary of the
4 recommendations contained in our final
5 report. Recommendation No. 1, as Mr. Glines
6 referred to there, we recommend that the
7 utilities sign a memorandum of understanding
8 for the formation of the RRC and that MOU to
9 be approved by the RCA.

10 Secondly would be to form an
11 implementation committee consisting of the
12 utilities, AEA, and others to get the
13 organization stood up.

14 Third was scope of the RRC should
15 be defined to include reliability standards
16 development, monitoring and enforcement,
17 transmission open access, and system
18 planning.

19 No. 4, the board governance
20 structure to consist of ten directors, four
21 what I refer to as transmission owners, four
22 nontransmission owners, as well as two
23 nonvoting members, and then the chair as the
24 tie-breaking vote in case of a tie. We'll
25 talk about that a little bit more in depth.

1 Then, as well we recommend a full-time staff
2 of five professionals initially for the
3 organization.

4 No. 5, we recommend it because,
5 again, this was the area that was of most
6 concern to the stakeholders and the one of
7 most disagreement. We recommended that the
8 RCA Commission market a simulation study to
9 perform a cost-benefit analysis of
10 implementing a single-load balancing area and
11 systemwide security constrained economic
12 dispatch for the Railbelt. A cost-benefit
13 analysis would need to yield a 10-year net
14 present value of ratio of benefits to costs
15 of at least 1.5 was our recommendation.

16 No. 6, the RRC would implement a
17 reliability standards development and
18 compliance monitoring and enforcement
19 program.

20 No. 7, the RRC would develop,
21 adopt, and administer a Railbelt-wide
22 transmission tariff, including generator
23 interconnection protocols.

24 No. 8, the RRC would develop,
25 adopt, and utilize a Railbelt electric

1 generation and transmission system expansion
2 planning process.

3 The board of directors structure,
4 this is the same slide I had presented to the
5 Commission previously. Again, we would have
6 a 10-member board, four transmission owners,
7 four nontransmission owners, with a chair as
8 the tie-breaker. We would also have the --
9 propose the RCA chair be seated on the board
10 as a nonvoting member.

11 The way our recommendation stood
12 was that the utilities would rotate positions
13 on the board on some kind of staggered basis.
14 Initially one for the Anchorage Bowl, one for
15 utilities in the north, and one for utilities
16 in the south.

17 This slide, very similar to ones
18 I have presented to the Commission in the
19 past, the RRC scope and functions, what we
20 recommend. We think the key to success is to
21 house these interdependent functions
22 together. They work very well together.
23 This is a model that we've based on our
24 experience with regional transmission
25 organizations in the Lower 48.

1 Reliability, the function of the
2 RRC would be to establish, monitor, and
3 enforce reliability standards, including
4 cyber security and physical security.

5 Transmission access, the RRC
6 would develop and administer open access
7 transmission tariff and generator
8 interconnection protocols. Then planning,
9 RRC would develop and administer generation
10 and transmission expansion planning and
11 project approval.

12 I promised we'd do a little bit
13 more in depth on reliability standards and
14 transmission planning. This slide is my
15 attempt to show a possible reliability
16 standards development process. I believe
17 it's a concern of the Commission that while
18 the utilities have done a good job developing
19 their initial set of standards, that there
20 needs to be a process in place to keep those
21 standards up to date, to modify them, to
22 retire them as necessary, and to create new
23 standards when appropriate.

24 So this development process very
25 simply would start with a standards

1 authorization request. This is modeled on
2 the NERC process. So a utility, an
3 individual stakeholder could complete a
4 standard authorization request, send it into
5 the RRC. The RRC would convene a drafting
6 team consisting of RRC members. There would
7 be a drafting phase where the standard would
8 be drafted and submitted to the RRC Technical
9 Advisory Committee.

10 The Technical Advisory Committee
11 would make its recommendations, and then the
12 standard would get posted for public comment.
13 The final form would be submitted to the RRC
14 board and the Commission for approval and
15 adoption.

16 Please stop me if you have any
17 questions.

18 So that was the standards
19 development process. Once you have standards
20 developed, you've approved them, they're now
21 enforceable. How do you monitor compliance
22 with those standards, and how do you enforce
23 compliance with those standards? So in NERC
24 world they have several different mechanisms.
25 All of these are potential options for the

1 RRC to ensure compliance.

2 No. 1 on the list would be
3 self-reports. Ideally a utility should
4 realize whether they're in compliance or not
5 with a particular standard. Self-policing is
6 really the best method to ensure compliance.
7 So we would want to encourage utilities that
8 realize they are in violation of a standard
9 to submit a self-report to the RRC.

10 In addition, there could be
11 processes such as self-certifications. It
12 would cause a utility to have to go back and
13 make sure through their own internal controls
14 processes that they are in compliance with
15 the standard and would certify such to the
16 RRC and the Commission.

17 Compliance audits, uncomfortable,
18 but likely necessary. We recommend in our
19 report that the RRC through an audit
20 committee function would engage a third-party
21 independent auditor to audit utilities on
22 some regular basis, audit their compliance
23 with the standards.

24 Compliance investigations, these
25 could be something that's initiated by the

1 Commission or by the RRC board. Periodic
2 data submittals that leads into the planning
3 process where utilities would be required to
4 file certain data -- compliance data with the
5 RRC.

6 Lastly, complaints. There would
7 be a mechanism in place where individuals
8 could file a complaint with the RRC, and thus
9 cause the RRC to conduct a compliance audit
10 or investigation.

11 Again, it's just a panoply of
12 potential mechanisms. Some may not be a good
13 fit for the RRC, but some may.

14 So the RRC, keep in mind, they do
15 monitor compliance with the standards. The
16 RRC staff function, that would be a primary
17 role would be to monitor compliance by owners
18 and operators of the Railbelt system. They
19 would enforce compliance with the standards,
20 including ensuring that the utilities
21 mitigate any potential violations with the
22 standards and then, if necessary, negotiate
23 settlements with the utilities that are in
24 violation.

25 RRC staff would represent the

1 Railbelt in any Commission hearing or appeal
2 process associated with a violation or
3 enforcement action. Then they, of course,
4 would administer audits using a third-party
5 auditor and also provide for Railbelt
6 reporting systems.

7 We mentioned periodic data
8 submittals. There's going to be a lot of
9 data necessary to comply with the standards.
10 There's going to be a lot of data generated.
11 So there needs to be basically a warehouse of
12 information, and the Railbelt Reliability
13 Council would house that warehouse. Some
14 secure portal or some other means by which
15 the utilities would file this data with the
16 RRC so the RRC could perform its functions in
17 an efficient manner.

18 A little bit deeper dive on
19 transmission expansion planning principles.
20 I've laid out here four principles.

21 No. 1, the RRC would make the
22 benefits of an economically efficient
23 electricity market available to customers by
24 identifying transmission projects, which
25 provide access to electricity at the lowest

1 total electric system cost. That's what we
2 call economic transmission planning.

3 Secondly, RRC would develop a
4 transmission plan that meets all applicable
5 Railbelt planning standards through
6 identification of transmission projects to
7 meet those needs. That's what we call
8 reliability planning.

9 In addition, the RRC would plan
10 for access to future generating resource mix.
11 So through its planning processes, we would
12 propose that the RRC identify good locations
13 on the Railbelt system for renewables and
14 projects of that type to connect. It's not
15 very efficient for developers of renewable
16 projects to basically have to try and study
17 the system on their own to determine really
18 where the most economical place to connect
19 is. It would be a function of the RRC to
20 provide that information up front to
21 developers of renewable projects.

22 Lastly, as we've discussed, the
23 RRC would analyze system scenarios that are
24 presented to it, including an analysis of
25 implementing a single-load balancing area and

1 systemwide security constraint economic
2 dispatch, make the results of that analysis
3 available to state energy policymakers and
4 other stakeholders to provide context and to
5 inform choices.

6 I plagiarized this slide, I
7 believe, from a PTM RTO presentation. It's
8 just a very simple graphical representation
9 of a cost curve here contrasting the capacity
10 costs associated with generating capacity
11 versus transmission costs. The ideal is the
12 sweet spot there is the lower part of the
13 curve. You want to minimize the total cost
14 of delivered power to consumers. That's
15 including energy, generating capacity, and
16 transmission costs.

17 So that's what we'd be shooting
18 for here. That's what the RRC's goal would
19 be, to make sure that they're studying
20 projects given the existing generating mix in
21 the Railbelt and the existing transmission
22 (indiscernible) what are the best projects
23 that will give the consumers in the Railbelt
24 the best bang for their buck.

25 stakeholder involvement and

1 feedback on transmission models. I think
2 this is probably one of the most key aspects
3 of the RRC proposal. Keep in mind, we've had
4 a lot of discussion among the utilities and
5 others about planning. Yes, the RRC would
6 perform planning for the Railbelt generation
7 and transmission system. That does not
8 obviate the need for utilities individually
9 to perform their own planning functions.
10 They have an obligation to serve load.
11 They've got member consumers, citizen
12 consumers. They're still going to have to
13 plan. They're still going to have to plan
14 their systems. They're still going to have
15 to be involved in the planning function with
16 the RRC.

17 So this is not going to obviate
18 the need for planning among the utilities.
19 That will still occur. But the key here, and
20 I think one of the most critical functions of
21 the RRC, is to have this stakeholder
22 involvement in the planning process,
23 something that is not really occurring today.
24 So in this model, and it has been an
25 overwhelming success in my opinion in

1 regional transmission organizations, you have
2 the utilities, independent power producers,
3 the Commission, consumer advocate and others
4 coming together in the planning process to
5 make sure that the inputs are good inputs,
6 and the model is representative of all the
7 needs for the Railbelt.

8 So the RRC would maintain
9 accurate system data. They would ensure that
10 information is submitted by the utilities,
11 whether it's load forecast, transmission
12 (indiscernible) information, that it is
13 accurate. The RRC through this process would
14 respond to data requests, review models,
15 provide feedback, and suggest process
16 improvement. So all of those types of
17 functions would occur.

18 There would be an exchange of
19 information between the stakeholders and the
20 RRC, the staff to ensure when that
21 transmission model is built, it is the model.
22 It's vetted. Everybody has confidence in it,
23 whether you're an independent power producer,
24 whether you're a consumer advocate, whether
25 you're a utility, you have confidence that

1 that model is representing the Railbelt to
2 the greatest extent possible. Therefore, any
3 studies that rely on that model we could have
4 a good feeling of confidence that those
5 studies are yielding accurate results.

6 How the transmission and planning
7 function would look at the RRC. Again, the
8 objective needs, compliance, and Railbelt
9 system reliability. The utilities have
10 already filed two standards with the
11 Commission, the MOD 32-2 and the TPL 1
12 standard. So the RRC needs to plan for
13 those, as well as taking into account
14 individual utility planning criteria. If a
15 utility's got some unique circumstance that
16 they have to have a particular voltage
17 threshold or what have you to ensure reliable
18 service to their consumers, to their members,
19 that needs to be incorporated into the needs
20 process for transmission planning.

21 The roles associated with the
22 process. The RRC would identify reliability
23 needs, perform project justification, fulfill
24 compliance obligations with the standards,
25 and over and above everything else, it would

1 provide transparency. In a sense that's how
2 they're responsive to the Commission is
3 through that transparency and what is being
4 done to plan for the Railbelt system.

5 Stakeholders and utilities, they
6 validate the models. They identify their
7 reliability needs and proposed solutions.
8 So, therefore, you can have -- you know,
9 identify a need through the planning process,
10 but it's open to stakeholders and
11 stakeholders should be able to bring
12 solutions to the table that the RRC would
13 study and validate and determine what the
14 most cost-effective solution is to a
15 particular problem. So whether it's a
16 generating plant, transmission upgrade,
17 demand side management, those types of
18 projects would be brought to the RRC.

19 Finally, guidelines would be
20 decided, whatever works best for the
21 Railbelt. Studies could be performed on a
22 two, five, and 10-year cycle. Obviously as
23 projects are approved and move through
24 permitting phase, engineering and
25 construction, they would be included in

1 models at various points in time. Studies
2 could be performed on summer peak, summer off
3 peak, winter peak, or particular seasons that
4 are of interest to the stakeholders. So
5 those are just some of the guidelines that
6 would be developed by the RRC.

7 So this was meant to be a
8 structural comparison between the RRC and a
9 theoretical transco. It's not functional.
10 We're not comparing functions between the
11 two. Those are yet to be defined. There
12 could be overlap between how a transco
13 performs its business and how an RRC does as
14 well. Those types of things would have to be
15 worked out. I think it's just important to
16 note that these two types of organizations
17 could be complimentary and can exist at the
18 same time.

19 The RRC, to note, is a
20 stakeholder-based organization and most
21 likely an Alaska nonprofit organization.
22 Transcos are typically owner-based and
23 for-profit institutions. RRC is expense
24 driven, no debt or equity. Transcos
25 typically have equity and debt requirements.

1 RRC, credit likely not required. If it would
2 be, it would be a fairly small credit
3 requirement. Transcos on the other hand,
4 they build projects. They build
5 capital-intensive projects, credit is
6 required and that would have to be insured by
7 its owners -- secured by its owners.

8 The RRC expenses would be covered
9 through a surcharge to load elected by the
10 utilities. That surcharge of course would
11 have to be approved by the Commission.
12 Transcos typically have transmission revenue
13 requirements, and those are updated as
14 projects are built. Projects are
15 depreciated, et cetera, and those revenue
16 requirements are recovered in utility rates.

17 RRC is designed to work
18 congruently with a transco, if formed.
19 Transco, typically owners carry the transco's
20 liability exposure.

21 Last slide, GDS's conclusions and
22 our report. The RRC model is meant to be a
23 stand-alone stakeholder-driven organization.
24 It's designed to ensure reliable and
25 cost-effective electric service.

1 Efficiencies will be gained from an RRC-led
2 and stakeholder-driven integrated plan for
3 new generation and transmission facilities.

4 Reliability will be enhanced through the
5 stakeholder-driven standards development,
6 monitoring enforcement program
7 (indiscernible) to allow the utilities to
8 continue to serve their member consumers.

9 Transmission generator
10 interconnection service rules and pricing
11 will be transparent and consistent via a
12 consolidated, open access tariff, allowing
13 for private investment in new projects to
14 prove the reliability and capture production
15 cost savings.

16 Lastly, the RRC through its
17 membership would study the economics of
18 moving to an ISO-like organization in a
19 single-load balancing area and a security
20 constraint economic dispatch.

21 That concludes my presentation.

22 CHAIR MCALPINE: Commissioner
23 questions or comments?

24 Commissioner Pickett.

25 COMMISSIONER PICKETT: Just a

1 couple of questions. On page 4, if you'd
2 turn to that, your first bullet refers to a
3 term "near consensus."

4 would you define what "near
5 consensus" is at this point in time?

6 MR. BROWN: That's my attempt to
7 say that there was general agreement. There
8 was no overwhelming objection to those
9 functions being in an RRC.

10 COMMISSIONER PICKETT: Okay. So
11 in terms of all of the impacted parties and
12 the MOU that you are trying to get signed,
13 you did mention the area of disagreement.
14 Are there other areas? You also had the side
15 by side with the transco and the RRC and
16 stated that they don't necessarily have to be
17 mutually exclusive, but is that an area of
18 disagreement with potential signators to this
19 MOU?

20 MR. BROWN: Commissioner, I'll
21 have to defer. I'm not personally involved
22 with the negotiations for the MOU amongst the
23 utilities. I am cut out of that process, so
24 I'll defer to Mr. Glines.

25 MR. GLINES: Thank you. Sir,

1 Commissioner Pickett, there's been a lot of
2 discussion about that obviously. ARCTEC and
3 the companies have put that into the Railbelt
4 utility manager the forum to work through
5 those issues. As far as I know, at least in
6 the ARCTEC board meetings, what has been
7 discussed has been in executive session.

8 However, we have all six Railbelt managers
9 behind me, and perhaps they might be able to
10 offer some advice or answer your question.

11 CHAIR MCALPINE: Well, who would
12 you suggest?

13 COMMISSIONER PICKETT: I'm not
14 exactly inclined to haul them into the
15 witness box here this morning.

16 CHAIR MCALPINE: I am.

17 MR. GLINES: Well, we could start
18 with -- I'll put Tony Izzo on the hot seat
19 because he's this year the manager for the
20 managers, which sets up the -- he's the room
21 manager for (indiscernible), so --

22 CHAIR MCALPINE: Tony just beat
23 feet out the back door. Not really. He's
24 right there.

25 MR. GLINES: That's the best

1 answer I can personally give you, sir.

2 MR. IZZO: Good morning. For the
3 record, my name is Tony Izzo, the CEO and
4 general manager for Matanuska Electric
5 Association. Through the chair, I'd like to
6 ask to have the question repeated to give me
7 the few seconds to spin up a response.

8 COMMISSIONER PICKETT: I think it
9 came from the question I put out there with a
10 definition of near consensus and sort of
11 where things, and then Mr. Glines referred to
12 the negotiations and executive session that
13 have been happening. I guess to the extent
14 you can offer any illumination as far as
15 where things are at today.

16 MR. IZZO: Thank you,
17 Commissioner. I certainly am always open to
18 having Mr. Saber (ph) to also share his
19 thoughts on the same topic. I think we are
20 at near consensus, and I'm pleased to just be
21 transparent about what the issues are. I
22 think we have resolved the governance issues.

23 There has been a good amount of
24 discussion, healthy discussion around the
25 size of the board and utilities that may or

1 may not participate as one of the four
2 transmission owners. So I think you'll see
3 an MOU that will probably be slightly larger
4 than what GDS is proposing, at least
5 initially. I think that's consistent with
6 other Lower 48 experience. We saw with the
7 formation of ERCOT a much larger board.

8 I'm not talking about a much
9 larger board, maybe instead of eight to ten,
10 we're talking about 12 or 13. So that there
11 is representation from all the transmission
12 owners at the beginning. We still believe in
13 the concept or recommendation from GDS that
14 there needs to be an equal amount of
15 nonutility stakeholders. So we're not trying
16 to -- you won't see an imbalance from the
17 GDS recommendation.

18 I think the other thing that I
19 would point out, and I think we're there. I
20 certainly am working with the belief and goal
21 that we're going to have something filed to
22 you, if not through board approvals this
23 month, it would certainly be next month. So
24 there may be a timing issue.

25 There has been a lot of

1 discussion around the fact that we've talked
2 about the core duty of adoption and
3 enforcement of reliability standards.
4 There's been a lot of discussion around what
5 I'll just call planning. There are certainly
6 those that believe on one side there should
7 be less involvement by stakeholders in terms
8 of that rigorous planning function.

9 As we learn and move along the
10 learning curve, some of us realized that
11 having that input might be a good thing, and
12 it doesn't necessarily limit or require us to
13 do things that might not make economic sense.
14 I, for one, am very much in favor of
15 stakeholder involvement. I think planning is
16 going to be a core function is what Seth has
17 indicated here, but it is not a substitute
18 for planning that could be done with a
19 transco or with individual utility planning.
20 So it's not a one size fits all. If RRC does
21 planning, you're never going to do it again.

22 Those are my thoughts. Lee.

23 MR. THIBERT: Good morning,
24 Commissioners. My name is, for the record,
25 Lee Thibert. I'm the CEO of Chugach

1 Electric.

2 I'd agree totally with Tony. I
3 think the near consensus really gets around
4 the idea of what does -- what are the
5 functions of the RRC and what are the
6 functions of a transco. What we've been
7 doing is kind of working in parallel paths
8 with going forward with a transco
9 organization, which is kind of the boots on
10 the ground construction of transmission
11 assets and planning of those transmission
12 assets in the RRC that is more, I'd say,
13 integrated resource planning, long-term
14 planning Railbelt-wide looking at different
15 generation options.

16 when you have -- you know, part
17 of the reliability standards are planning
18 standards. So you have to make sure that the
19 system is planned properly so you have
20 reliable transfer of energy. It includes
21 studies. If the system's not working
22 perfectly, you have to do the joint studies
23 with everybody to make sure that you have
24 solutions. Is it a battery solution? Is it
25 a transmission solution? Is it an operating

1 scenario solution?

2 So I think all those things
3 really need to be built into the RRC. So I
4 think maybe the disagreement with the parties
5 is trying to figure out what really belongs
6 as core aspects of the RRC, and what would be
7 done in the transmission organization.

8 There's been some differences of
9 opinion, but I think we're getting very, very
10 close to making that happen. I think the
11 other one that has been out there is the --
12 kind of the economic dispatch. Should the
13 economic dispatch be part of the RRC or --
14 you know, because the pool is doing that.
15 There are other contracts that we're looking
16 at for that particular effort. So then it's
17 trying to decide: Okay, do we continue to
18 move with the power pool, the tight dispatch,
19 or should that be part of the RRC?

20 So those are some of the -- I
21 think some of the dynamics that we've seen
22 between the utilities and trying to just lay
23 out what is the core functions of the RRC and
24 what could be continuation or additions in
25 the transco or the tight power pool.

1 CHAIR MCALPINE: Lee, I imagine
2 that some of the toughest areas to gain
3 consensus are -- and I'm not trying to be
4 pejorative in using this term -- the
5 outliers, meaning HEA and Golden Valley who
6 would -- are in very tough positions
7 vis-a-vis those that are centrally located,
8 Chugach, ML&P, and MEA. I'm wondering if
9 you're able to, again, for lack of a better
10 term, adjust to recognize and meet their
11 needs as well as those that are centrally
12 located.

13 MR. THIBERT: Absolutely. I
14 think it's pretty easy for the three
15 utilities in the Bowl to work on an economic
16 dispatch, and I think we've got -- we're
17 hopefully 99 percent of the way there. What
18 we would like to do is make sure that
19 Fairbanks and Homer are part of this process,
20 too. The only difficulty is you've got the
21 constraints of the interties north and south,
22 and that does limit the ability to do a pure
23 economic dispatch because you have to have
24 must-run units in each one of those areas.
25 So that does add a complication.

1 I think we can get there, but it
2 will take a little bit more time. I think
3 the other complicating factor is the fact
4 that Chugach and ML&P are obviously working
5 very diligently trying to do one Anchorage
6 utility. You certainly have other parties
7 that are trying to figure out: well, what
8 does that really mean to them at the end of
9 the day? So I think that is maybe another
10 complication that's been driving some of the
11 dynamics of the discussion.

12 CHAIR MCALPINE: And typically,
13 because I'm holding the gavel, I wouldn't
14 override. I'm sure other commissioners have
15 something to say here, but now that you
16 brought it up, I, you may recall, was
17 somewhat nonplussed by the whole situation
18 involving the purchase of the Beluga River
19 Field. And I was because everything came to
20 us in a package with a very short time period
21 in which we had to make a decision. The only
22 evidence that was brought before the
23 Commission was evidence that was produced by
24 the participants saying: This is a great
25 deal, and the Commission having no

1 opportunity to challenge that whatsoever.

2 I truly hope that that does work
3 out, but I would be a lot more comfortable if
4 we had a longer timeline. So what I've said,
5 and I've said it to enough people it ought to
6 have gotten back to you by the rumor mill,
7 that I will take as much time to make the
8 decision on whether that deal is approved as
9 you folks take to bring it to our attention.
10 The way I look at it, that whole process
11 started about December of last year. So I
12 now have nine months to look at it. The
13 longer you take to bring it to our attention
14 and bring us into a loop, that gives me that
15 much more time. Anyway --

16 MR. THIBERT: Mr. Chairman, I
17 appreciate that. We will get it to you as
18 quick as we can, and we will go through the
19 due process. I promise I won't ask for
20 expedited consideration.

21 CHAIR MCALPINE: That's a great
22 idea. Other commissioner comments or
23 questions?

24 Commissioner Scott, did you have
25 something? I'm sorry, Commissioner Pickett.

1 COMMISSIONER PICKETT: This is
2 for GDS on page 7 on your board of directors
3 and recommendations there. I see that you
4 have the RCA chair nonvoting, which I think
5 makes some sense just in terms of
6 communication. But you also have RAPA as a
7 voting member, and it just seems like there
8 may be a bit of a conflict there in that RAPA
9 appears in the proceedings with us, and to
10 have them as a voting member with a way to
11 weigh in on a matter that's going to come to
12 the Commission, and then they're active in
13 the proceedings just seems like you might
14 have a bit of a -- has this been vetted with
15 RAPA?

16 Are they on board with this idea?

17 MR. THIBERT: Yes, yes, yes.

18 COMMISSIONER PICKETT: I'm not
19 sure I am --

20 MR. THIBERT: We met with RAPA --

21 COMMISSIONER PICKETT: -- but,
22 anyway, they're --

23 MR. THIBERT: Yes, Commissioner.
24 We did discuss it with RAPA. They went off
25 and considered it. They came back to GDS and

1 said: Yes, we believe that we would benefit
2 and consumers would benefit if we had a
3 voting seat on the RRC board. So, yes, they
4 did.

5 COMMISSIONER PICKETT: I can
6 certainly see the value just in information
7 flow both ways. That part is good. The
8 voting part is still a bit of a question
9 mark.

10 I do think there's value, as this
11 thing moves forward just in terms of timing,
12 you do acknowledge the fact that we're on a
13 reliability fast track, and we've got a
14 technical conference this afternoon in fact.
15 That's going to continue. So at least that
16 element of the RRC -- the more quickly it can
17 be stood up effectively, the better. Just
18 when you look at the history of NERC and some
19 of the standards, it was a bit of a bloody
20 process.

21 MR. THIBERT: Yes.

22 COMMISSIONER PICKETT: You know,
23 you just look at the CIP and how they sort of
24 jumped from Version 3 to 5 and 4 was in
25 the -- and it's -- just so everybody's aware,

1 this is probably not going to be entirely
2 smooth, but we can at least get started.

3 MR. THIBERT: Yes.

4 CHAIR MCALPINE: While you
5 brought that up, Commissioner, going back to
6 that subject, the makeup of the board. I
7 made two little notes. One is the RCA chair,
8 a nonvoting member. That really should be
9 someone appointed by the chair because
10 whoever is going to be the next chair will
11 either have the experience of having been a
12 prior chair, in which case he already knows
13 what additional work is involved. What I
14 made a note is instead of RCA chair, a member
15 of the Commission appointed by the chair. So
16 that the chair -- that person doesn't have to
17 do that themselves.

18 Then on the consumer, RAPA, I put
19 a C, and I circled it for the very reason
20 Commissioner Pickett brought up. I get a
21 little nervous that we're going to be tying
22 RAPA's hands if they're a voting member of
23 the board as opposed to a nonvoting member
24 who can provide, as Commissioner Pickett
25 suggested, information, but still has the

1 ability to appear before us. That's
2 certainly something I would want to take up
3 with our counsel as to whether or not -- I
4 have always operated under the idea that if
5 you even think you have a conflict, you
6 probably do. When I saw that, I made the
7 note of it because it would concern me.

8 Anyway, other Commission comments
9 or questions? Commissioner Scott.

10 COMMISSIONER SCOTT: Thank you,
11 Mr. Chairman. So this is an incredibly deep
12 and complex set of subjects, and there's not
13 time in this forum to adequately explore
14 them.

15 I'd like to start with
16 recommendation No. 1. With a background that
17 there seems to be an understanding and
18 acknowledgment that this entity should be, if
19 it's sponsoring a tariff, it needs to be
20 certificated. At this time I don't see a way
21 to do that under existing statute. So I
22 think, you know, the concept of a signed
23 MOU to be approved by the RCA, this is not
24 just an observation for Mr. Glines, but for
25 the heads of the companies.

1 What happens if we don't approve
2 the MOU that you bring to us because we do
3 not agree with your assessment of the
4 appropriate divisions of roles? I'm
5 concerned about that, quite frankly. I
6 appreciate that there's stuff that you guys
7 are working to hash out, but in terms of the
8 process that we're currently launched on, I
9 would note, don't expect that the RCA is
10 going to say: Yep, we're fine with that. Go
11 forth on everything that you've laid out in
12 terms of how this works.

13 I don't think that's realistic.
14 So in terms of all of our planning processes,
15 recognizing that we're probably going to need
16 legislation to make this work at the end of
17 the day, try to provide for an open technical
18 or collaborative process in which we can work
19 some of these things out because they're --
20 as hard as the negotiations are now, there's
21 going to be another round. I'm pretty sure
22 we're not going to just go: Yep, we're fine
23 with everything. It's unlikely, and some of
24 our objections may be difficult or some of
25 our concerns may be difficult to accommodate

1 given the long struggle that you've embarked
2 on to get to this point.

3 MR. IZZO: Chairman McAlpine, if
4 I could comment.

5 CHAIR MCALPINE: Go ahead, Tony.
6 Sure.

7 MR. IZZO: I greatly appreciate
8 the comments of Commissioner Scott. Maybe
9 simply said, or best said, is that I agree.
10 I believe that filing the MOU for approval is
11 not a foregone conclusion. I don't think any
12 of us do. I view it as a step towards
13 getting to the ultimate goal, which is a
14 solution that we're all good with.

15 One of the decisions that I have
16 to make is, for example, and I'm about there,
17 is we may show up with an MOU that has four
18 or five signatures on it. Again, it isn't a
19 matter of wanting to point the finger at any
20 one utility. There may be a specific issue.
21 It's the old adage of fish or cut bait. It's
22 time to get something done. So I appreciate
23 your comments.

24 COMMISSIONER SCOTT: Thank you,
25 Mr. Izzo. I think that might be a reasonable

1 approach given that at the end of the day,
2 there's a reasonable probability that further
3 work will be required before we have an
4 understanding about the appropriate
5 legislative vehicle to bring forth.

6 I think we all recognize we do
7 not want a circumstance in which legislation
8 is brought forth in January or December and
9 then there are objections from the Commission
10 about this or that part. We're much better
11 off being able to sing Kumbaya when we go
12 down there.

13 So I have a number of sort of
14 concrete questions, Seth, about like -- you
15 know, I appreciate the concept of trade-offs
16 between transmission and generation resources
17 to provide the lowest overall cost. There
18 are of course today actively worked
19 trade-offs between cost and reliability that
20 each of the utilities individually makes. It
21 goes back in part to some of the
22 complications I imagine around negotiations
23 of this planning function and how important
24 the planning exercise is for any individual
25 utility to do what they believe is the

1 appropriate trade-off.

2 So can you speak to that a little
3 bit? Then I've got a follow-up on that
4 point, which is -- which I'm also hoping,
5 because I don't understand how this works.
6 In the contemplated planning process where
7 we've got particular slots right now for
8 various interests. Interests come and go
9 over time. So demand side management was
10 born at a certain time, and then we had an
11 infatuation with competitive markets for a
12 while. It's like we don't need to pay
13 attention to that anymore.

14 It's come back, and now we have
15 distributed energy resources that are the hot
16 ticket not on your list. May well be the
17 most important thing in the next 20, 30
18 years. Don't know. But I'm not clear at all
19 how you contemplate within this structure
20 ensuring that appropriate weight of different
21 voices is granted.

22 MR. BROWN: Okay. Commissioner,
23 I guess on that topic, that is a complicated
24 subject. The way RTOs have done it in the
25 past, because technology has changed, when

1 they go through their planning process, they
2 design the planning process around a given
3 set of what they call futures. Okay, how
4 much wind penetration can we expect in the
5 future? How much solar? LED light bulbs,
6 energy efficiency, whatever. They come up
7 with a series of futures, and those are
8 basically sensitivity cases for the studies
9 to be performed. And you weight those
10 futures.

11 The stakeholders will have to in
12 the process weight what they think is most
13 important or most likely. Is our solar
14 penetration going to be 2 percent? If so,
15 how do we want to weight that future when we
16 go ahead and perform the studies and look at
17 these various alternative scenarios? So
18 that's just part of the process. Once the
19 organization is stood up, that type of future
20 scenarios would have to be looked at,
21 absolutely.

22 COMMISSIONER SCOTT: So processes
23 that I'm somewhat more familiar with involve
24 articulation of priorities where the
25 Commission plays a very important role in

1 what those are, and that articulation is
2 often organically a response to the public
3 process in front of the Commission.

4 So one of the things that I am
5 interested to better understand, and we're
6 not going to have time to do that today, but
7 I think it will be the subject of subsequent
8 conversations once we get an MOU, is figuring
9 out how we can ensure adequate -- a
10 sufficiently adequate open process for new
11 voices to emerge and actually have adequate
12 standing and weight.

13 I'll make the obvious observation
14 that in terms of let's say renewable energy
15 power, this was not pursued and championed
16 historically by the incumbent IOUs. It just
17 wasn't, right. Similarly, demand side
18 management, that was not in the old school
19 days, right, championed by the incumbent
20 IOUs. So those responses of the planning
21 process happen because certainly interested
22 groups had standing and were able to have
23 their voices made manifest in the direction
24 of the planning process. So it's an
25 observation.

1 I'm really -- if you can speak to
2 how you anticipate this working within an RRC
3 process in the limited time we've got, that
4 would be great, but I recognize this is a
5 longer subject.

6 MR. BROWN: Well, Commissioner, I
7 mean, I think it starts with the governance
8 structure. I mean, we called out -- and this
9 is -- the organization will evolve over time,
10 but at least the snapshot we took when we
11 created the governance structure was to have
12 two IPP renewable seats on the board, voting.
13 Membership would be open. Voting members and
14 nonvoting members both down to the citizen
15 level. So it's a stakeholder, member-driven
16 organization.

17 Right now renewables are hot, so
18 we put renewables on there. We can't predict
19 the future. We don't know what may come
20 along, but we think the organization would be
21 designed such that these voices would be
22 heard potentially to an extent they've never
23 been heard before. But they would have a
24 voice there at the RRC.

25 COMMISSIONER SCOTT: So I just

1 need to -- let me lay my cards on the table.
2 I mean, one of the things that concerns me a
3 little bit is that -- and this is something
4 to be worked, but this body as designed --
5 and we've got all kinds of process and
6 requirements to in fact be an open body. It
7 doesn't mean we're necessarily effective in
8 soliciting interested parties. That's a
9 separate question, but I'm ever hopeful.

10 So in designing institutions one
11 of the things I'm interested in doing is
12 ensuring that we create a process that, in
13 fact, provides at least the same standing
14 that a party would have in front of this
15 Commission as in front of the RCC, and the
16 RRC thing that makes we a little bit
17 concerned is that there's a contemplation of
18 us exporting that current responsibility that
19 we have and, indeed, the forum and the
20 opportunity.

21 So have you thought through that
22 in terms of the design of this structure?

23 MR. BROWN: Commissioner, some of
24 that level of detail, it'll take place in the
25 implementation phase, you know, when they

1 draft the bylaws and the rules of the road,
2 how the RRC will operate. Members will have
3 a voice through their individual board
4 members at the RRC. When decisions are made,
5 you know, they're going to be voted on and
6 approved by the board, which has its
7 constituency including some of these
8 nonutility groups.

9 So when a project, a tariff,
10 whatever comes from the RRC to the RCA for
11 approval, I think you'd have some assurance
12 that there is a stakeholder process there,
13 that these voices have been heard. If they
14 haven't, quite frankly, that's their
15 opportunity to object. I mean, chances are
16 you may have outcomes out of the RRC that the
17 utilities, one or more utilities object to.
18 You know, the shoe can be on the other foot
19 just as easily.

20 So I would not be surprised,
21 because it happens pretty frequently in the
22 Lower 48, that a decision is made by the RRC
23 board. Utilities are potentially outvoted.
24 This is where they get to resolve it, here at
25 the Commission.

1 Is that responsive to your
2 question?

3 COMMISSIONER SCOTT: That's
4 helpful. Thank you.

5 CHAIR MCALPINE: I want to just
6 briefly take a moment to thank you gentlemen.
7 Being Jesuit-trained, I appreciate anyone who
8 will come into the inquisition. It's very
9 helpful that you do, and it's when you don't
10 that it makes us somewhat nervous about
11 what's on the other side of the curtain.

12 So with that, in the interest of
13 time and in the hope that you don't have to
14 return here tomorrow, I'm going to move to
15 Item No. 6, which is the NERC GridEx
16 discussion.

17 Mr. Layne, if you would come
18 forward. Again, gentlemen, thank you very
19 much. We appreciate it.

20 What we're going to do is we're
21 going to go ahead and plow through this and
22 end this and still hopefully -- go ahead,
23 Jay, take a seat. Commissioner Scott said he
24 can do this in two minutes, whatever "this"
25 is. Follow him.

1 Mr. Layne, I've been advised that
2 the attention span will last about 15
3 minutes. So if you could --

4 MR. LAYNE: I'll try to speak
5 quickly and concisely and clearly. Ready to
6 go? Okay.

7 Good morning, Commissioners.
8 Today I will present information about the
9 North American Electric Reliability
10 Corporation, NERC's biannual grid security
11 exercise, GridEx. The next GridEx is
12 scheduled to take place on November 13 and 14
13 of 2019. Even though November 2019 is over a
14 year away, the planning process is about to
15 begin, and the purpose of my presentation is
16 to provide information on how interested
17 parties can participate.

18 Today I'll provide an overview of
19 NERC's GridEx exercise, its purpose and
20 history, and how to request more information.

21 Quickly, a background on NERC.
22 NERC's mission states that it is to ensure
23 the reliability of the North American bulk
24 power system. NERC oversees eight regional
25 reliability entities and encompasses all of

1 the interconnected power systems on the
2 contiguous U.S., Canada, and Mexico. Alaska
3 and Hawaii are not under NERC's jurisdiction,
4 but have reached out to NERC.

5 They stated Alaska utilities are
6 very much welcome to participate in the
7 GridEx exercises. So much so that potential
8 Alaska participation was mentioned at a
9 national conference. NERC is tasked with
10 many duties and probably the activity getting
11 the most press, the area of concern that
12 probably requires the most research and
13 resources in red, critical infrastructure
14 protection.

15 What is critical infrastructure
16 protection? It is a concept that relates to
17 the preparedness and response to serious
18 incidents that involve the physical and cyber
19 security of assets deemed to be critical to
20 the electricity infrastructure. In the past
21 few months we've all learned that the Mat-Su
22 Borough was hit with a systemwide cyber
23 attack, which I believe they're still
24 recovering from, and also last month a FERC
25 commissioner issued a statement that the U.S.

1 electric grid was a recent target of a
2 foreign government-sponsored cyber intrusion.

3 How do you protect critical
4 infrastructure? NERC has outlined three
5 areas that contribute to the protection of
6 critical infrastructure.

7 First, you develop standards and
8 guidelines. A standard is an agreed-upon
9 method of doing something. Standards are
10 knowledge. They're powerful tools that can
11 help drive innovation and increase grid
12 reliability.

13 vulnerability assessment.
14 Through internal review or an external
15 exercise, a utility or entity can identify
16 potential vulnerabilities that must be
17 addressed and mitigated to adequately protect
18 the electric grid's critical assets which
19 leads utilities to implement additional
20 measures to assure security.

21 Information sharing and analysis.
22 I'll touch on that topic on the next slide,
23 but in general this bullet is a mechanism for
24 timely and actionable information shared
25 between industry and government. This

1 exchange of information is an essential
2 component for security and protection of
3 critical infrastructure.

4 Who is E-ISAC? E-ISAC is
5 operated by NERC and functions as an
6 independent group and is organizationally
7 isolated from NERC's enforcement processes.
8 E-ISAC serves as a primary security
9 communications channel for the electric
10 industry and enhances industry readiness and
11 its ability to respond to cyber and physical
12 threats.

13 Vulnerabilities and incidents,
14 each of which would cause a potential impact
15 to the bulk power system. E-ISAC gathers and
16 analyzes security data, shares appropriate
17 data with stakeholders, coordinates incident
18 management, and communicates mitigation
19 strategies with stakeholders. The E-ISAC
20 conducts trends analysis of all information
21 shared to build the cyber big picture and
22 identify possible threats to the entire
23 industry.

24 E-ISAC operates in collaboration
25 with the Department of Energy in the Electric

1 Subsector Coordinating Council. As stated
2 earlier, E-ISAC is isolated from NERC
3 enforcement, and that is intentional to
4 assure entities that any information shared
5 with E-ISAC would not be used for enforcement
6 actions or shared with NERC compliance
7 personnel. I mention E-ISAC because they are
8 an entity that conducts the GridEx exercise.

9 What is GridEx? GridEx is a
10 biannual exercise designed to simulate a
11 cyber physical attack on electric and other
12 critical infrastructures across North America
13 and will involve electric utilities, regional
14 and federal government agencies, critical
15 infrastructure cross-sector partners, and
16 supply chain stakeholder organizations.

17 GridEx allows participants to
18 check the readiness of their crisis action
19 plans and security protocols through a
20 simulated security exercise, which in turn
21 provides an opportunity for NERC and other
22 industry to self-assess response and recovery
23 capabilities and to adjust actions and plans
24 as needed. Exercises are a key component of
25 national preparedness, and a well-designed

1 exercise provides a low-risk environment to
2 test capabilities, familiarize personnel with
3 security policies, and foster interaction and
4 communication across organizations.

5 The first GridEx was in 2011 with
6 83 participants. That number included
7 utilities, government institutions, ISO
8 regional coordinators, and NERC regional
9 entities. There have been GridEx in 2013,
10 2015, and most recent in 2017. The 2017
11 GridEx had 452 entities participating. The
12 fifth GridEx is scheduled for November of
13 2019.

14 I'll quickly give just a
15 breakdown of last year's participants.
16 There's been huge growth since 2011. Like I
17 said, in 2011, 83 organizations, 420
18 participants. In 2017, 452 organizations
19 with over 6,000 participants.

20 What are the objectives, on this
21 slide, and how do they measure success of
22 GridEx? The ability to exercise crisis
23 response and recovery. In GridEx IV's
24 after-action survey, 96 participants
25 indicated a very well or well response with

1 respect to scenarios providing the
2 opportunity to exercise cyber, physical, and
3 operational security response.

4 No. 2, expand local and regional
5 response. In GridEx IV, 17 state emergency
6 management agencies participated. They
7 engaged critical interdependencies. GridEx
8 IV saw the participation of four gas
9 utilities, five water utilities, and two
10 telecom utilities.

11 Improved communication. A survey
12 question: Did the exercise increase the
13 extent to which entities exercise
14 communication processes within their
15 organization? A total of 99 percent reported
16 very well or well, and there were 25 lessons
17 learned reported to NERC.

18 Finally, it engages senior
19 leadership participating in the executive
20 tabletop portion, state governor's offices,
21 state emergency, management agencies, and
22 senior management crisis response teams.

23 So real quick, basically it's a
24 two-day exercise. Move zero is focused on
25 adversary preparation, reconnaissance, and

1 execution activities that will lead to a
2 cyber attack during the next few days.

3 The next day is a two-day
4 exercise. It's broken into four, four-hour
5 chunks called Moves, during which information
6 about the simulated attack is sent out. Day
7 1 on the impact of a coordinated cyber attack
8 or physical attack or both and the effects to
9 the system.

10 Day 2 is dedicated towards
11 recovery and continual operation.

12 Then Day 2-and-a-half, there's an
13 executive tabletop. It allows high decision
14 makers to discuss the exercise. There are
15 two levels of participation in the GridEx
16 exercise. You can be an active participant
17 or an observer. An active participant is
18 directly involved in planning, dynamic
19 exercise play, and after-action activities.
20 An observer has access to all planning
21 materials, including scenarios, but does not
22 actively participate.

23 Utilities are encouraged to be an
24 active participant, but if a utility
25 believes -- if participation is overwhelming

1 for the first GridEx, then they participate
2 as an observer. You can see there's still
3 time for anyone to still participate in
4 GridEx V in 2019.

5 Here's just a slide of some of
6 the milestones, and you can see the kick-off
7 meeting is October 3rd of this year. Like I
8 said, planning for GridEx is just getting
9 started. NERC has set up a prekick-off
10 meeting to have a high level discussion on
11 the benefits of participation, lessons
12 learned from previous GridEx's, and education
13 on physical and cyber security threats, and
14 tools used in the exercise.

15 The meeting is in McLean,
16 Virginia on September 6th of this year. You
17 can attend in person or via webinar.

18 In conclusion, even if the
19 Railbelt electric utilities have internal
20 drills throughout the year, participation in
21 GridEx would give the utilities another
22 opportunity to self-assess their emergency
23 response and recovery plans through a
24 nationwide exercise. I believe GridEx can be
25 part of the tools and training used by

1 industry and government to stay ahead of the
2 potential cyber and physical security threats
3 to the Railbelt electric grid.

4 For more information please
5 contact myself or Jake Schmitter (ph) at
6 E-ISAC. Thank you.

7 CHAIR MCALPINE: And if there are
8 questions or comments from the commissioners,
9 Jay will be in his office, right?

10 MR. LAYNE: Thank you. Yes.

11 CHAIR MCALPINE: The chair will
12 entertain a motion to adjourn.

13 COMMISSIONER PICKETT: You need
14 to check for executive session.

15 CHAIR MCALPINE: I already know
16 the answer, but do we need an executive
17 session?

18 MR. GOERING: No, and I think you
19 don't mean to adjourn. I think you mean to
20 recess until tomorrow morning. That's just
21 an observation on my part. If you want to
22 adjourn, it's not my problem.

23 CHAIR MCALPINE: Let me just say
24 you're absolutely correct. Is there any
25 other business to come before the Commission?

1 Hearing none, is an executive
2 session required?

3 MR. GOERING: No.

4 CHAIR MCALPINE: The chair will
5 entertain a motion to adjourn.

6 COMMISSIONER PICKETT: No, a
7 motion to recess until tomorrow at 9 o'clock.

8 CHAIR MCALPINE: Oh, we are still
9 recessing until tomorrow morning?

10 COMMISSIONER PICKETT: Yeah,
11 we've got to do the access charge manual and
12 actually vote on the regs.

13 CHAIR MCALPINE: You're right.
14 Okay, is that a motion?

15 COMMISSIONER PICKETT: That's a
16 motion.

17 CHAIR MCALPINE: Is there a
18 second?

19 COMMISSIONER LISANKIE: Second.

20 CHAIR MCALPINE: Is there
21 objection? Hearing none, we're in recess --
22 continued. I was told to make it continued.
23 I forget all about the manual.

24 (Recessed - 12:15 p.m.)

25

1 TRANSCRIBER'S CERTIFICATE

2

3 I, Leslie J. Knisley, hereby certify that
4 the foregoing pages numbered 1 to 151 are a true,
5 accurate, and complete transcript of the Public
6 Meeting held on August 8, 2018, transcribed by
7 me from a copy of the electronic sound recording
8 to the best of my knowledge and ability.

9

10

11

Date

Leslie J. Knisley, Transcriber

12

13

14

15

16

17

18

19

20

21

22

23

24

25

REGULATORY COMMISSION OF ALASKA
Continued Public Meeting

August 9, 2018

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

STATE OF ALASKA

REGULATORY COMMISSION OF ALASKA

Before Commissioners: Stephen A. McAlpine, Chairman
Paul F. Lisankie
Robert M. Pickett
Antony Scott
Janis W. Wilson

REGULATORY COMMISSION OF ALASKA
701 West Eighth Avenue, Suite 300
Anchorage, Alaska

CONTINUED PUBLIC MEETING
August 9, 2018
9:01 o'clock a.m.

1	TABLE OF CONTENTS		
2	ITEM	ISSUE	PAGE
3	1.	Public Participation	--
4	2.	U-18-057, In the Matter of	--
5		the Nomination of Directors to the	
6		Board of the ALASKA UNIVERSAL	
		SERVICE ADMINISTRATIVE COMPANY	
7	3.	R-16-001, In the Matter of the	--
8		Alaska Universal Service Fund	
9		Regulations	
10	4.	Presentation: GVEA - Economic	--
11		Dispatch at Golden Valley	
12	5.	Presentation: GDS - Summary and	--
13		Recommendations of the GDS Report	
14		and a Way Forward	
15	6.	Discussion: NERC - GridEx V	--
16	7.	Other Business	3
17	8.	Executive Session, if required	--
18			
19			
20			
21			
22			
23			
24			
25			

1 P R O C E E D I N G S

2 (On record - 9:01 a.m.)

3 CHAIR MCALPINE: This is a
4 continuation of the public meeting of the
5 Regulatory Commission of Alaska. Joining me
6 on the dais today are Commissioner Lisankie,
7 Commissioner Pickett, and Commissioner
8 Wilson. My name, for the record, is Stephen
9 McAlpine. I'm the chairman of the
10 Commission. Commissioner Scott is on leave.

11 Under the item Other Business,
12 we're going to take up the access charge
13 manual. Why don't I start with you, from the
14 attorney general's office, Stuart.

15 Do you have anything you'd like
16 to offer as an introduction?

17 MR. GOERING: No. I think you
18 may have some comments from your staff, but I
19 think we've discussed the process that needs
20 to take place yesterday. If you have
21 questions, I'm certainly happy to answer
22 them.

23 CHAIR MCALPINE: Very good. Then
24 I will turn to you, Mr. Parrish.

25 Would you like to commence, or

1 would you like to hand it off to someone
2 else?

3 MR. PARRISH: We're scrambling a
4 little bit, unfortunately.

5 CHAIR MCALPINE: I understand.
6 For the benefit of the audience, we had a
7 pagination problem.

8 MR. PARRISH: Yes.

9 CHAIR MCALPINE: Did someone get
10 stuck in the machine, or how did that work
11 out?

12 MR. PARRISH: No. I have a
13 feeling that in our efforts to correct it, we
14 have used an old version, which is --

15 CHAIR MCALPINE: Here. I have an
16 extra copy up here. Commissioner Scott is
17 not here.

18 MR. PARRISH: No, no. The copy
19 that I just was handed doesn't have some of
20 the changes that we had made.

21 COMMISSIONER PICKETT: Better
22 take a recess.

23 CHAIR MCALPINE: Yeah. Why don't
24 we take a break for five minutes until you
25 guys can get it straightened out.

1 MR. PARRISH: Sorry about that.

2 CHAIR SMITH: Is the machinery
3 working? Where did Claire go? Is the
4 machinery working now? Claire, don't walk
5 away. Is the machine working now so that we
6 can get paginated copies of other things?

7 MS. KNUDSEN-LATTA: Oh, it wasn't
8 the machine. It was work was being
9 (indiscernible).

10 CHAIR MCALPINE: Oh, okay. But
11 it's okay?

12 MR. PARRISH: I'm more worried
13 that we fixed it on the wrong version.

14 MS. KNUDSEN-LATTA: I fixed it on
15 the (indiscernible).

16 MR. PARRISH: Well, one of these
17 doesn't have the changes that we made.

18 CHAIR MCALPINE: Off record.
19 (Break.)

20 CHAIR MCALPINE: We're back on
21 record. It is 9:33. This is the time set
22 again for the continuation of the public
23 meeting of the Regulatory Commission.

24 Mr. Parrish.

25 MR. PARRISH: Yes. Thank you.

1 David Parrish with common carrier section,
2 with immense apologies for the delay. We
3 had --

4 CHAIR MCALPINE: We'll take that
5 up after the meeting.

6 MR. PARRISH: So I'm trying to
7 collect myself. But what we were trying to
8 get before the Commission was the marked-up
9 version of the Alaska Intrastate Interchange
10 Access Charge Manual. These are changes that
11 would be required to make based on the
12 regulations changes the Commission had voted
13 to adopt -- I guess technically voted to
14 adopt yesterday. It had pulled out of the
15 matrix that staff had prepared.

16 So basically they are tracked
17 in -- the changes are tracked in the ATA
18 format. We wanted to point out a couple that
19 are highlighted, and I'm trying to get the
20 second page -- the second changes I can't
21 seem to find.

22 COMMISSIONER LISANKIE: 42?

23 MR. PARRISH: Yes. Thank you.
24 So it's page 12 and page 42. These were -- I
25 had contacted yesterday Keegan Bernier

1 with -- I think that's how you pronounce her
2 last name -- with AECA, and she had helped me
3 go through and make sure that we had
4 everything that we needed. What she had
5 pointed out was in the old version of the
6 access charge manual dated May 4th of 2011,
7 they had put a placeholder in for the
8 effective date for 08-003, and so it has to
9 do with escalation of the NAF.

10 So we -- staff's proposing that
11 edit on page 12 that would insert August 1st
12 of 2011, which is the day after the effective
13 date. So kind of just cleans up that part.

14 The second part was -- the second
15 change that hadn't been proposed by ATA comes
16 on page 42. Basically it just builds back in
17 some reporting requirements, I believe, for
18 AECA to provide the Commission with biannual
19 reports on the amount of essential network
20 support.

21 Staff thought that that was
22 reports -- that information in those reports
23 that are coming anyway would be helpful to
24 the Commission at least to know, given the
25 fact that the Commission is going to be

1 capping the surcharge, the amount of
2 essential network support per carrier could
3 fluctuate pretty drastically given -- I don't
4 know if it's going to be drastically, but
5 there's going to be some fluctuations in the
6 amount of support that they get. It may be
7 prudent for the Commission to have that going
8 -- kind of on an ongoing reporting basis.

9 So those are the only two changes
10 that staff -- additional changes that staff's
11 proposing for adoption for the new version of
12 the access charge manual.

13 COMMISSIONER LISANKIE: Can I ask
14 a question? Looking at that last one,
15 David.

16 MR. PARRISH: Yes.

17 COMMISSIONER LISANKIE: So the
18 first one just changes the nomenclature from
19 common carrier line support to essential
20 network support, so I tracked that one. But
21 the second one changes the nomenclature, but
22 then also offsets the final phrase and I'm
23 wondering why.

24 MR. PARRISH: That change -- I
25 think the way that that's -- I had proposed

1 that because I think that essential network
2 support -- I'm curious if that's -- my
3 thought was that that's not what that support
4 does anymore. These are just hard-coded
5 numbers that aren't necessarily tracking
6 correctly the requirement. But those -- that
7 was just an edit that I had made that seemed
8 to comport with my understanding of what
9 ENS is supposed to be doing now.

10 COMMISSIONER LISANKIE: Well,
11 see, my understanding was that essential
12 network support is supposed to be doing what
13 common carrier line support and COLR support
14 used to do. It's being apportioned
15 differently and called a different thing,
16 but, you know, I didn't hear anybody say that
17 we weren't trying to accomplish whatever it
18 was we were trying to accomplish back in the
19 day. So that's my thinking on it.

20 My thinking on it is that
21 essential network support, you know, is
22 referred to earlier in the changes in the
23 regulation to replace what had previously
24 apportioned as common carrier support, which
25 was to offset common carrier line costs. So,

1 I don't know.

2 I don't think it's the biggest
3 thing in the world, but just as I read it,
4 that's what popped into my head.

5 CHAIR MCALPINE: Did you have a
6 comment about it? Let me repeat that.

7 Did you have a comment about it?

8 MR. PARRISH: I think that's a
9 fair point. I don't know that I'd -- there
10 might be some industry that can give --

11 CHAIR MCALPINE: And I certainly
12 wouldn't be shy about calling upon Mr. Hitz
13 to offer his opinion about that suggested
14 change. Time.

15 COMMISSIONER LISANKIE: I don't
16 know if we're in a point of our proceedings
17 we're allowed to listen and hear or whether
18 just hear and not listen, because I have been
19 chided several times that when we get to a
20 certain point, we can't hear anything
21 anymore. So I would route any questions
22 along those lines to counsel.

23 CHAIR MCALPINE: Stuart.

24 MR. GOERING: So without
25 getting -- parsing this too finely, what

1 we're talking about here is not making
2 changes to your regulations. What you're
3 talking about here is making changes to the
4 Alaska Intrastate Interchange Access Charge
5 Manual. As a consequence -- and the process
6 for adopting changes to a document like that
7 are not governed by the Administrative
8 Procedures Act.

9 So if you would like
10 clarification from someone outside your staff
11 as to what this language might or might not
12 mean and how it would be applied in practice,
13 that would not violate the APA. I say that
14 with a little bit of caution in my voice
15 because the APA is sort of the minimum
16 standard.

17 One of the things that we've
18 talked about in connection with Commissioner
19 Lisankie's concerns is that one of the
20 overlays here is, I guess, equal protection
21 and the ability for the public at large to
22 participate in the process as opposed to
23 having certain segments of the public
24 participate as others.

25 As I sit here, I don't think that

1 that's implicated by asking a question like
2 this, but that is the one cautionary thing
3 that I would say here, is that regardless of
4 whether it violates the APA, which it does
5 not, to take public input at this point on
6 the access charge manual, there is at least a
7 remote possibility that that would happen.

8 So with that caution, I don't
9 think -- I think it's up to the Commission
10 whether you want to take that risk, but I
11 would not assess that as being an extreme
12 risk to the point where I would advise you
13 not to do it.

14 CHAIR MCALPINE: Okay. Not being
15 risk adverse, I will call upon Mr. Hitz, and
16 then I'll give the opportunity for anyone
17 else -- industry representatives who would
18 like to comment, especially if they disagree
19 with what Rick has to say.

20 Even though we all know one
21 another, and the last speaker was Stuart
22 Goering with the attorney general's office,
23 if you'd just identify yourself for the
24 record so that we have a clean record on who
25 is speaking.

1 Go ahead, Keegan.

2 MS. BERNIER: Could you repeat
3 your question, please? I missed the first
4 part of it and what your concern is with
5 changing carrier common line support to
6 essential network support. My name is Keegan
7 Bernier with AECA for the record.

8 COMMISSIONER LISANKIE: Okay.
9 Let me restate. I don't have any problem
10 with changing nomenclature, which is what I
11 think the first one does.

12 The second one changes the
13 nomenclature from common carrier -- carrier
14 common line support to essential network
15 support. Again, nomenclature, I'm good with
16 it. But then it also takes out "provided by
17 the AUSF continues." Then it takes out "two
18 AUSF carrier common line costs."

19 So my first thought, no more than
20 an observation, is that that is taking out a
21 statement of purpose. I believe that the
22 original purpose for common carrier line
23 support, to some degree, is continuing with
24 essential network support. So that was my
25 question.

1 Question No. 1: Am I

2 interpreting this language correctly?

3 Question No. 2, more importantly, is: Does

4 anybody in the industry care? I mean, does

5 it have any effect?

6 And question No. 3, if anybody

7 wanted to drink a beer with me, is whether my

8 observation about whether this intent is the

9 same as the original intent back in R-08-003.

10 So 1 and 2, free to answer. No. 3 is a beer

11 question.

12 CHAIR MCALPINE: 3, beer.

13 MS. BERNIER: To comment on your

14 talking about Section 4, removing to offset

15 carrier common line costs, in the regs the

16 carrier common line is removed. So there's

17 only one piece in there where it's the

18 definition of essential network support where

19 it talks about carrier common line.

20 So I believe, we'd have to go

21 back and check, but I believe in the regs all

22 of the carrier common line discussion to

23 offset carrier common line support, anything

24 like that has been removed from there. So I

25 think people reviewing the access charge

1 manual might have a hard time understanding
2 what to offset carrier common line costs
3 means once the new regs are in place, someone
4 coming in later on that doesn't have the
5 history of carrier common line.

6 Anyone else can jump in if they
7 feel it's necessary.

8 MR. HITZ: This is Rick. I think
9 that's exactly right. Our intent was to
10 change the name. If you throw carrier common
11 line in, it would be a confusion factor, if
12 anything, because it's no longer used.

13 R-08-003 --

14 COMMISSIONER LISANKIE: Right.
15 Okay. I mean --

16 MR. HITZ: I mean, it goes back
17 beyond that. I mean, in the establishment of
18 it, but --

19 COMMISSIONER LISANKIE: The
20 purpose of the manual is to allow the
21 industry to put and implement on a day-to-day
22 basis our change in the reg. So I don't want
23 to cause any confusion, and what I might say
24 over a beer is inconsequential to this.

25 CHAIR MCALPINE: He's backing off

1 the free beer. I can see it already.

2 COMMISSIONER LISANKIE: No.

3 CHAIR MCALPINE: Sean, did you
4 have anything you wanted to add?

5 COMMISSIONER LISANKIE: No, I was
6 going to get the free beer.

7 CHAIR MCALPINE: Lisa, did you
8 have anything you wanted to add?

9 Did you have anything further,
10 Stuart?

11 MR. GOERING: No. Thank you.

12 CHAIR MCALPINE: Okay. Any
13 further questions from the Commission?

14 David, back to you.

15 MR. PARRISH: Those were the only
16 two changes that staff had proposed in
17 addition to the ones that ATA had provided.
18 So I guess my recommendation would be to
19 accept the changes before you. It would
20 adopt it as of today.

21 CHAIR MCALPINE: Commissioner
22 Pickett.

23 COMMISSIONER PICKETT: Just so
24 I'm clear, does this mean you're going to
25 delete any reference to common carrier lines

1 in the access charge manual?

2 MR. PARRISH: I believe we have
3 checked, and there should not be anymore
4 reference to that in there.

5 COMMISSIONER PICKETT: And
6 there's no references to COLR?

7 MR. PARRISH: I don't believe so,
8 no.

9 COMMISSIONER PICKETT: Okay.

10 CHAIR MCALPINE: Okay. I'm
11 looking at page 31 of 49.

12 Is that likewise a current
13 change?

14 MR. PARRISH: Yes. What you have
15 here is a marked-up changed. We're using the
16 convention that the APA uses that additions
17 are bolded and underlined.

18 CHAIR MCALPINE: Okay. Right.
19 It hadn't been highlighted, so I just wanted
20 to be sure that that's also an additional
21 change. So any motion should actually apply
22 to any deletion of carrier common line,
23 substitute essential network support. That
24 way if we've missed one in the discussion,
25 that would cover it.

1 Is that a fair statement, Stuart?

2 MR. GOERING: Yes. Just for the
3 sake of completeness, I have a word version
4 of this document on my computer right now,
5 the paper version that you're looking at. I
6 just did a search. There are 29 instances of
7 the term "carrier common line." All 29 have
8 been deleted in the proposed revisions that
9 are before you.

10 CHAIR MCALPINE: Very good.

11 Further questions or comments
12 from the Commission? Any further discussion
13 from staff? Hearing none, the chairman will
14 entertain a motion.

15 COMMISSIONER PICKETT: I would
16 move to adopt the Alaska Intrastate
17 Interchange Access Charge Manual dated
18 August 9th, 2018.

19 COMMISSIONER WILSON: I second
20 the motion.

21 CHAIR MCALPINE: Any further
22 discussion? Seeing none, all in favor
23 signify by saying aye.

24 COMMISSIONERS: Aye.

25 CHAIR SMITH: Those opposed, nay?

1 Hearing none, the motion carries.

2 Is there anything further?

3 COMMISSIONER PICKETT: We
4 actually have to adopt the regs.

5 CHAIR MCALPINE: David.

6 MR. PARRISH: I just overheard
7 Commissioner Pickett mention we do still have
8 to incorporate have a formal vote on the --

9 CHAIR SMITH: Regulation changes.

10 MR. PARRISH: Well, we've got
11 before you, the other document is a -- what
12 would be the appendix for Order 5 that
13 reflects the preferences of the Commission
14 indicated yesterday for the regulations
15 changes to effectuate the ATA consensus plan.
16 The only thing that I needed to
17 note is on page 6 of 11, you'll see in the
18 information under 53.346, Subsection B, there
19 is an artifact --

20 COMMISSIONER PICKETT: Okay. 6
21 of 11?

22 MR. PARRISH: That's correct.

23 COMMISSIONER PICKETT: Do we have
24 that?

25 MR. PARRISH: Did you guys not

1 get a printout of these?

2 COMMISSIONER PICKETT: We don't
3 have it.

4 CHAIR MCALPINE: We've got the
5 matrix from -- that we reviewed.

6 MR. PARRISH: Sorry, we
7 apologize.

8 CHAIR MCALPINE: No problem. Off
9 record.

10 (Break.)

11 CHAIR MCALPINE: If I understand
12 correctly, Mr. Parrish, these are the changes
13 upon which the Commission voted at the --

14 THE REPORTER: Commissioner
15 McAlpine, the recording didn't turn back on
16 yet. Hold on.

17 CHAIR MCALPINE: Okay. Technical
18 difficulty. Today isn't Friday, is it?

19 THE REPORTER: Now we're good.
20 Sorry.

21 CHAIR MCALPINE: Okay. And I
22 will repeat my question.

23 If I understand correctly,
24 Mr. Parrish, these are the changes that the
25 Commission voted on yesterday?

1 MR. PARRISH: They are indeed.

2 CHAIR MCALPINE: And they are all
3 inclusive?

4 MR. PARRISH: They are.

5 CHAIR MCALPINE: Okay. Questions
6 or comments from the Commission? Of these --
7 I understand that these were actually
8 e-mailed to us at 6:20 last night, and that's
9 why some of us engaged in other mandatory
10 operations didn't get a chance to review them
11 until this morning; but my understanding is
12 that we've already taken action on that, and
13 there's nothing further that needs to be
14 done; is that correct?

15 MR. PARRISH: I didn't know if
16 there needed to be a formal vote on the --

17 CHAIR MCALPINE: There will be a
18 formal vote, but in terms of changes --

19 MR. PARRISH: No, no.
20 Everything's correct.

21 CHAIR MCALPINE: Okay. If there
22 are no comments or questions -- I'm sorry.

23 Commissioner Pickett.

24 COMMISSIONER PICKETT: And just
25 for the record, on page 3 you do reflect the

1 August 9th, 2018 new access charge manual.

2 MR. PARRISH: That's correct.

3 COMMISSIONER PICKETT: Okay. So
4 I would move that the Commission adopt the
5 new regulations for R-18-001, Order 5,
6 appendix page -- 11-page document that we all
7 have before us and discussed at length
8 yesterday on the record.

9 CHAIR MCALPINE: Is there a
10 second?

11 COMMISSIONER WILSON: I second
12 the motion.

13 CHAIR MCALPINE: Any further
14 does? Seeing none, all in favor of adoption
15 of the motion signify by saying aye.

16 COMMISSIONERS: Aye.

17 CHAIR MCALPINE: All opposed?
18 Hearing none, the motion carries unanimously.

19 Is there anything further to come
20 before the Commission this morning,
21 Mr. Parrish?

22 MR. PARRISH: Unless the ALJ
23 needs any -- we're good.

24 CHAIR MCALPINE: Okay. The chair
25 will entertain a motion to adjourn.

1 COMMISSIONER PICKETT: So moved.

2 CHAIR MCALPINE: Is there a

3 second?

4 COMMISSIONER LISANKIE: Second.

5 CHAIR MCALPINE: No objection, we

6 are adjourned.

7 (Adjourned - 9:56 a.m.)

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 0
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 0
- 1
- 2
- 3
- 4
- 5

Leslie J. Knisley, Transcriber