

Railbelt Reliability Council Implementation Committee - Meeting
December 6, 2021
Final Minutes

1) Roll-call

The meeting was held via Zoom, was called to order at 1:15 pm, and was chaired by JE/SS.

Primary		Alternate		Organization
Brian Hickey (BH)	Y	Jeff Warner (JWR)	Y	Chugach Electric Association
Frank Perkins (FP)	Y	John Burns (JB)	n	Golden Valley Electric Association
Rick Baldwin (RB)	Y	Dave Thomas (DT)	Y	Homer Electric Association
Julie Estey (JE)	Y1	Ed Jenkin (EJ)	Y	Matanuska Electric Association
Lou Florence (LF)	Y	Shayne Coiley (SC)	n	Doyon Utilities
Dave Burlingame (DB)	Y	Rob Montgomery (RM)	n	City of Seward
Kirk Warren (KW)	Y	David Lockard (DL)	n	Alaska Energy Authority
Suzanne Settle (SS)	Y	Sam Dennis (SD)	Y	Cook Inlet Regional Inc.
Joel Groves (JG)	Y	Mike Craft (MC)	Y	Alaska Environmental Power, LLC
Veri di Suvero (VDS)	Y	Alyssa Sappenfield (ASF)	n	Alaska Public Interest Research Group
Chris Rose (CR)	n	Greg Stiegel (GS)	Y	Renewable Energy Alaska Project (REAP)
Paul Morrison (PM)	Y	Dustin Madden (DM)	Y	Large Consumer
Hank Koegel (HK)	Y	David Newman (DN)	n	Unaffiliated seat
<i>Jeff Waller (JWL)</i>	Y	<i>James "Jay" Layne (JL)</i>	Y	<i>Regulatory Affairs and Public Advocacy</i>
<i>Bob Pickett (BP)</i>	n	<i>Antony Scott (AS)</i>	n	<i>Regulatory Commission of Alaska</i>

Y: Attending n: Not attending v: seat is vacant

Y1: JE left at 3:00 PM

Steve Mahoney (SM) present; Tom Lovas (TL) present; Rena Miller (RMR) present; Elena Romerdahl (ER) present. Bayunt Ollek (BO) and Sebastian Orillac (SO) with Sapere present.

13 of 13 voting members are initially present, one ex-officio member is initially present.

2) Approval of IC Agenda

MOTION to approve today's agenda, 1BH, 2SS.

PASSED as amended with no objections. [13-0-0].

3) Consent Agenda

Chair asked for requests to remove items from consent agenda, none raised.

MOTION to approve consent agenda, 1JG, 2VDS.

PASSED with no objections. [13-0-0].

4) ExCom

a) Regulatory Attorney Update & Introduction

JE provided update. Engagement letter is finalized, key issue was conflict of interest language. Snag was whether a conflict would be raised due to IC conflict or IC member conflict. Resolution was that contract was with the IC, so ExCom will field interface with members in the event a conflict is raised. Engagement letter is done, MEA is finalizing contract for near-term execution. Elena Romerdahl (ER) w/ Perkins Coie (PC) will first be tasked with reviewing the draft regs, then comparing our bylaws for conformance with the regs and to ID any issues.

ER introduced herself. Gave brief statement of prior work and expressed excitement to be working with this group.

JE continued, ExCom will manage the contract, but ER will be working closely with AppCom on application preparation / review. Plan to schedule a meeting between ER and all IC subcomm chairs for orientation and consultation. This will be after ER has reviewed regulation question list, but hope to hold meeting before the holidays. Solicited any questions / comments.

EJ asked that JE include TL on the coordination meeting. JE confirmed she would.

b) Perkins Coie (PC) Funding Authorization Request

JE introduced PC funding authorization request.

VDS asked clarifying question on formal representative element of scope. What does it mean? Will no IC member be the representative to the RCA? JE deferred response to after motion.

MOTION to approve PC funding authorization for regulatory attorney services as presented. 1BH, 2HK.

JE addressed VDS question. Default is that the attorney would represent the RRC before the RCA, but sometimes other management individuals may take this role or provide complementary testimony if designated to do so. A cultural / contextual issue. ER confirmed this.

RB commented that a director has no independent right to represent the organization. The governing board is the effective entity. The only instance where a director would testify is where the body designates a director to do so.

VDS appreciated clarifications. Observed JE has done a great job of representing us, didn't want to close the door on that practice.

HK commented attorney representation is the normal practice. Attorneys are the normal representative, but not the sole representative.

FP asked whether we are voting on a draft document, why is draft indicated in the title? JE clarified we are not. It was unclear how the IC wanted to handle this so she left draft on there. JE disclosed JG drafted this and should get all the credit. She just made minor changes.

HK advised JE should take all the credit, blame JG for any shortcomings.

PASSED with no objections [13-0-0].

c) Workplan Discussion

JE led discussion of workplan. Disclosed unsubstantiated rumors of RCA going live with SB123 notice in December, which would impose a 90-day deadline on IC's work. Need to dust off the workplan, transferred to BO.

BO confirmed workplan is in good basic shape. There is a need to update timing and get it back in the IC's heads so we can hit ground running in January. Will need input and involvement from committee chairs over the next few weeks to accomplish this in a timely fashion.

5) Conference Committee Results

SD provided update on conference committee efforts and outcome. Committee (BH, HK, JE, RB, SD, VDS) met over past few weeks to review governance proposals and hash out a compromise. Met last Wednesday, hashed out a tentative agreement, circulated it with respective groups and it appears to have sufficient support for IC passage.

SD summarized outcome for each major tenet of the compromise.

1. CEO Independence.

FP asked why “advised” was struck. VDS stated that the term was overly broad. FP observed “advised” may have applicability given the nature of some entities on the IC / RRC board.

HK observed “worked for” is also pretty ambiguous, apologized for not seeing this sooner.

RB commented someone could serve as officer or director and never receive compensation from that entity, but still have that affiliation and presumptive intent of ineligibility under this clause.

SD asked whether “represented” covered this. RB commented it did not. A director doesn’t “represent”.

JG commented to support restoring “advised” to the language, as it is consistent with some of the advocacy elements that a few of the entities on the board perform.

BH commented ‘advised’ could be overly broad, but he could go either way in supporting it.

LF liked RB’s input. Entity officers would pull in many of these individuals of concern. Used DB as example. He represented, worked for, or assisted SES. That should apply to everyone here.

SD queried SM on best language to capture the intent expressed in these comments. SM suggested a long laundry list to cover the bases. SM suggested ‘advised for compensation’, ‘having held decision making authority’, ‘substantially advised’ as possible language.

JE suggested group TA this conceptually and defer word smithing to BySub.

DB expressed concern with compensation as the functional gate for this clause to apply. He is not compensated by SES, many IC members are not compensated.

HK commented that representation is already covered. Informal consensus word smithing can be finished by BySub.

2. Technical Advisory Team (TAT) Independence.

SD introduced draft language from Conference Committee. More than half of TAT is subject to independence, and independence language would mirror CEO language.

JG asked if, under the currently envisioned TAT of four staff engineers and the CEO, the TAT had four or five members. Point being, does “more than half” of members being subject to the independence clause mean more than half of 4 (3 of the 4 engineers) or more than half of 5 (the CEO and 2 of the four engineers) Need to clarify whether the CEO is also member or just the chair. SD replied his recollection is elsewhere in the bylaws the CEO is defined as the chair but not a member but will need to confirm this and clarify if necessary.

3. Bylaw Review Cycle

SD explained two years for first cycle, three thereafter. Recognized in committee that board composition sunset at 2 years would be extremely disruptive and could undermine RRC staff recruitment efforts. Compromise language is advisory review, let the outcome force change via political pressure instead of a default sunset of the bylaws.

KW asked to confirm that two reviews are considered. (1) independent review of board balance, then (2) RRC review of full bylaws. SD confirmed this is correct.

VDS added that the report be submitted to RCA to prevent their duplication of that review process.

4. IC Resources for Review Adequacy

Bylaws have resources for the RRC, but interim support for IC members is addressed here. Original was a \$50k proposal to look at tariff, IRP implementation, and reliability standards. Concern with that was hazard of duplication with IC's existing resources. Outcome was an alternate workflow with same end result. SD reviewed proposed workflow, generally routing requests and approved contracts through ExCom and Sapere.

JG asked (1) is Sapere OK w/ this structure (2) how will the talent pool be defined to address resource requests and (3) What is the budget for this process, and who will be developing that?

SD responded (1) Sapere is aware of the proposal but hasn't agreed to it. (2) unsure how resources get identified but suggested a combination of requestor suggested resources, IC suggested resources, and Sapere suggested resources. (3) Budget contemplated is \$50k.

VDS commented that in their interpretation members who had identified potential contractors/resources could sidestep the Sapere structure proposal and distribute the contractors resume to the IC for comment then ExCom would vote on them. Only a situation where a member has questions and doesn't know a potential resource would then work with Sapere to find one. This would save time in getting contractor requests being set up.

JWL suggested that the initial IC authorization give the ExCom authority to increase the NTE within defined bounds to minimize need for the IC to revisit this. If initial is \$50k, then allow ExCom to authorize for example a 10% increase before coming back to IC.

BO commented that Sapere has reviewed this proposal and can provide this service. Would likely engage senior consultants Steve Lewis and Carol Loughlin of Sapere for parts 5-7 of the proposal as they have larger networks of potentially appropriate resources.

FP commented this is substantially different from the earlier proposals, those were geared to having an outside entity reviewing/comparing documents rather than having individual questions. The latter would drive up the price significantly. SD responded that really depends on how broad of a question is asked. Broad questions could significantly expand the scope. The budget authorization, \$50k total for this activity, implicitly delineates the nature of scope intended. FP asked if \$50k is a blanket or per-question budget. SD confirmed blanket.

SD asked for input on path forward. Lacking some specific language, but we have a pretty clear direction. JE concurred with that approach.

MOTION to refer redline changes to BySub for refinement to memorialize the intent of the IC and bring the final language back to the IC for approval. 1FP, 2DB.

FP suggested we allow a few days to suggest a name for TAT. SD concurred, allow some time for creative options to circulate.

VDS asked to confirm the whole proposal approval is delayed to next week. JE confirmed yes this is a conceptual approval, and the fine details will come back later.

JG commented, since SD solicited creative options, that we must consider quango for the TAQ.

LF thanked conference committee for their work, asked to restate motion. JG restated it.

JG objected.

PASSED by roll-call vote [12-1-0]. With AEP voting against.

SD advised will try to take this up Wednesday, if that doesn't work with members' schedules, next Wednesday 12/15.

JE thanked everyone for the process and effort, asked SD for schedule expectation. SD advised next Monday or the Monday thereafter. JE advised next week is last IC meeting until January 10.

6) Contractor Revisions

JG introduced need for contractor revisions. Several contractors' prime agreements with utilities expire at the end of this year, and there is a clear need for their services into 2022. Some contracts are not yet catalogued in IC records, so performance terms for these are unknown. This motion is an efficient means to direct utilities to extend contract terms to the end of December 2022, which will expectedly see the IC's work completed and a transition to the RRC completed.

MOTION that the performance period for all RRC IC contractors be extended to December 31, 2022. This will allow contractors to continue to support the RRC IC, as and if needed, into the post-certification RRC transition/startup phase based on the following presumptive schedule:

RCA Notice of SB123 ERO Requirements upon Railbelt LSEs:	December 2021.
Formal 90-Day Application Window:	Jan. – March 2022.
Formal 180-Day RCA Application Review Period:	April – Sept. 2022.
Post-Certification RRC Startup / Transition:	October – Dec. 2022.

All RRC IC committees are directed to review their current contract authorizations against the above schedule and, as needed, submit proposed change orders for IC consideration consistent with a two-week review and approval process. 1JG, 2VDS.

EJ asked about updates to contract NTE amounts. JE clarified those updates will come separately from the committee chairs.

PM asked to confirm these are no-cost time extensions. JE confirmed they are. Additional funding would still go through the normal IC process.

MC asked that while budgets are under review, could we get a spreadsheet summarizing costs.

JG replied total IC authorized cost is approximately \$1 million. Expectation is that will go up as we update our contractor budgets and schedules. That new number will be circulated when available.

JE and JG clarified the second element of this motion is direction to IC subcommittees to review their contractor scope / schedule / budgets and bring timely revisions back to the IC to maintain proactive management stance.

PASSED with no objections [13-0-0].

7) Chart of Accounts (COA)

JG introduced RRC chart of accounts from BudCom. Today's introduction is a first look to solicit review / comment with potential action for tentative approval at next meeting. JG reviewed the COA summary on page 32 of the meeting packet, continued with overview of three tiers of accounting codes proposed and their intended accounting function for the RRC.

BH suggested an additional code tier to include cost elements (labor, transportation, contractual services, etc.) CEA uses a 2-digit code for these. Also suggested adding a 4-digit code defining the departments within the organization so RRC can parse costs out to internal cost centers. Observed that costs under the function codes could be spread across multiple departments (cost centers) in some instances. JG thanked BH for comment, will bring back to BudCom for consideration.

JWL commented that basing the COA on FERC instead of Uniform System of Accounts (USOA) for electric utilities, which is what the state and RCA use, could complicate approval. Suggested conform to USOA to avoid unnecessary complication. Agreed with BH that more detailed accounting may be appropriate.

JE asked what degree of consultation with LSEs BudCom engaged in. JG clarified that BudCom reached out to IC to invite LSEs to participate in development. CEA staff engaged with BudCom on several occasions to provide input. The main focus of this consultation was to coordinate the degree of detail that the RRC will include on its surcharge invoices so the LSEs can appropriately allocate costs to meet their internal accounting needs. The function codes were developed to meet that goal.

JWL commented that Coops have the option to use the simplified rate filing (SRF) process, but SRF eligibility is subject to sideboards, generally year-over-year caps on cost increases (8%) and longer term caps (20% over 3 years). Observed that new RRC costs might imperil utility eligibility for SRF, and asked if this possibility was discussed by BudCom or utilities in consultations.

JG confirmed this matter has not been raised, but commented it is a great question.

FP asked whether it would be useful to look at state or RCA accounting mechanisms?

JWL clarified the FERC COA is based on USOA, but there may be some difference. The RCA is familiar with USOA for electric utilities, might be as simple as just changing the reference, the COA may be OK as is.

BH asked whether the regulatory cost charge (RCC) is considered part of rates or outside of it for SRF purposes? JWL didn't know but also a good question.

JG observed that last time he sketched out the numbers, the pro rata RRC cost looked to be of comparable magnitude as the pro rata RCC cost. Not familiar with SRF eligibility rules, but RCC is a very small share of consumer rates.

EJ confirmed that RCC charges are outside of the SRF.

TL suggested that the RRC's application state that RRC charge should be outside of SRF if it isn't otherwise clearly defined.

VDS suggested that if there isn't any actual urgency to approving the COA the IC should delay this to allow matters to be fully addressed. JG concurred, if needed BudCom may bring COA back in January instead of next week to address comments received.

8) Committee Updates

BySub SD already gave update. Wednesday 12/8 meeting will be a go if a quorum can be mustered. Look for BO email on schedule later today. JE asked for map for bylaw approval so ExCom knows what the lead time is for RRC incorporation.

StanCom JWR gave update. StanCom skipped last week's meeting to recover from CMEP completion. CMEP is done and ready for IC review in January. JWR met with RMR and BO regarding scope of what StanCom needs to do. Need to interface with EJ and TL on TarCom for penalty schedules and charges and also UOO / RE matters. Question over transmission cost recovery. Current direction is that may just be a narrative. Also need to touch base with JE / AppCom on this, and also frameworks for OAT/I (at 90%). Also see a need for post-app doc development. These include (1) a doc defining how RRC will identify new UOOs/ REs, (2) hearing procedures, (3) sanction guidelines and discretionary guidance, and (4) definitions.

IRPcom: DB gave update. IRPcom is meeting Thursday at 4PM to review IRP process doc for a final time with Rachel. All revisions should be disclosed pre-meeting. Rachel will also be available to present to the IC when it is up for a vote, and also to author application content on this topic.

TarCom: EJ gave update. TarCom is currently on hold pending settlement of the UOO / RE definitions so we proceed with clear definitions in place. Will sync with StanCom on this, then fairly straightforward to finalize application tariff.

PubSub: VDS gave update. PubSub has been on hiatus, but will be back at it Friday 9 AM. Discussion will focus on edits to Public Notice Policy. This document will mostly not be ready until January. Also will reach out to IC members individually on confidentiality practices.

BudCom: Continuing to meet at weekly cadence to review IC expenses. Reviewing overall work scope to dust off schedule and plan for completion. May consider handoff of some peripheral tasks to balance workload. TAT charter, qualifications narratives have been proposed by ExCom.

AppCom: JE gave update. AppCom has also been on hiatus, but will be getting back on track.

9) Member Comments

JWL commented that the DOL's attorney in charge of the SB123 regulations review has requested a meeting with Steuart Goering (DOL's RCA attorney) which is supposed to happen this month. Scope is unknown, highly speculative rumors suggest continuing concerns with regulations.

VDS thanked all for a process that has moved our governance forward. Advised she has several document questions that will be circulated via BO to committees.

BH raised a point for general consideration. CEA recently completed a training session with its board and Lori, the CEO for the Foraker Group. Very useful and informative. BH suggested the IC

engage with Lori on a half-day training session to better understand how boards work. BH added Lori was great to work with.

HK commented BH's idea sounds great. Also thanked the conference committee, they were great to work with to hash out the governance matters. Respected the opinions and needs of all parties. Announced last week wouldn't be at next meeting, but may be able to attend after all. Out from Dec 13 to 26 but may be able to attend meeting if can find internet.

[JE transferred chair to SS and left meeting at 3:00 PM, 13 of 13 voting members present.]

RB advised he won't be able to attend next week, asked JG what his TAX word was. JG responded it is "quango". Acronym wouldn't need to change (TAC → TAQ) so it is clearly the perfect solution.

10) Tentative Future IC Agenda for 12/13

Tentative agenda items:

Return of the chart of accounts

BySub return on conference committee resolution for approval.

First look at Sapere change order to update scope, schedule, budget.

Sapere review of the Workplan and critical path items.

SS observed it might be an abbreviated meeting on the 13th.

KW commented fabulous suggestion to pull in Foraker group. Would be great to be in a position to vote on that next week. BH will make inquiries. SS asked how long the session might be. BH advised it was two 3-hour days for CEA, but that had CEA-specific content and a more generic session should be shorter.

FP suggested maybe can do that session in one of our weekly Monday meetings.

SS solicited further comment. BO will be in committee meetings this week, will advise on any additional actions for next week, and will feed those to ExCom Thursday.

11) Adjourn

MOVE to adjourn 1BH, 2EJ.

MEETING ADJOURNED at 3:07 PM

DEFINITION OF ABBREVIATIONS AND ACRONYMS

All committee members and consultants are identified by their initials, as defined at the roll call table.

1JE, 2JG:	Shorthand designating which committee members proposed and seconded motions.
[~]:	Secretary's commentary provided for clarity / context as appropriate.
	Vote tally shorthand is Y-N-A, yea – nay – absent or abstain.
AAA:	American Arbitration Association
AOI:	articles of incorporation
AppCom:	ERO application subcommittee
BudCom:	budget subcommittee
BySub:	bylaws subcommittee
CEA:	Chugach Electric Association, Inc.
CEO:	chief executive officer
CIP:	critical infrastructure protection

CGC:	corporate governance committee
CME:	compliance / monitoring / enforcement (of reliability standards)
COA:	chart of accounts
CPA:	certified public accountant
CPCN:	certificate of public convenience and necessity
DaveCom:	See IRPcom
DOL:	Department of Law
DU:	Doyon Utilities
ERO:	Electric Reliability Organization
ExCom:	executive committee
FAC:	finance and audit committee
IC:	Implementation Committee
IPP:	independent power producer
IRP:	integrated resource plan
IRPcom:	IRP process subcommittee
LSE:	load-serving entity
MEA:	Matanuska Electric Association, Inc.
NDA:	non-disclosure agreement
NTE:	not to exceed
PC:	Perkins Coie Law Firm
PAC:	public affairs committee
PM:	project management
PMP:	project management professional
Precious:	(1) A spreadsheet listing clauses in the implementing regulations for SB 123's ERO provisions, identifying associated ERO application deliverables, and assigning deliverable preparation responsibility to IC subcommittees. (2) A fancy gold ring.
RAPA:	Regulatory Affairs and Public Advocacy
RCA:	Regulatory Commission of Alaska
RCC:	regulatory cost charge
RE:	registered entity
RRC:	Railbelt Reliability Council
SB:	Senate bill
SES:	Seward Electric System
SOW:	scope of work
SRF:	simplified rate filing
StanCom:	standards subcommittee
TA:	tentatively approve, tentative approval
TAC:	technical advisory committee
TAQ:	technical advisory quango
TAT:	technical advisory team
TarCom:	tariff subcommittee
TIER:	times interest earned ratio
UOO:	user owner operator
USOA:	uniform system of accounts
WG:	working group

ATTACHMENTS:

1. Approved Perkins Coie Funding Authorization Request