

RAILBELT TRANSMISSION ORGANIZATION (RTO)
MEETING MINUTES
May 28, 2025

1. CALL TO ORDER

Chair Million, GVEA, called the Railbelt Transmission Organization Governance Committee meeting to order at 9:00 a.m. A quorum was established.

2. ROLL CALL (for Committee members)

Travis Million (Golden Valley Electric Association [GVEA]); Tony Zellers (Matanuska Electric Association [MEA]); Brad Janorschke (Homer Electric Association [HEA]); Brian Hickey (City of Seward); Arthur Miller (Chugach Electric Association [CEA]); Mark Billingsley (Alaska Energy Authority [AEA]); and Ed Jenkin (Railbelt Reliability Counsel [RRC]).

3. PUBLIC ROLL CALL (for all others present)

Karen Bell, Jennifer Bertolini, William Price, Curtis Thayer (AEA); Matt Clarkson (CEA); Kody George (City of Seward); Daniel Heckman (GVEA); Larry Jorgensen, Sarah Lambe, Jessica Spuhler (HEA); Tony Izzo (MEA); Carl Monroe (Munro Advisors, LLC); and Tina Grovier (Stoel Rives, RTO).

4. AGENDA APPROVAL

MOTION: A motion was made by Mr. Billingsley to approve the agenda.

Motion seconded by Mr. Hickey.

A roll call was taken, and the motion to approve the agenda passed unanimously.

5. PUBLIC COMMENTS

There were no public comments.

6. APPROVAL OF THE MEETING MINUTES – May 16, 2025

MOTION: A motion was made by Mr. Miller to approve the Meeting Minutes of May 16, 2025.

Motion seconded by Mr. Zellers.

A roll call was taken, and the motion to approve the Minutes of May 16, 2025 passed unanimously.

7. OLD BUSINESS

A. Working Group Update

Chair Million requested Daniel Heckman, GVEA, provide the RTO Working Group update. Mr. Heckman noted that the Working Group convened for a two-day workshop since the RTO Governance Committee's previous meeting on May 16, 2025. The items considered will be discussed today and at the RTO's June 13, 2025 meeting. A primary focus of business regarded the Open Action Transmission Tariff (OATT). The Working Group reviewed sections identified by Carl Monroe, Munro Advisors, LLC, and finalized proposed language to bring forward to the RTO. Mr. Heckman believes the legacy agreements will be the main topic today, and there was considerable discussion on the topic during the two-day workshop. He reported that the Technical Working Group followed up on the backbone transmission system (BTS) segment discussion and the process to move forward with BTS non-line segments.

Mr. Heckman noted that discussion occurred regarding the Annual Transmission Revenue Requirement (ATRR) and the financial analysis. The Chief Financial Officers (CFO) group that is helping spearhead the ATRR methodology will meet next Monday. More information will be provided to RTO at the June 13, 2025 meeting. The Working Group continues collaboration with Tina Grovier, Stoel Rives, regarding the structure of the entire RCA filing, including the OATT. Discussions also occurred regarding new facilities that will be presented to the RTO at the June 13, 2025 meeting. Mr. Heckman noted that the Regulatory Commission of Alaska (RCA) filing date is a month and three days away. This time period will be very busy for both the Working Group and the RTO Governance Committee.

Mr. Miller requested discussion on the current thought process that the filing would not request an effective rate. It would have the tariff and the allocation methodology. He asked if the filing would provide a recommendation for a timeline to provide cost information from each utility. Mr. Heckman agreed with the layout of the filing. There will first be the OATT, and then the recommended and approved methodology from the RTO. Mr. Heckman noted that the methodology uses 2022 data, and it is for illustrative purposes. The Working Group has not discussed timelines for each entity to provide updated cost information.

Ms. Grovier agreed with Mr. Heckman's comments that the filing will not ask for a rate to be put into effect. She explained that an illustrative rate using the 2022 data will be included. Once that process is completed, before an effective rate is requested, an additional filing will need to occur with updated numbers. Moreover, any double counting will need to be removed from the various utilities. Ms. Grovier believes this will be a multi-stage process. The goal is to provide a calculated illustrative rate, but the filing is not asking for an effective rate at this stage in the process.

Mr. Miller thanked Mr. Heckman and Ms. Grovier for their responses. He asked if utilities should recommend a schedule going forward for the Commission to adopt and identify the revenue requirement for each utility. Ms. Grovier agreed with the goal, and noted the process could take a few different forms. She agreed that the goal is to outline the path forward, including a timeline.

At this juncture, an effective rate will not be requested.

Mr. Miller clarified that he used the word rate, and knows there is not a rate. He is referring to the costs. Ms. Grovier expressed her understanding. She is distinguishing between the illustrative rate versus the framework and methodology that the RTO will ask to be approved.

Mr. Jenkin commented on the importance of remembering that the illustrative numbers of 2022 had a significant amount of power transfers and wheeling that has not been seen since 2022. He believes that should be noted in the information that is provided.

Mr. Billingsley commented that Mr. Heckman mentioned that the Working Group has been discussing non-line segments and new facilities. Mr. Billingsley asked Mr. Heckman if he expects that the Working Group will bring recommendations for non-line segments and new facilities to the Governance Committee at the June 13, 2025 meeting. Mr. Heckman indicated that he does not foresee that now. However, that is subject to change. He believes that the policy that was developed and approved by the Governance Committee displays the way the non-line segments were to be addressed. Mr. Heckman suggested that the positions on the non-line segments can be reviewed again. No firm recommendation was made at the Working Group.

Mr. Billingsley asked if he understands correctly that the Working Group has adequate instruction from the approved policy. Mr. Heckman agreed that is his understanding. Ms. Grovier commented that she believes this is a topic that can be further discussed in executive session. Mr. Billingsley asked if Mr. Heckman was speaking about both non-line segments and new facilities. Mr. Heckman noted they are both included. Mr. Billingsley commented that he wants to ensure that the Governance Committee gets an opportunity to adopt a recommendation, if needed. There were no other comments or questions.

B. RTO Certificate Filing and OATT Filing

Chair Million requested that Ms. Grovier provide the update on the RTO Certificate Filing and the OATT Filing. Ms. Grovier discussed that since the previous RTO meeting, there have been no new filings with the Commission, nor any orders issued. Although the docket has been closed, the RCA stated the certificate would be issued under separate cover. It has not been posted as of last night. Ms. Grovier will inform the Committee members when that happens. Ms. Grovier indicated that she has no information to add to Mr. Heckman's report regarding the BTS and the OATT, including the revenue mechanism. However, she does have matters related to these topics, a contract matter, and those listed under New Business, to discuss in executive session, the immediate knowledge of which could have an adverse effect on the legal position and financial position of the RTO and/or the Committee members. There were no comments or questions.

8. NEW BUSINESS

A. Legacy Agreements presentation

Chair Million requested Mr. Monroe give the presentation on the Legacy Agreements. Mr. Monroe reviewed the presentation linked to the agenda. He began by highlighting that the RTO is following the Federal Energy Regulatory Commission (FERC) 888 Order as the guidance on OATTs. The FERC 888 Order does not provide a reference on how to address existing agreements. Particularly, there is no guidance concerning how to engage with existing agreements that have been signed by a transmission owner to a customer, and that agreement included either implied or explicit transmission rights and payments.

Mr. Monroe explained that FERC worked through issues with all of the regional entities in items that were called grandfathered agreements. These were transmission rights that were granted before the OATTs were implemented. For the most part, all of the regional entities had two requirements that FERC accepted. The first requirement was that the non-rate terms and conditions of the OATT were required to be observed from those contracts. The second requirement was that there would be no rate change, unless there was a negotiated change between the parties. Additionally, the Transmission Owners (TO) had to show that the revenue they were receiving from that grandfathered agreement customer was credited against the ATRR to prevent double counting of revenue.

Mr. Monroe continued explaining that the transmission service capacity would be recognized from the grandfathered agreements. One of the concerns that FERC had was to make sure that those agreements accounted for the way in which the tariffs were operating with transmission rights. Mr. Monroe discussed Alaska's specific considerations in Article 1, Section 15 of the Alaska Constitution indicated that no law impairing the obligations of contracts can be passed. There is also legislation exempting certain wholesale agreements for the sale of power and related contracts for the wheeling, storage, regeneration, or wholesale repurchase from the review or approval by the Commission.

Mr. Monroe discussed the HB307 language. One section requires replaces the wholesale charges assessed by unit by each utility in the Railbelt with a new mechanism that fairly recovers and equitably allocates the costs of operating the backbone transmission system. Another section accounts for costs to own and operate the backbone transmission system, as established by the Commission or by contract, including transmission costs associated with the Bradley Lake hydroelectric project. Mr. Monroe showed a list of the grandfathered agreements gathered to date that might have recognized transmission rights. The initial step was to read all of the agreements to see if there were explicit transmission rights or implied transmission rights. The findings are listed as a note next to each agreement heading. The agreements will have to be reviewed again in more detail to ensure that the rights are correctly quantified.

Mr. Monroe explained that the next steps in the process will be for the Governance Committee to decide if any and which ones of the legacy agreements should be grandfathered. Additionally, the Governance Committee will decide how to account for the costs related to the legacy agreements. The FERC accepted method is to recognize the revenue that was being paid by those customers as a credit against the ATRR. Another method is to have the costs and the payments go through the RTO. Discussions about this method occurred with the RTO Working Group and with a legal

representative of the Bradley Lake agreements and the Intertie Management Committee (IMC) agreement. There seems to be some obstacles with passing those values through the RTO.

Mr. Jenkin expressed appreciation to Mr. Monroe for his work on this endeavor, and for the leadership of Mr. Heckman and Karen Bell, AEA. He noted that the Alaska Statute referenced in the presentation is a subset of the statute that was passed on the subject. Mr. Jenkin read from the statute, "The standards to remove impediments to competition in the wholesale power marketplace in the state." He discussed the requirement to have a tariff that removes impediments. Mr. Jenkin read from the statute, "Pool backbone transmission system costs and allocate those costs to certificated load serving entities on a coincident peak or load ratio share basis." Mr. Jenkin discussed there is a requirement to allocate those costs and how to allocate those costs. Then there is a requirement to account for Bradley Lake and other things. He believes that the difficulty is removing impediments to competition means removing wheeling, and then allocating costs that were collected through wheeling costs through 710(c)(1), while still maintaining the grandfathered agreements. This is the dilemma, especially associated with the Alaska Intertie. Mr. Jenkin believes the Governance Committee's responsibility is broader than what is listed, and encompasses all of 710 to determine implementation.

Mr. Monroe indicated there were discussions with legal authorities on those agreements, and there were conditions they felt needed to be met. One of the conditions was to ensure that the requirements of the current agreements were still in place, including how the costs are allocated. A second condition was to ensure that it did not expose the Bradley Lake agreement to Commission authority itself. The real issue and debate is in meeting all of the requirements of the agreements for the rights and payments.

Mr. Jenkin expressed appreciation for Mr. Monroe's comments and that there may be conflict between the statutes which makes navigating these conditions more difficult.

Mr. Hickey discussed his understanding is that there is a grandfathered agreement with contractual obligations that create revenues and costs for each of the participants. How those revenues and costs are recovered from the end-use consumers is the primary question that is being discussed. The recovery mechanism is not delineated in the agreements. He believes that the way the costs are recovered from the end-user consumers is under the Commission's authority because they approve the cost of power through the Cost of Power Adjustment (COPA) quarterly. Mr. Hickey believes that the creation of revenue and costs for the participants is outside the scope of the Commission's jurisdiction, but how those costs are then recovered is within the scope of the Commission's jurisdiction through the COPA.

Mr. Miller expressed his understanding that the Bradley Lake costs are included in the COPA as a convenience, not a requirement. A separate line item could be created to account for the costs. Mr. Hickey believes that the Commission would still have authority over that line item. Mr. Miller disagreed, and believes that Bradley Lake is exempt from the RCA jurisdiction.

Mr. Hickey asked if the COPA is approved by the Commission. Mr. Miller agreed that the COPA is

approved by the Commission. He noted that information is provided, but RCA does not have the authority that governs the recovery of the costs. He stated it has not been an issue.

Mr. Billingsley asked for feedback if the idea is that the Governance Committee would vote individually regarding deciding if any of the legacy agreements should be grandfathered. He asked if the Working Group is looking for direction at this meeting regarding the listed next steps in the presentation. In addition, Mr. Billingsley asked for feedback on the second issue regarding next steps on the mechanism to decide how costs get recovered.

Ms. Grovier noted that she will share additional information regarding the process in executive session. She agreed that when the Committee is ready to vote, there should be voting on two issues. The first issue is which agreements should be grandfathered. The second issue is how to treat those costs. Ms. Grovier indicated that the Committee can decide if the votes are taken individually or en masse.

Mr. Billingsley asked if his understanding is correct that the voting would take place during the public session, and prior to that, Ms. Grovier would discuss additional information during executive session. Ms. Grovier agreed that she has been asked to share specific information. She believes the Committee would want that information prior to voting.

Chair Million asked Ms. Grovier if she suggests conducting the vote today or at the next meeting. Ms. Grovier noted the Committee will need to make that decision.

Mr. Janorschke expressed his hope that the vote is considered at the next meeting. He agreed with Mr. Jenkin's comment regarding the goal to reduce the impediments for use of the transmission system. Mr. Janorschke understands that some of the grandfathered agreements do create impediments on the transmission system. He expressed appreciation to Mr. Monroe for the summary presentation. Mr. Janorschke understands from Mr. Monroe's comments that there have been discussions with legal representation. Mr. Janorschke would like to request a legal position in writing from the Bradley Lake Project Management Committee (BPMC) attorneys. He does not know if this already exists or if this has been shared with the Working Group.

Mr. Janorschke asked Ms. Grovier if she has reviewed the listed grandfathered agreements and if she has provided a written survey of how they impacts the utilities. Ms. Grovier indicated that she has not read all of the agreements listed. Mr. Janorschke expressed his preference that a written summary of the impact of the agreements on both the cost allocation and the impediments to the transmission system is provided to Committee members before a vote is taken. Mr. Janorschke requested the written summary of the impacts is provided by the legal counsel of the Governance Committee and also by the legal counsel of the BPMC.

Mr. Billingsley asked how the schedule will be impacted if the vote on the grandfathered agreements is delayed to the next meeting. Mr. Heckman agreed that delaying the vote to the next meeting impacts the schedule. He noted that Ms. Grovier can go into additional detail regarding the discussions with the BPMC general counsel. Mr. Heckman believes there are specific

mechanisms that have to be addressed by this group on how to engage him in that role, since this is not the BPMC. He believes that an analysis from both Ms. Grovier and Joel Paisner, the BPMC counsel, will cause more work and would stretch their abilities in time for the June 13, 2025 meeting, given the full slate of topics for discussion already scheduled.

Mr. Zellers noted that he appreciates Mr. Janorschke's comments, and agreed there are many impediments on the system, specifically capacity restraints and bottlenecks. He requested Mr. Monroe to give a brief overview of how those bottlenecks are handled in the OATT, and in the Lower 48 under open access. Mr. Monroe explained that those rights are preexisting rights on the use of the system. The rights have to be recognized if these agreements are grandfathered. This makes sense that they would be recognized because, at least for Bradley Lake, many of the rights are concerned with delivering the generation that is relied on from Bradley Lake to each of the utility loads.

Mr. Monroe discussed that FERC acknowledges that the facilities and the existing rights had to be recognized before other uses of the transmission are allowed, particularly selling transmission service. Those rights, as they are today, are straining on the system itself and take a lot of the room on the facilities discussed because those facilities were built for the preexisting arrangements. Mr. Monroe explained that each of those rights would be considered firm, and if they were not being used, they would be available for people to use non-firm. He believes this is the same recognition that is currently in the agreements.

Mr. Jenkin expressed his opinion that he believes everyone understands the capacity has to be maintained based on those agreements. To be able to move Bradley Lake power, you have to maintain your rights to that capacity. However, because we are a network service, when those lines are not fully utilized for the movement of Bradley, there is capacity available on a non-firm basis, which then can be moved. In his opinion, such non-firm movements would not be under the Bradley agreement, and therefore would not be subject to wheeling in the Bradley agreement and would not be inhibited by the Bradley agreement. Mr. Jenkin believes that the Bradley agreement has a mechanism by which economy energy transfers can occur or second level flows can occur. They are still allowed and are not encumbered by wheeling. He thinks Bradley Lake is an easier undertaking than the IMC because it does not provide impediments.

Mr. Hickey asked Mr. Monroe to explain how he believes FERC would have treated the following issue. He described that under the Bradley services agreements, there are both firm and non-firm service, but no capacity commitments. If an entity were to use available transmission capacity on an operating basis and there were no firm reservations under the Bradley agreement, could that entity request firm service under the OATT or would it be assumed that potentially one of the Bradley participants would assert their right to firm service, pay for it, and then the firm service could not be allocated on top of the Bradley agreement.

Mr. Monroe discussed that the tariffs have to be interpreted in the way they are used today for that scenario. Additionally, the agreement has to be interpreted to identify if it allows the parties to relinquish their use of the facilities in the tariff. The way FERC views this is if it was firm, it had

to be supported and maintained as firm based on the requirements that were in the agreements. It is not based on the OATT having preferential use. If the parties gave up the firm rights, then the OATT could use it.

Mr. Hickey summarized his understanding that a secondary use by a non-Bradley participant would necessarily be non-firm because of the potential for one of the Bradley participants to exercise its right to firm deliveries. Mr. Monroe agreed and illustrated an extreme case that if all of the firm rights are sold across an interface, then the OATT could not sell additional firm service itself, unless some of those firm rights were relinquished. He discussed that the wheeling agreement also has to be reviewed to understand the use of the Chugach system for wheeling that may impede the OATT being able to provide even non-firm service at that point.

Mr. Hickey commented that firm service is not sold, it is just a potential to purchase it that exists in the agreements. He does not know of a circumstance in which firm service was purchased under the transmission services agreement. Operations have occurred on a non-firm basis, but they have the ability under the agreement to pay more money and get firm service. Mr. Hickey is trying to understand how that interfaces with the OATT from a priority rights perspective. Mr. Monroe explained he would have to read the agreement to ensure that is true, but taking that as a premise, if there were an option to buy the firm rights through a grandfathered agreement, then if they do not exercise that right to buy the firm rights, then those firm rights could be bought by anybody else. However, if the agreement says that they have the first right to buy it, then it is basically treated as if it were firm rights.

Mr. Janorschke noted that he understands the premise of keeping the legacy agreements or the capacity rights that were in place before the OATT. He asked Mr. Monroe regarding the allocation of costs and how the Lower 48 handles non-firm capacity. Mr. Janorschke gave the scenario that if the Peninsula is exporting 75 megawatts (MW), but sometimes it is 40 MW, he does not understand how any firm rights can be sold to an Independent Power Producer (IPP). He asked if the other utilities would have to purchase the 75 MW firm, and if by chance there is available capacity of 40 MW for a given hour, goes back to whoever bought the firm rights at 75 MW.

Mr. Monroe noted that if the agreements say that the sum of all the party's rights for using that interface is 75 MW and they have first call on those rights, FERC would interpret that as firm rights. However, if the party is not using 35 MW at the time, then a different party can purchase through the OATT, as available, non-firm use of that 40 MW, up until the time that the party who has the firm rights wants to use it. The non-firm party would then have to be curtailed to let the party who has the first available rights or the firm rights use their rights.

Mr. Janorschke believes he understands Mr. Monroe's explanation. The challenge is if the goal is to remove impediments to Alaska's transmission system, he asked how are non-firm capacity rights sold to an IPP. Mr. Monroe explained that the way FERC recognizes this, is that the existing rights consume the capacity of the transmission system. The parties who have those existing rights had committed cost and payment to have the available power. FERC did not want to disrupt the contractual arrangements and the costs that were relied on by the utility. If there was a new entry

into the system, then the tariffs would recognize that those existing rights were there, and if an IPP, for instance, wanted either firm or non-firm rights, then an assessment would be completed to assess if there are additional rights above those that are existing rights. If there are not, then there was a requirement for the holder of the tariff to provide the cost of increasing the facility so that an IPP could buy the rights. This might require additional construction for the IPP to get firm rights if all of the firm rights were already consumed.

Mr. Janorschke thanked Mr. Monroe for his answer.

Chair Million commented that Mr. Monroe's response was so thorough that he answered two separate upcoming questions. There were no other questions or comments.

MOTION: A motion was made by Mr. Hickey to enter into Executive Session to discuss confidential financial matters related to RTO finances and legal strategy. This is consistent with our Bylaws, which allow a Board to consider confidential matters in Executive Session. In this case, the RTO believes that these are subjects that would have an adverse effect on the finances of the RTO, are being discussed with an attorney, the immediate knowledge of which could have an adverse effect on the legal position of the Committee, or are protected by law due to rules protecting privacy and certain business information.

Motion seconded by Mr. Miller.

A roll call was taken, and the motion to enter into Executive Session passed unanimously.

- 9. EXECUTIVE SESSION – 9:55 am. (Bylaws Section 5.12.3) To discuss matters, the immediate knowledge of which could have an adverse effect on the finances or legal position of the RTO, the Committee or Authority, or that are confidential under state, federal, or local law.**

Vice Chair Million advised the Committee did not take any formal action on the matters discussed while in Executive Session, except as authorized by Bylaws Section 5.12.2. (To give direction to an attorney or negotiator regarding the handling of a specific legal matter or pending negotiation).

MOTION: A motion was made by Mr. Hickey that the Committee grandfather the legacy agreements identified as 1 through 11 on page 4 of the "Legacy Agreements Review," provided in the public session today, 5/28/2025. This motion excludes recovery or cost allocation of grandfathered agreements, which we will be made at a later date, and is limited to grandfathering the rights of these agreements.

Motion seconded by Mr. Miller.

A roll call vote was taken and the motion to grandfather the legacy agreements passed unanimously.

10. MEMBER COMMENTS

Mr. Janorschke had no comments except that he would do his best to be at the next meeting.

Mr. Miller thanked everyone for good productive meeting again and especially appreciated all of the efforts of the working group and the updates provided. He looks forward to the next meeting.

Mr. Billingsley thanked everyone. He said he spoke with Curtis this morning, who is tracking this. He said he will provide an update to Curtis, who should be in attendance next time.

Mr. Jenkin said the RRC has a Board meeting on June 2nd, and a workshop. He has been asked to lead a workshop discussion on the status of the RTO and he will be using the three public presentations that have been given in public to brief the RRC Board on where the Committee is on decisions and what has been presented publicly on the RTO matters. He wanted to ensure the Committee was aware. The workshops are open to the public. He thanked the working group, Carl and especially Karen Bell and Daniel Heckman.

Mr. Hickey echoed the comments and thanked Mark, the working group, and Carl for all of his work.

Mr. Zellers thanked everyone for the productive meeting and the working group for all of their work.

Vice Chair Million echoed all of the comments. He said the diligence and hard work of the working group is paying off. The Committee is getting really close to the finish line, with a lot of heavy lifting still to go.

11. NEXT MEETING DATE

Vice Chair Million stated the next meeting date in June 13, 2025 at 9:00 a.m.

12. ADJOURNMENT

MOTION: A motion to adjourn was made by Mr. Zellers and seconded by Mr. Miller.

There being no other business before the committee, the meeting adjourned at 2:00 p.m.



Travis Million, Vice Chair



Curtis W. Thayer, Secretary