

RAILBELT TRANSMISSION ORGANIZATION (RTO)

MEETING MINUTES

June 13, 2025

Alaska Energy Authority

Conference Room

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 Izzo (Matanuska Electric Association [MEA]); Brad Janorschke (Homer Electric Association [HEA]); Brian Hickey (City of Seward); Arthur Miller (Chugach Electric Association [CEA]); Curtis Thayer (Alaska Energy Authority [AEA]); and Ed Jenkin (Railbelt Reliability Counsel [RRC]).

3. PUBLIC ROLL CALL (for all others present)

Karen Bell, Jennifer Bertolini (AEA); Matt Clarkson (CEA); Kody George (City of Seward); John Chiles, Jessica Rosier (GDS Associates) Daniel Heckman (GVEA); Sarah Lambe, Jessica Spuhler (HEA); Andrew Jensen (Governor's Office); Jon Sinclair, Tony Zellers (MEA); Carl Monroe (Munro Advisors, LLC); Tina Grovier (Stoel Rives, RTO); and Elena Romerdahl (RRC).

4. AGENDA APPROVAL

MOTION: A motion was made by Mr. Janorschke to approve the agenda. Motion seconded by Mr. Miller.

The motion to approve the agenda passed without objection.

5. PUBLIC COMMENTS

There were no public comments.

6. APPROVAL OF THE MEETING MINUTES – May 28, 2025

MOTION: A motion was made by Mr. Thayer to approve the Meeting Minutes of May 28, 2025. Motion seconded by Mr. Miller.

The motion to approve the Minutes of May 28, 2025 passed without objection.

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 concluded a two-day working session yesterday. This was the last two-day workshop before the July 1, 2025 Regulatory Commission of Alaska (RCA) filing date. The Working Group will continue to meet every Tuesday and Thursday until the filing, and will hold additional meetings, if necessary. The Working Group's main focus now is the filing. Mr. Heckman informed that Tina Grovier, Stoel Rives, and the legal and regulatory team are leading the effort for the drafting and finalizing of the Open Action Transmission Tariff (OATT). Consultation with Carl Monroe, Munro Advisors, LLC, will also continue during this time. The two-day workshop produced many outcomes that will be discussed today regarding the Annual Transmission Revenue Requirement (ATRR) scenarios, and the ATRR cost allocation methodology developed by the Chief Financial Officers (CFO) group.

Mr. Heckman emphasized the yeoman's effort by the technical and financial representatives of the Working Group, which resulted in a very productive final two-day meeting. He expressed appreciation to all the utilities and their participants for their valuable work. There were no 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 expressed appreciation to Mr. Heckman and the participants for their tremendous job in assisting with this process. She indicated that she has no information to add to Mr. Heckman's report. However, she does have matters related to the RCA Certificate, the upcoming tariff filing, and those topics 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. New Facilities Treatment presentation

Chair Million requested Mr. Monroe give the New Facilities Presentation. Mr. Monroe indicated that this presentation was provided to the RTO Working Group and covers an overview of expectations beyond the tariff filing date. Mr. Monroe discussed the options for the sources of new facilities include coordination with the Railbelt Reliability Council (RRC) and the Transmission Owners (TO) to understand how their planning activities correlate to backbone transmission system (BTS) facilities. The RTO does not have planning authority. There is recognition in the tariff that weaves in the responsibility of each of the parties. That discussion will continue after the July 1, 2025 filing. The planning will include responsibilities for the Integrated Resource Plan (IRP). The new facilities will be identified as Network Upgrades to the BTS. If the facilities do not qualify to be BTS, they will be identified as a direct-assigned facility.

Mr. Monroe discussed that the planning activities usually take two different paths. The first path is focused planning as the load grows. The second path is focused planning when events occur, such as new generation, new load added, loss of load, or loss of generation. These events are closely related to the RRC responsibilities going forward. Additionally, the regulatory approval process must be considered. Once the facilities are generated, the RTO will have a responsibility to determine whether it is a network upgrade to the BTS or a direct-assigned facility.

Mr. Monroe reviewed future sources of facilities include the RRC IRP standards process and other entities. The RTO would undertake the same assessment to ensure proper placement into the BTS. Once a facility is included in the BTS, the cost allocation methodology will be determined and integrated. The OATT should provide a method to ensure that the facilities are included in the RTO cost of service formula. For direct-assigned facilities, the TO or the requesting party would be responsible for the recovery of the costs and are outside of the tariff.

Mr. Monroe discussed that FERC standards allow many different cost allocation methods for new facilities and for legacy facilities. He reviewed examples of ways that regional entities have integrated costs into rates and cost of service. In single states with multiple TOs, including California, Texas, and New York, they utilize a postage stamp rate, which means that the transmission charge is the same for all customers, rather than being based on coincident peak or megawatt hour (MWh). There are a range of examples utilized in multi-state multi-TOs. The one used by PJM is unique in that when a generator is connected, PJM assesses how much transmission is needed for connection and to deliver the generation to the load. Those costs are directly assigned to the interconnection. Another example is regionally sharing the costs. Another example is MISO, which goes through the process of identifying a large project set that is then shared amongst the parties. Another example is SPP, which assigns costs based on the voltage of the facility.

Mr. Monroe noted that most OATTs have moved away from the one standard of benefit assigned cost to other more advantageous methods. This move is similar to FERC's current methods. Mr. Monroe discussed that the RTO Committee will evaluate the questions of how and when the costs of a new network upgrade are treated in the RTO cost of service, as well as future general discussions regarding planning activities of the RRC and the IRP with integration into the OATT.

Mr. Thayer asked Mr. Monroe what considerations have occurred regarding moving forward with the first year of an eight-year funding window for the Cook Inlet power link upgrade. Mr. Monroe indicated that specific circumstance has not yet been reviewed. If the upgrade has been approved, the first discussion will focus on the effects of the upgrade on the BTS. Mr. Monroe assumes that the parties will need to decide what to ask for and how to handle the costs into the RTO.

Mr. Thayer explained that the \$206 million federal funding is available. That amount is to be matched. Roughly \$65 million of the match is already identified and set aside. The remaining amount needed to complete the project is approximately \$140 million. Mr. Thayer indicated that

there has to be a decision within the next nine to 12 months identifying how the remaining \$140 million will be funded. He noted that the FY2027 Budget includes \$60 million on the project.

Mr. Monroe offered a general statement about tariffs, that once a tariff is in place, there is always recognition that tariff will evolve. Since the RTO does not normally borrow money and fund projects, there will need to be a discussion once the funding decision is finalized, regarding how to best integrate into the BTS. Mr. Thayer agreed that the RTO is not going to fund any project, however, the people involved in the project happen to be the same people who comprise the RTO.

Mr. Janorschke asked about decision making regarding the timing of when costs of a new network upgrade are treated in the RTO cost of service. He gave an example scenario in which CEA proposes to upgrade their line to 230 kilovolts (kV), at a project cost of X, within six years, where the benefits outweigh the cost, and the IRP agrees. If in the example, 12 years pass and the 230 kV is not completed, and now the cost has doubled, at what point does the RTO say time out, the costs outweigh the benefits.

Mr. Monroe commented that the RTO and HB307 focus on recognizing the regional benefits of the approved costs and allocating those costs. There is a preapproval and pre-responsibility to understand the project, including the timing of the completion of the project, the timing of the beginning of the cash flow, and approving the costs to be included in the ATRR, then subsequently in the rates. He noted that the RTO cannot put the costs in the rates unless the costs are approved to be put in the rates. Mr. Monroe explained there are many ways to fund projects and to recognize costs, even during project construction. He discussed that the current structure relies on the approval to be able to recover those costs from retail customers.

Mr. Janorschke asked what entity conducts the approval. Mr. Monroe indicated that question is best answered by Ms. Grovier.

Ms. Grovier expressed her understanding that the preapproval for a large project is conducted by the RCA. She believes that the IRP preapproval is conducted by the RRC. Ms. Grovier does not believe that the RTO is involved because RTO does not have that authority under HB307.

Mr. Monroe commented there needs to be checks and balances within the planning process and the implementation of that plan, including the IRP and the responsibilities of the TOs.

Mr. Janorschke indicated that his question was primarily meant to emphasize the importance of including the timing in the discussion, and identifying at what point the costs outweigh the benefits.

Mr. Monroe agreed there will need to be those types of discussions. He gave the example in which a planned project was authorized, however, two years later in the next plan, that project was no longer needed, but the land acquisition, surveying, engineering had already occurred. A discussion and recognition of those costs would need to occur, and recovery of those costs would come from either from the local TO or the RTO.

Mr. Miller noted that he sees two fundamental questions related to this issue; how to treat the traditional definition of construction work in-progress, and how to treat line segment upgrades that may take 20 years to complete the entire line upgrade. One argument could be that the full benefit of the 230 conductor is unavailable because the entire line is not yet energized. He asked Mr. Janorschke which scenario concerns him the most.

Mr. Janorschke commented that he does not have an opinion at this time on this hypothetical issue, but he does want these types of questions to be discussed during these conversations so that all participants agree on the direction.

Mr. Miller commented that traditionally, all of the costs associated with the upgrades were included. He believes this is appropriate. He understands that this meeting is not the time for this discussion, but wanted to highlight the subject.

Chair Million discussed that his recollection prior to moving to Alaska was that FERC's general rule considered when the project was used and useful. He noted his comments are not an attempt to provide an answer, rather his comments are an add-on to the issues that have to be resolved.

Mr. Monroe indicated that FERC has recognized that if the local jurisdiction allows construction work in-progress, that FERC would not impede that costs being recovered through an RTO.

Chair Million commented that he is not aware of that in Alaska's regulatory practice. He noted that in two other states, he has experienced approvals of accounting orders where projects clearly demonstrated benefits, but the balance sheet could not support the large expenditure over the period of years. There were no other questions or comments.

B. ATRR Review and Financial Analysis Presentation

Chair Million requested Mr. Monroe to discuss the ATRR Review and Financial Analysis Presentation. Mr. Monroe emphasized the importance of reviewing the framework of how the cost of service would be derived. He noted that options and scenarios to meet the HB307 cost allocation requirements were examined. Part of the assessment is driven by the TOs annual transmission revenue requirement for reliability and economic delivery. The two efforts expected to be completed by the Working Group and the Governance Committee was to look at the consistency of the way ATTRs would be calculated by the TOs, and how they generate the understanding of those. FERC accounting must be followed. The FERC accounting is then allocated specifically to transmission. Mr. Monroe discussed the process issue of ensuring that there is a standard method, and then ensuring the calculations are consistent. These efforts lead to a financial analysis to identify the RTO cost of service impacts.

Mr. Heckman reviewed language in HB307 that provides grounding for guidance from the Legislature to make the effort a success. The language is bolded in the presentation. Mr. Heckman read that the Railbelt Transmission Organization is created for the purpose of

establishing an open access transmission tariff that provides for recovery transmission costs and related ancillary services, and replaces wholesale charges with a new mechanism that fairly recovers and equitably allocates those costs of operating the backbone transmission system. Mr. Heckman indicated that AS 44.83.710 also provides that this organization is charged with holding and administering an open access transmission tariff, and that transmission tariff shall be filed with the Regulatory Commission of Alaska that is consistent with Federal Energy Regulatory Commission standards to remove impediments to competition in the wholesale bulk power marketplace in Alaska.

Mr. Janorschke thanked Mr. Heckman for his presentation. He noted that HB307 indicates ancillary services. He asked Mr. Heckman to describe the ancillary services. Mr. Heckman explained that ancillary services will be discussed in more detail during the OATT discussion. Mr. Heckman gave a general description that many of the ancillary services are consistent with the current ancillary services in the transmission tariffs before the Commission. Mr. Heckman explained that the RTO is not going to provide the ancillary services already provided by independent utilities. The independent utilities that currently provide the ancillary services will continue to provide those ancillary services. Mr. Heckman stated that later in today's meeting, he will review which ancillary services are applicable from the RTO's perspective and which will be administered by the individual utilities.

Mr. Heckman discussed that AS 44.83.71 also includes that this open access transmission tariff must be approved by the Commission. It has to pool backbone transmission system costs and allocate those costs through a load ratio or a coincident peak method basis or a combination of both. Additionally, the OATT has to account for other aspects provided through transmission service, such as the ancillary services, system congestion, disruptions to the backbone transmission system that result in isolation of geographical areas for more than 24 hours, and transmission costs that are established by the Commission or by contracts, specifically the Bradley Lake hydroelectric project and other contracts that will be discussed later today.

Mr. Jenkin requested feedback if his understanding is correct that HB307 states that the new mechanism equitably allocates the costs, and gives specific directions as to how to equitably allocate the costs. Ms. Grovier commented that she thinks there are ambiguities in the House Bill, and agrees that Mr. Jenkin's understanding is one way to read the statute. She has heard other ways to read the statute as well.

Mr. Heckman indicated that additional discussion would occur later today regarding the proposal written by the CFOs. The CFOs have been collaborating with the Working Group on a standard cost allocation methodology to use in preparing their individual ATTRs. The focus of this effort is to ensure uniformity across the entities to the extent that it is practicable, and to establish a consistent cost allocation. It is understood that some entities are in the process of converting their financial records and some entities have different fiscal years.

Mr. Thayer asked if the RTO is going to vote on the proposal today or if the proposal will only be presented today. Mr. Heckman understands that the presentation will be given today, and

further discussion can occur later on how to proceed with the proposal. There were no comments or questions.

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 upon 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 personal privacy and certain business information. Motion seconded by Mr. Miller.

The motion to enter into Executive Session passed without objection.

- 9. EXECUTIVE SESSION – 9:44 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.**

The RTO Governance Committee reconvened its regular meeting at 1:37 pm. Chair Izzo advised that the RTO Committee did not take any formal action on the matters discussed while in Executive Session except as authorized by the bylaws in Section 5.12.2, to give direction to an attorney regarding the handling of a specific legal matter or pending negotiation.

10. MEMBER COMMENTS

Mr. Janorschke gave particular thanks to the working group that has put a lot of work in over the last two days. He appreciated all of their efforts.

Mr. Million echoed Mr. Janorschke's comments, and stated he is looking forward to next week and being right at the finish line and the final documents for the filing.

Mr. Hickey agreed and thanked everyone for the hard work.

Mr. Jenkin recognized the efforts of the CFO group in compiling information and the progress of the working group on the tariff as well.

Mr. Thayer appreciated everyone's hard work, specifically Jennifer, the working group and the CFO's.

Mr. Miller echoed everyone's comments. He stated the amount of effort by the working group is substantial, Tina and Carl. He thanked Carl for traveling to Alaska again. He appreciated Jennifer's background support and recognized the collaboration with everyone working well together.

Chari Izzo echoed the comments made by others. He thanked Mr. Million for chairing the last few meetings.

11. NEXT MEETING DATE

Chair Izzo state the next meeting date in June 20, 2025 at 11:30 a.m.

12. ADJOURNMENT

MOTION: A motion was made to adjourn by Mr. Thayer and seconded by Mr. Janorschke.

There being no other business before the committee, the meeting adjourned at 1:40 p.m.



Tony Izzo, Chair



Curtis W. Thayer, Secretary