ASSEMBLY STANDING COMMITTEE
COMMITTEE OF THE WHOLE
THE CITY AND BOROUGH OF JUNEAU, ALASKA

February 5, 2018, 5:00 PM.
Municipal Building - Assembly Chambers

Assembly Work Session - No Public Testimony

I. ROLL CALL

Deputy Mayor Jerry Nankervis called the meeting to order at 5:00 p.m. in the Assembly Chambers.

Assemblymembers Present: Mary Becker, Rob Edwardson, Maria Gladziszewski, Norton Gregory, Loren Jones, Jesse Kiehl, Ken Koelsch, Jerry Nankervis, and Beth Weldon.

Assemblymembers Absent: None.

Staff present: Rorie Watt, City Manager; Amy Mead, Municipal Attorney, Beth McEwen, Deputy Clerk; Bob Bartholomew, Finance Director.

II. APPROVAL OF AGENDA

Hearing no objection, the agenda was approved as presented.

III. APPROVAL OF MINUTES

A. January 29, 2018 Committee of the Whole Meeting

Hearing no objection, the minutes of the January 29, 2018 Committee of the Whole meeting were approved with minor corrections.

IV. AGENDA TOPICS

A. Proposed Purchase of AVISTA / AEL&P by Hydro One

Mr. Watt noted the significant amount of public comments submitted to the Assembly on this topic and there are approximately 100 comments on the RCA website. There are many documents before the Assembly. On January 22, Mr. Watt gave the Assembly a preliminary approach. It is most constructive to define policy goals to achieve first and then work on the method to achieve the goals. If he was directed to "intervene" by the Assembly, he needed to know what the specific interests are and what the best way is to get there. He drew attention to the document from Renewable Juneau, which summarizes the main policy goals people are advocating for and it gives the Assembly a road map for discussion. He recommended the Assembly work through that process, to work on which policy goals to adopt and the process afterwards. The biggest issue is "what happens with Snettisham."

Mayor Koelsch asked for goals from the Assembly. He listed five of his own:

1. The Snettisham assets remain with the State of Alaska or local CBJ ownership.
2. The 55 specific master list of commitments regarding regulatory rate, governance, business operation, local presence, community involvement commitments are to be included in the transfer agreement as applicable and practicable (to the extent possible).
3. AEL&P will publish information on the process by which other energy developers become able to use AEL&P's transmission distribution and the affect that has on current and future rate

payers.
4. AEL&P's advance utility planning be presented to the Juneau public every two years.
5. RCA's public hearing and deliberation in reference to the acquisition of Avista / AEL&P by Hydro One should be held in Juneau.

Mr. Kiehl said several members of the public have asked to discuss the issue of land.

Mr. Jones said Avista / AEL&P and CBJ are part of a unitization agreement. The Assembly approved the only name changes when AVISTA bought AEL&P. The unitization agreement covers all of the land, and whether it is part of this negotiation or others, the new owners should be willing to sit down at the table with CBJ and relook at the unitization agreement. This may be a way to get to Mr. Kiehl's issue.

Mr. Watt said there are lands that a sister company that AEL&P owns that are successor properties from the AJ Mine. In the early to mid-70's the city obtained properties from the former owner of the AJ Mine as did the power company. The parties unitized the properties that were thought to have mineral value, and this is a subset of the land AJT has, including the old fuel dock across from Foodland. When the two parties acquired the lands from AJ Industries, CBJ selected the Gold Creek Watershed and the historical ore body for AJ Mine, Perseverance Mine. AEL&P selected more land over in Douglas that was traditionally the Treadwell ore body. Each owns mineral rights to the ore bodies. If you wanted to develop the AJT properties, you would have to cross AEL&P properties to access the CBJ lands. He spoke about how the royalties were to work.

Mr. Nankervis suggested a sixth goal could be "Ask about the possibility of re-examining the unitization agreement with Hydro One."

Mr. Jones discussed intervention into the rate setting process and having rates as a policy issue and some understanding of rates currently and historically. He suggested discussion about notice before rates go to the RCA and providing information about rates.

Mr. Edwardson asked under what conditions would the CBJ be within its rights to intervene.

Ms. Mead said intervention is the process to use if there is an argument to the RCA that an entity believe that it is or should be a party to transfer process. The timeline for protest has come and gone. The RCA would review factors to be considered: whether there is a way under the statute to be made part of the proceeding (she did not believe that was true in this case), the nature and extent of any property, financial, or other interest that CBJ holds that is not being attended to by another party in the transfer process, the effect on that interest that might be affected by the order authorizing or approving the transfer from Avista to Hydro One (you need to show how the transfer of the property is going to effect CBJ's property interests), the availability of any other means to get at the same issue, the extent to which a party's interest will be represented by other parties, the extent that the CBJ's participation will create a good record and will not unreasonably delay the process. The RCA would need to find CBJ met some of the factors.

Mr. Nankervis asked if intervention could address a public hearing in Juneau. Ms. Mead said the RCA has broad discretion to impose any conditions it finds warranted or necessary as part of the transfer process. CBJ could request a public hearing from the RCA at any time, that is not an intervention issue.

Ms. Becker said there has been a lot of talk about how AELP customers pay more than what Hydro One charges and asked about profits. Is there any way that CBJ can require some kind of bonding to protect the assets of AELP, Snettisham, the lines in case of another emergency such as the avalanche. Ms. Mead said the process before RCA right now is a request by Hydro One to take a controlling interest of Avista. It is a transfer of the already existing certificate. It is not a rate setting process, it doesn't address rates. The only issue RCA looks at is whether Hydro One is willing and able and has the necessary means to operate the certificate. If there are things that might occur with the transfer, for example, Hydro One becomes the owner of some asset currently held by

Avista / AEL&P, and you think the transfer might have a negative impact on CBJ for some reason, that is what is brought up in intervention. Mr. Watt referred the members to the packet and the statement "AELP will not seek to recover in rates any premium associated with the acquisition of Avista stock, or transaction costs, associated with the proposed transaction."

Ms. Becker said a seventh goal could be to include discussion of repair bonding.

Mr. Edwardson said he was sufficiently convinced that the public of Juneau wants us to intervene and we are just struggling how to do this.

Ms. Gladziszewski said these goals are not the same as intervention or the legal possibility for intervention. These are legitimate goals. Is intervention a way to address these goals, and do we have legal standing to intervene. Joint property may be a way to get into the intervention door. How much would intervention cost?

Ms. Mead said based on the analysis from a private attorney, it is estimated that 30-50 hours are needed to do the initial assessment and 55 hours and two days in Anchorage to draft the petition and the hearing itself. The cost for the attorney is approximately $300 - 350 for the senior level and $250 for associates, so $30 - 50,000 to intervene, plus.

Mr. Watt suggested there is an escalating level of involvement, beginning with calling them up and telling them what we want, making comments to the RCA about the things we want, and at the other end of the spectrum, intervention.

Mr. Nankervis said the list of goals was to 7, including bonding for repair. Would any of those items qualify for intervention. Ms. Mead said it depended. The goals could be fit into a petition, whether the RCA found that the standards for intervention are met is not known. There is a timing issue by the RCA that requires a formal notice within a timeline to intervene, that is the second order that has not been issued by the RCA at this point. The regulation on intervention also lays out a regulatory timeline of 30 days from the hearing. The hearing is set for May 20, so 30 days prior to that is the deadline for intervention.

<u>MOTION</u>, by Gregory, to file to become an intervenor and that CBJ allocate $75,000 from the general fund or any other fund that the staff deem appropriate to fund this intervention and that we seek legal expertise that we need to file for intervention and asked for unanimous consent.

Ms.Weldon was interested in giving direction to the City Manager to enter into negotiations with AEL&P to negotiate the goals, to seek resolution prior to any intervention.

Mr. Watt said that there is time to negotiate while the appropriation ordinance went through its public process and the two parallel tracks can take place.

Ms. Mead explained the difference between submitting public comment from CBJ to RCA and intervention, which makes the CBJ a party to the suit, in which CBJ would state that there is something that will be harmed or lost through this regulatory process, and no other party is protecting CBJ's interest and if CBJ can't participate, there is a legal effect or right that the RCA may not be looking out for. CBJ would be party to cost allocation in intervention. Ms. Mead said at the end of a case, costs can be allocated to the prevailing party from the other parties.

Hearing no objection, the motion carried by unanimous consent.

Mr. Watt suggested introduction of the appropriating ordinance at the regular meeting on February 12, and public hearing and Assembly action at a special Assembly meeting on February 26 immediately preceding the Committee of the Whole meeting.

<u>MOTION</u> by Weldon, that the Assembly give direction to the City Manager to enter into negotiations with AEL&P to negotiate the goals discussed at this meeting and to request the City

Manager provide an update as of the Special Assembly meeting on February 26, 2018. Hearing no objection, it was so ordered.

Mr. Kiehl said the CBJ should negotiate for open access, non-discriminatory tariffs. That is not something currently in the Alaska rules and he would like to make open access a condition of the license. The Assembly further discussed the matter.

Mr. Watt said he will get what he can in the negotiations and the discussion will inform the range of options to report on at the meeting on 2/26.

Mr. Nankervis thanked the public for their input.

V. ADJOURNMENT

There being no further business to come before the committee, the meeting adjourned at 6:35 p.m.

Submitted by Laurie Sica, Municipal Clerk