



October 16, 2020

Regulatory Commission of Alaska
701 West Eighth Avenue, Suite 300
Anchorage, Alaska 99501

Re: Tariff Advice Letter 338-13: Special Contract with Aurora Energy Solutions, LLC
(formerly Superior Pellet Fuels, LLC)

Dear Commissioners:

The tariff filing described below is transmitted to the Regulatory Commission of Alaska (Commission) in compliance with the Alaska Public Utilities Regulatory Act and Sections 3 AAC 48.200 - 3 AAC 48.430 of the Alaska Administrative Code. The tariff revisions set forth in this filing pertain to GVEA's Special Contract List.

Introduction

Aurora Energy Solutions LLC (AE Solutions) has recently acquired Superior Pellet Fuels, LLC (Superior Pellet).¹ As part of the transaction, the Special Contract² between Golden Valley Electric Association, Inc. (GVEA) and Superior Pellet was assigned to AE Solutions. AE Solutions is proposing no changes to Superior Pellet's operational restrictions that generated the mutual benefits identified in the Commission-approved Special Contract.³

Through this filing, GVEA is requesting Commission approval of administrative changes to the Special Contract with Superior Pellet to reflect the recent acquisition of Superior Pellet by AE Solutions.⁴ This change is made consistent with Sections 3.0 and 7.3 of the Special Contract.

¹ On June 5, 2020, AE Solutions and Superior Pellet finalized an asset purchase agreement whereby AE Solutions acquired Superior Pellet.

² See TA297-13; approved by Commission Letter Order No. L1700222.

³ The General Manager of Superior Pellet has been retained by AES Solutions which assists with the transition of ownership and serves to maintain the technical knowledge of the Special Contract.

⁴ A copy of the Amended and Restated Special Contract is attached as Exhibit 1.

The changes to the Special Contract and contained herein will not affect GVEA's Members.⁵ GVEA has placed the appropriate tariff revision symbols set forth in 3 AAC 48.360 in the right hand margin on the proposed revised tariff sheets. The following tariff sheets are affected.⁶

Tariff Sheet Number	Canceling Sheet Number	Schedule or Rule
Fourth Revision Sheet No. 117	Third Revision Sheet No. 117	Appendix II: Special Contract List

There are approximately 39,500 residential member accounts, 6,535 small commercial member accounts, and 527 large commercial member accounts currently receiving service from GVEA. This filing is not for a new service, will not result in the termination of an existing service, conflict with any schedule or rate, or in any other way adversely impact members, shippers or the public.

Background

On April 14, 2017, GVEA filed a copy of its Special Contract with Superior Pellet for Commission approval.⁷ In its filing, GVEA noted:

All stakeholders in Interior Alaska can potentially benefit from this proposed arrangement. GVEA is requesting Commission approval for a special contract with Superior Pellet so that: (i) Superior Pellet can manage and operate its facility in a more cost-effective manner; (ii) GVEA can reduce its cost of service and reduce its system peak during the high demand months, and (iii) the potential for cleaner air in Interior Alaska can be enhanced.⁸

The principal objectives of entering into the Special Contract were to reduce the particulate emissions in the Fairbanks North Star Borough area, assist with safety and fire mitigation in Interior Alaska, and provide benefits to GVEA Members by reducing the cost of electric service.⁹ On June 1, 2017, the Commission approved the Special Contract and GVEA's inclusion of the Special Contract in its Current Operating Tariff.¹⁰ Superior Pellet has since operated under the terms and conditions of the Special Contract, to the benefit of GVEA, Superior Pellet, and Interior Alaska.

The economic and environmental conditions that necessitated the Special Contract remain true. AE Solutions will continue to provide a locally produced product that contributes to improving air quality and assists residents in Interior Alaska with heating their homes in the winter. Moreover, Superior Pellet's operations under the terms of the Special Contract has provided the opportunity for additional off-peak kilowatt-hour sales without any increased capacity requirements which provides an economic and operational benefit to GVEA and its Members.

⁵ GVEA restates the following from TA297-13, which would also be applicable to this filing: "There may be other Members that are similarly situated. GVEA would offer a similar arrangement to any of its Members with the capability to manage their load and provide peak shaving opportunities under similar circumstances as those presented by Superior Pellet."

⁶ The proposed tariff sheets are attached as Exhibit 2.

⁷ See TA297-13.

⁸ Id., at Page 6 of 6.

⁹ Id., at Page 1 of 6.

¹⁰ See Commission Letter Order No. L1700222.

GVEA expects AE Solutions to assume Superior Pellet's duties and obligations under the Special Contract and continue to provide the benefits realized under the current arrangement. There are no substantive modifications being made to the Special Contract. The changes proposed through this filing reflect the acquisition of Superior Pellet by AE Solutions, and ensure that GVEA's Tariff reflects current circumstances.¹¹

Description of Tariff Changes

Tariff Sheet No. 117

A textual change has been made to denote the substitution of Aurora Energy Solutions, LLC for Superior Pellet Fuels, LLC on the Special Contract List contained in GVEA's Tariff. Additional textual changes have been made for completeness and clarity.

Effective Date

GVEA respectfully requests that the Commission approve the changes to the Special Contract and the tariff changes set forth in this filing with an effective date that coincides with the statutory review process. Please do not hesitate to contact Daniel Heckman, GVEA's Regulatory Analyst, at 907-458-5706 or daheckman@gvea.com should you have any questions or desire further information.

Sincerely,

Daniel A. Heckman for

Monica Grassi
Vice President of Member Services

¹¹ Attached is a copy of a letter received from AES Solutions informing GVEA of the asset purchase agreement being finalized as Exhibit 3.

TA338-13

Golden Valley Electric Association Inc.

Special Contract with Aurora Energy Solutions, LLC

Exhibit 1: Copy of Amended and Restated Special Contract



PO Box 71249, Fairbanks, AK 99707-1249 • (907) 452-1151 • www.gvea.com

Your Touchstone Energy® Cooperative 

AMENDED AND RESTATED SPECIAL ELECTRIC SERVICE CONTRACT

THIS AMENDED AND RESTATED SPECIAL ELECTRIC SERVICE CONTRACT ("Agreement"), dated October 9, 2020, is made by and between Golden Valley Electric Association, Inc. ("GVEA") and Aurora Energy Solutions, LLC, formerly Superior Pellet Fuels, LLC, located at 1595 Westcott Drive, North Pole, AK 99705 ("AE Solutions"). This Agreement sets forth the terms and conditions under which GVEA shall provide, and AE Solutions shall pay for, electric service at its North Pole facility. GVEA and AE Solutions are each hereinafter sometimes referred to as a "Party" or together as the "Parties."

RECITALS

WHEREAS, GVEA serves the Northern Interior of Alaska pursuant to the authority granted by the Regulatory Commission of Alaska ("Commission") under Certificate of Public Convenience and Necessity ("CPCN") No. 13.

WHEREAS, on June 6, 2017, the Commission approved a special contract between GVEA and Superior Pellet Fuels, LLC ("Superior Pellet").¹

WHEREAS, the special contract provided for an alternative arrangement to GVEA's demand ratchet mechanism under which Superior Pellet could maximize its production and, at the same time, provide load management and peak shaving benefits to GVEA by adhering to certain operational restrictions.

WHEREAS, on June 5, 2020, AE Solutions finalized the terms of an asset purchase agreement, whereby AE Solutions acquired Superior Pellet Fuels, LLC.

¹ See Commission Letter Order No. L1700222.

WHEREAS, as a result of the acquisition, AE Solutions assumed all right and obligations of the special contract entered into between GVEA and Superior Pellet Fuels, LLC on April 14, 2017.

WHEREAS, AE Solutions has expressed to GVEA its intent for the special contract to continue, with no modifications to the terms and conditions.

WHEREAS, the Parties have agreed, consistent with Sections 3.0 and 7.3 of the Agreement, to modify the special contract to reflect the acquisition of Superior Pellet Fuels, LLC by AE Solutions, subject to approval of the Commission.

WHEREAS, AE Solutions manufacturers wood pellets used in the heating of homes and businesses in Interior Alaska.

WHEREAS, AE Solutions currently receives electric service from GVEA under Schedule No. GS-2(P).

WHEREAS, the Interior is experiencing air quality concerns.

WHEREAS, pellets produced by AE Solutions can assist in the reduction in the level of particulate matter emissions producing less emissions than EPA-certified wood stoves operating with dry firewood.

WHEREAS, AE Solutions wants to produce wood pellets during the demand peak months of November through March for its bulk purchasers and is willing to incorporate operational changes to its production activities so that it can continue to produce inventory during the winter when there is demand for its bulk product without incurring the ratchet charges during peak demand months (i.e., November-March) under GVEA Schedule No. GS-2(P).

WHEREAS, shifting load from the winter months to the summer months and to off peak times during the winter serves to reduce the cost of electric service for GVEA and its Members.

WHEREAS, it is in the best interests of Interior Alaska and the Members of GVEA that the Fairbanks North Star Borough reduce its particulate emissions (PM2.5).

WHEREAS, the type wood pellets and compressed logs manufactured by AE Solutions assists in reducing particulate emissions in Interior Alaska.

WHEREAS, GVEA and AE Solutions are entering this Agreement to set forth the terms and conditions under which AE Solutions will alter and restrict its production activities so that GVEA Members are not economically disadvantaged by AE Solutions operations and sufficient wood pellet product inventory can be made available for Interior Alaska throughout the winter months.

AGREEMENT

WHEREFORE, the Parties hereby agree:

- 1.0 Term.** The term of this Agreement shall begin on the date of approval of this Agreement by the Commission, and shall continue until the earlier of (a) AE Solutions no longer receives electric service from GVEA; (b) AE Solutions provides notice to GVEA that the production activities of AE Solutions no longer require the terms and conditions of this Agreement to be in effect; or (c) in accordance with Paragraph 2.0 of this Agreement.
- 2.0 Termination.** This Agreement can be terminated as set forth in this Paragraph.

 - 2.1 Mutual Consent** - This Agreement may be terminated by mutual consent of the Parties at any time.
 - 2.2 Upon Default** - This Agreement may be terminated by either Party when the other Party defaults by failing in any material way to perform its obligations hereunder. The Party wishing to terminate the Agreement because of a default shall provide the other Party breaching the Agreement with written notice of its intent to terminate because of default including a detailed statement specifying the grounds for termination. The Party receiving notice of intent to terminate shall have thirty (30) days' after receipt of written notice within which to cure the breach before termination becomes effective.
 - 2.3 Commission** - This Agreement may be terminated by the Commission.
 - 2.4 Revision by Commission** - In the event the Commission revises this Agreement under Paragraph 3.0 in such a manner that a Party no longer believes it is in that Party's best interests of that Party to continue under this Agreement, the Party believing that continuing under this Agreement is not in its best interests may unilaterally terminate this Agreement.
- 3.0 Revisions by Commission.** This Agreement shall always be subject to revision(s) by the Commission under 3 AAC 48.390. Both Parties shall be given notice and an opportunity to be heard should the Commission be considering any revision to this Agreement.
- 4.0 Suspension of Ratchet.** GVEA shall suspend (i.e., waive) the ratchet charge mechanism contained in its Schedule No. GS-2(P) between the hours of 10PM and 6AM during the demand peak months of November through March when AE Solutions operates its production activities as follows:

- 4.1 Shift of Operations** – AE Solutions will use its best efforts to produce the maximum amount of pellet product that can be reasonably produced and stored during months other than the peak demand months of November through March.
- 4.2 Peak Demand Month Procedures** – AE Solutions will restrict its production activities during the peak demand months of November through March as follows:
- 4.2.1** Unless otherwise agreed, AE Solutions can use no more than 2 MW of electric demand capacity at any time.
- 4.2.2** AE Solutions shall provide notice to GVEA Dispatch of AE Solutions' intention to produce during any of the demand peak months of November through March no later than 8 AM on the day preceding the evening in which it wants to operate its production facilities including in its notice the estimated load and duration of the production activities.
- 4.2.3** GVEA Dispatch must authorize, in advance, any production activities of AE Solutions during the demand peak months of November through March.
- 4.2.4** After GVEA dispatch approves the intended production activities of AE Solutions for the following evening, AE Solutions is only authorized to operate its production activities between the hours of 10PM and 6AM to receive the suspension of the demand ratchet.

The restrictions set forth in this Paragraph 4.2 are material terms to this Agreement.

5.0 Tariff Provisions. AE Solutions shall continue to take electric service under GVEA Schedule No. GS-2(P) and any later amendments and/or revisions approved by the Commission including, but not limited to, the following:

- 5.1 Monthly Demand Charge** – The applicable demand charge will be charged for each month.
- 5.2 Demand Ratchet** – The demand ratchet will be applied to all electric service taken between the hours of 6:01AM and 9:59PM during the demand peak months of November through March. The demand ratchet will not be applied for electric service taken during the months of April through October.

6.0 **Indemnity.** AE Solutions shall indemnify, defend, and hold harmless GVEA, its owners, members, officers, agents, and employees harmless from all claims, damages, injury, costs, attorney fees, and liability of any type whatsoever arising directly or indirectly from or in association with this Agreement.

7.0 **General Provisions.**

7.1 **Governing Law** – This Agreement shall be interpreted, construed, and enforced in accordance with, and otherwise governed in all respects by, the law of the State of Alaska.

7.2 **CPCN** – Any provision of this Agreement deemed to conflict with the authority granted GVEA by the Commission under its CPCN No. 13 shall be void.

7.3 **Modifications/Amendments** – This Agreement may only be modified and/or amended by a writing signed by both parties and authorized by the Commission under Paragraph 3.0 of this Agreement.

7.4 **Entire Agreement** – This Agreement contains the entire understanding by and between the Parties and supersedes all prior agreements, oral or written, relating to the subject matter hereof.

7.5 **Non-Waiver** – The failure of either Party to enforce a provision of this Agreement shall in no way constitute a waiver of that provision, or the right to enforce all provisions of this Agreement. No waiver shall be enforceable unless in writing and signed by the waiving Party.

7.6 **Paragraph Headings** – The descriptive headings used throughout this Agreement are for the convenience and reference of the Parties. The words contained therein shall not be used to expand, and/or modify the meaning of this Agreement or to aid in the interpretation or construction of this Agreement.

7.7 **Construction** – Both Parties have had the opportunity to consult their respective counsel of choice about the preparation and execution of this Agreement. The terms and conditions of this Agreement shall not be construed in favor of one Party or the other Party as the drafter of this Agreement.

7.8 **Recitals** – The Recitals to this Agreement shall be incorporated and made part of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first set forth above.

Aurora Energy Solutions, LLC

By 
Its General Manager

Golden Valley Electric Association, Inc.

By 
Its President & CEO

STATE OF ALASKA) The foregoing instrument was acknowledged before
) ss me this 9th day of October, 2020,
FOURTH JUDICIAL DISTRICT) by Nicole E. Garcia




Notary Public in and for Alaska
My Commission Expires: 04/01/2024

TA338-13

Golden Valley Electric Association Inc.

Special Contract with Aurora Energy Solutions, LLC

Exhibit 2: Proposed Tariff Sheet No.117

GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.

**RULES AND REGULATIONS
 APPENDIX II**

SPECIAL CONTRACT LIST

Contract with Fairbanks Gold Mining, Inc., titled: Agreement to Extend Transmission Facilities and for the Sale and Purchase of Electric Power.
 See U-93-094(2), effective May 9, 1994

Contracts with Alyeska Pipeline Service Company titled: TAPS/8805 Power Sales Agreement Between Golden Valley Electric Association, Inc. and Alyeska Pipeline Service Company, and TAPS/8825 Agreement to Construct Electric Facilities Between Golden Valley Electric Association, Inc. and Alyeska Pipeline Service Company.
 See TA163-13, effective April 6, 2006

Contract with TECK-POGO, Inc. titled: Agreement to Connect Member-Owned Transmission Facilities and for the Sale and Purchase of Electric Power between Golden Valley Electric Association, Inc., and TECK-POGO, Inc.
 See U-05-092(3), effective June 16, 2006

First Amendment to Contract with Fairbanks Gold Mining, Inc., titled: First Amendment to Agreement to Extend Transmission Facilities and for the Sale and Purchase of Electric Power between Golden Valley Electric Association, Inc., and Fairbanks Gold Mining, Inc.
 See TA276-13, effective March 1, 2016

Contract with Aurora Energy Solutions, LLC titled: Amended and Restated Special Electric Service Contract. C,T
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Contract with University of Alaska Fairbanks titled: Special Electric Regulation Service Contract.
 See TA316-13, effective July 13, 2018 T

Tariff Advice No. TA338-13 Effective:

Issued by: Golden Valley Electric Association, Inc.

By: Monica Grassi for
John J. Burns

Title: President & CEO

TA338-13

Golden Valley Electric Association Inc.

Special Contract with Aurora Energy Solutions, LLC

Exhibit 3: Letter from Aurora Energy Solutions, LLC

June 18, 2020

Reference: Superior Pellet Fuels TA297-13

Daniel A. Heckman
Regulatory Specialist
Golden Valley Electric Association
PO Box 71249
Fairbanks, AK 99707

Dear Mr. Heckman:

Aurora Energy Solutions, LLC (AE Solutions) and Superior Pellet Fuels, LLC (SPF) finalized an asset purchase agreement on June 5th, 2020. As a part of this agreement, AE Solutions assumed the rights and obligations held by SPF per the "Special Electric Service Contract" dated April 4, 2017 (Agreement) by and between SPF and Golden Valley Electric Association, Inc. (GVEA).

AE Solutions has reviewed and understands the requirements and commitments regarding the Agreement. In addition, as the executing member representing SPF for the Agreement, I have been hired as the General Manager for AE Solutions and bring with me a full understanding of the rights and obligations pertaining to TA297-13.

AE Solutions requests an amendment to the Agreement to replace Superior Pellet Fuels, LLC with Aurora Energy Solutions, LLC as the new listed "Party".

I look forward to discussing this amendment with you on Friday, June 19, 2020.

Sincerely,



Chad Schumacher
General Manager
Aurora Energy Solutions, LLC