

MEMORANDUM OF UNDERSTANDING

Between

THE REGULATORY COMMISSION OF ALASKA

and

THE FEDERAL ENERGY REGULATORY COMMISSION

The Regulatory Commission of Alaska ("RCA") and the Federal Energy Regulatory Commission ("FERC"), as parties to this Memorandum of Understanding ("MOU"), hereby acknowledge and declare as follows:

1. The RCA regulates public utilities by certificating qualified providers of public utility and pipeline service, and by ensuring that they provide safe and adequate services and facilities at just and reasonable rates, terms, and conditions.

2. The FERC regulates the transportation and sale of natural gas for resale in interstate commerce, the transmission of oil by pipeline in interstate commerce, and the transmission and wholesale sales of electricity in interstate commerce. It also certificates the construction and abandonment of interstate natural gas pipelines; licenses and inspects private, municipal and state hydroelectric projects; oversees environmental matters related to natural gas pipeline and hydroelectric projects; and administers accounting and financial reporting regulations and conduct of jurisdictional companies.

3. The parties recognize that the conduct of their responsibilities has and will in the future require them to examine, regulate, or otherwise oversee the same facilities or activities. One area in which the parties' regulatory activities have overlapped is in matters involving the Trans Alaska Pipeline System ("TAPS"). See, e.g., *ARCO Transportation Alaska, Inc.*, 77 FERC ¶ 61,333 (1996); *Trans Alaska Pipeline System*, 49 FERC ¶ 61,349 (1989).

4. The parties further recognize that coordination of their efforts could result in increased efficiency and cost savings to both the public and regulated entities by reducing duplicative proceedings and evidence-gathering. In addition, cooperation between the parties will help to avoid prejudice to regulated entities and the public that may result when regulatory actions on the same or similar subjects are undertaken separately, with different timing and potentially conflicting resolutions. The parties agree that the regulatory efforts of both RCA and FERC will benefit from increased communication and cooperation concerning the timing and other procedural aspects of related matters that may be pending before both agencies, as well as the regulatory policies and practices at issue in such proceedings.

5. In view of their concurrent regulatory responsibilities for TAPS and other Alaskan pipelines, the parties contemplate that joint or concurrent hearings may be advisable in cases where related matters are pending before both agencies. Such hearings are provided for in FERC's regulations, at 18 C.F.R. § 385.1305. The hearing may involve State and FERC Commissioners sitting jointly to consider an established evidentiary record or a concurrent

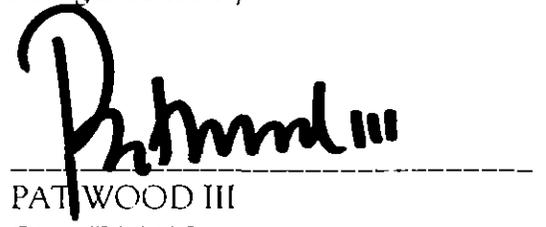
hearing where representatives of a State agency and FERC create an evidentiary record on a joint basis. The parties further contemplate that absent joint or concurrent hearings, the two agencies will endeavor to coordinate the timing of related decision making, including but not limited to the submission of evidence, findings of facts, conclusions of law, and the ultimate resolution of the related matters.

6. Each party undertakes to contact the other promptly at any time a proceeding is pending before it involving matters that may also be pending before the other party. For this purpose, such notification to RCA should be directed to the Chair and to FERC should be directed to the Chairman with a copy to the FERC Secretary. If similar matters are pending before them both, the parties will specifically consider whether joint efforts, such as joint or concurrent hearings, will provide for a more efficient and effective resolution. The parties acknowledge that FERC may only participate in a joint or concurrent hearing by vote of its Commissioners. FERC undertakes, however, to give active consideration to the possibility where, as the result of consultations with RCA, FERC's Chairman deems such consideration advisable. FERC's Chairman agrees to direct FERC staff to bring their recommendations on the prospect of joint efforts to the FERC Commissioners' attention as soon as possible.

7. Nothing in this Memorandum shall be interpreted as requiring either party to take any action that would be contrary to applicable legal authority.


G. NANETTE THOMPSON
CHAIR
REGULATORY COMMISSION
OF ALASKA

1/24/03
Date


PAT WOOD III
CHAIRMAN
FEDERAL ENERGY REGULATORY
COMMISSION

1-24-03
Date