

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: HB 340
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB340-DCCED-RCA-03-14-14
Title: RCA: RAILBELT ELECTRIC UTILITY REPORT
Sponsor: MILLETT BY REQUEST
Requester: House Energy

Department: Department of Commerce, Community and
Economic Development
Appropriation: Regulatory Commission of Alaska
Allocation: Regulatory Commission of Alaska
OMB Component Number: 2417

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal Services							
Travel							
Services	1,000.0		500.0				
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	1,000.0	0.0	500.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1004 Gen Fund	1,000.0		500.0				
Total	1,000.0	0.0	500.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2014) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By:	T. W. Patch, Chairman	Phone:	(907)276-6222
Division:	Regulatory Commission of Alaska	Date:	03/14/2014 04:00 PM
Approved By:	Jeanne Mungle, Director	Date:	03/18/14
Agency:	Administrative Services		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. HB340

Analysis

HB340 adds a section to the uncodified law of Alaska regarding "Review of Electric Utility Interconnection" that requires the Regulatory Commission of Alaska to study, report, and suggest legislative and regulation changes. The subject matter of the study and report is determining whether to create an independent entity to manage electrical transmission facilities in the Railbelt area.

The commission estimates \$1,000.0 needed in FY2015. The estimate has been arrived at after contacting well qualified attorneys and consultants and following focused discussions with state and federal regulators who have been involved with the adoption or creation of programs where transmission owners, planners, and managers now manage independent or regional electrical transmission systems. However, in the absence of participation in any request for proposal process this fiscal note remains only a carefully arrived at estimate. Actual cost to develop the contemplated comprehensive report could exceed this fiscal note. Authority for \$500.0 is requested in FY2016 to complete the requirements of HB340 as work is expected to carry over.

The day-to-day operations of the RCA are funded through a regulatory cost charge (RCC). The RCC is charged to all regulated utility and pipeline service providers in Alaska. This legislation directs the commission to provide a report to the legislature determining whether creating an independent entity that meets the requirements to manage the electrical transmission facilities in the Railbelt area is the best option to provide for effective and efficient electrical transmission, including economical distribution, reliability of electrical service, and nondiscriminatory, open access to transmission services. The cost of undertaking the research, analysis, and preparation of a thorough report should be funded through general funds, rather than shouldered by those now paying regulatory cost charges. Until such time as an independent system operator managing the Railbelt electrical transmission system is certificated or approved, and actually providing a discernible utility service to Railbelt ratepayers it is not possible to collect regulatory cost charges (AS 42.05.254). Thus, the only source of funding for the study of and development of a plan or report on the relative merits of the creation of an independent entity to manage Railbelt electrical transmission facilities and obligations is the general fund.

The commission does not currently have the in-house expertise to undertake the type of research, analysis, review and reporting this legislation requires. Therefore, the commission plans to contract for the research, review, analysis and related undertakings necessary to prepare the report sought by the legislature. It is expected that commissioner and staff time will be required to monitor the process and engage as necessary during the development of a record and to assist in development of the report and to provide the appropriate recommendations with the report at the time it is submitted to the legislature.