



Regulatory Commission of Alaska

May 7, 2024

The Honorable Donald Olson
Chair, Senate Finance Committee
State Capitol Room 508
Juneau AK, 99801

RE: SB 217 – Follow-up to Senate Finance Committee

Dear Chair Olson:

During the hearing on SB 217, Integrated Transmission Systems on May 2, 2024, we agreed to follow up with some information we did not have on hand at the time. The questions from the committee member and our follow-up responses are below.

Senator Hoffman asked for who the pipeline carriers are.

The pipeline carriers regulated under the Pipeline Act (AS 42.06) are:

ConocoPhillips Transportation Alaska, Inc.
Cook Inlet Pipe Line, LLC
Exxonmobil Pipeline Company
Mid-Alaska Pipeline, LLC
Kenai Pipe Line Company
Kuparuk Transportation Company
Tesoro Alaska Pipeline Company
Harvest Alaska, LLC
Milne Point Pipeline, LLC
Oliktok Pipeline Company
Endicott Pipeline Company
Nutaaq Pipeline, LLC (Badami)
Alpine Transportation Company
North Slope Borough D/B/A Nuiqsut Natural Gas Pipeline
Northstar Pipeline Company, LLC
Kenai Beluga Pipeline, LLC
Anchor Point Energy, LLC
PTE Pipeline LLC
Swanson River Oil Pipeline, LLC
Spectrum Alaska, LLC
Kenai Beluga Pipeline, LLC

Senator Hoffman requested that the RCA contact the pipeline carriers to see if they oppose Section 12 of Senate Bill 217 and for those responses to be provided to the Committee.

An email was sent to the pipeline carriers on May 2, 2024, and no responses have been received as of the date of this letter. Once the RCA has received responses, they will be provided to the Committee.

Senator Hoffman asked what the increases in the surcharges are proposed in Sections 3 and 12.

Current statutes limit the amount the RCA expects to collect through the regulatory cost charge (RCC) from all regulated utilities, certificated telecommunication utilities, and pipeline carriers to no more than 0.7 percent to fund operations of the RCA and no more than 0.17 percent to fund operations of the Department of Law Regulatory Affairs and Public Advocacy (RAPA) (see AS 42.05.254(a), AS 42.06.286(a), and AS 42.08.380(a)).

These limits are commonly referred to as the statutory cap. These statutory caps were enacted with Senate Bill 392 and signed into law on June 25, 2004. The statutory cap sets the ceiling of what the RCA may collect in revenue. The legislature approves the RCA's operating budget, and the RCC formula, set out in regulation, calculates how much of the operating budget is needed to be collected from RCCs. The RCA is unable to collect more in RCCs than what is set as the statutory cap.

Sections 3 and 12 propose to increase the statutory cap to no more than 0.98 percent to fund operations of the RCA and no more than 0.22 percent to fund operations of RAPA. The current RCC for electric utilities is \$0.001028/kWh, which equals approximately \$0.67 on a 650-kWh monthly customer bill. If the RCA were to have an authorized budget that would be near the statutory cap proposed with Section 3 of Senate Bill 217, the RCC for electric utilities could be approximately \$0.0014392/kWh. This equals approximately \$0.94 on a 650-kWh monthly customer bill.

Sincerely,

Bob Doyle

Bob Doyle (May 7, 2024 10:00 AKDT)

Robert A. Doyle
Chairman

cc: Lizzie Kubitz, Legislative Liaison, DCCED