

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: HB 187
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB187-DCCED-RCA-01-22-16
Title: RAILBELT ELECTRICAL TRANSMISSION AUTH.
Sponsor: ENERGY
Requester: (H) 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)

| | FY2017 Appropriation Requested | Included in Governor's FY2017 Request | Out-Year Cost Estimates | | | | |
|------------------------|--------------------------------------|--|-------------------------|----------------|--------------|--------------|--------------|
| OPERATING EXPENDITURES | FY 2017 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
| Personal Services | 896.6 | | 896.6 | 896.6 | 751.6 | 751.6 | 751.6 |
| Travel | 29.0 | | 18.0 | 18.0 | 18.0 | 18.0 | 18.0 |
| Services | 475.0 | | 470.0 | 470.0 | 60.0 | 60.0 | 60.0 |
| Commodities | 35.0 | | 7.0 | 7.0 | 6.0 | 6.0 | 6.0 |
| Capital Outlay | | | | | | | |
| Grants & Benefits | | | | | | | |
| Miscellaneous | | | | | | | |
| Total Operating | 1,435.6 | 0.0 | 1,391.6 | 1,391.6 | 835.6 | 835.6 | 835.6 |

Fund Source (Operating Only)

| | | | | | | | |
|---------------|----------------|------------|----------------|----------------|--------------|--------------|--------------|
| 1004 Gen Fund | 1,435.6 | | 1,391.6 | 1,391.6 | 835.6 | 835.6 | 835.6 |
| Total | 1,435.6 | 0.0 | 1,391.6 | 1,391.6 | 835.6 | 835.6 | 835.6 |

Positions

| | | | | | | | |
|-----------|-----|--|-----|-----|-----|-----|-----|
| Full-time | 7.0 | | 7.0 | 7.0 | 6.0 | 6.0 | 6.0 |
| Part-time | | | | | | | |
| Temporary | | | | | | | |

| | | | | | | | |
|---------------------------|----------------|--|----------------|----------------|--------------|--------------|--------------|
| Change in Revenues | 1,435.6 | | 1,391.6 | 1,391.6 | 835.6 | 835.6 | 835.6 |
|---------------------------|----------------|--|----------------|----------------|--------------|--------------|--------------|

Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) 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? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? TBD

Why this fiscal note differs from previous version:

Not applicable, initial version.

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Phone: (907)276-6222
Date: 01/22/2016 02:45 PM
Date: 01/22/16

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. HB187

Analysis

HB187 creates the Railbelt Electrical Transmission Authority (RETA) within the Regulatory Commission of Alaska (RCA); defines RETA membership and delegates to the RCA the responsibility to appoint members and staff for the authority; assigns to the RETA the responsibility for the railbelt electric transmission system efficiency and planning ; provides guidelines for RETA actions; and limits the ability of the RETA to own assets. Regulations authorized by AS 42.05.920(a)(1) would be considered and adopted after the RETA is appointed.

As written House Bill 187 generally describes a utility management function rather than a utility regulatory function. It is not clear how staff and board expenses will be funded. The RCA is funded by regulatory cost charges (RCCs) paid by utility customers. It is unclear if it is intended that the railbelt electric utilities, independent power producers, and renewable energy sector groups will support the RETA; that all electric customers of regulated electric utility service providers (including those not interconnected to the Railbelt transmission system) will pay increased RCCs to support the RETA; or that railbelt electric customers will incur a second surcharge to specifically fund the RETA. At this time independent power producers and the renewable energy sector provide no financial support to the RCA yet they would benefit from and participate in the proposed authority. Without additional information, the fiscal note is prepared using general funds.

The RCA does not currently have the expertise on staff to support the RETA. The RCA estimates that to implement this legislation, the RCA would require one Executive Director (range 24); one Special Assistant (range 21); two Technical Advisors (range 26); one Law Office Assistant II (range 13); one Law Office Assistant I (range 11). One Hearing Examiner I (range 24) would be needed for the first three years. In addition, the RCA would require the ability and funds to enter into contracts to access specialized transmission system expertise for the first three years, and travel for two RCA Commissioners to obtain the Federal Energy Regulatory Commission's guidance and build on the experience of establishing regional transmission authorities by learning from other existing independent system operators and regional transmission operators in other areas of the United States.

Travel cost includes \$2.2 per position for travel for training for the Executive Director, Special Assistant, two Technical Advisors, and Hearing Examiner I.

Services Costs include \$10.0 per new position for on-going support services costs; \$1.0 per new position for one-time training costs for the Executive Director, Special Assistant, two Technical Advisors, and Hearing Examiner I; and \$400.0 for on-going contracts to access specialized transmission system expertise.

Supply costs include \$5.0 per new position for one-time start up costs for the first year and on-going costs of \$1.0.