

Veri di Suvero, Executive Director
Alaska Public Interest Research Group
PO Box 201416.
Anchorage, AK 99520
907-350-2286

Introduction

To the chair and the committee, hello and thank you for inviting me to speak. My name is Veri di Suvero and I am the Executive Director of the Alaska Public Interest Research Group (AKPIRG).

We were founded in 1974 and are the State's only non-partisan non-profit organization advocating specifically in the interest of the public and consumers. We are a 501(c)3, state-wide organization. As part of our work, we advocate on behalf of ratepayers. I recently found a filing from AKPIRG petitioning to intervene in a rate case to the RCA from 1976. In 1986, we were canvassing about least-cost energy planning with utilities.

I started as Director a little over a year ago, and have had a bunch of *very* patient teachers, from a range of stakeholders on this issue. I want to start by expressing my gratitude to them—from utility representatives in each service area, to the Regulatory Commission, to non-utility stakeholders, and once again to this body for helping Alaskan ratepayers.

I am not here as a technical expert. I am here as a consumer representative, and it is AKPIRG's belief that I do not need to know everything that goes on behind my light switch to know that my utility bill is one of the highest in the nation.

In addition to advocating for cost-effective and reliable service, AKPIRG advocates in the public's interest. That entails a few things, including transparency and accessible information to consumers. As a research group, accessible information means both transmitting information already presented, and also compiling some of our own—from going to the RCA to look at tariffs for residential consumer rates, to explaining various acquisition or other electric utility proceedings to stakeholders. It's critical to start with the basic numbers, with actual consumers and the direct impacts of rate changes.

As Commissioner Scott testified last Friday, consumers could save \$17 million in a yearly aggregate, with just an efficiency increase of 2%.

SB123 and HB151 could not be coming at a better time. This is a critical first step, and to me it underscores the timeliness of ensuring these efficiency increases are possible.

Integrated Resource Planning

Along with transparency and accessible information, it is necessary to ensure a planning process that benefits not just one utility's membership, but all consumers. Plans are important for their cost-savings purposes, and also for the important sake of *having* a plan, ensuring a more certain and predictable path forward.

As a consumer interest organization, it would be inappropriate to speak for all consumers and their needs. But helping develop a plan and thereby ensuring predictability, as well as substantial opportunities to participate in that planning process, is AKPIRG's role in this space.

Right now, that predictability is a big question. As the price of fuel is fluctuating, a consumer does not have an easy time of budgeting. And with emerging technologies like new battery storage, there are many exciting paths forward.

As it stands now, without a planning body to create longer-term integrated resource planning, consumers are footing the bill of that uncertainty. Building out long-term economic models is crucial, so that individual consumers as well as larger consumers can budget correctly for their future.

AKPIRG is not here to speak negatively about how electrical utilities have taken care of their ratepayers—we are very lucky in the railbelt region to have cooperatives that are so responsive and dedicated to their members. And although the grid could now be most efficiently served, if built from scratch today, by just one utility, the history and formation of these utilities is reflective of their dedication to their consumers.

In fact, ensuring their members are best served has been a big reason why, as a statewide organization, AKPIRG is excited for an additional, regional approach to planning. This is because regional planning has not been consistently done together. As an example, through the past decade there have been four new generation plants built on the railbelt, costing ratepayers an estimated \$1.49 billion. And this is for a population size, as Commissioner Scott said, that could be served by one utility—and by the equivalent of a half of one power plant in the lower 48.

This increased spending creates costly inefficiencies, higher rates, and a higher barrier to enter an energy market that doesn't need more energy producers. To our estimation, none of these things serves the consumers' interests. The costs of this infrastructure have been pushed to the end-user, or the consumer. And by building non-renewable sources in a small balancing area, renewables are prevented from attaching from the grid—preventing a diversity of energy sources which would stabilize costs in the region. As it stands, 85% of our energy portfolio is made up of non-renewable sources.

These inefficiencies are part of what pushed the RCA and legislature to investigate what a regional planning body—and specifically an Independent System Operator—would look like. And the RCA's work, as well as the legislature's, to ensure greater cooperation between utilities, as well as cost-savings through greater efficiency and integrated resource planning, is impressive and necessary.

That's partly why SB123/HB151 and the RRC, while not solving everything, will introduce a regional planning approach (or Integrated Resource Planning) and we're incredibly excited to see this necessary step happen. I want to thank and give my appreciation to everyone who has spent decades on seeing this important process to an almost-reality.

AKPIRG's involvement

AKPIRG does a lot of public outreach on electric utility issues, and I go through this railbelt history and this need for energy efficiency in AKPIRG's consumer forums. I also talk about how we have a pretty incredible model in Alaska, with utilities that are really in it for their members. Part of the work AKPIRG does is to talk with and educate members about what it means to participate in their

utility—much like the public arena, participation may seem daunting, but is critical to ensuring that representative bodies can hear from their constituents.

As a little more background about our involvement with electric utilities: we endorse candidates regionally, we have staff in Fairbanks working on energy issues as well as volunteers on the Kenai, and AKPIRG has a seat on the Chugach Reliability Group—a group of ratepayers advocating for safe work practices, reliability, and increased renewables at Chugach. Through member education events as well as these elections, we are able to help translate some of the wonkier happenings across the railbelt. This includes participating at the RCA and with the utilities on the MOU as requested.

Through our regional work, we consider the needs of *all* the consumers on the railbelt, not just members (not everyone who has to budget for utility bills is a registered member) and we don't just consider the needs of each local cooperative. We recognize there is an important balance to strike to ensure that cooperatives maintain local control and responsiveness to their members, but without a body to also consider the needs of the entire region, members and ratepayers can lose out on cost-effective and energy efficient decisions, especially in the longer term.

AKPIRG Pillars

The good news is that we have incredible need for changes to be made, and in response we have seen historic movement on this front. We don't always expect the kind of current cooperation between utilities, but I am grateful and more hopeful because of it.

Given this, AKPIRG has identified the following top-level needs: the creation of an Electric Reliability Organization, successful cooperation between utilities, input from other stakeholders (and especially the public), and accountability within this process in the public's interest.

To that end, AKPIRG's comments on SB123 are as follows:

- **The RRC should not be drafting regulations.** It is critical that the RCA maintain control over the RRC decision-making process. As Commissioner Scott testified, the RRC will have available to it many experts on technical and process matters. That said, the RRC has been established, as provided

in the MOU, to “ensure reliability benefits to electric consumers in the Railbelt.” Reliability benefits do not encompass a public interest determination—that is the purview of the RCA. At the RCA, anyone can be involved in a rulemaking process. Right now, the formation and structure of the RRC is uncertain, and so—with that question of stability in mind—it is in the public’s interest to have regulations made where they can have the most direct input: at the RCA.

- **Increased opportunities for public participation.** AKPIRG suggests—and did so to the utilities last week, without opposition—to add ‘public *participation* and comment’ wherever ‘public comment’ occurs, in order to allow for as open, engaged, and transparent a process as possible.
- **Pass SB123.** Most importantly, AKPIRG feels it is necessary to *pass* this bill. Without the ability to move forward with the RRC under the RCA’s jurisdiction, this will cost consumers millions. This past summer, the transmission line Bradley Lake was out of commission from August until recently, in December. That left all utilities except Homer without the cheapest source of power on the grid: Hydro. It cost Southcentral and Interior ratepayers roughly \$11.8 million, according to reporting by Elwood Brehmer. This legislation will help create a more resilient and redundant system as our region faces increasing wildfires and other severe weather events.
- **Pass the bill *as is*.** We feel that too many substantive changes will slow down this process and undermine the years-long efforts thus far of the six electric utilities, other stakeholders (including AKPIRG), the Regulatory Commission, and this body. This bill is an outgrowth of what the RCA has learned and reflects their recommendations based on 2015 substantive recommendations for reform. There are clear topical changes needed, like dates, but our worst-case scenario is for this body to spend so long incorporating and deliberating over the changes that the utilities are proposing that the bill does not pass. To our estimation, as it is written, SB123 and HB151 substantially serves consumers and the public’s interest, and is a necessary and critical step forward.

I am remarkably grateful to be invited to testify and want to express my appreciation for your undertaking this important step forward in a way that will provide major benefits to consumers, and the public.

QUICK FACTS

Across the state, the median household income is \$74,346, according to reporting by the US Census Bureau. That's \$6195.50 monthly. For GVEA, that's 2%.

Average electricity rate is 13.19 cents per kilowatt hour (kWh), for residential, it's 13.31 cents per kWh. As of June 2018 in Alaska, we pay on average 22.54 kWh (up 1.806%).

According to the U.S. Energy Information Administration, the average U.S. residential customer uses approximately 909 kWh per month. As of April 1, 2019 in the Railbelt, from North to South:

- GVEA charges \$0.12 cents per kWh, with a \$22.50 for their monthly customer charge. That monthly average is \$131.58.
- Matanuska Electric Association charges \$0.12 for their first 1,300 kwh, with \$13.00 for their monthly facilities charge. That monthly average is \$122.08.
- Chugach Electric Association charges \$0.08 per kWh, with \$8.00 as their monthly customer charge. That monthly average is \$80.72.
- ML&P charges \$0.15 per kWh, and \$13.62 for their monthly customer charge—up from \$6.56 in 2017. That monthly average is \$149.97
- Homer Electric Association charges \$0.16 per kWh, plus a \$20.00 monthly customer charge. That monthly average is \$165.44.

As a note, this estimation does not factor COPA filings—it looks only at residential rate tariffs.