

SENATE FINANCE COMMITTEE  
March 16, 2016  
9:01 a.m.

[9:01:48 AM](#)

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 9:01 a.m.

MEMBERS PRESENT

Senator Anna MacKinnon, Co-Chair  
Senator Pete Kelly, Co-Chair  
Senator Peter Micciche, Vice-Chair  
Senator Click Bishop  
Senator Mike Dunleavy  
Senator Lyman Hoffman  
Senator Donny Olson

MEMBERS ABSENT

None

ALSO PRESENT

Senator Bill Stoltze, Sponsor; Brandon Brefczynski, Staff,  
Senator Bill Stoltze; Janey Hovenden, Director,  
Corporations, Business and Professional Licensing,  
Department of Commerce, Community and Economic Development;  
Dr. Edward Barrington, Legislative Chairman, Alaska  
Chiropractic Society and Board; Dr. Jennifer Jozwiak,  
Member, Alaska Chiropractic Society and Board, Juneau;  
Daniel George, Staff, Senator Bill Stoltze; Kris Curtis,  
Auditor, Division of Legislative Audit; Denise Daniello,  
Executive Director, Alaska Commission on Aging; Marie  
Darlin, AARP, Juneau; Tim Grussendorf, Staff, Senator Lyman  
Hoffman; Sarah Fisher-Goad, Executive Director, Alaska  
Energy Authority, Department of Commerce, Community and  
Economic Development.

PRESENT VIA TELECONFERENCE

Debbie Ryan, Alaska Chiropractic Society, Anchorage; Terry  
Snyder, President, American Association of Retired Persons

(AARP), Mat-Su; Amanda Lofgren, Officer, Alaska Mental Health Trust Authority, Anchorage; Banarsi Lal, Self, Fairbanks; Jan Fena, Member, Soldotna Senior Center, Soldotna; Crystal Enkvist, Executive Director, Alaska Power Association, Anchorage; Ingemar Mathiasson, Energy Manager, Northwest Arctic Borough, Kotzebue; Peter Crimp, Self, Anchorage; David Messier, Rural Energy Coordinator, Tanana Chiefs Conference, Fairbanks; Piper Foster-Wilder, Deputy Director, Renewable Energy Alaska Project, Anchorage.

SUMMARY

SB 69 BD OF CHIROPRACTIC EXAMINERS; PRACTICE

SB 69 was HEARD and HELD in committee for further consideration.

SB 124 EXTEND SUNSET ON AK COMMISSION ON AGING

SB 124 was HEARD and HELD in committee for further consideration.

SB 196 POWER COST EQ FUND: RESERVE ACCT;DIVIDEND

SB 196 was HEARD and HELD in committee for further consideration.

9:02:44 AM

AT EASE

9:02:50 AM

RECONVENED

#sb69

SENATE BILL NO. 69

"An Act relating to the Board of Chiropractic Examiners and the practice of chiropractic."

9:03:04 AM

Senator Dunleavy disclosed that he had a financial interest in a chiropractic office.

9:03:26 AM

SENATOR BILL STOLTZE, SPONSOR, hoped to work as a conduit for better access to medical services by increasing access for high school physicals. He relayed that the Alaska School Activities Association had lamented their limited access to physicals for children, not only availability, but also efficiency and affordability. He said that schools had not used chiropractors for physicals due to ambiguity in statute. He believed that the bill would provide the guidance needed in order to expand access to physicals.

[9:06:57 AM](#)

Co-Chair MacKinnon requested a sectional analysis.

[9:07:00 AM](#)

BRANDON BREFCZYNSKI, STAFF, SENATOR BILL STOLTZE, discussed the sectional analysis (copy on file):

**Section 1:** Amends AS 08.20.055 by adding new language that allows the board to adopt regulations for the following:

- Training and scope of practice of chiropractic interns and chiropractic preceptors;
- Designation of a nationally recognized certification program for chiropractic clinical assistants;
- Performance of patient examinations.

**Section 2:** Amends AS 08.20.100(b) clarifying how chiropractors can accept referrals, authorizes chiropractors to perform school physicals, and allows the employment of certified chiropractic clinical assistants, chiropractic interns, and chiropractic preceptors.

**Section 3:** Amends AS 08.20.100 by adding a new subsection (d) that exempts chiropractic interns from this section.

**Section 4:** Amends AS 08.20.160 regarding the requirements for temporary permits.

**Section 5:** Amends AS 08.20 by adding a new section (AS 08.20.168) regarding chiropractic clinical assistants.

**Section 6:** Amends 08.20.185 by changing name of "peer review committee" to "utilization review committee" to better reflect the purpose of the committee. Also, the change is intended to assist in determining what complaints warrant a referral to investigative staff.

**Section 7:** Amends AS 08.20.200 by updating penalties for unlicensed practice.

**Section 8:** Amends AS 08.20.210 by updating penalties for fraudulent licenses and certificates.

**Section 9:** Amends definition of "chiropractic examination" located in AS 08.20.900(7).

**Section 10:** Amends AS 08.20.900 by adding new definitions for "chiropractic clinical assistant," "chiropractic intern," and "chiropractic preceptor."

[9:10:09 AM](#)

Senator Hoffman looked at Section 2, and wondered whether the referrals were for chiropractic treatment or physical exams.

Mr. Brefczynski deferred the question to Mr. Barrington.

[9:11:13 AM](#)

Senator Olson asked whether other medical providers were able to sign off on a sports physical.

Senator Stoltze responded that he did not know the answer.

[9:11:51 AM](#)

Co-Chair MacKinnon noted that there were several experts waiting to testify, as well as were available to respond to questions.

[9:12:25 AM](#)

Senator Stoltze noted that other practitioners that were able to perform physicals under statute were medical

doctors, doctors of osteopathic medicine, advanced nurse practitioners, and physician's assistants.

[9:12:52 AM](#)

Senator Olson queried the most common reason for a person to fail a sports physical exam.

Mr. Brefczynski responded that he could not speak to disqualifying factors for sport physical exams.

[9:13:19 AM](#)

Senator Olson understood that cardiovascular issues were a main disqualifying factor. He expressed concern that chiropractic care was generally related to muscular and skeletal expertise, and not cardiovascular issues.

JANEY HOVENDEN, DIRECTOR, CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (DCCED), testified that the bill would add layers to the existing chiropractic program. She solicited specific questions on the legislation.

[9:15:24 AM](#)

Co-Chair MacKinnon stated that medical questions would be held for the medical professionals.

Co-Chair MacKinnon wondered whether the administration was in favor of the legislation.

Ms. Hovenden replied that the Board of Chiropractic Examiners had come out in support, but that the division did not have a position on the bill.

Co-Chair MacKinnon asked whether the division had any input on the bill.

Ms. Hovenden replied that she did not believe so.

[9:16:00 AM](#)

Senator Olson asked whether the bill faced any opposition.

Ms. Hovenden replied that she was not aware of any opposition to the legislation.

9:16:05 AM

Senator Olson probed whether the State Medical Board and Board of Nurse Practitioners supported the bill.

Ms. Hovenden responded that those groups had not taken a position on the legislation.

9:16:20 AM

Vice-Chair Micciche asked Ms. Hovenden to explain the fiscal note, specifically the way in which boards and commissions were of no cost to the state.

Ms. Hovenden replied that the division received supported services, which meant that the licensees paid for all of the expenses for their program within the division.

9:16:52 AM

Co-Chair MacKinnon understood that the bill would require the addition of one, part-time position.

Ms. Hovenden replied in the affirmative, and stated that there would also be a regulations project.

9:17:31 AM

DR. EDWARD BARRINGTON, LEGISLATIVE CHAIRMAN, ALASKA CHIROPRACTIC SOCIETY AND BOARD, testified in support of the legislation. He said that the proposed changes outlined in SB 69 were in the public interest. He stated that allowing the Board of Examiners to set standards for chiropractic clinical assistance was essential so that any employee that had direct patient care contact was fully qualified. He relayed that authorizing and setting standards for doctors that were already practicing who wished to host new graduates, or students who had completed all of the requirements but had not fully graduated, to acquire more clinical experiences. He shared that the law currently allowed for chiropractic physicians to examine children for student physicals and to write excuses to keep them from participating in sports activities. He relayed that rural districts in the state currently used chiropractic services for sports examinations. He believed that other areas of the state did not use chiropractors in the same way because the law was not specific enough. He noted that the statute

had not been addressed since 1988, and that a utilization review would be a step toward clarification. He stated that the board had brought penalties for fraudulent practice up to par with other disciplines.

[9:21:53 AM](#)

Senator Olson wondered how many chiropractors were licensed in the state.

Dr. Barrington responded that there were 300 currently licensed chiropractors; 265 actively practicing.

[9:22:05 AM](#)

Senator Olson queried any type of licensing action taken against licensees over the past 3 years.

Dr. Barrington replied that no suspension of license had been undertaken. He said that investigations did occur, but that the board did not hear of those until a determination had been reached. He relayed that within the last year, the board had recommended additional classes for a practitioner that had made an error in chart keeping.

[9:23:20 AM](#)

Vice-Chair Micciche queried how the legislation served the public interest.

Dr. Barrington replied that public interest was best served by the qualifications of chiropractor physicians, and by the ability for parents to select the practitioner performing their child's physical. He said that in many cases the availability of other practitioners might be scarce.

[9:24:31 AM](#)

Vice-Chair Micciche asked whether a chiropractor could recommend that a student avoid a sporting activity for a cardiovascular reason.

Dr. Barrington replied in the affirmative. He stated that the scope of chiropractic practice was limited, but their diagnostic and examination abilities were unlimited.

[9:26:16 AM](#)

Vice-Chair Micciche understood that currently chiropractors could not write letters allowing for participation, but could write letters recommending non participation.

Dr. Barrington replied in the affirmative.

[9:26:47 AM](#)

Senator Hoffman reiterated his question about referrals.

Dr. Barrington replied that anyone who walked into a chiropractic office of their own volition was considered a self-referred patient. He thought that word "referral" in Section 2 was related to a person who walked in off the street, or was referred by another practitioner or entity.

Co-Chair MacKinnon OPENED public testimony.

[9:28:16 AM](#)

DR. JENNIFER JOZWIAK, MEMBER, ALASKA CHIROPRACTIC SOCIETY AND BOARD, JUNEAU, spoke in support of the legislation.

[9:29:13 AM](#)

Senator Olson queried the expertise of chiropractors as related to disqualifying issues pertaining to sports physicals, such as cardiovascular disease, rheumatoid arthritis, or diabetes.

Dr. Jozwiak replied that in her training a Palmer College of Chiropractic she had also been a diagnostic teaching assistant. She shared that in that training she was taught to recognize red flags for the aforementioned issues. She asserted that patient history was a major factor in diagnosing medical conditions, and that there was always more than one indicator observed.

[9:30:38 AM](#)

Senator Bishop referred to a letter in member's packets Palmer College (copy on file). He pointed out to the committee the section related to United States Department of Transportation physicals:

Doctors of Chiropractic are included as eligible health care providers to provide physical examinations by the United States Department of Transportation (DOT). In fact, two faculty clinicians at the Palmer Chiropractic Clinics in the Quad Cities (Davenport and Bettendorf, Iowa, and Moline and Rock Island, Ill.) are listed on the National registry as certified to provide DOT "Fit for Duty" physical exams.

The DOT physical is a comprehensive evaluation covering all systems of the body, including a comprehensive health history and review along with a urinalysis screening. All of these examination aspects are taught and tested as part of Palmer's Doctor of Chiropractic curriculum, in both the academic and clinical portion of the education.

[9:31:22 AM](#)

Vice-Chair Micciche recalled that sports exams had been fairly simple in his experience.

Dr. Jozwiak responded that she had a copy of the exam that she could share with the committee.

[9:32:32 AM](#)

Senator Olson surmised that chiropractors did not check for inguinal hernias.

Dr. Jozwiak stated that she had patients lay down on the table with their knees bent while she palpated the area. She explained that anything abnormal was investigated further.

Senator Olson argued that there was no direct examination for an inguinal hernia.

Dr. Jozwiak responded that a check would be done if other red flags were observed.

[9:34:24 AM](#)

DEBBIE RYAN, ALASKA CHIROPRACTIC SOCIETY, ANCHORAGE (via teleconference), noted that she did not wish to testify on the record.

Co-Chair MacKinnon CLOSED public testimony.

[9:34:51 AM](#)

AT EASE

[9:38:27 AM](#)

RECONVENED

Senator Dunleavy clarified that he had an interest in an investment company that had an interest in a chiropractic office.

SB 69 was HEARD and HELD in committee for further consideration.

#sb124

SENATE BILL NO. 124

"An Act extending the termination date of the Alaska Commission on Aging; and providing for an effective date."

[9:39:47 AM](#)

SENATOR BILL STOLTZE, SPONSOR explained that SB 124 would extend the termination date of the Alaska Commission on Aging. He stated that the commission was established in 1981. He remarked that the commission served the growing aging population of Alaska. He stated that the recommended 8 year extension was based on the recommendations of the Legislative Auditor to the Legislative Budget on Audit Committee.

[9:42:25 AM](#)

Co-Chair MacKinnon solicited additional comments from the sponsor's support staff.

[9:42:31 AM](#)

DANIEL GEORGE, STAFF, SENATOR BILL STOLTZE, replied that the bill had a second section that contained an immediate effective date.

[9:43:02 AM](#)

KRIS CURTIS, AUDITOR, DIVISION OF LEGISLATIVE AUDIT, stated that the commission was serving the public interest by helping older Alaskans to lead dignified, independent, and useful lives through advocacy, outreach, and education. Furthermore, the commission met the federal requirement that each state establish an advisory council to advise the state on aging matters including developing and administering a state plan, and operations conducted under the plan. She said that the maximum 8 year extension had been recommended. She noted that 2 recommendations had been made in an effort to improve operations:

1. The commission's executive director should implement and follow procedures to public notice all commission meetings.
2. The commission's chairperson should review and approve the legislation watch list prior to distribution.

Ms. Curtis noted that the commission periodically held teleconferences to gather public input and discuss legislation affecting seniors. She added that to facilitate feedback the commission annually published a legislation watch list that identified legislative bills that were of interest to the commission. She stated that a review had found that the watch lists had contained several bills that were unrelated to the commission's responsibilities, which prompted a review of the watch list before distribution.

[9:44:54 AM](#)

DENISE DANIELLO, EXECUTIVE DIRECTOR, ALASKA COMMISSION ON AGING, spoke in support of the legislation. She stated that the commission worked closely with the Division of Senior and Disability Services in assisting the Department of Health and Social Services, which was the sole state agency on aging as authorized by the governor, to fulfill those responsibilities. She relayed that the Division of Senior and Disability Services administered the majority of state and federally funded senior programs, while the commission was responsible for developing the state plan for senior services, advocacy, education, and interagency collaboration. She stated that the commission's last reauthorization was 8 years ago, at which time 3 state plans were developed for senior services, the most recent of which was completed in June 2015. She shared that all of

the plans were available online, and satisfied the federal requirement to be able to draw down federal funds for senior programs. She furthered that the commission was a mandated statutory advisor to the Alaska Mental Health Trust Authority, and provided information, budget, and policy recommendations to the trust regarding the needs of older Alaskans with Alzheimer's disease and related dementias. She spoke to the completion of the first ever state plan that focused on Alzheimer's disease, and shares that the document was available on the commission's website. She said that the commission supported the Medicaid Adult Dental Program for Senior Benefits and Medicaid Reform. She relayed that the commission hosted numerous events and activities to educate and support seniors and their communities.

Co-Chair MacKinnon OPENED public testimony.

[9:48:51 AM](#)

TERRY SNYDER, PRESIDENT, AMERICAN ASSOCIATION OF RETIRED PERSONS (AARP), MAT-SU (via teleconference), spoke in support of the legislation. She represented 89,000 AARP members who urged the reauthorization of the Commission on Aging. She stressed the economic importance of what the senior population brought to the state's economy. She noted that seniors volunteers countless hours in communities. She requested quick passage of the bill through the committee for the reauthorization of the commission.

[9:50:27 AM](#)

AMANDA LOFGREN, OFFICER, ALASKA MENTAL HEALTH TRUST AUTHORITY, ANCHORAGE (via teleconference), testified in support of the legislation. She relayed that the trust supported program services and policies that would positively impact the lives of beneficiaries, including Alaskan's who experienced Alzheimer's disease and related dementia. She noted that AS 47.30.041 indicated that the commission should serve as a statutory advisory board to the Alaska Mental Health Trust Authority, and advised the authority and trustees on the needs of older Alaskans with cognitive impairments. She related that the commission, in partnership with the trust and other agencies, published the Alaska Roadmap for Alzheimer's disease and related dementia in 2015. She stated that the commission made recommendations to the trust board regarding mental health

programs for senior trust beneficiaries, as well as how to use funds that benefitted the vulnerable population of beneficiaries. She asserted that the commission was integral in developing state plans for senior services, which leveraged Older American Act funding to support beneficiaries.

[9:52:02 AM](#)

BANARSI LAL, SELF, FAIRBANKS (via teleconference), testified in support of the legislation. He relayed that he was acting chair of the Fairbanks Northstar Borough Senior Citizens Advisory Commission. He said that the Fairbanks commission supported the work of the Alaska Commission on Aging. He lauded the commission for serving seniors in the areas of planning, education, and advocacy. He noted that the commission had fulfilled federal requirements under the Older Americans Act, which meant that Alaska would continue to receive funds for senior programs and services. He praised work of the commission and supported the 8 year extension.

[9:55:12 AM](#)

JAN FENA, MEMBER, SOLDOTNA SENIOR CENTER, SOLDOTNA (via teleconference), spoke in strong support of the legislation. She testified that the commission was vital in their advocacy, outreach, and support of older Alaskans, as well as their close work in collaboration with senior centers, Alaska Housing Finance Corporation, the Department of Health and Social Services, the Alaska Mental Health Trust Authority, ADRC, AARP, Agenet, and many other agencies to help older Alaskans live independently in the community of their choice. She lauded the commission's work to secure funding for senior programs and services.

[9:57:46 AM](#)

MARIE DARLIN, AARP, JUNEAU, testified in support of the legislation. She echoed Ms. Snyder's comments.

Co-Chair MacKinnon CLOSED public testimony.

[9:59:24 AM](#)

Co-Chair MacKinnon solicited further questions from committee members.

SB 124 was HEARD and HELD in committee for further consideration.

[9:59:41 AM](#)

AT EASE

[10:00:39 AM](#)

RECONVENED

#sb196

SENATE BILL NO. 196

"An Act relating to the use of certain unexpended earnings from the power cost equalization endowment fund."

[10:01:06 AM](#)

Senator Hoffman related that the Power Cost Equalization program (PCE) had been in existence for 36 years with the primary purpose of assisting with the high cost of electrical energy throughout rural Alaska. He said that many communities participate and that there had been discussion related to the program's high earnings that had transpired in FY 13 and FY 14. He stated that the bill would ensure that during the high earning years of the fund, the fund should only pay for its intended purpose and any excess earnings would be distributed to two other programs.

[10:02:18 AM](#)

TIM GRUSSENDORF, STAFF, SENATOR LYMAN HOFFMAN, pointed out to the committee that the bill was available in their packets, as well as a document that illustrated the earnings of the program at 4.3 percent, and a sectional analysis. He discussed the sectional analysis (copy on file):

Section 1 adds a new sentence to AS 54.4.0820(c) requiring that the commissioner of revenue determine the earnings on the power cost equalization endowment fund (PCE fund) for the fiscal year on June 30 each year.

Section 2 adds a new subsection to AS 42.45.085 that allows the legislature to appropriate the part of the

annual fiscal year earnings of the PCE fund in excess of the expenditures necessary to achieve the purposes under AS 42.45.085(a) to the general fund and the renewable energy grant fund, and to appropriate some funds back to the PCE fund.

10:04:37 AM

SARAH FISHER-GOAD, EXECUTIVE DIRECTOR, ALASKA ENERGY AUTHORITY, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, testified in support of the legislation. She stated that the authority supported the concept of being able to use the excess earnings for the general and renewable energy funds listed in the legislation. She said that the earnings in FY 16 were difficult to predict, and that she would work with the bill sponsor to clarify which fiscal year to use and how much funds would be available for extra purposes.

10:05:38 AM

Senator Hoffman announced there was a section in the bill that would require an amendment that would create a single mechanism for dispensing excess earnings.

10:06:06 AM

Co-Chair MacKinnon stated that she had researched the issue and had proposed that projects that were currently being funded at the Alaska Energy Authority should have some nexus with the PCE fund.

10:06:54 AM

Co-Chair MacKinnon remarked that as revenue opportunities in the state shrank, rural Alaska remained in need of many dollars for investment in energy to keep families warm. She contended that if the state had an energy project that had cost millions from in communities, she wondered why PCE would need to continue.

Ms. Fisher-Goad appreciated the conversation. She assured that committee that AEA was eager to participate in discussions concerning to how programs related to each other. She mentioned that the PCE program, for electrical projects, hit approximately 30 percent of the kilowatt hours generated in rural Alaska communities; approximately

193 communities benefitted from the PCE program. She furthered that the remaining 70 percent of the kilowatt hours were not eligible for cost under the program. She said that the Renewable Energy Fund complimented the PCE by participating in reducing costs for communities, across all kilowatt hours. She pointed out to the committee that schools benefitted greatly from the partnership; they were not eligible for PCE, but if a utility that serviced a school had a renewable energy project that reduce costs, the school would receive the benefit. She stressed that the issue was not limited to electricity, but included heating projects that benefitted community facilities and other programs. She assured the committee that the authority would work with committee on their continued investment in the PCE and renewable energy programs.

[10:10:35 AM](#)

Co-Chair MacKinnon remarked that Senator Hoffman had advocated for heating projects under the statute. She remarked that electricity consumption was a big issue, but that heating homes was the top priority. She said that as the state moved into an uncertain fiscal climate, there would be tension between electricity versus heating.

[10:13:13 AM](#)

Co-Chair Kelly noted that there was a letter of support that made reference to the 2000 capitalization of the PCE fund (copy on file). He said that when the state capitalized the fund, the \$100 million had counted against the state. He stated that Fairbanks would receive subsidies on the gas project thorough loans.

[10:14:41 AM](#)

Senator Hoffman commented that the state formerly had appropriations to fund the PCE with the intent to set up the endowment. He stated that the anticipation had been that the program would require additional General Fund appropriations for several years, but because of earnings on the fund those appropriations were reduced; in 2015, the fund was self-functioning and did not require a general fund appropriation. He believed that energy continued to be a major issue throughout the state and the legislature should strive to make Alaska a more affordable place to live for all Alaskans.

10:16:26 AM

CRYSTAL ENKVIST, EXECUTIVE DIRECTOR, ALASKA POWER ASSOCIATION, ANCHORAGE (via teleconference), spoke in support of the legislation. She read from prepared testimony (copy on file):

Alaska Power Association (APA), the statewide electric utility trade association, supports Senate Bill 196, which would protect funding for the Power Cost Equalization Program (PCE) while allowing appropriation of funds from the PCE Endowment for other valuable purposes.

APA members believe this legislation will allow the PCE program to continue providing a vital measure of relief to ratepayers in communities throughout our State where electric rates are the highest, while sharing benefits with the General Fund, the Renewable Energy Grant Fund and the PCE Endowment. This distribution of benefits is especially important in these difficult financial times.

Many APA members throughout the state have integrated wind and hydroelectric power into their systems through funding from the Renewable Energy Grant Fund, and their customers see the results in lower or stabilized bills. Through SB 196, work could continue on renewable energy systems that will positively impact Alaskans for generations to come.

APA member utilities serve communities from Barrow to Unalaska, through the Interior and Southcentral and down the Inside Passage. We appreciate your decades-long leadership in assisting our home grown industry in striving to provide affordable and reliable electric power to Alaskans. Your sponsorship of SB 196 continues these collaborative efforts, and we urge passage of this legislation.

10:18:43 AM

INGEMAR MATHIASSEN, ENERGY MANAGER, NORTHWEST ARCTIC BOROUGH, KOTZEBUE (via teleconference), spoke in support of the legislation. He stated that the borough had recently complete a large wind/diesel project that would benefit several communities. He said that funding for the project

had been granted through the Alaska Renewable Energy Fund, and had hedged against the rising cost of diesel fuel, which had threatened the existence of remote communities. He stressed the importance that the PCE fund had been established to assist rural Alaska communities with the rising cost of diesel fuel for their electric utilities. He said that communities had embraced energy efficient alternatives, which would lessen the need for the PCE fund in the future. He stressed that allowing as much of the excess PCE funds as possible to be transferred into the renewable energy fund would provide the state a path forward to eventually build itself out of the need for PCE. He concluded that the future for rural Alaska's energy structure was to utilize locally available resources as much as possible.

[10:20:31 AM](#)

PETER CRIMP, SELF, ANCHORAGE (via teleconference), testified in support of the legislation. He stated that reliable and reasonable priced energy needed to be maintained on order to support the state's investments and to provide fairness in the funding for rural and non-rural energy projects. He noted that the rural energy fund had proven to be a successful vehicle for stimulation technically and economically viable projects since it was established by the legislature in 2008. He noted that AEAs annual report indicated that 54 projects were in operation, and that every dollar invested in the projects would have a \$2.50 return. He believed that the state should maintain its investment in maintaining clean, renewable energy.

[10:22:32 AM](#)

DAVID MESSIER, RURAL ENERGY COORDINATOR, TANANA CHIEFS CONFERENCE, FAIRBANKS (via teleconference), spoke in strong support of the legislation. He lamented that rural Alaska experience electricity costs that ranged upward of \$1 per kilowatt hour, due not only to the cost of oil, but also the administrative costs of managing a small, rural electric utility. He said that the PCE endowment supported the PCE program, which reduced the cost per kilowatt for 80,000 rural Alaskans across the state. He lauded the benefits of the PCE program. He noted that the renewable energy fund had a proven track record of bringing money into the state and reducing the long-term cost to the PCE program. He asked legislators to consider adding language

to the bill that would allow some portion of the 30 percent allocated to the Alaska Renewable Energy Grant fund to support the Village Energy Efficiency Program (VEEP), which had an even stronger track record of reducing the long-term costs of the PCE program. He said that he would be submitting a letter with over 100 signatures, from across the Interior, showing individual support for SB 196.

[10:25:01 AM](#)

PIPER FOSTER-WILDER, DEPUTY DIRECTOR, RENEWABLE ENERGY ALASKA PROJECT, ANCHORAGE (via teleconference), spoke in support of the legislation. She asserted that SB 196 would provide an opportunity to provide secure and predicable funding for renewable energy projects across the state. She recounted a brief history of the successes of the PCE fund. She stressed that the renewable energy fund provided significant savings, which would continue to occur regardless of the price of oil. She relayed that the funds that SB 196 would provide to renewable energy projects across the state was significant enough to continue to leverage private capital to build projects. She furthered that such public/private partnerships were crucial to Alaska's future. She urges the committee to pass SB 196, with the provision to use excess earnings to fund the renewable energy fund beginning 2016.

Co-Chair MacKinnon CLOSED public testimony.

[10:28:19 AM](#)

AT EASE

[10:28:56 AM](#)

RECONVENED

[10:29:00 AM](#)

Co-Chair MacKinnon looked at the fiscal note, which reflected a loss in 2015. She thought that further discussion of the fiscal note should occur after the bill was amended.

[10:29:48 AM](#)

Vice-Chair Micciche asked whether the bill would take affect after the return reached 7 percent.

Senator Hoffman replied that for several years he had advocated that the 7 percent was too high, and had recommended that the rate of return for investment should be 4.5 percent because investment decisions would have to be riskier at a 7 percent return. He believed that the prudent investment rule needed to be addressed as it related to the 7 percent investment.

[10:31:21 AM](#)

Co-Chair MacKinnon said that the 7 percent was a cap that would ensure that no more than that was withdrawn.

Senator Hoffman agreed, but felt that it should be clarified further that the number was not a "hard" number. He reiterated that it was important to be clear about the bill's intent, as well as what funds would be available.

SB 196 was HEARD and HELD in committee for further consideration.

Co-Chair MacKinnon discussed housekeeping.

#

ADJOURNMENT

[10:35:09 AM](#)

The meeting was adjourned at 10:35 a.m.