

**ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON ENERGY**

February 25, 2020

10:18 a.m.

MEMBERS PRESENT

Representative Grier Hopkins, Chair
Representative Ivy Spohnholz, Vice Chair
Representative Zack Fields
Representative Tiffany Zulkosky
Representative Lance Pruitt
Representative George Rauscher

MEMBERS ABSENT

Representative John Lincoln

OTHER LEGISLATORS PRESENT

Representative Mike Prax

COMMITTEE CALENDAR

HOUSE BILL NO. 37

"An Act exempting certain low voltage projects from contractor and electrical administrator requirements."

- HEARD & HELD

HOUSE BILL NO. 151

"An Act relating to the regulation of electric utilities and electric reliability organizations; and providing for an effective date."

- MOVED CSHB 151(ENE) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 37

SHORT TITLE: EXEMPTION: CONTRACTORS, ELECTRICAL ADMIN.

SPONSOR(S): REPRESENTATIVE(S) TALERICO

02/20/19	(H)	READ THE FIRST TIME - REFERRALS
02/20/19	(H)	ENE, L&C
02/25/20	(H)	ENE AT 10:15 AM CAPITOL 17

BILL: HB 151

SHORT TITLE: ELECTRIC RELIABILITY ORGANIZATIONS

SPONSOR(s): ENERGY

05/03/19	(H)	READ THE FIRST TIME - REFERRALS
05/03/19	(H)	ENE, RES
05/09/19	(H)	ENE AT 8:30 AM CAPITOL 17
05/09/19	(H)	Heard & Held
05/09/19	(H)	MINUTE(ENE)
01/23/20	(H)	ENE AT 10:15 AM CAPITOL 17
01/23/20	(H)	Heard & Held
01/23/20	(H)	MINUTE(ENE)
01/27/20	(H)	ENE AT 3:30 PM SENATE FINANCE 532
01/27/20	(H)	Heard & Held
01/27/20	(H)	MINUTE(ENE)
01/29/20	(H)	ENE AT 3:30 PM SENATE FINANCE 532
01/29/20	(H)	Heard & Held
01/29/20	(H)	MINUTE(ENE)
02/11/20	(H)	ENE AT 10:15 AM CAPITOL 17
02/11/20	(H)	Heard & Held
02/11/20	(H)	MINUTE(ENE)
02/20/20	(H)	ENE AT 10:15 AM CAPITOL 17
02/20/20	(H)	Heard & Held
02/20/20	(H)	MINUTE(ENE)
02/25/20	(H)	ENE AT 10:15 AM CAPITOL 17

WITNESS REGISTER

REPRESENTATIVE DAVE TALERICO

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Presented HB 37 as the sponsor of the bill.

JOE G. HARDENBROOK, Staff

Representative Grier Hopkins

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Presented the committee substitute, Version G, for HB 151 on behalf of the bill sponsor, the House Special Committee on Energy.

ANTONY SCOTT, Commissioner

Regulatory Commission of Alaska (RCA)

Department of Commerce, Community & Economic Development

Anchorage, Alaska

POSITION STATEMENT: Testified during discussion of HB 151.

JULIE ESTEY, Director of External Affairs
Matanuska Electric Association (MEA)
Palmer, Alaska

POSITION STATEMENT: Testified during discussion of HB 151.

ACTION NARRATIVE

[10:18:45 AM](#)

CHAIR GRIER HOPKINS called the House Special Committee on Energy meeting to order at [10:18] a.m. Representatives Hopkins, Fields, Spohnholz, and Zulkosky were present at the call to order. Representatives Pruitt and Rauscher arrived as the meeting was in progress. Also in attendance was Representative Prax.

HB 37-EXEMPTION: CONTRACTORS, ELECTRICAL ADMIN.

[10:19:18 AM](#)

CHAIR HOPKINS announced that the first order of business would be HOUSE BILL NO. 37, "An Act exempting certain low voltage projects from contractor and electrical administrator requirements."

[10:20:05 AM](#)

REPRESENTATIVE DAVE TALERICO, Alaska State Legislature, as prime sponsor of HB 37, paraphrased from the Sponsor Statement [included in members' packets], which read as follows [original punctuation provided]:

An Act relating to an exemption for low-voltage projects from contractor requirements; and relating to an exemption from electrical administrator requirement

HB 37 removes barriers that make installations of satellite and high-speed internet capabilities in Alaska very costly or impractical, especially in rural areas. Internet is extremely slow in most of Alaska. This bill adds one more avenue for Alaskans to get faster reliable internet via satellite installations. Currently low voltage internet satellite installers in Alaska are required to have an electrical administrator oversee their work (yet they know very little about) due to old regulations created prior to satellite internet installers. This is prohibiting

cost effective satellite internet installations in rural Alaska and thus this bill exempts them as low voltage installers from electrical administrative oversight. HB 37 also adds an exemption to allow only low voltage contractors performing work on a project under \$10,000 to do so without being a licensed general contractor, thus making small internet projects in rural Alaska financially possible and reasonable. I urge your support on removing this barrier thus enabling high speed internet options.

[10:23:06 AM](#)

CHAIR HOPKINS asked what qualified as low voltage.

REPRESENTATIVE TALERICO, in response, explained that, as this was 56 volts or less, it was less than regular house current. He added that the voltage through the coaxial cable for internet was 2 volts or less, which was connected to residential power via a UL listed receiver plugged into a wall outlet.

[10:23:56 AM](#)

REPRESENTATIVE FIELDS asked whether the installation was currently performed by licensed electricians.

REPRESENTATIVE TALERICO answered that the requirement was for review and approval by an electrical administrator. He added that his desire was to lower the actual installation cost and make it more available, as the cost for an installer to visit a remote location was often cost prohibitive.

REPRESENTATIVE FIELDS asked for clarification that, as currently there was not a requirement for a licensed electrician, but it was necessary for the follow up by an electrical administrator, the proposed bill would obviate the need for the electrical administrator.

REPRESENTATIVE TALERICO responded that was correct.

[10:25:01 AM](#)

REPRESENTATIVE SPOHNHOLZ asked about the job requirements for an electrical administrator.

REPRESENTATIVE TALERICO shared that he was "sure that they have to have a certification through the State of Alaska" and "to the best of my knowledge, there's a licensing requirement."

REPRESENTATIVE SPOHNHOLZ asked whether the licensing requirement was separate and distinct from that required for an electrician.

REPRESENTATIVE TALERICO offered his belief that the licensing requirement was separate.

[10:25:51 AM](#)

REPRESENTATIVE PRUITT asked whether the installation required more positioning and plugging in, as opposed to any hard wiring requiring electrical expertise.

REPRESENTATIVE TALERICO, in response, expressed his agreement, and shared a personal anecdote for connecting his personal satellite dish.

[10:28:36 AM](#)

REPRESENTATIVE SPOHNHOLZ asked for the definition of a coaxial cable.

REPRESENTATIVE TALERICO, in response, explained that the cable was a heavily insulated, jacketed, small cable that carried the satellite signal from the "thing that grabs the signal out in front of the dish" "all the way into the home and to the receiver." He described it as the "signal transmitter."

[10:29:27 AM](#)

REPRESENTATIVE PRAX explained that this cable was low voltage, was only sending signals, and did not create a safety hazard.

[10:30:35 AM](#)

CHAIR HOPKINS announced that HB 37 was held over.

HB 151-ELECTRIC RELIABILITY ORGANIZATIONS

[10:30:50 AM](#)

CHAIR HOPKINS announced that the final order of business would be HOUSE BILL NO. 151, "An Act relating to the regulation of electric utilities and electric reliability organizations; and

providing for an effective date." [Before the committee, adopted as a working draft during the House Special Committee on Energy meeting on 2/20/20, was the proposed committee substitute (CS) for HB 151, Version 31-LS0870\E, Klein, 2/19/20 ("Version E").]

[10:31:33 AM](#)

REPRESENTATIVE SPOHNHOLZ moved to adopt the proposed committee substitute (CS) for HB 151, Version 31-LS0870\G, Klein, 2/24/20, ("Version G") as the working draft.

[10:31:52 AM](#)

REPRESENTATIVE PRUITT objected for discussion.

[10:32:01 AM](#)

JOE G. HARDENBROOK, Staff, Representative Grier Hopkins, Alaska State Legislature, on behalf of the sponsor of HB 151, the House Special Committee on Energy, chaired by Representative Hopkins, reported that the Senate Special Committee on the Railbelt Electric System had adopted this same committee substitute as well as the attached intent language and had advanced its proposed bill to the Senate Finance Committee. He shared that Municipal Light and Power (ML&P) had relayed its concerns detailing the impact of the legislation on the Bradley Lake Project, both the dam and transmission lines. Although these were part of the Railbelt Electric system, they were exempted by statute from RCA oversight. He stated that the proposed bill was not an attempt to circumvent the statutes to exempt Bradley Lake from RCA regulation; however, the legislature intended that all the power suppliers on the Railbelt be subject to the reliability standards adopted by an electric reliability organization (ERO). When the Bradley Lake agreements expire, the project and its auxiliary infrastructure shall be subject to the terms of the proposed legislation. He acknowledged that there was active litigation regarding this issue. He stated that the committee substitute and the intent language were an attempt by the Alaska State Legislature to "stay out of the ongoing judicial matters and state the legislature's aims once the matter is settled." He shared that the ML&P had confirmed that the intent statement and the bill changes "adequately addressed their concerns."

[10:33:50 AM](#)

MR. HARDENBROOK paraphrased a written statement [included in members' packets] showing the changes proposed under Version G, which read as follows [original punctuation provided]:

Page 4, line 3: Under the "Reliability Standards" section - amends the section to read "All users, owners and operators of an interconnected electric transmission network served by an ERO, including a user, owner or operator that is exempt from other regulation under AS 42.05.711 or another provision of this chapter, shall comply with reliability standards contained in a tariff that is approved by the commission."

Page 8, line 20: inserts the words "including a public utility that is exempt from other regulation under AS 42.05.711 or another provision of this chapter." Following the word "utility."

These changes were recommended by Legislative Legal to better reflect the intent of the legislation to require all interconnected utilities on the Railbelt - and the providers of power, including but not limited to the AEA Bradley Lake project - comply with the reliability standards adopted by a future Electric Reliability Organization.

This is further spelled out in the attached Legislative Intent Language.

[10:35:00 AM](#)

MR. HARDENBROOK paraphrased the Intent Statement for Version G [included in members' packets], which read as follows [original punctuation provided]:

It is the intent of the Thirty-First Alaska State Legislature that under HB 151, reliability standards, electric reliability organization (ERO) tariff standards, planning terms, and project pre-approval requirements will ultimately apply across the entire interconnected Railbelt electric energy network. Broad application is necessary to achieve the desired efficiencies and reliability for Alaskans within the Railbelt. HB 151 does not in any way affect or change the existing relationship between the RCA and the Bradley Lake project agreements, contracts, and amendments exempt under AS 42.05.431(c). It is, however, the intent of the Alaska State Legislature

that after the Bradley Lake project debt is satisfied and the AS 42.05.431(c) exemption expires, those agreements, contracts, and amendments shall be subject to HB 151. Should Bradley Lake project agreements, contracts, and amendments receive a future extension of the AS 42.05.431(c) exemptions, the Thirty-First Alaska State Legislature urges consideration of the relationship between Bradley Lake and associated infrastructure and projects, the Railbelt network, and the electric reliability organization, and emphasizes the intent to subject all interconnected network users, owners, or operators to the reliability standards, an electric reliability organization tariff, planning, and project pre-approval requirements.

[10:37:32 AM](#)

REPRESENTATIVE PRUITT removed his objection to the motion to adopt the proposed committee substitute (CS) for HB 151, Version 31-LS0870\G, Klein, 2/24/20, as the working draft. There being no further objection, Version G was before the committee.

[10:37:40 AM](#)

CHAIR HOPKINS moved on to public testimony on HB 151 [which had been left open from the House Special Committee on Energy meeting on 2/20/20]. After ascertaining that there was no one who wished to testify, he closed public testimony.

[10:38:18 AM](#)

REPRESENTATIVE PRAX said that there were four generating facilities in Fairbanks: the University of Alaska; Doyon for Fort Wainwright; Eielson [Air Force Base], and Alyeska for Pump Station 9, and asked if these facilities had been involved in this discussion.

[10:38:45 AM](#)

MR. HARDENBROOK offered his understanding that, although these entities did not provide power into the greater network, they had been part of the discussion, this legislation would not impact their operations other than to comply with the reliability standards.

[10:39:26 AM](#)

ANTHONY SCOTT, Commissioner, Regulatory Commission of Alaska (RCA), Department of Commerce, Community & Economic Development, relayed that the intent of the proposed bill was that interconnection within the overall system was subject to the reliability standards but beyond that "there's not much to talk about."

[10:40:08 AM](#)

REPRESENTATIVE PRAX asked whether the four generating facilities had been contacted, noting that they were all connected to the grid.

[10:40:44 AM](#)

JULIE ESTEY, Director of External Affairs, Matanuska Electric Association (MEA), in response to Chair Hopkins, said that an invitation had been extended to those four power producers to join in the conversation, and that several had applied to become part of the implementation committee. She added that they had also offered substantial input which had been taken into consideration.

[10:41:42 AM](#)

MR. HARDENBROOK added that for more than a year the RCA had an ongoing process for public comment and had also solicited comments from independent power producers, shareholders, and consumers across the Railbelt.

[10:42:12 AM](#)

REPRESENTATIVE PRUITT asked when the Bradley Lake project debt was due to be paid off.

[10:42:33 AM](#)

MR. HARDENBROOK replied that the first bond indebtedness was scheduled to be paid off in July 2021. He explained that part of the conflict and discussion was related to the Battle Creek expansion proposed for the Bradley Lake project. He offered his belief that the litigation was involved with when the additional debt would be retired and, consequently, when there would be interaction with the statutes that govern the exemption of the project from RCA regulation. He pointed out that the intent language for the committee substitute stated that the intent of

the legislature was for the statutes governing the RCA's participation in the Bradley Lake project to remain unchanged and that the process would play out before the terms of the proposed bill were applied to the Bradley Lake project.

REPRESENTATIVE PRUITT shared his understanding for an expectation that the court had determined that the proposed legislation would be in effect based on the final date for the bond indebtedness.

MR. HARDENBROOK expressed agreement, and referred to the second paragraph of the intent language, which read:

the intent of the Alaska State Legislature that after the Bradley Lake project debt is satisfied and the AS 42.05.431(c) exemption expires, those agreements, contracts, and amendments shall be subject to HB 151.

[10:44:34 AM](#)

REPRESENTATIVE SPOHNHOLZ moved to report CSHB 151, Version 31-LS0870\G, Klein, 2/24/20, out of committee with individual recommendations and zero fiscal notes. There being no objection, CSHB 151(ENE) was moved from the House Special Committee on Energy.

[10:44:59 AM](#)

The committee took an at-ease from 10:44 a.m. to 10:48 a.m.

[10:48:29 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Energy meeting was adjourned at 10:48 a.m.