

SENATE FINANCE COMMITTEE
March 17, 2022
9:03 a.m.

9:03:13 AM

CALL TO ORDER

Co-Chair Bishop called the Senate Finance Committee meeting to order at 9:03 a.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Lyman Hoffman
Senator Donny Olson
Senator Bill Wielechowski
Senator David Wilson

MEMBERS ABSENT

Senator Natasha von Imhof

ALSO PRESENT

Senator Roger Holland, Sponsor; Nikki Rose, Staff to Senator Holland; Dr. Rachel Bergartt, Chair, Board of Veterinary Examiners; Dr. Tracy Ward, Associate Veterinarian, Southeast Alaska Animal Medical Center; Sara Chambers, Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development; Senator Josh Revak, Sponsor.

PRESENT VIA TELECONFERENCE

Dr. James Delker, Alaska Veterinary Association, Soldotna; Jerry Medina, Inside Passage Electric Cooperative, Juneau; Michael Rovito, Deputy Director, Alaska Power Association, Anchorage; Jomo Stewart, President and CEO, Fairbanks Economic Development Corporation, Fairbanks; Curtis Thayer, Executive Director, Alaska Energy Authority, Anchorage.

SUMMARY

SB 132 CONTROLLED SUB. DATA: EXEMPT VETERINARIAN

SB 132 was HEARD and HELD in committee for further consideration.

SB 202 RENEWABLE ENERGY GRANT FUND

SB 202 was HEARD and HELD in committee for further consideration.

#sb132

SENATE BILL NO. 132

"An Act exempting veterinarians from the requirements of the controlled substance prescription database."

[9:04:19 AM](#)

Co-Chair Bishop relayed that the intent of the committee was to hear a bill introduction and sectional analysis, take public testimony, and have a committee conversation about the bill.

[9:04:44 AM](#)

SENATOR ROGER HOLLAND, SPONSOR, read from a Sponsor Statement (copy on file):

Alaska's 25th legislature created the Prescription Drug Monitoring Program (PDMP) in 2008. The legislative intent behind the PDMP was to create a database of prescriptions for controlled substances in the state. The PDMP may create obstacles for individuals seeking opioids to obtain multiple prescriptions from registered providers and may be a useful tool for human doctors in combating the opioid crisis. Under the current statutory framework, Alaska's veterinarians are required to participate in the PDMP, despite the irreconcilable differences between human and veterinary medical practice. PDMPs have been implemented in all 50 states, but 34 states have recognized the unsuitability of veterinary participation in the PDMP and exempted veterinarians. SB 132 would add Alaska to that list.

The majority of states exempt veterinarians from PDMP because they have recognized that PDMPs are designed for use in human medicine; and veterinary exclusion from PDMPs does not increase risk to the public.

Alaska's inclusion of veterinarians in the PDMP has produced no identifiable benefit; yet the PDMP has created a multitude of verifiable harms to the veterinary profession and the Alaskans they serve. The PDMP is inappropriate and not effective for use with animal patients, as animals do not have identifiers such as a social security number, and veterinarians must view human owners' private health data before treating an animal. Veterinarians are not subject to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) that protects patient confidentiality does not apply to veterinarians - they are not bound by HIPAA.

Alaska has the highest veterinary licensure cost in the United States. Veterinary participation in the PDMP contributes to this unnecessary financial burden on a profession already experiencing extreme staffing shortages, decreasing availability of veterinary services to Alaskans. Moreso, a recent survey found attempted veterinary doctor shopping across the entire United States is essentially non-existent.

Veterinarians are tightly regulated by the Drug Enforcement Agency, the Know Your Customer Act, and the State licensing board. SB 132 seeks to correct an expensive overreach so that Alaskans can have access to treatment for their pets without compromising public safety.

[9:07:23 AM](#)

NIKKI ROSE, STAFF TO SENATOR HOLLAND, read from a Sectional Analysis (copy on file):

Sectional Analysis for version A

"An Act exempting veterinarians from the requirements of the controlled substance prescription database."

Sec. 1 AS 17.30.200(o), relating to the controlled substance prescription database, is amended by deleting the Board of Veterinary Examiners from the list of required notification by the Board of Pharmacy when a practitioner registers with the database.

Sec. 2 Adds veterinarians to the list of practitioners not required to comply with the controlled substance prescription database under AS 17.30.200(t).

Sec. 3 Adds a definition of "practitioner" to AS 17.30.200(u)

Sec. 4 Repeals AS 08.98.050(a)(10), which obligates the board of veterinary examiners to require licensees to register with the controlled substance prescription database.

[9:09:08 AM](#)

DR. RACHEL BERNGARTT, CHAIR, BOARD OF VETERINARY EXAMINERS, introduced herself and relayed that she had been with the board for almost 20 years. She had a wide variety of veterinary experience, including dog and cat medicine, marine mammal research, and shelter medicine. She urged the committee to support the bill.

[9:09:41 AM](#)

DR. TRACY WARD, ASSOCIATE VETERINARIAN, SOUTHEAST ALASKA ANIMAL MEDICAL CENTER, introduced herself and relayed that she was the current president of the Alaska Veterinarian Medical Association (AVMA).

Dr. Ward discussed the presentation "Why It makes Sense to Exempt Veterinarians from the Prescription Drug Monitoring Program" (copy on file).

Dr. Ward addressed slide 2:

SB 132: AN ACT EXEMPTING VETERINARIANS FROM THE REQUIREMENTS OF THE CONTROLLED SUBSTANCE PRESCRIPTION DATABASE.

Supported By
Alaska State Veterinary Medical Association
Alaska Board of Veterinary Examiners
Alaska Board of Pharmacy

Dr. Ward spoke to slide 3, "Background of Controlled Substance Prescription Database":

Referred to as PDMP

- Veterinarians (with a Drug Enforcement Agency permit) required to participate in the PDMP since 2017
- Participation involves both querying and reporting into the PDMP database (under certain circumstances) for some categories of controlled substances.
- The PDMP was intended to be a secure online database to improve public health and to allow practitioners to look for duplicate prescribing, possible misuse, drug interactions, and potential concerns related to the overuse of opioids.

Dr. Ward thought it was important to recognize that that the PDMP did not prevent diversion, where practitioners such as doctors or veterinarians purchased controlled products to sell "out the back door," because the drugs were not prescribed nor entered into the system. She asserted that the PDMP was to primarily prevent "doctor shopping."

[9:12:03 AM](#)

Dr. Ward addressed slide 4, "Our Objective Today is to Discuss":

Ineffective Tool • Why the PDMP doesn't work in veterinary medicine

Privacy Issues • Privacy and liability issues

Low Opioid Risk • Low use of opioids in veterinary medicine

Costly Oversight • Large PDMP investigative costs with no shown benefit

Business Burden Business Burden • Onerous to comply Staff Shortages High Licensing Fees

Dr. Ward expanded that veterinarians saw human private information when accessing the PDMP, and veterinarians were not trained in pharmacology for humans. Conversely, medical doctors were not trained in the use of drug choices or treatment of animals. She summarized that veterinarians were viewing data in the PDMP that they could not interpret. She discussed the privacy and liability issues related to veterinarians not being subject to the Health

Insurance Portability and Accountability Act (HIPAA). She cited that veterinarians accounted for .3 to 1 percent of all opioid prescriptions generated in the United States and in Alaska.

Dr. Ward relayed that veterinarians did not use the opioids of primary concern in the opioid crisis and the drugs that were primarily abused such as Oxycontin and Vicodin. She described that fentanyl was rarely used and only in a clinical setting. She emphasized that veterinarians represented a very low risk to the population with the drugs they prescribed. Over two thirds of states had exempted veterinarians from PDMPs. She summarized that the result of the PDMP in Alaska had been costly oversight, investigative, and business burdens to veterinarian practitioners in the state.

[9:16:13 AM](#)

Senator Wilson thanked the testifiers. He relayed that he had heard the bill in a previous committee where a question came up about opioids used during surgeries in veterinary facilities. He referenced break-ins at veterinary clinics and thought the PDMP would not prevent break-ins.

Dr. Ward asked if Senator Wilson's was related to the PDMP.

Senator Wilson asked if the PDMP would stop a person breaking into a veterinary facility.

Dr. Ward answered in the negative. She explained that the PDMP was only relevant to drugs that were prescribed. She detailed that veterinarians were required by the Drug Enforcement Agency (DEA) to have all controlled substances under double lock and key. She explained that her clinic had controlled substances in a gun safe behind a locked door, and the possibility of a person being able to break in and obtain the drugs was very low. She asserted that the PDMP had no bearing on the situation.

Co-Chair Bishop wanted to follow up on Senator Wilson's session. He wondered if there were many break-ins in veterinary clinics in the state. He had not heard of any.

Dr. Ward was not aware of any such break-ins but was merely speaking to the possibility. She thought that since the onset of the opioid crisis, most practices kept minimal

amounts of the drugs on site for use during surgery and the post-operative periods. She noted that most practices would prescribe the drugs to be dispensed from a pharmacy.

[9:19:02 AM](#)

Dr. Bergartt advanced to slide 5, "Why It Makes Sense to Exempt":

Costly Oversight

The unwieldy PDMP leads to costly oversight with no shown benefit.

Costly and onerous requirements for monitoring veterinarians have been placed on the board of veterinary examiners (BOVE).

Alaska veterinarians have the highest licensing fee in the country

Dr. Bergartt stated that the Board of Veterinary Examiners had experienced investigative costs rise exponentially since 2017. There had been an increase in referrals from the PDMP program. The situations involved technical violations in a system that was not usable by veterinarians. She reminded of the lack of a numerical identifier for animals such as a social security number. She emphasized there were technical violations but there had not been a single incidence of veterinary doctor-shopping or poor practice behavior.

Dr. Bergartt continued to address slide 5. She reminded that the board was self-supporting. She noted that there was grant funding available for PDMP cost and administrations, but the grants covered the PDMP side of investigations rather than the board's costs for investigations. She noted that veterinarians in Alaska had the highest licensing fees in the country.

Dr. Bergartt discussed slide 6, "Why It Makes Sense to Exempt":

Business Burden

The PDMP has increased business burdens for Veterinarians.

- Charging veterinarians for the cost of enforcement of an unusable PDMP system that provides no identifiable benefit is not responsible stewardship of resources.
- o Widespread shortage of veterinary professionals in Alaska
- o Time spent on the PDMP lessens productivity for patient care
- o Higher business costs = higher fees for services

Dr. Bergartt explained that veterinarians could only delegate the task of reporting to the PDMP to another licensee, which was a veterinary technician. She cited that there were about 430 licensed veterinarians and about 270 licensed veterinary technicians in the state, making it difficult to delegate. She discussed the time and cost burden of using the PDMP and mentioned the veterinary shortage in the state. She cited identifiable harm through increased client cost and decreased veterinary time for care.

[9:24:02 AM](#)

Senator Wilson asked if it was possible for veterinarians to use human pharmacies to get pet medication so the burden of PDMP use would be shifted.

Dr. Bergartt stated that it was possible for veterinarians to use outside pharmacies to dispense medication, but as the statutes was written it required use of the PDMP through the act of prescribing the medication.

Co-Chair Bishop asked about quantifying the veterinarian shortage.

Dr. Bergartt did not have a certain number to describe the need for veterinarians, but qualified that a fairly large percentage of licensed veterinarians in Alaska did not live and practice in the state. She cited that Juneau used to have about 12 veterinarians, while currently there were 4 practicing doctors in clinics and Dr. Ward practiced at the Humane Society. She noted that the veterinary shortage was a nation-wide program. She explained that many people had acquired pets during the pandemic.

Co-Chair Bishop thought there was no analytical evidence of the shortage. He was curious if the PDMP was an impediment to new veterinarians coming into the state, and whether there was any evidence of stronger numbers in states that had repealed the requirement.

[9:27:41 AM](#)

Dr. Ward did not think there was hard evidence that the PDMP was an impediment. She recounted that when she came to Alaska, she did not delve into the details enough to understand the requirement of participating in the PDMP. She thought the point Dr. Bergartt was making was more about making the most efficient use of time for practicing veterinarians. She knew there were waiting lists in every practice in the state and considered time spent on the database to be time that could be spent treating patients.

Dr. Bergartt added to Dr. Ward's remarks and suggested that along with the concern of veterinary retention, it was important to consider recruitment of new veterinary graduates. She explained that veterinary salaries did not necessarily start high to offset education and licensing costs. She thought Alaska's high licensing costs could affect potential recruitment.

Dr. Bergartt spoke to slide 7, "Why It Makes Sense to Exempt":

Oversight in Place

Veterinarians are monitored by the Drug Enforcement Agency and must adhere to controlled substance regulations.

- Veterinarians who prescribe or dispense controlled substances are licensed through Drug Enforcement Agency (DEA).
- Significant level of accountability, record keeping, and medication storage requirements for veterinarians.
- Distributors of controlled substances monitor utilization patterns of veterinarians.
 - o Suspicious Order Monitoring System is in place and data is gathered by distribution companies
 - o Required by DEA to monitor and report unusual purchase patterns of a veterinarian

- o Required to flag purchases that fall outside of norms for either previous purchase history or norms for practices of similar size/type
- DEA oversight is to control/prevent diversion from licensed professionals to drug dealers and users.

Dr. Bergartt discussed required stringent record keeping for veterinary drugs.

[9:31:27 AM](#)

Dr. Bergartt showed slide 8, "Why Invest?":

Valuable resources into a problem, that doesn't benefit the problem?

It Makes Sense to Exempt Veterinarians from the PDMP

Dr. Bergartt thought the presentation had shown that the PDMP was an ineffective tool for veterinarians. She mentioned the disadvantage of comingling human and veterinary data, privacy issues, costly oversight, business burdens, and the low opioid risk posed by veterinarians.

Dr. Bergartt showed slide 9, "Urge YES VOTE on SB 132":

Supported By:
Alaska State Veterinary Medical Association
Board of Veterinary Examiners
Board of Pharmacy

Senator Olson asked if all veterinarians had a Drug Enforcement Agency (DEA) number.

Dr. Bergartt answered "no." She qualified that only those veterinarians who had a DEA number that were required to participate in the PDMP.

Senator Olson asked how often veterinarians prescribed Schedule 2 and Schedule 3 drugs.

Dr. Bergartt thought Senator Olson's question was broad and was dependent upon the veterinary practice. She discussed different veterinary practices ranging from home health visits to emergency practice, which would have a very different opioid practice.

Senator Olson asked when the last time Dr. Bergartt had prescribed a Schedule 2 or Schedule 3 drug.

Dr. Bergartt relayed that she had recently graduated from law school and was not in full time veterinary practice. She estimated that she had not prescribed the drugs since 2019.

Senator Olson asked Dr. Ward when the last time she prescribed Schedule 2 or Schedule 3 drugs.

Dr. Ward relayed that she had used the drugs within the clinic the week previously.

Senator Olson asked if the practice was standard for veterinarians throughout the state.

Dr. Ward could not speak to a standard because different types of practice would use the drugs less frequently. She cited that the practice where she worked did not dispense any prescribed substances, and the drugs were sent through a pharmacy. She mentioned the prescription of two drugs that were frequently prescribed.

[9:35:18 AM](#)

Senator Olson asked about the high license fees and asked if the cost had been driven up by the self-funded investigations by the state board.

Dr. Bergartt affirmed that it was the board's impression that fees were driven up by investigations. She highlighted that she participated in national conferences, and thought Alaska had veterinarians that practiced high-quality medicine with a low level of complaints. She had not seen an increase of people alleging negligence in practice, but she had seen a significant increase in investigations related to PDMP technical violations. Each time one of the violations was sent over, an investigation was required.

Senator Olson asked if the board had its own investigator.

Dr. Bergartt relayed that the board shared an investigator with other boards.

Senator Olson referenced the shortage of veterinarians in the state. He asked if Alaska had reciprocity with other licensed veterinarians.

Dr. Bergartt relayed that the University of Alaska Fairbanks had a veterinary program. Students in the program attended at UAF for the first two years, with the latter two years at Colorado State University. She could not quantify how many program participants returned to the state. She speculated that Alaska did not have reciprocity with other states.

Senator Olson shared that his most concerning question had to do with disciplinary actions related to controlled substances. There had been a veterinarian in his district which had taken the medicine from his practice.

Dr. Bergartt was aware of the scenario described by Senator Olson. She thought it was important to remember that the PDMP was but one tool in the toolbox for addressing opioid addiction. She contended that if a doctor was impaired, they would not be entering the information into the PDMP. She mentioned other ways of demonstrating that the PDMP did not catch bad actor doctors or impaired doctors.

[9:40:01 AM](#)

Dr. Bergartt continued her remarks. She thought it was erroneous to say that that veterinary participation in the PDMP would have helped the situation in Senator Olson's district, because the drugs would have never been entered in the PDMP as they were not prescribed drugs.

[9:40:27 AM](#)

Co-Chair Bishop asked why all vets were not enrolled with the DEA.

Dr. Bergartt spoke to differences in veterinary practice, and used the example of Dr. Sarah Coburn, who was a state veterinarian involved in biosecurity but not in practice. She mentioned a veterinarian pathologist in the state that had no need for a DEA license. The different types of practices accounted for whether a DEA license was required.

Senator Wilson stated that he had a question for the Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development.

Co-Chair Bishop thanked the testifiers for their work on behalf of the state's animals.

Senator Wilson wanted a clarification regarding the veterinarians using the PDMP and catching bad actors. He thought the PDMP sent out report cards and asked if the information was reviewed by law enforcement or anyone that could identify an outlier.

[9:42:39 AM](#)

SARA CHAMBERS, DIRECTOR, DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, affirmed that Senator Wilson was correct in that there were a variety of reporting metrics utilized by the PDMP. The prescriber report card was a tool to help a prescriber to identify if they were an outlying prescriber. She detailed that the division was working with the software vendor to refine the process so there could be greater oversight by the boards. The report card was just educational for the prescriber, which she thought went back to the legislative intent of the law.

Senator Olson asked Ms. Chambers if the passage of the bill would have an effect on the Division of Corporations, Business and Professional Licensing (CBPL) and the high license fees.

Ms. Chambers thought many members of the committee had heard about the high license fees and understood CBPL performed a complex analysis. She explained that the board had seen a dramatic uptick in investigative costs directly related to the PDMP, because there had been some confusion amongst veterinarians with regard to whether registration was required. There had been a compliance problem and CBPL was duty-bound to look into the matter. She thought that if veterinarians were to continue in the PDMP without the laws being changed, she anticipated continued confusion and frustration for veterinarians, which would lead to investigative costs.

Ms. Chambers continued her testimony. She explained that fees were high because of the economy of scale. Per capita, Alaska did things more expensively. She pointed out that every license fee was the highest in the country because the state was required to have the same legal, investigative, and administrative oversight as every other state, not because of the PDMP. She cited that even though the program had received \$10,000 in Unrestricted General Funds (UGF) the previous year and was slated to receive \$50,000 in UGF in the current year to offset the fees, the license fees would likely to continue to increase as a result of the investigations. She summarized that if veterinarians were taken out of the PDMP, it was likely the fees would increase at a lower rate.

[9:46:22 AM](#)

Senator Olson asked if the department was supportive of the bill.

Ms. Chambers relayed that the administration had not taken a position on the bill. She continued that the department had taken a position in all things that it was bound to follow the law as dictated by the legislature. She qualified that the administration saw all sides of the arguments for and against the bill.

Senator Olson commented that after seeing the PDMP coming to fruition and deal with its guidelines, he was fully in support of the bill because of the extra burden imposed by the PDMP.

Senator Wielechowski asked if there had been complaints about opioid abuse or drug abuse in any of the investigations.

Ms. Chambers relayed that there had not been any substantiated issues with veterinarians that had been related to the PDMP. There had been a lot of complaints of non-compliance, but no complaints of veterinarian wrongdoing as a result of the PDMP.

[9:48:05 AM](#)

Co-Chair Bishop OPENED public testimony.

[9:48:20 AM](#)

DR. JAMES DELKER, ALASKA VETERINARY ASSOCIATION, SOLDOTNA (via teleconference), spoke in support of the bill. He and his wife had been practicing veterinary medicine for over 25 years and he had owned a private practice in Soldotna for 19 years. He detailed that he had served as an unpaid volunteer on the AVMA Board since 2010, and the board had no paid lobbyist. He had been involved with the veterinary PDMP issue since it came to the attention of the board in 2013. He recounted trying to share the identified problems with the PDMP staff and Board of Pharmacy, but the problems had not been resolved.

Mr. Delker emphasized that there had not been a single case of doctor shopping or diversion to a veterinarian identified by the PDMP in the last five years, yet the board had spent \$160,000 on investigations of around 56 veterinarians. Essentially all the investigations had been related to PDMP non-compliance rather than opioid diversion or abuse. He asserted that the cost of the program to taxpayers and veterinarians was excessive and unwarranted.

Mr. Delker commented on the shortage of veterinarians in the state. He had recently hired a veterinarian after about two and a half years spent trying to fill the position. He mentioned other clinics in the area that had not been able to fill veterinarian positions. He discussed licensing costs and identified that it was becoming a deterrent for recruiting new doctors to Alaska. He mentioned a shortage of licensed veterinary technicians. He discussed types of medications prescribed by veterinarians, and cited that in 25 years of practice he had never prescribed Oxycontin, Vicodin, or Methadone. He and other veterinarians prescribed medications with low abuse potential such as Phenobarbital. He noted that 34 other states had exempted veterinarians for PDMP programs. He emphasized that veterinarians were happy to support efforts to decrease the opioid epidemic but asked that efforts result in measurable benefits. He thought with consideration of the facts, the legislature would support the bill, as did the Board of Pharmacy.

[9:52:10 AM](#)

Co-Chair Bishop CLOSED public testimony.

Senator Olson asked Dr. Delker what he used for an anti-pertussive when dealing with an animal.

Dr. Delker relayed he typically used over-the-counter medication such as Robitussen. He continued that if the case progressed, he would occasionally use liquid Hydrocodone, although he could not recall the last time he had prescribed it.

Senator Olson asked if Dr. Delker used codeine for animal patients.

Dr. Delker could not recall ever using codeine in his practice of 25 years.

Co-Chair Bishop relayed an amendment deadline of Monday, March 21 at noon.

SB 132 was HEARD and HELD in committee for further consideration.

[9:53:45 AM](#)

AT EASE

[9:54:45 AM](#)

RECONVENED

#sb202

SENATE BILL NO. 202

"An Act relating to the renewable energy grant fund and recommendation program; and providing for an effective date."

[9:54:50 AM](#)

Co-Chair Bishop relayed that it was the first hearing of SB 202. It was the committee's intention to hear a bill introduction and a Sectional Analysis, and to take public testimony.

[9:55:09 AM](#)

SENATOR JOSH REVAK, SPONSOR, read from a Sponsor Statement (copy on file):

SB 202 extends the authorization of the Renewable Energy Grant Fund and Recommendation Program setting a new sunset date of June 30, 2033.

The Renewable Energy Fund (REF) program was originally established in 2008 with the passage of House Bill 152 and later received a ten-year extension in 2012, in both cases receiving a unanimous vote of the legislature. The REF is managed by the Alaska Energy Authority in coordination with a nine-member Renewable Energy Fund Advisory Committee.

Senator Revak explained that the program had an open application process and was currently in Round 14. Each submission was considered by its economic and technical feasibility. The Alaska Energy Authority's (AEA) recommendations were sent to the advisory committee, and its final recommendations were then sent to the legislature for approval. He noted that 39 applications were received in the last round. He continued to read from the Sponsor Statement:

Since its inception, the Renewable Energy Fund has distributed over \$275 million dollars in grant funds for qualifying and competitively selected renewable energy projects across the state.

Senator Revak detailed that \$34 million had been directed at projects on the road belt, and \$248 million had been directed to projects in rural Alaska. He continued that SB 202 amended the 2008 session law as amended in 2012 to extend the sunset date to June 30, 2033, and also set an immediate effective date. The bill had a \$1.4 million fiscal note for maintenance of the fund, financial services, and oversight of existing and new grants. The amount reflected what was budgeted for in FY 23. He continued to address the Sponsor Statement:

These REF grants have been supplemented by both federal and local funding to the tune of hundreds of millions of dollars. These combined funds help to stabilize and reduce energy costs for consumers by supporting renewable energy projects in both urban and rural communities across Alaska.

Senator Revak emphasized that as energy prices climbed, he thought it was important for Alaska to take advantage of

all of its available sources of energy and heat, especially in the state's most vulnerable communities. He summarized that the Renewable Energy Grant Fund was an important tool which supported Alaskan communities to meet their energy needs.

Senator Revak explained that there was invited testimony available to answer questions, and there was a presentation that had been distributed to members (copy on file). He noted that because of the REF Program, there had been 30 million gallons of diesel saved since 2008.

Senator Wilson shared that he was generally supportive of the program and its process for selecting projects. He included that he was currently a member of the Renewable Energy Advisory Committee along with Senator von Imhof.

[9:58:51 AM](#)

Co-Chair Bishop OPENED public testimony.

[9:59:01 AM](#)

JERRY MEDINA, INSIDE PASSAGE ELECTRIC COOPERATIVE, JUNEAU (via teleconference), testified in support of the bill. He shared that the Inside Passage Electric Cooperative (IPEC) had received two construction grants from REF. In 2015, IPEC completed a hydroelectric project at Gartina Falls outside of Hoonah. The REF grant amount was \$6,694,000, and the remainder was financed with a low-interest loan of \$3 million. The project was completed in August 2015. He cited the following figures since the project came online: 542,711 gallons of diesel fuel saved, \$1,297,979 of diesel fuel costs replaced, and 7,910,266 kilowatt hours of hydro-generation.

Mr. Medina informed that IPEC had also received a grant from REF in the amount \$3,920,000, as well as a \$3 million USDA Rural Utilities Service grant for construction of the Gunnuk Creek hydro project in Kake. Additionally, IPEC secured a low-interest loan of \$1,840,000 for a total project cost of \$8,760,000. The project was completed in October 2020. He cited the following figures since the project came online: 70,833 gallons of diesel fuel saved, \$165,350 of diesel fuel costs replaced, and 1,003,122 kilowatt hours of hydro-generation. He detailed that there

had been several days in Kake with 100 percent hydro-generation, where diesel generators had been off.

Mr. Medina continued his testimony. He cited the following figures resulting from a combination of the projects at Gartina Falls and Gunnuk Creek: 613,544 gallons of diesel fuel saved, resulting in \$1,463,329 in savings to customers. He summarized that REF had been instrumental in completing two successful clean renewable energy projects for IPEC customers. He shared that IPEC had "skin in the game" for both projects. He emphasized that the success of the projects would not have been possible without REF.

[10:01:37 AM](#)

Co-Chair Stedman thought there were several ways of measuring the REF Program, one of which was fuel savings. He wanted to know if the meter rate for the communities of Kake and Hoonah had gone down or up since the hydro projects had been operational.

Mr. Medina explained that IPEC had the same rate for all four of its service areas. He discussed the fuel savings, which was reflected in the Cost of Power Adjustment (COPA), which was a fuel surcharge that was currently just over .15 cents per kilowatt hour. He explained that as fuel prices fluctuated, the COPA fluctuated in the same direction. He recalled that the latest invoice from the fuel barge reflected \$4.22 per gallon after recently being at a price of just over \$3 per gallon. He hoped that there would be a significantly wet year to generate as much hydropower as possible.

Co-Chair Stedman understood that the meter rate in Kake had gone up after the hydro-project.

Mr. Medina thought Co-Chair Stedman had incorrect information.

Co-Chair Stedman shared that his information came from community leaders in Kake, including from city hall. He asked Mr. Medina to get back to the committee with more detailed information regarding historical meter rates charged to citizens. He shared concerns regarding losing sight of the goal of lowered rates as the state worked towards renewable energy and moving away from the use of diesel.

Mr. Medina reiterated that all customers paid the same amount. He thought all of IPEC's customers benefitted from the hydro projects.

Co-Chair Bishop asked Mr. Medina to provide the committee with the information requested by Co-Chair Stedman.

10:04:42 AM

MICHAEL ROVITO, DEPUTY DIRECTOR, ALASKA POWER ASSOCIATION, ANCHORAGE (via teleconference), spoke in support of the bill. He explained that the Alaska Power Association (APA) was a statewide trade association for electric utilities in Alaska. He relayed that APA was in full support of the bill and of extending the REF. He strongly urged passage of the bill and thanked the sponsor. He asserted that many members had received crucial funding from REF since its inception. He continued that the funds had supported the addition of renewable energy projects that had lowered reliance on diesel fuel, stabilized rates, and decreased the carbon footprint of electric generation.

Mr. Rovito continued his testimony. He cited 244 REF grants totaling \$275 million, and over 95 operating projects that had been built using the funds to save more than 30 million gallons of diesel each year. He asserted that REF was an extremely valuable program that had proven itself. He referenced numerous projects under consideration for future rounds of grant funding through REF.

10:06:35 AM

JOMO STEWART, PRESIDENT AND CEO, FAIRBANKS ECONOMIC DEVELOPMENT CORPORATION, FAIRBANKS (via teleconference), testified in support of the bill. He asserted that the Fairbanks Economic Development Corporation (FEDC) had long supported the REF Program and any state efforts to help communities to diversify their energy base and drive down costs. He mentioned that much of FEDC's work pertained to energy and the attempt to diversify energy. He thought a nice complement to the REF Program would be to identify funding to help reactivate the Home Energy Rebate Program that had been operated by the Alaska Housing Finance Corporation (AHFC).

Co-Chair Bishop thanked Mr. Stewart and affirmed that the committee was looking into the topic of the Home Energy Rebate Program as of two weeks previously.

[10:08:04 AM](#)

Co-Chair Bishop CLOSED public testimony.

[10:08:06 AM](#)

AT EASE

[10:09:17 AM](#)

RECONVENED

Senator Wielechowski asked if Mr. Thayer had a sense of how many successful REF projects there were as compared to the number of abandoned projects.

CURTIS THAYER, EXECUTIVE DIRECTOR, ALASKA ENERGY AUTHORITY, ANCHORAGE (via teleconference), cited that there were 99 operational projects, with 38 in development and 240 total. There had been a little less than 100 projects that had not gone forward, part of which was due to the economics of the projects or future funding for the costs of the projects. He added that there were a few projects currently seeking additional funding, primarily through the federal infrastructure bill or other means. He discussed feasibility work, which had to be complete in order to move projects forward. He noted that early in the program itself there was more funding available, while currently there was the ongoing challenge of a \$1 million funding cap.

Senator Wielechowski inquired about the 100 projects that had not gone forward and asked what percentage had been abandoned versus projects still in development.

Mr. Thayer did not have the information at hand. He offered to send the committee a complete list of projects and project status.

Senator Wielechowski expressed his continued support of the REF Program and thought it had been very successful. He wanted to get a sense of if there was something to be improved if the state had invested in projects that had not gone forward.

Senator Wielechowski asked if the REF funds were sweepable.

Mr. Thayer stated that there were usually no funds left to sweep because projects were already encumbered by the end of the fiscal year. He noted that the \$4.75 million for Round 13 (completed in August) had been encumbered. Currently AEA was on Round 14 and had approximately \$15 million if the legislature approved the funding, with 39 applications for a total request of \$19.2 million in REF funds. He identified that there were some projects that would be disqualified based on economics or technical viability. The funds had not been swept in the past because from the time AEA moved a project forward and received legislative approval, the funding was encumbered within a few months.

[10:12:44 AM](#)

Senator Olson asked if the funds were sweepable if there were funds left in the account.

Mr. Thayer thought the funds were sweepable. He noted that Round 10, 11, and 12 had no funding by the legislature for the program. The previous year REF had received \$4.7 million, and currently there was a request for \$15 million. He reiterated that there had been no money in the fund to sweep.

Senator Hoffman thought the REF was a great program. He thought that the largest benefit was that grantees funded for hydro or wind power receive stabilized rates. He thought people using diesel would have seen rates double in the last few years. He thought energy costs continued to be the largest expenditure for individuals in rural Alaska, whether on heating, electricity, or fuel. He was greatly supportive of the program because it stabilized individual rates and the lives of those that benefited were greatly improved.

Senator Revak thanked the committee for hearing the bill.

Co-Chair Bishop set the bill aside.

SB 202 was HEARD and HELD in committee for further consideration.

Co-Chair Bishop discussed the agenda for the afternoon.

ADJOURNMENT
10:15:13 AM

The meeting was adjourned at 10:15 a.m.