

SENATE FINANCE COMMITTEE
March 23, 2022
1:04 p.m.

1:04:11 PM

CALL TO ORDER

Co-Chair Bishop called the Senate Finance Committee meeting to order at 1:04 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

None

ALSO PRESENT

Tim Lamkin, Staff, Senator Gary Stevens; Senator Elvi Gray-Jackson, Sponsor; Erin Shine, Staff, Senator Click Bishop; Kris Curtis, Legislative Auditor, Alaska Division of Legislative Audit; Emma Torkelson, Staff, Senator Josh Revak; Andy Mills, Legislative Liaison, Department of Transportation and Public Facilities.

PRESENT VIA TELECONFERENCE

Bob Pickett, Chairman, Regulatory Commission of Alaska, Anchorage.

SUMMARY

SB 186 EXTEND BOARD OF EXAMINERS IN OPTOMETRY

SB 186 was REPORTED out of committee with a six "do pass" recommendations, and with one previously published fiscal impact note: FN 1(CED).

SB 190 EXTEND REGULATORY COMMISSION OF ALASKA

SB 190 was HEARD and HELD in committee for further consideration.

SB 203 PURPLE HEART TRAIL

CSSB 203 was REPORTED out of committee with four "do pass" recommendations and with one "no recommendation" recommendation and with a forthcoming fiscal impact note from the Department of Transportation and Public Facilities.

SB 222 EXTEND PT & OCCUPATIONAL THERAPY BOARD

SB 222 was REPORTED out of committee with five "do pass" recommendations and with one previously published fiscal impact note: FN 1(CED).

#sb186

SENATE BILL NO. 186

"An Act extending the termination date of the Board of Examiners in Optometry; and providing for an effective date."

[1:04:57 PM](#)

Co-Chair Bishop relayed that it was the second hearing for SB 186. The committee opened and closed public testimony on March 21, 2022 and intended to hear a bill reintroduction and look to the will of the committee.

[1:05:34 PM](#)

TIM LAMKIN, STAFF, SENATOR GARY STEVENS, explained that the bill was a sunset extension. He expressed that he was available to answer general questions.

Co-Chair Bishop discussed FN 1 from the Department of Commerce, Community and Economic Development, OMB Component 2360, with an appropriation for the Division of Corporations, Business and Professional Licensing (CBPL) in the annual amount of \$16,700 for FY 23 through FY 28. There was a projected cost of \$15,200 for one staff member, \$400

for advertising and public notice of board meetings, \$100 for training and conference fees, and \$100 for stipends for board members.

Senator Hoffman MOVED to report SB 186 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SB 186 was REPORTED out of committee with a six "do pass" recommendations, and with one previously published fiscal impact note: FN 1(CED).

#sb222

SENATE BILL NO. 222

"An Act extending the termination date of the State Physical Therapy and Occupational Therapy Board; and providing for an effective date."

[1:07:14 PM](#)

Co-Chair Bishop relayed that it was the second hearing for SB 222. The committee had opened and closed public testimony on March 21, 2022. The committee intended to hear a brief bill reintroduction, review the fiscal notes, and look to the will of the committee.

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SENATOR ELVI GRAY-JACKSON, SPONSOR, explained that the bill would extend the State Physical Therapy and Occupational Therapy Board for eight years as recommended by the Legislative Audit Division.

Co-Chair Bishop discussed FN 1 from the Department of Commerce, Community and Economic Development with an appropriation for the Division of Corporations, Business and Professional Licensing (CBPL). He shared the proposed allocation of \$28,400 in Designated General Funds (DGF) annually, with \$26,000 for seven board members and one staff member, \$400 for public notice of board meetings, \$1,000 for training, and \$100 for stipends.

Senator Hoffman MOVED to report SB 222 out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SB 222 was REPORTED out of committee with five "do pass" recommendations and with one previously published fiscal impact note: FN 1(CED).

[1:09:19 PM](#)

AT EASE

[1:11:43 PM](#)

RECONVENED

#sb190

SENATE BILL NO. 190

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

[1:11:43 PM](#)

Co-Chair Bishop relayed that it was the second hearing for SB 190. The committee had opened and closed public testimony on March 21st. The intention of the committee was to hear a bill reintroduction, cover the fiscal note, and have a committee conversation.

[1:12:27 PM](#)

AT EASE

[1:12:32 PM](#)

RECONVENED

Senator Hoffman MOVED to ADOPT proposed committee substitute for SB 190, Work Draft 32-LS1525\G (Ambrose, 3/22/22).

Co-Chair Bishop OBJECTED for discussion.

[1:13:01 PM](#)

ERIN SHINE, STAFF, SENATOR CLICK BISHOP, discussed an Explanation of Changes document (copy on file):

Updated Title

Section 1 AS 42.05.381(e)

Page 1, line 6 - Page 2, line 2 Amends to include refuse utilities to AS 42.05.381(e), the section of

law requiring rates to be just and reasonable and provides for a simplified rate filing procedure.

Ms. Shine understood that the current rate-setting process was cumbersome and costly to refuse utilities, which was ultimately passed on to customers. The change would provide an opportunity for the Regulatory Commission of Alaska (RCA) to adopt regulations to allow for a simplified filing procedure. She continued to address the Explanation of Changes document:

Section 2 AS 44.66.010(a)(3)
Page 2, line 4 Amends Regulatory Commission of Alaska repeal date from 2027 to 2030.

Section 3 Repealed Section
Page 2, line 6 Repeals AS 24.20.271(11), a requirement for the legislative audit division to conduct an audit every two years of information found in the annual reports regarding compliance by the Regulatory Commission of Alaska.

Deleted section from version G Legislative Intent (previous section 1)

Ms. Shine noted that the requirement for the Legislative Audit Division to audit RCA's annual report every two years was put into law in 2007. Since that time, the division had conducted six audits of RCA's annual report. In addition, the division conducted the commission's sunset audits. She reasoned that given the positive results of the sunset audit and resource limitations of the division, removing the biannual requirement to audit RCA's annual report was a logical step to free up audit resources. The legislative auditor had noted that the last two audits of the RCA annual report had each taken approximately 450 hours to complete.

Co-Chair Bishop asked if the Legislative Auditor could speak to the 450 hours taken to review the RCA annual report.

[1:15:36 PM](#)

KRIS CURTIS, LEGISLATIVE AUDITOR, ALASKA DIVISION OF LEGISLATIVE AUDIT, relayed that Ms. Shine had referenced the biannual audit of RCA's annual report. She cited that

the audit was required in statute. She relayed that there had been very little interest in the results of the audits over the previous 13 to 14 years. She noted that RCA had a clean review of its annual report over the previous few years and given the constraint on the division's resources there was interest in removing the audit from its duties.

Senator Hoffman asked if Ms. Curtis had any comments regarding Section 2 and changing the date from 2027 to 2030.

Ms. Curtis relayed that she had recommended an eight-year extension. The division had found a very clean audit with no recommendations beyond clarifying the regulations regarding cancelling RCAs twice monthly meetings.

[1:16:57 PM](#)

Senator Wielechowski asked what sorts of things were being examined in the audit.

Ms. Curtis described that in auditing RCA's annual report, there were certain statutory and regulatory timelines. She understood there may have been a lack of trust at the time the reporting requirements were established. The division also looked at RCAs performance measures that were included in the annual report. She cited that most of the division's focus in reviewing the annual report had been targeted on data integrity and ensuring the data in RCAs system was reliable. The division took samples and verified information. The previous two reviews had shown the data to be reliable.

Senator Wielechowski asked if the division had found any discrepancies via the audit since 2007.

Ms. Curtis cited an issue regarding reliability of the data in RCAs database. The division had found some instances of incorrect data entry of dates. The division had recommended data review procedures and had found improvements in recent years.

Senator Wielechowski asked about the oversight for the RCA if the annual report audit was removed.

Ms. Curtis relayed that the division had conducted a sunset audit, and in the year previous had conducted the annual

report audit, and so on. She commented on the frequency of the division's work on the RCA and affirmed that the division would continue to do so if it was the priority of the legislature. She knew there were other competing priorities of audits that the Legislative Budget and Audit Committee had approved, and other sunset audits required in statute. She mentioned the statewide single audit, on which the division spent 75 percent of its time.

Senator Wielechowski mentioned the section being repealed, which referenced two statutes. He asked about AS 42.06.220, which pertained to the regulation of oil and gas pipeline facilities.

Ms. Curtis relayed that there were statutory timelines in two different places, which indicated how long RCA had to respond to the dockets. The RCA reported the information to the legislature every year, and the division reviewed whether the data was reliable.

[1:20:51 PM](#)

Senator von Imhof asked if the division audited the annual reports for the Alaska Industrial Development and Export Authority (AIDEA), the Alaska Energy Authority (AEA), and the Alaska Housing Finance Corporation (AHFC).

Ms. Curtis relayed that the division was not responsible for auditing the reports for the three agencies.

Senator von Imhof noted that AIDEA and AHFC paid dividends to the state.

Ms. Curtis affirmed that the agencies had an outside financial audit, which was provided to the Legislative Audit Division. The division reviewed and included the information in the Comprehensive Annual Financial Report (CAFR) every year.

Senator von Imhof asked if the division wrote a report that was provided to the legislature.

Ms. Curtis answered "no," and furthered that the division's audit work was to comply with the auditing standards in auditing the state's inclusion of the information in its annual financial statements. She clarified that when she answered in the negative about the agencies' reports, she

had been referencing performance reports, which is what the division audited for RCA.

Senator von Imhof pondered the division doing an audit of RCA's annual report every five years rather than every other year.

Ms. Curtis affirmed that the division looked at all the information every time it did a sunset audit, which resulted in doing the same things multiple times.

Senator Wielechowski had questions regarding changes to refuse utilities. He asked about the opportunities for public notice and public input regarding adding refuse utilities to the simplified rate filing procedure. He asked how the procedures would change.

Ms. Curtis referred the question to the RCA. She explained that if the bill were to pass, the RCA would adopt regulations in which the process for the rate setting, which she thought would be similar to electric cooperatives and local telephone exchange utilities.

[1:23:52 PM](#)

BOB PICKETT, CHAIRMAN, REGULATORY COMMISSION OF ALASKA, ANCHORAGE (via teleconference), affirmed that Ms. Shine was correct. He expanded that the exact details of how the simplified rate filing process would work for the refuse companies would be determined in a very open and public process. He thought there might be a cap on an annual basis and a combined cap over three years in the types of elements that could be used in the simplified rate filing process.

Senator Wielechowski was curious how often the simplified procedure had been used by electric cooperatives and local telephone utilities.

Mr. Pickett explained that since the RCA did not economically regulate telephone and telecommunication, he would reference electric cooperatives, which varied. He noted that for a number of years Chugach Electric had opted to not participate in the simplified rate filing process, but other electric cooperatives used the process quite frequently.

Senator Wielechowski referenced concerns about the simplified procedure and public process. He asked about the difference between a full procedure and the simplified procedure with regard to public input and notice.

Mr. Pickett relayed that a full process involved parties, legal counsel, discover, and a range of things. He continued that the process was started with a tariff advice filing that was noticed. He explained that the filing could be noticed in the refuse simplified rate filing process as well, but the details would be determined in the rulemaking process.

Senator Wielechowski asked if Mr. Pickett knew why refuse utilities were not originally included in the simplified process.

Mr. Pickett did not know the legislative history pertaining to Senator Wielechowski's question. He knew that there had been areas that were deregulated where there was competition, and there had been some kind of flow-through mechanisms for various fuel charges with certain refuse companies.

Senator Wielechowski asked if the RCA could invite the attorney general to participate on behalf of the public in the simplified rate filing procedure.

Mr. Pickett mentioned the simplified rate filing being suspended into a docket. He explained that typically with a simplified filing process it was an effort to get well defined elements that were easy to verify, rather than things like cost studies or changes to the rate design.

[1:27:14 PM](#)

Senator Wielechowski asked how often the RCA invited the attorney general to participate in simplified rate dockets compared to normal rate cases.

Mr. Pickett relayed that typically the attorney general did not participate if there was a straightforward simplified rate filing that did not get suspended. He added that the attorney general could insert themselves into any RCA filings.

Senator Wielechowski asked about the repeal section. He assumed the RCA supported the repeal. He wanted assurances about data accuracy and referenced a problem that had happened in 2007. He asked about what sort of oversight, policies, and procedures were in place to ensure that regulation of oil and gas pipeline facilities and public utilities had accurate data.

Mr. Pickett stated that data accuracy was extremely important to RCA, which was evaluating its basic data system and considering options that would be more user friendly on the public website dashboard. He agreed that data integrity was incredibly important because if the commission did something inconsistent with its legislative mandate, it would be indicated in the data.

[1:29:20 PM](#)

AT EASE

[1:29:54 PM](#)

RECONVENED

Co-Chair Bishop WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered. The CS for SB 190 was ADOPTED.

Co-Chair Bishop set the bill aside.

SB 190 was HEARD and HELD in committee for further consideration.

[1:30:21 PM](#)

AT EASE

[1:30:42 PM](#)

RECONVENED

#sb203

SENATE BILL NO. 203

"An Act designating portions of the Parks, Glenn, Seward, and Sterling Highways as a part of the State's Purple Heart Trail and relating to signage and informational displays for the trail."

[1:30:42 PM](#)

Co-Chair Bishop relayed that it was the second hearing for SB 203, and the committee had opened and closed public testimony on March 21, 2022. The committee's intention was to hear a bill reintroduction and introduce a Committee Substitute.

Senator von Imhof MOVED to ADOPT proposed committee substitute for SB 203, Work Draft 32-LS1553\I (Ambrose/Foote, 3/23/22).

Co-Chair Bishop OBJECTED for discussion.

[1:31:33 PM](#)

Ms. Shine addressed an Explanation of Changes document (copy on file):

Updated Title

Section 1

AS 35.40.210(a) Page 1, line 11 Adds the Alaska marine highway system to the extension of the Purple Heart Trail.

Section 2

AS 35.40.210(b) Page 1, line 14 - page 2, line 1 Adds a requirement of placing an appropriate sign on each vessel of the Alaska marine highway system.

Co-Chair Bishop WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered.

[1:32:38 PM](#)

EMMA TORKELSON, STAFF, SENATOR JOSH REVAK, explained that the bill would extend the Purple Heart Trail from the Alaska-Canada border, down through Fairbanks and Homer and then on to the Alaska Marine Highway System (AMHS). The extension would make the trail a little over 3,000 miles. The bill directed the department to erect the appropriate signage on the trail and on the vessels.

[1:33:29 PM](#)

ANDY MILLS, LEGISLATIVE LIAISON, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, considered the fiscal impact of the proposed CS. He cited that there were 9

active vessels on the AMHS, and at a cost of \$2,000 per plaque there would be a cost of approximately \$18,000 to outfit the fleet.

Co-Chair Bishop thought the cost indicated there would be eight vessels running.

Mr. Mills clarified that there would be nine vessels running.

[1:34:37 PM](#)

AT EASE

[1:35:27 PM](#)

RECONVENED

Co-Chair Bishop asked Mr. Mills to give an estimated figure for the forthcoming updated fiscal note.

Mr. Mills stated that the current fiscal note reflected the cost of the original legislation in the amount of \$237,000. The addition of \$18,000 proposed in the CS would bring the fiscal note to approximately \$255,000. The department would submit a revised fiscal note.

Senator von Imhof MOVED to report CSSB 203(FIN) out of Committee with individual recommendations and a forthcoming fiscal note. There being NO OBJECTION, it was so ordered.

CSSB 203 was REPORTED out of committee with four "do pass" recommendations and with one "no recommendation" recommendation and with a forthcoming fiscal impact note from the Department of Transportation and Public Facilities.

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AT EASE

[1:37:44 PM](#)

RECONVENED

Co-Chair Bishop discussed the agenda for the following day.

#

ADJOURNMENT

[1:38:10 PM](#)

The meeting was adjourned at 1:38 p.m.