

# Fiscal Note

State of Alaska  
2024 Legislative Session

Bill Version:	HB 307
Fiscal Note Number:	2
(H) Publish Date:	2/2/2024

Identifier: LL0489-DCCED-RCA-02-01-24  
 Title: INTEGRATED TRANSMISSION SYSTEMS  
 Sponsor: RLS BY REQUEST OF THE GOVERNOR  
 Requester: Governor

Department: Department of Commerce, Community and  
Economic Development  
 Appropriation: Regulatory Commission of Alaska  
 Allocation: Regulatory Commission of Alaska  
 OMB Component Number: 2417

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2025	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2025 Request	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>OPERATING EXPENDITURES</b>	<b>FY 2025</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>	<b>FY 2030</b>
Personal Services							
Travel							
Services	250.0		50.0				
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>250.0</b>	<b>0.0</b>	<b>50.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

1004 Gen Fund (UGF)	250.0		50.0				
<b>Total</b>	<b>250.0</b>	<b>0.0</b>	<b>50.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

**Change in Revenues**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2024) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2025) cost:** 0.0 *(separate capital appropriation required)*

**Does the bill create or modify a new fund or account?** No  
*(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
 If yes, by what date are the regulations to be adopted, amended or repealed? 10/01/26

**Why this fiscal note differs from previous version/comments:**

Not applicable, initial version.

Prepared By:	Robert A. Doyle, Chair	Phone:	(907)276-6222
Division:	Regulatory Commission of Alaska	Date:	02/01/2024 11:16 AM
Approved By:	Hannah Lager, Administrative Services Director	Date:	02/01/24
Agency:	Commerce, Community, and Economic Development		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2024 LEGISLATIVE SESSION

## Analysis

This legislation establishes a system for integrated transmission system management and cost recovery. The bill requires the Regulatory Commission of Alaska (RCA) to:

- (1) Establish a transmission cost recovery mechanism that considers each load-serving entity's load in comparison to the total load on the integrated transmission system;
- (2) Develop a process to transition the collection of transmission costs from the current recovery through including the assets in a load-serving entity's base rate to recovering those costs through a system-wide transmission cost recovery mechanism; and
- (3) Create an integrated transmission system association comprised of all registered entities that own or operate a portion of the integrated transmission system. The integrated transmission system association is precluded from owning transmission system assets and is defined as a public utility required to file tariffs with the RCA.

Upon passage of this bill, the RCA will need to establish a process to transition the collection of transmission costs from load-serving entities' base rates to the transmission cost recovery mechanism. The RCA will need to adopt regulations governing the transmission cost recovery mechanism and governing the integrated transmission system association. The RCA will also need to review and likely amend regulations governing transmission, cost recovery, and cost-of-service and rate design information. Legal, public notice, and postage costs for the regulations development and review will be absorbed within the RCA's current budget.

Passage of this bill will also generate several filings from load-serving entities served by an electric reliability organization, including rate filings to remove transmission costs from rates. The RCA will receive tariff filings from the integrated transmission system associations to incorporate operating rules and processes, and to implement and periodically update a transmission cost recovery mechanism. The RCA may also be called upon to investigate the reasonableness of transmission cost recovery after a transmission cost recovery mechanism is established. Any investigative costs will be absorbed within the RCA's current budget. Associated legal costs would be resulting from investigations and cannot be estimated at this time.

The RCA will need to use contracted support to develop the cost recovery mechanism and regulations for this program within the statutory time frame. The regulatory process is time-intensive and due to current workload, the RCA does not have the capacity to complete this body of work with existing resources. The RCA will also need to impose a transition process for affected electric utilities to transition transmission cost recovery to the transmission cost recovery mechanism, and to process filings related to that transition. Once regulations are adopted, the RCA expects to use existing resources and budget authority to process filings generated by the adopted regulations. General funds are included in FY2025 and FY2026 to fund the professional services contractual support needed to develop and implement the program within the statutory timeframe.