

# Fiscal Note

State of Alaska  
2024 Legislative Session

|                     |               |
|---------------------|---------------|
| Bill Version:       | CSSB 257(L&C) |
| Fiscal Note Number: | 3             |
| (S) Publish Date:   | 4/30/2024     |

Identifier: SB257-DCCED-RCA-03-04-24  
 Title: ELECTRIC UTILITY REGULATION  
 Sponsor: RESOURCES  
 Requester: (S) LABOR & COMMERCE

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<br>Appropriation<br>Requested | Included in<br>Governor's<br>FY2025<br>Request | Out-Year Cost Estimates |            |            |            |            |            |
|-------------------------------|--------------------------------------|--|-------------------------|------------|------------|------------|------------|------------|
|                               |                                      |  | FY 2025                 | FY 2026    | FY 2027    | FY 2028    | FY 2029    | FY 2030    |
| <b>OPERATING EXPENDITURES</b> |                                      |  |                         |            |            |            |            |            |
| Personal Services             |                                      |  |                         |            |            |            |            |            |
| Travel                        |                                      |  |                         |            |            |            |            |            |
| Services                      | 125.0                                |  | 125.0                   |            |            |            |            |            |
| Commodities                   |                                      |  |                         |            |            |            |            |            |
| Capital Outlay                |                                      |  |                         |            |            |            |            |            |
| Grants & Benefits             |                                      |  |                         |            |            |            |            |            |
| Miscellaneous                 |                                      |  |                         |            |            |            |            |            |
| <b>Total Operating</b>        | <b>125.0</b>                         | <b>0.0</b>                                     | <b>125.0</b>            | <b>0.0</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) | 125.0        |            | 125.0        |            |            |            |            |            |
| <b>Total</b>        | <b>125.0</b> | <b>0.0</b> | <b>125.0</b> | <b>0.0</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> | <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? 07/01/26

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

Initial version, not applicable.

|              |  |        |               |
|--------------|--|--------|---------------|
| Prepared By: | Robert A. Doyle, Chairman                      | Phone: | (907)276-6222 |
| Division:    | Regulatory Commission of Alaska                | Date:  | 03/04/2024    |
| Approved By: | Hannah Lager, Administrative Services Director | Date:  | 03/04/24      |
| Agency:      | Commerce, Community, and Economic Development  |        |               |

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2024 LEGISLATIVE SESSION

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Analysis

Senate Bill 257 creates the Railbelt Transmission Organization within Alaska Energy Authority (AEA), which will have oversight and strategic planning responsibilities for the Railbelt transmission system. The bill also revises Regulatory Commission of Alaska (RCA) Commissioner qualifications (eliminating a degree substitute in favor of requiring five years additional experience in a designated field) and amends statutory guidance on rate setting (allowing consideration whether a rate is intended to increase supply diversity, promote load growth, or enhance energy reliability or energy security). The legislation amends statutes addressing electric reliability organization to transition integrated grid planning to the Railbelt Transmission Organization (RTO) and to ensure the electric reliability organization prioritizes the reliability and stability of the interconnected grid, coordinating with the RTO when developing reliability standards.

Under this bill, the RTO will be responsible for managing, operating, and developing backbone transmission assets following reliability standards developed by the electric reliability organization (ERO); preserving open access of the system and maintaining capacity rights of legacy transmission owners; perform integrated grid planning for the interconnected system; and acquiring effective operational control of backbone transmission assets awhile also constructing, owning, and operating new backbone transmission assets.

This bill addresses the transfer of management of Railbelt backbone transmission assets to the RTO, requiring the organization to identify existing backbone transmission system assets and requiring Railbelt utilities and AEA to transfer management of those assets to the RTO. Railbelt utilities that fail to transfer management of the assets by July 1, 2026 may be subjected to fines determined and assessed by the RCA. The RTO must file and maintain an open access transmission tariff and develop a transmission cost recovery methodology involving the pooling of backbone transmission system costs and allocation of costs to load serving entities on a coincidental peak or load ratio share basis, or combination thereof.

The RCA must approve the initial tariff and subsequent tariff revisions thereto and approve the revisions and the transmission cost recovery methodology developed by the RTO. The RCA will also need to vet and adopt a regulatory definition of "backbone transmission assets" and amend regulations governing the electric reliability organizations to eliminate the integrated resource planning function of the Railbelt electric reliability organization. Additional regulation amendments are likely necessary to ensure consistency with Senate Bill 257's revision to ERO enabling statutes. In addition, the RCA may need to address situations where a Railbelt utility has not transferred backbone transmission assets to the RTO within the specified timeline.

If this bill adopted, the following expenses will be incurred in contracted services to create regulations for adoption.

Services:                    \$125.0            Contractual services for reviewing and drafting regulations in FY2025 & FY2026 only