

SENATE FINANCE COMMITTEE

May 1, 2024

9:09 a.m.

[9:09:05 AM](#)

CALL TO ORDER

Co-Chair Olson called the Senate Finance Committee meeting to order at 9:09 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair  
Senator Donny Olson, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Click Bishop  
Senator Jesse Kiehl  
Senator Kelly Merrick  
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Representative Dan Saddler, Sponsor; Melodie Wilterdink, Staff, Representative Dan Saddler; David Kirstien, Administrative Operations Manager, Division of Vocational Rehabilitation, Department of Labor and Workforce Development;

PRESENT VIA TELECONFERENCE

Joel Groves, Chair, Railbelt Reliability Council; Mystie Rail, Executive Director, Assistive Technology of Alaska; Jamie Kokoszka, Program Coordinator, Governor's Council on Disabilities and Special Education, Department of Health;

SUMMARY

HB 219 REPEAL ASSISTIVE TECHNOLOGY LOAN PROGRAM

HB 219 was Heard and Held in committee for further consideration.

PRESENTATION: INTEGRATED RAILBELT TRANSMISSION SYSTEMS  
JOEL GROVES, CHAIR, RAILBELT RELIABILITY COUNCIL

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JOEL GROVES, CHAIR, RAILBELT RELIABILITY COUNCIL

[9:09:38 AM](#)

Co-Chair Olson relayed that the committee had considered a background presentation on the Railbelt Transmission System during the previous day's meeting.

[9:10:23 AM](#)

AT EASE

[9:11:00 AM](#)

RECONVENED

Co-Chair Olson clarified that SB 217 would be heard during the afternoon meeting.

[9:11:11 AM](#)

JOEL GROVES, CHAIR, RAILBELT RELIABILITY COUNCIL (via teleconference), introduced himself and explained that he was a professional engineer working in the private sector. He provided a brief background to his work and board experience.

Mr. Groves discussed a presentation entitled "Railbelt Reliability Council - Presentation to Alaska Legislature, Senate Finance Committee - May 1, 2024" (copy on file). He reviewed slide 2, "Presentation Outline":

1. RRC Mandate under SB 123
2. RRC Implementation / Status
3. RRC Lessons Learned for Next Reforms

[9:14:09 AM](#)

Co-Chair Stedman suggested that the speaker slow his presentation and refrain from using acronyms. He explained that the audience was not the committee, rather the public.

Co-Chair Olson urged Mr. Grove to remember his audience.

Mr. Grove agreed to do so.

[9:15:16 AM](#)

Mr. Grove explained that the Railbelt Reliability Council (RRC) had been created to serve as the Electric Reliability Organization (ERO) for the Railbelt electric grid.

Co-Chair Olson asked how long the council had been in existence.

Mr. Grove recounted that the predecessor to the RRC was the Implementation Committee, organized by utilities in December 2019 and fully realized in July 2020. He said that the group was organized as a non-profit in January 2022.

Co-Chair Olson asked about the mission of the council.

Mr. Grove cited that RRC's mission was to serve as the ERO for the Railbelt. He said that the council was certified to serve the ERO for the Railbelt bulk electric system.

[9:16:50 AM](#)

Co-Chair Stedman reminded the presenter that the presentation was for the public, and the information and language must be presented in an understandable form.

Co-Chair Olson agreed with Co-Chair Stedman's comments. He stressed the importance of breaking the subject down into layman's terms to accommodate the public.

[9:17:46 AM](#)

Mr. Groves addressed slide 3, "ERO Statutory Mandate - SB 123 -31<sup>st</sup> Legislature (May 2020)":

1. Develop / Enforce Reliability/ Security Standards. AS 42.05.762(1); AS 42.05.765(a)(2)
2. Develop a comprehensive Integrated Resource Plan (IRP) for the Railbelt Bulk Electric System. AS 42.05.762(2)
3. Develop / administer non-discriminatory open access transmission and interconnection standards. AS 42.05.770(1)(A)

4. Develop / administer transmission system cost recovery standards. AS 42.05.770(1)(B)

Mr. Groves identified that item 2 on the slide included a planning document that defined what the system needed to look like in the future.

Mr. Groves continued to address slide 3. He noted that the 3<sup>rd</sup> mandate spoke to access and movement on transmission systems.

[9:21:40 AM](#)

Senator Kiehl asked for more detail regarding the meaning of "open access." He mentioned a wind farm between Chugiak and Matanuska Electric.

Mr. Groves thought Senator Kiehl referenced the Fire Island Wind Farm, which was a 17 mega-watt windfarm near Anchorage. He relayed that the farm was located within the territory of Chugiak Electric and interconnected within that system. He shared that phase two for that project had been under negotiations but a contractual means of moving power through the various systems was necessary and unlikely without open access transmission.

[9:24:17 AM](#)

Senator Kiehl asked whether open access indicated a person could pick and choose who power was sold to.

Mr. Groves said that utilities had a monopoly within their service territory. He presented a hypothetical and noted that power had to be sold to a utility and not directly to an end user.

[9:26:33 AM](#)

Co-Chair Olson referenced cost recovery standards mentioned on slide 3. He asked whether the ERO set the rate for power moving on the transmission line.

Mr. Groves identified that the ERO developed and administered transmission system cost recovery standards. He thought the task was like some of the provisions proposed in SB 217. He noted that current law did not stipulate what cost recovery should look but gave the ERO

the authority to develop and administer transmission system cost recover or cost allocation standard but did not address the cost of energy, only the cost to transmit the energy. He said that because the RRC was fully realized and had full regulatory approval to develop cost recovery standards, should the legislature allow, "pancake rates" as mentioned by a testifier the previous day could be avoided. He said a quick way to achieve reforms should be considered.

[9:28:52 AM](#)

Senator Bishop asked whether the RRC analyzed how much renewables could be absorbed into the system and queried the amount. He mentioned the state of California, which had high utility rates due to the use of renewables.

Mr. Groves affirmed that what Senator Bishop described was part of the Integrated Resource Plan (IRP). He explained that the criteria established in SB 123 was to provide the greatest value at the lowest cost. He said that cost was core to the discussion. He stated that the plan would identify the best resource mix to serve the people of Alaska.

Senator Bishop commented that Power Cost Equalization (PCE) rates were based on Railbelt energy prices and expressed concern that the price could become imbalanced due to renewables.

Mr. Groves agreed with Senator Bishop's comments and noted he had worked quite a bit in rural Alaska and understood PCEs connection to Railbelt rates. He agreed that the key challenge was that the rates needed to be balanced.

[9:32:00 AM](#)

Co-Chair Stedman brought up the issue of end-ownership of the transmission line upgrade. He mentioned receiving federal funds and the question of whether the state should be the end-owner of the intertie. He asked Mr. Groves to comment on his involvement in the development of the transition systems.

Mr. Groves explained that the RRC would never be an owner of electrical generation or transmission but would rather be an umbrella entity engaging in planning of systems. He

did not have a strong opinion on who owned the assets. He considered that there were many "business-level pros and cons" involved but admitted he did not have the expertise to speak about who should retain ownership.

Co-Chair Olson stressed that the issue of ownership was a priority for the committee, particularly as the expense related to the maintenance of the lines could fall on the state.

Co-Chair Olson asked whether other states had a similar structure.

Mr. Groves said that the cost of operating the system would come from the rate payers and the job of the RRC would be to define where the revenue came from. He shared that it would be necessary to determine how much revenue was necessary to keep the lines in good service for their full working lives. He said that in the lower 48 there was more diversity of assets and described it as "a diverse mosaic of ownership."

[9:35:40 AM](#)

Co-Chair Stedman recalled that yesterday the committee heard testimony about expansion of the electrical grid and the difference in capital structures. He mentioned debt service payments and thought the matter needed to be considered as systems were integrated. He suggested that if Golden Valley were energized with less cost per kilowatt how it would impact the service and maintenance of its assets. He considered helping utilities with install generation assets that had not been fully amortized.

Mr. Groves relayed that he was not well-positioned to answer Co-Chair Stedman's question.

Co-Chair Stedman believed that the issue should be discussed as the committee considered any legislation pertaining to the subject matter.

Co-Chair Olson agreed.

[9:37:59 AM](#)

Mr. Groves displayed slide 4, "A BRIEF HISTORY OF THE ALASKA ERO PROJECT," which showed a timeline of key

milestones of the Electric Reliability Organization (ERO) Project. He identified that the dark blue items denoted "Higher Authorities", the yellow items denoted "RRC Organizational Work", and the light blue denoted "RRC Mission Work":

**Higher Authorities:**

**April 2020** - SB 123 signed into law

**December 2021** - Regulatory Commission of Alaska notice of ERO requirement

**September 2022** - Regulatory Commission of Alaska issues ERO Cert. 9001

**January 2023** - Regulatory Commission of Alaska approves rules ER1 to ER 13

**November 2023** - Regulatory Commission of Alaska approves RRC tariff

[9:42:19 AM](#)

Mr. Groves continued to discuss slide 4:

**RRC Organizational Work:**

**December 2019** - LSEs sign MOU forming RRC IC

**July 2020** - 1<sup>st</sup> meeting of full RRC IC

**January 2022** - RRC incorporates

**April 2022** - RRC submits ERO application

**October and November 2022** - RRC files 2023 budget and tariff

**February 2023** - RRC negotiates stipulated settlement

**March 2023** - RRC surcharge begins

**May 2024** - submit ER-14 to RCA

**RRC Mission Work:**

**January 2024** - CAO hired

**March 2024** - CTO hired

**June 2024** - CEO starts - CAO/CTO sunset

Mr. Groves spoke of the journey to find a CEO, which had proved difficult. He said that a professional recruiter had been hired to find a CEO. He shared that a candidate had been found and was in the process of moving to the leadership position. He said that support staff had been hired to get the work of the commission done even while the CEO search is ongoing.

Key milestones - Predecessors to Fulfilling Mandates  
Funded April 2023 (12 months ago)

Rules approved Jan. 2023 (15 months ago)  
Tariff approved Nov. 2023 (5 months ago)  
Final 2023 surcharge approval Nov 2023 (5 mon.  
ago)  
CEO & Staff hiring (in progress)

[9:47:11 AM](#)

Senator Wilson asked about the candidate for CEO that Mr. Groves mentioned, and whether the individual had experience in Alaska.

Mr. Groves noted that he could not speak about the matter because of confidentiality. He said that the person was not an Alaskan but did have a work history that would benefit them in the position.

[9:48:05 AM](#)

Senator Kiehl referenced Mr. Groves discussion about tariffs. He asked about the cost and what benefits RRC would bring.

Mr. Groves responded that the board had expectations of how the work would be done and wanted the CEO to embrace those expectations. He said it was difficult to budget without a CEO in place. He said that the annual cost of the RRC was projected at \$5 million. He admitted that the number was high and said that he hoped it would come down as economies of scale were developed within the organization. He compared EROs in the lower 48 with a combined budget of \$166 million. He said that the scale of the grid was greater in the lower 48. He stated that the \$5 million cost for the RRC would result in a half-cent per kilowatt hour to the ratepayer. He said that the RRC was interested in finding cost efficiencies.

[9:51:21 AM](#)

Mr. Groves turned to slide 5, "RRC Structure & Governance":

- 501(c)(4) Non-Profit Corporation
- Combination balanced stakeholder / independent Board of Directors
- 13 Voting Directors
  - 6 utilities (CEA, GVEA, HEA, MEA, Seward, Doyon Utilities)
  - Alaska Energy Authority

- o 2 independent power producers
  - o 1 seat advocating for residential-small commercial ratepayer interests
  - o 1 seat large commercial and/or industrial ratepayer interests
  - o 1 seat representing environmental ratepayer interests
  - o 1 independent, non-affiliated seat
- 2 Ex-Officio Directors -RCA and RAPA
  - Each seat consists of two individuals, a primary and an alternate Director

[9:54:00 AM](#)

Mr. Groves referenced slide 6, "RRC Lessons Learned & Key Takeaways":

- New Regulations, Certificate, Tariff TAKE TIME
- SB 123: 3+ years to a fully authorized ERO (5/2020 to 11/2023)
- New reforms should manage expectations. RTO ready by 2027...?
- New reforms should not:
  - Drag the RRC back behind the starting line.
  - Delay work the RRC is already primed to do under current law.

Mr. Groves noted that navigating new regulations was time consuming. He expressed exhaustion with the amount of time and work to advance the organization. He mentioned testimony the previous day about reforms that were needed. He thought there had been frustration about securing approvals. He fully supported the reforms supported in SB 217. He claimed that the additional institutional reforms were necessary to take the Railbelt where it needed to go but that the reforms should be informed by the experience of the RRC.

Mr. Groves pondered whether the RTO would be prepared to do the work in 2027. He argued that new reforms should not "drag" his organization "back behind the starting line" waiting for new regulations and recertification. He thought that some of the duties that had been assigned to the RTO were already charged to RRC. He thought that it was in the best interest of the state that the RRC retain those

duties. He expressed concern that if the duties were transferred then reforms would be delayed.

[9:59:09 AM](#)

Mr. Groves showed slide 7, "ERO (SB123-2020) vs. RTO (SB 217B-2024)," which showed a table that was a high-level analysis of the existing and proposed authorities for an ERO, versus an RTO:

**Function**

Regulatory approvals

-regulations: 44.83.710(e), ~720(e), ~730(c),

-certificate: 44.83.700(c)

-tariff: 44.83.710(a)(8); ~720(a)

**ERO Under SB123 (2020)**

SB 123 signed 5/2020

Regulations issued 12/2021

Certificated 9/2022

Tariff approved 11/2023

**RTO Under SB217B (2024)**

SB 217B signed 5/2024(?)

Schedule TBD.

Schedule TBD.

Schedule TBD.

**Function**

Perform integrated transmission planning

**ERO Under SB123 (2020)**

Yes. 42.05.780

**RTO Under SB217B (2024)**

Yes. 44.83.710(a)(6)

[10:02:53 AM](#)

**Function**

Non-discriminatory open access transmission

**ERO Under SB123 (2020)**

Yes. 42.05.770(1)(A)

**RTO Under SB217B (2024)**

Yes. 44.83.710(a)(4), (8); ~720(a)

**Function**

Transmission cost allocation tariff

**ERO Under SB123 (2020)**

Yes. 42.05.770(1)(B)

**RTO Under SB217B (2024)**

Yes. 44.83.710(e)

Mr. Groves contended that while both an ERO and the RTO under SB 217 could perform similar functions - the ERO would get the work done faster.

Mr. Groves continued to address slide 7. He identified the bottom table on the chart, which listed functions he believed would be better suited to an RTO:

- Manage backbone transmission assets
- Prioritize legacy transmission rights
- Prioritize transmission upgrades to LSEs
- Adopt its own regulations
- Acquire ownership/operational control of backbone transmission assets

[10:05:42 AM](#)

Co-Chair Olson thanked Mr. Groves for his presentation.

Mr. Groves appreciated the opportunity to provide the background information.

[10:06:15 AM](#)

AT EASE

[10:07:54 AM](#)

RECONVENED

#hb219

HOUSE BILL NO. 219

"An Act repealing the assistive technology loan guarantee and interest subsidy program; and providing for an effective date."

[10:07:59 AM](#)

Co-Chair Olson announced that this was the first hearing for HB 219.

[10:08:17 AM](#)

REPRESENTATIVE DAN SADDLER, SPONSOR, explained that in 1995, when the state sought and received a federal grant to be utilized to back loans, through a financial institution,

for individuals with disabilities, so they could buy assistive technology that could help them to get or keep a job, or to live more independently in our state. He shared that assistive technology included wheelchairs, computers, prosthetics, hearing aids, communication devices or software. The Alaska Legislature chose to use the funding to establish the "assistive technology loan guarantee fund." This fund was intended to guarantee the principal amount - or subsidize the interest rate - of loans to Alaskans so they could buy assistive technology. However, despite the Legislature's good intentions, few people have taken advantage of this program since its inception. HB 219 seeks to fulfill the grant's original aim by repealing this moribund grant program and directing the fund's \$450,000 balance to Assistive Technology of Alaska, the non-profit empowered to administer such grants. Repeal of the underlying statute will be contingent on the Legislature's reappropriation of these funds, through separate budget legislation.

[10:11:08 AM](#)

MELODIE WILTERDINK, STAFF, REPRESENTATIVE DAN SADDLER, addressed a Sectional Analysis (copy on file):

**House Bill 219, Version B**

"An Act repealing the assistive technology loan guarantee and interest subsidy program; and providing for an effective date."

**Section 1 - Page 1, Line 4**

Section 1 repeals AS 23.15.125 - the assistive technology loan guarantee and interest subsidy program - which established the "assistive technology loan guarantee fund." The fund can be used to guarantee the principal amount or subsidize the interest rate of a loan for purchasing assistive technology that enables an individual to obtain or maintain employment or live more independently.

**Section 2 - Page 1, Lines 5-9**

Section 2 adds conditional language to Alaska's uncodified law stipulating that this act only takes effect if the Legislature reappropriates the balance of the assistive technology loan fund for the purpose of improving access to assistive technology.

**Section 3 - Page 1, Line 10**

Section 3 provides for an immediate effective date.

[10:13:09 AM](#)

Senator Kiehl asked what assurances could be had that the grantee would use the fund as a revolving grant fund rather than a one-time grant.

Representative Saddler deferred to Mr. Kirstien from the Department of Labor and Workforce Development.

[10:13:49 AM](#)

DAVID KIRSTIEN, ADMINISTRATIVE OPERATIONS MANAGER, DIVISION OF VOCATIONAL REHABILITATION, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, responded that the original intent was for loans to be given for the purpose of purchasing assistive technology. He did not see it as a revolving fund but as a large grant that would be used to fund assistive technologies.

Senator Kiehl asked whether the potential grantee was online for questions.

Representative Saddler noted that the executive director of Assistive Technology of Alaska was online for questions.

[10:15:39 AM](#)

AT EASE

[10:16:11 AM](#)

RECONVENED

Senator Merrick asked whether there would be administrative costs to administer the program.

[10:16:28 AM](#)

MYSTIE RAIL, EXECUTIVE DIRECTOR, ASSISTIVE TECHNOLOGY OF ALASKA (ATLA) (via teleconference), explained that the purpose of the funds once they came to ATLA was to support the activities that ATLA had provided for 30 years. The funds would not be a loan for clients, or a grant, the funds would support the activities ATLA provided under the Federal Assistive Technology Act - which would include administrative activities.

Senator Kiehl recalled that the sponsor had mentioned hearing aids and other assistive technology. He noted that Ms. Rail had mentioned "activities" and expressed confusion as to how the money would be used.

Ms. Rail noted that ATLA did not provide "durable medical equipment" or anything prescribed. She clarified that assistive technology was defined as any item, piece of equipment, software program, or product system that was used to increase, maintain, or improve the functional capabilities of a person with a disability. She offered examples.

[10:20:57 AM](#)

Ms. Rail continued her description of assistive technologies. She said that the equipment could be a solution that was designed and created by ATLA or another manufacturer, or an item off the shelf. She stressed that assistive technology was not a one-size-fits-all solution but was crafted to the specific individual.

Ms. Rail noted that ATLA was also tasked with loaning equipment and devices so the client could determine whether it fit their needs before purchasing. The intent of the bill would be to support the activities that ATLA was already providing. She noted that technology was rapidly changing and ATLA supported the refurbishing and redistribution of equipment. She relayed that ATLA provide outreach and awareness as well as collaboration with partner agencies across the state. She reiterated that the legislation would support work already done by ATLA under the current Assisted Technology Act. She said that as technology evolved, so did the needs of Alaskans served, and the bill would ensure that ATLA had the funds to meet the increasing needs of clients in the state.

[10:25:16 AM](#)

Senator Kiehl thanked Ms. Rail for ATLA's tremendous mission. He asked about the specific uses of the grant funds as proposed in the bill. He asked whether the grant would cover most activities of ATLA or specific things within the mission.

Ms. Rail said it would be used across the board to fund all activities.

[10:27:25 AM](#)

Senator Bishop asked for Ms. Rail to provide a list of what was and what was not funded by ATLA.

Ms. Rail agreed to provide the information.

Senator Bishop ruminated on the matter. He recognized that ATLA was not tasked with helping to provide wheelchairs but felt compelled to relay a personal experience of the difficulty of getting a repair part for a wheelchair. He lamented that many of the chairs and replacement parts were made in China.

[10:30:16 AM](#)

Representative Saddler riffed on Co-Chair Bishop's comment and the difficulty of finding spare parts.

[10:30:54 AM](#)

Senator Merrick asked about the requirements for ATLA applicants.

Ms. Rail relayed that there were no real requirements. She said that any person in Alaska who needed assistive technology and was living could receive support.

Senator Merrick asked whether applicants needed to provide any kind of medical documentation.

Ms. Rail explained that the process was based on the honor system. She estimated that there had been a 99 percent return rate for borrowed equipment.

Representative Saddler thought ATLA provided proof of concept and loaned equipment, they did not provide grants. He stressed that they had served numerous Alaskans.

[10:33:41 AM](#)

JAMIE KOKOSZKA, PROGRAM COORDINATOR, GOVERNOR'S COUNCIL ON DISABILITIES AND SPECIAL EDUCATION, DEPARTMENT OF HEALTH (via teleconference), read from prepared testimony. She stressed that assistive technology was critical for Alaskans with disabilities to live healthy, productive,

independent, and dignified lives and to participate in education, the labor market, and civic life. She shared that the council believed ATLA was the best organization to take over the remaining funds of the unrestricted Title 1 funding. She added that ATLA had a proven track record of managing funds and aiding Alaskans. She referred to the position paper sent by the council (copy on file).

[10:35:50 AM](#)

Co-Chair Olson OPENED public testimony.

[10:36:00 AM](#)

Co-Chair Olson CLOSED public testimony.

[10:36:12 AM](#)

Representative Saddler lamented that he had to get down to the House Chambers.

HB 219 was heard and HELD in Committee for further consideration.

Co-Chair Olson discussed housekeeping.

#

ADJOURNMENT

[10:37:00 AM](#)

The meeting was adjourned at 10:36 a.m.