

SENATE FINANCE COMMITTEE
May 15, 2024
12:45 p.m.

[12:45:29 PM](#)

CALL TO ORDER

Co-Chair Olson called the Senate Finance Committee meeting to order at 12:45 p.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

Andrew Jensen, Energy Policy Advisor, Office of the Governor; Ken Alper, Staff, Senator Donny Olson.

PRESENT VIA TELECONFERENCE

Robert Doyle, Chair, Regulatory Commission of Alaska.

SUMMARY

SB 217 INTEGRATED TRANSMISSION SYSTEMS

SB 217 was HEARD and Held in committee.

HB 81 VEHICLES/BOATS: TRANSFER ON DEATH TITLE

HB 81 was SECHEDULED but not HEARD.

HB 145 LOANS UNDER \$25,000; PAYDAY LOANS

HB 145 was SCHEDULED but not HEARD.

CSHB 307(FIN) am
INTEGRATED TRANSMISSION SYSTEMS

SCS CSHB 307(FIN) was REPORTED out of committee with four "do pass" recommendations and three "no recommendation" recommendations and with three new fiscal impact notes from the Department of Commerce, Community and Economic Development and one previously published zero note: FN1 (CED).

#sb217
#hb307
SENATE BILL NO. 217

"An Act relating to the taxation of independent power producers; and increasing the efficiency of integrated transmission system charges and use for the benefit of ratepayers."

CS FOR HOUSE BILL NO. 307(FIN) am

"An Act relating to the Regulatory Commission of Alaska; relating to regulation of public utilities, pipeline carriers, and liquefied natural gas import facilities; relating to approval of wholesale power agreements; relating to preapproval for construction of energy facilities; relating to electric reliability organizations; relating to the taxation of new electricity generation facilities; relating to the Alaska Energy Authority; relating to the Railbelt Transmission Organization; requiring the Alaska Energy Authority to submit a report about issuing rate reduction bonds for financing transmission system upgrades; and providing for an effective date."

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Co-Chair Olson explained that the committee would hear HB 307 for the first time, although it had heard the companion bill, SB 217.

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ANDREW JENSEN, ENERGY POLICY ADVISOR, OFFICE OF THE GOVERNOR, relayed that the bill was a high priority for the

Office of the Governor, and he would present on HB 307 as it was transmitted to the committee. He noted that he would focus on the changes made to the bill on the House Floor.

Mr. Jensen addressed a Sectional Analysis for HB 307(FIN)am (copy on file):

Section 1 - Amends AS 39.25.110(11) to include Alaska Energy Authority (AEA) officers and employees as being in exempt service under AS 39.25.

Section 2 - Amends AS 42.05.020(f) to increase the salary for Regulatory Commission of Alaska (RCA) commissioners from Range 27 to Range 29.

Section 3 - Amends AS 42.05.254(a) to increase the regulatory cost charge for public utilities and telecommunications providers to fund operations at the RCA and the Regulatory Affairs and Public Advocacy (RAPA) section of the Department of Law. The increase for RCA operations is from 0.7 percent to 0.98 percent, and the increase for RAPA is from 0.17 percent to 0.22 percent.

Section 4 - Amends AS 42.05.381(e) to require the RCA to adopt regulations specific to refuse utilities for setting a range for adjustment of rates by a simplified rate filing procedure. This expands the current public utilities covered by the section that currently includes electric cooperatives and telephone utilities.

Section 5 - Amends AS 42.05.381 to expand the criteria for a "just and reasonable" rate to consider whether the purpose of the rate is to increase the diversity of supply, promote load growth, or enhance energy reliability or energy security. It also prohibits the RCA from considering the costs of imported liquified natural gas facilities in customer rates.

Section 6 - Amends AS 42.05.431(b) to require that wholesale power contracts between a utility and an independent power producer (IPP) must disclose a state or local tax exemption provided to a utility or IPP, and defines an IPP. The definition of IPP in this section does not include a joint action agency if such joint action agency is established under AS 42.45.310.

A joint action agency is two or more public utilities that form a joint action agency under AS 42.45.310 to purchase a power project from the authority if the purchase and sale of the project has first been authorized by law.

Section 7 - Amends AS 42.05.431 to add a section allowing for cost recovery in rates for renewable energy projects less than 15 megawatts that have been approved by the utility's board of directors. This cost recovery would not require approval by the RCA, and would apply only to utilities subject to the jurisdiction of an electric reliability organization (ERO). The only ERO in the state covers the Railbelt, so this provision would be currently limited to those utilities.

Section 8 - Amends AS 42.05.711(b) to reflect language in the legislation that the Alaska Energy Authority (AEA) is subject to RCA jurisdiction for the purposes of establishing the open access transmission tariff. 2

Section 9 - Amends AS 42.05.760(a) to exempt utilities in an interconnected electric system from the requirement to participate in an electric reliability organization if the sum of total annual energy sales by the load-serving entities in the interconnected system is less than 1.5 million megawatt-hours.

Section 10 - Amends AS 42.05.762 to require that an ERO prioritize reliability, stability, and cost to the customer of an interconnected electric system.

Section 11 - Amends AS 42.05.770 to require an ERO to develop nondiscriminatory standards for interconnection, and it removes the requirement that an ERO develop open access transmission and transmission cost recovery standards.

Section 12 - Amends AS 42.06.286(a) to increase the regulatory cost charge on pipeline carriers to fund operations of RCA and RAPA. The increase for RCA operations is from 0.7 percent to 0.98 percent, and the increase for RAPA is from 0.17 percent to 0.22 percent.

Section 13 - Amends AS 43.98 to add a new section that would exempt electricity generation facilities constructed and placed into service after July 1, 2024, from state and local taxation provided the facility only provides power to a public utility as defined in AS 42.05.990.

Section 14 - Amends AS 44.83.990 to create a new board for the AEA to include the commissioners of Revenue and Commerce, Community and Economic Development; and six public members to be appointed by the Governor.

Section 15 - Amends AS 44.83.030 to allow for the commissioners of the board to delegate their responsibilities to a designee; that public members serve for three-year terms; and the process for filling vacancies.

Section 16 - Amends 44.83.040(a) to account for the new AEA board of directors, and the larger size of the AEA board to update the number of members required for a quorum and a majority vote.

Section 17 - Amends AS 44.83.040 to add a new section as conforming language to Section 1 concerning AEA officers and employees.

Section 18 - Amends AS 44.83.080 to carry out the powers and duties in AS 44.83.700 - 44.83.720 in House Bill 307, and add an additional authority allowing for AEA to acquire battery or energy storage systems.

Section 19 - Amends AS 44.83.090(b) to make AEA subject to the jurisdiction of the RCA solely for the purposes outlined in the creation of the Railbelt Transmission Organization (TRO) requiring the establishment of an open access transmission tariff.

Section 20 - Amends AS 44.83 to add a new section that creates the RTO for the purpose of establishment of an open access transmission tariff to fairly recover and equitably allocate the costs of operating the backbone transmission system. This section establishes the RTO as a division of AEA, and that the governance structure includes representatives of the Railbelt utilities, AEA, and an ex-officio member of the electric reliability organization. The RTO is subject

to RCA jurisdiction, and will be required to file tariffs to achieve this purpose. The section also establishes the revenue mechanism structure and criteria for the open access transmission tariff covering the "backbone" transmission system, and provides a deadline for the submission of this tariff of no later than July 1, 2025. If the tariff is not submitted by this date, the section requires the RCA to establish the open access and cost recovery standard consistent with this section. The section requires that this commission-approved cost will be passed directly and transparently to the end customer. The section includes definitions of "backbone transmission system"; "commission"; "Railbelt"; "Railbelt utility"; and "transmission organization".

Section 21 - It adds uncodified language requiring AEA to submit a report to the Legislature by Jan. 1, 2025, examining the feasibility of the RTO as a "special purpose entity" for the purposes of issuing rate reduction bonds to finance transmission system upgrades.

Section 22 - Provides for the transition of the new members of the AEA board of directors with initial staggered terms of one-, two-, and three-year terms.

Section 23 - Provides for a deadline for the RTO to be formed by Jan. 1, 2025; to model its governance structure on the Bradley Lake Project Management Committee; and to file a certificate with the RCA by Jan. 1, 2025.

Section 24 - Provides for an immediate effective date for Sec. 4 and 5.

Section 25 - Provides for an effective date of July 1, 2024, for the remainder of the act.

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Co-Chair Olson asked for the reasoning behind the change found in Section 4.

Mr. Jensen explained that a member of House Finance Committee had expressed concern the cost of the

construction of an LNG facility being passed on to consumers.

Mr. Jensen addressed Section 6, which was amended on the House Floor and concerned the tax exemption for utilities. The language replaced the word "reflect" with "disclose" to narrow it to a state or local tax exemption and to remove the term "government subsidy".

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Mr. Jensen addressed Section 7, which did not require pre-approval for projects less than 15 megawatts for projects that had been approved by a utility's board of directors. The provision would only apply to Railbelt utilities. Section 8 contained language stating that the AEA would be subject to Regulatory Commission of Alaska jurisdiction for the purposes of the Open Access Transmission Tariff.

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Mr. Jensen addressed Section 9, which was related to EROs and would allow interconnected utilities exemption from forming an ERO is the accumulative amount of power sales was less than 1.5 million megawatt hours. The provision would currently only apply to the Railbelt system.

He continued that Section 10 amended AS 42.05.762 to require that an ERO prioritize reliability, stability, and cost to the customer of an interconnected electric system.

Mr. Jensen noted that the amendment on the House floor was meant to put cost on an equal footing with reliability and stability. He noted that the amendment had been passed without objection.

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Mr. Jensen summarized that Sections 11 through 19 had previously been before the committee and touched on cost recovery standards, increased regulatory cost charges, new generation facility tax exemptions, the new AEA board, allowance of commissioner responsibilities on the board, the size of the board in terms of majority and quorum, and additional conforming language to the AEA as exempt service employees, as well as the expansion of AEA duties to acquire battery and energy storage systems, and additional

conforming language. He said that Section 20 had been amended on the House Floor to change the language "cost recovery mechanism" to "open access transmission tariff", which was how FERC described the structures. He said that additional technical clean up was also reflected in the section.

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Mr. Jensen highlighted updated definitions in Section 20. He noted that the language clarified intent.

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Mr. Jensen spoke to Section 21, which was new:

Section 21 - It adds uncodified language requiring AEA to submit a report to the Legislature by Jan. 1, 2025, examining the feasibility of the RTO as a "special purpose entity" for the purposes of issuing rate reduction bonds to finance transmission system upgrades.

Mr. Jensen spoke to Section 22 through 25:

Section 22 - Provides for the transition of the new members of the AEA board of directors with initial staggered terms of one-, two-, and three-year terms.

Section 23 - Provides for a deadline for the RTO to be formed by Jan. 1, 2025; to model its governance structure on the Bradley Lake Project Management Committee; and to file a certificate with the RCA by Jan. 1, 2025.

Section 24 - Provides for an immediate effective date for Sec. 4 and 5.

Section 25 - Provides for an effective date of July 1, 2024, for the remainder of the act.

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Co-Chair Stedman was curious about the definition of a "rate reduction bond".

Co-Chair Olson echoed the question.

Mr. Jensen understood that the concept of a rate reduction bond could signify use of the savings from lowered customer rates being applied to the service of the project debt.

Co-Chair Olson noted that the "savings" would be unrealized money.

Mr. Jensen believed that the requested report would add clarity. He understood that a rate reduction bond would service the debt with the savings that the project would create.

Co-Chair Stedman surmised that if no savings were realized then the bond would be in default.

Mr. Jensen deferred the question to "people with more expertise" and noted that the language came from a House Floor amendment and not the governor's office.

Co-Chair Olson asked whether the vote on the amendment was unanimous.

Mr. Jensen replied that he did not know.

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Co-Chair Stedman expressed deeper focus on the four amendments to the bill on the House Floor.

[12:59:18 PM](#)

Senator Kiehl asked whether there was a cost estimate for the report in question.

Mr. Jensen explained that there was no fiscal note, but the report would be required of AEA to complete with existing funds.

Senator Kiehl wondered whether a representative from AEA was available for questions.

Senator Olson responded that no one from AEA was online.

[1:00:15 PM](#)

Senator Bishop referenced Section 21 and asked whether Mr. Jensen's office had conferred with the Executive Director of AEA to glean whether the report would be a manageable task considering all the other duties that would be a result of the bill.

Mr. Jensen replied that he was not aware of any communication with AEA on the matter.

Senator Bishop followed up on Co-Chair Stedman's question about rate reduction bonds. He thought common sense indicated that the bonds would be a premium price.

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Co-Chair Hoffman thought Section 21 addressed examining the feasibility of rate reduction bonds but did not give AEA the authority to issue rate reduction bonds.

Mr. Jensen answered "yes," and thought the section mentioned only that the report should be done and not that the authority should be given.

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Co-Chair Stedman asked Mr. Jensen to discuss the other amendments made to the bill for clarity.

Mr. Jensen affirmed that there had been four amendments to the bill on the House floor. He listed that one amendment had been an "omnibus" amendment by Representative Rauscher that addressed several technical items. He noted that the changes had been largely items like replacing "cost recovery mechanism" with "open access transmission tariff" He noted that the disclosure requirement for tax exemptions within rates had been part of the amendment as well as the change in the definition of an independent power producer from a person to make it a legal entity. He said that conforming language about the Regulatory Commission of Alaska's jurisdictional issue had been addressed. He added that the amendment also changed the language "in AEA" to "division of AEA" to make clear the different governmental structure.

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Mr. Jensen discussed updated definitions. There was also amended transition language to base the governance structure on the Bradley Lake Project Committee and for the group to have to file a certificate by January 1st. He said that an immediate effective date for Section 5 had been added. He said that Amendment 2 changed the language that was previously before the committee regarding the prioritization of cost to the customer. He reiterated that the third amendment would require AEA to produce the report concerning rate reduction bonds. He noted that Amendment 4 had been offered by Representative Sumner and would prohibit the Regulatory Commission of Alaska from allowing the utility to recover the costs of an imported LNG facility through rates charged to customers.

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Co-Chair Hoffman cited Section 6 and queried the justification for the deletion of "or government subsidy".

Mr. Jensen explained that the reason for removal was that the language was "overly broad and not well defined". He thought that narrowing the scope to what the state could control would speak to issues of cost uncertainty.

Co-Chair Hoffman pointed out that Mr. Jensen often used "we" to describe those that crafted the current bill version and wondered who Mr. Jensen was referring to when he said "we".

Mr. Jensen explained that the bill was a governor's bill and the administration had worked closely with both the House Majority and minority on the bill; when he said "we" he was speaking of the administration.

Co-Chair Olson asked whether the governor was in favor of the amendments.

Mr. Jensen noted that the omnibus Amendment 1 was the amendment that was crafted jointly with house members.

Co-Chair Olson asked whether the governor favored all 4 amendments.

Mr. Jensen answered that the governor supported Amendment 1 and Amendment 2. He admitted that the other two had not

come from the governor's office and deferred to the House on those amendments.

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Co-Chair Hoffman asked about Section 9 and Section 19. He probed which amendments they were related to. He referred the "Explanation of Changes - HB 307 (FIN)am: Integrated Transmission Systems - From Version B" (copy on file):

Amends the title to include the "liquified natural gas import facilities" and "requiring the Alaska Energy Authority to submit a report about issuing rate reduction bonds for financing transmission system upgrades."

Section 5 Amended to add a new section that prohibits the RCA from considering the costs of imported liquified natural gas facilities in customer rates.

Section 6 Amends requirements for RCA approval of a rate set in accordance with a wholesale power agreement to "must disclose a state or local tax exemption" provided to a utility or independent power producer (IPP), and deletes "or government subsidy." It also amends the definition of an IPP to change "person" to "legal entity."

It inserts a new section of conforming language to reflect language in the legislation that the Alaska Energy Authority (AEA) is subject to RCA jurisdiction for the purposes of establishing the open access transmission tariff.

Section 9 Amended to read "prioritize the reliability, stability, and cost to the customer".

Section 19 Amended language creating the Railbelt Transmission Organization (RTO) to replace "cost recovery mechanism" with "open access transmission tariff" and requires that the tariff fairly recover and equitably allocate the costs of operating the open access transmission tariff.

It amends the establishment of the RTO to "a division of" AEA; includes AEA in the governance structure of the RTO; adds the CEO of the electric reliability

organization (ERO) as an ex-officio member; and adds statutory reference establishing that AEA is subject to RCA jurisdiction for the purposes of the open access transmission tariff.

It amends the definition of backbone transmission assets and the definition of a Railbelt utility.

Section 21 It amends the transition language for the RTO to require it be modeled on the governance structure and methods of the Bradley Lake Project Management Committee, with any adjustments the parties determine are necessary, and that the RTO will file for a certificate from the RCA no later than Jan. 1, 2025.

Section 22 It creates an immediate effective date for Section 5.

New Section It adds uncodified language requiring AEA to submit a report to the Legislature by Jan. 1, 2025, examining the feasibility of the RTO as a "special purpose entity" for the purposes of issuing rate reduction bonds to finance transmission system upgrades.

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AT EASE

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RECONVENED

Co-Chair Olson asked Mr. Jensen to address Senator Hoffman's question.

Co-Chair Hoffman asked about Sections 5, 6, 9, 19, 21, 22 of the Explanation of Changes document. He asked Mr. Jensen to identify which sections related to which floor amendment.

Mr. Jensen noted that there was an error and Section 9 should say Section 10. The change was made as Amendment 2 and passed unanimously on the House Floor.

Co-Chair Hoffman asked about Sections 5, 6, 19, 21, and 22.

Mr. Jensen relayed that Section 5 was Amendment 14, which was the fourth amendment adopted on the House Floor.

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Mr. Jensen addressed the changes to the bill and the correlating amendments:

Section 6 was part of Amendment 1.

The new section was part of Amendment 1.

Section 10 (9) was part of Amendment 2.

Section 19 was part of Amendment 1.

Section 21 was part of Amendment 1.

Section 22 was part of Amendment 1.

The following new section was part of Amendment 8 on the floor, which was the third amendment that passed on the House Floor.

Co-Chair Olson thought Amendment 1 had been significant and related to many of the sections.

Mr. Jensen answered affirmatively.

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Co-Chair Hoffman went back to Section 6. He asked whether the change was considered a government subsidy.

Mr. Jensen asked whether Senator Hoffman was asking about the state or local tax exemption.

Co-Chair Hoffman replied affirmatively.

Mr. Jensen thought that the language had improved the bill.

Co-Chair Hoffman noted that the words "or government subsidy" had been deleted and he asked whether those words had been in the governor's original bill.

Mr. Jensen indicated that the language was not in the original bill. He elaborated on the process of removing and replacing the language.

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Co-Chair Hoffman expressed concern about taking away the authority of local governments to tax. He contended that it took revenue from local governments.

Mr. Jensen referenced testimony from the Alaska Municipal League, which had taken a "no" position on the legislation. He furthered that the Matanuska-Susitna Borough had issued a resolution of support for the bill. He reiterated that savings would be passed into the customer.

Co-Chair Hoffman agreed that the exemption should exist. He pondered whether the language "government subsidy" was appropriate since the exemption would be granted by a government, albeit local. Local government would be giving up a revenue source, which should be considered a subsidy.

Mr. Jensen relayed that that the word "exemption" had been used for clarity and to provide clear understanding of what must be disclosed and reflected in the rate.

Co-Chair Hoffman commented that when issuing a tax-exempt status to a profit corporation, it was important to name things in the proper terms. He used the example of the City of Bethel, which was to move from a profit corporation to a non-profit status. He thought the language was a clear deviation from "calling things what they are."

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Senator Bishop referenced Section 5:

Amended to add a new section that prohibits the RCA from considering the costs of imported liquified natural gas facilities in customer rates.

Co-Chair Bishop asked for clarification on the term "facilities" and what was included in the facilities.

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ROBERT DOYLE, CHAIR, REGULATORY COMMISSION OF ALASKA (via teleconference), replied that "facilities" included: compressors, storage, pipes, land, and investments of that nature. He understood the utilities would not be able to invest in facilities under the amendment.

Senator Bishop asked whether the pipes included export pipelines from the facility out to the distribution network.

Mr. Doyle responded that it would include anything used to move LNG to utilities within the state. He said that there could be distribution pipes owned by other entities.

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Co-Chair Stedman wondered whether it was common that LNG plants were prohibited from building costs into rates. He wondered how plants would get a return on capital.

Mr. Doyle affirmed that the practice was uncommon. He relayed that normally if the utility was going to invest there would be a way to recoup investment through rates. He thought that when there was a shortage of fuel, the provision would prohibit anyone from using any kind of facility invested in to access something not produced in Cook Inlet. He thought the result might be an overreach of what was intended. He thought that the management decisions should be left to the member owners who elected boards and leader to make those decisions.

Co-Chair Stedman understood that there were limitations on financial exposure that utilities were allowed to take on.

Mr. Doyle though that the process was risky. He said that money lost on investment would impact utilities. He hoped that leadership put in place would make proper financial decisions.

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Co-Chair Stedman commented that several years ago the state was looking at a major gasline and it had been said at the time that utilities in the Lower 48 were standing by as asset backers for construction. He had been skeptical at the time as the regulator would not allow the exposure of

billion in capital loss to fall back on rate payers in other states.

Mr. Doyle agreed that there were important considerations that needed to be considered. He thought it was a policy decision that should be made by the legislature.

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Senator Kiehl considered Section 5 and surmised that the section forbid the recovery of costs. He asked whether the Regulatory Commission of Alaska could consider another, more expensive, option.

Mr. Doyle relayed that with the original intent of the bill was to keep rates low. He said that the work would have to be done within the statutory framework provided in the legislation.

Senator Kiehl mentioned the phrase "reasonable prudent." He echoed the commissioner's concern that the most prudent choice might limit a utilities ability to provide meaningful service.

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Co-Chair Stedman understood that the administration did not support Amendment 3 nor Amendment 4.

Mr. Jensen replied that the administration looked to the will of the committee concerning Amendment 3. He added that the provision added by Amendment 4 had previously been removed and then reinstated on the House Floor.

Co-Chair Olson asked whether Amendment 4 was superfluous.

Mr. Jensen replied that the amendment was unnecessary to achieve the governor's intent of the legislation.

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Co-Chair Stedman asked whether the administration supported Amendment 4.

Mr. Jensen relayed that the administration supported the previous of the committee.

Co-Chair Olson expressed confusion with Mr. Jensen's response.

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Senator Wilson believed that it was a "yes" or "no" question.

Mr. Jensen relayed that the administration supported a bill that achieved the governor's priorities, which was the bill version prior to the House Floor amendments.

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Co-Chair Hoffman recalled that Mr. Jensen offered support for Amendments 1 and 2 and remained neutral on Amendments 3 and 4.

Mr. Jensen agreed.

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RECESSED

[7:13:53 PM](#)

RECONVENED

[7:14:11 PM](#)

Senator Merrick MOVED to ADOPT MOVED to ADOPT the proposed committee substitute for CSHB 307(FIN) am, Work Draft 33-GH2489\R (Walsh, 05\15\24) (copy on file).

Co-Chair Olson OBJECTED for the purpose of discussion.

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KEN ALPER, STAFF, SENATOR DONNY OLSON, explained the changes. He read from the document 'Summary of Changes, version "B.A" to "R"':

Change #1 Increased the qualifications for Regulatory Commission of Alaska (RCA) commissioners, requiring a specific number of years of professional experience. (Sec. 2)

Change #2 Clarified and expanded how the Railbelt Transmission Organization (RTO), while housed within

the Alaska Energy Authority (AEA), is regulated by the RCA for the specific purpose of filing a single cost recovery tariff to replace the current system of multiple wheeling rates and must file for a certificate. (Sec. 4 and 22)

Change #3 Added a technical correction to the regulation of telecommunications, which is preventing implementation of SB83 as passed in 2019. (Sec. 5)

Change #4 Removed section that would have authorized the RCA to regulate refuse utilities. (Sec. 4 of House version)

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Mr. Alper continued:

Change #5 Removed section that would have required the Regulatory Commission of Alaska to not consider a utility's investment in a liquified natural gas import facility for rate making purposes. (Sec. 5(q) of House version)

Change #6 Removed sections that said the RCA may not require pre-approval for certain smaller electrical generation or storage projects. (Sec. 7 of House version)

Change #7 Modified the section that exempts an interconnected transmission network from needing to form an electric reliability organization, to systems that sell less than 3,000,000 megawatt hours per year. (Sec. 10)

Change #8 Added language reducing the interest rate for certain loans for renewable energy projects from the power project fund. This is to offset a community's potential loss of power cost equalization funds due to the lower cost power. (Sec. 14)

Change #9 Modified the section that exempted certain independent power producers from state and local property, income, and excise taxes for new facilities to include energy storage facilities and to clearly include a facility operated by an entity other than a

public utility if it provides power only to a public utility. (Sec. 15)

Change #10 Added a requirement one of the new AEA Board's members must have expertise or experience managing a municipally owned utility or Joint Action Agency located off the road system. (Sec. 16)

Change #11 Removed a required report from the Alaska Energy Authority to the Legislature, to evaluate the feasibility of making the RTO a special purpose entity to issue long term debt to finance upgrades to the backbone transmission system. (Sec. 21 of House version)

Change #12 Expanded upon the transition language describing the governance of the Railbelt Transmission Organization, indicating that it should be modeled after the existing Bradley Lake Project Management Committee with adjustments the parties agree are necessary. (Sec. 25)

[7:22:15 PM](#)

Mr. Jensen was available for questions.

Co-Chair Olson wondered whether the administration supported the committee substitute.

Mr. Jensen replied in the affirmative.

Co-Chair Olson WITHDREW the OBJECTION. There being NO further OBJECTION, Work Draft 33-GH2489\R was ADOPTED.

Senator Merrick MOVED to REPORT SCS CSHB 307(FIN) from committee with individual recommendations, attached and forthcoming fiscal notes, and attached title change resolution.

SCS CSHB 307(FIN) was REPORTED out of committee with four "do pass" recommendations and three "no recommendation" recommendations and with three new fiscal impact notes from the Department of Commerce, Community and Economic Development and one previously published zero note: FN1 (CED).

[7:23:37 PM](#)

AT EASE

7:25:19 PM

RECONVENED

Senator Wilson thanked the co-chairs and support staff for guidance and support during the session.

Co-Chair Olson thanked the committee and staff for their work during the legislative session.

SB 217 was HEARD and HELD in committee for further consideration.

7:27:38 PM

RECESSED TO THE CALL OF THE CHAIR [Note: the meeting never reconvened.]

#

ADJOURNMENT

7:28:00 PM

The meeting was adjourned at 10:58 a.m.