

**ALASKA STATE LEGISLATURE**  
**SENATE LABOR AND COMMERCE STANDING COMMITTEE**

March 4, 2024

1:32 p.m.

**MEMBERS PRESENT**

Senator Jesse Bjorkman, Chair  
Senator Click Bishop, Vice Chair  
Senator Elvi Gray-Jackson  
Senator Kelly Merrick  
Senator Forrest Dunbar

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE BILL NO. 154

"An Act relating to bidder preferences in state procurement."

- HEARD & HELD

SENATE BILL NO. 102

"An Act relating to refuse utility rates and Regulatory Commission of Alaska regulations regarding refuse utilities; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 257

"An Act relating to the Regulatory Commission of Alaska; relating to public utilities; relating to electric reliability organizations; relating to the Alaska Energy Authority; relating to the Railbelt Transmission Organization; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 44

"An Act relating to the practice of naturopathy; establishing the Naturopathy Advisory Board; relating to the licensure of naturopaths; relating to disciplinary sanctions for naturopaths; relating to the Department of Commerce, Community, and Economic Development; and providing for an effective date."

- BILL HEARING CANCELED

**PREVIOUS COMMITTEE ACTION**

BILL: SB 154

SHORT TITLE: BIDDER PREF MILITARY CAREER SKILLS PROG

SPONSOR(s): SENATOR(s) WIELECHOWSKI

05/17/23 (S) READ THE FIRST TIME - REFERRALS  
05/17/23 (S) L&C  
03/04/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 102

SHORT TITLE: REFUSE UTILITY REGULATIONS

SPONSOR(s): SENATOR(s) MYERS

03/15/23 (S) READ THE FIRST TIME - REFERRALS  
03/15/23 (S) L&C  
03/04/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 257

SHORT TITLE: ELECTRIC UTILITY REGULATION

SPONSOR(s): RESOURCES

03/01/24 (S) READ THE FIRST TIME - REFERRALS  
03/01/24 (S) L&C, RES, FIN  
03/01/24 (S) L&C WAIVED PUBLIC HEARING NOTICE, RULE  
23  
03/04/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 44

SHORT TITLE: NATUROPATHS: LICENSING; PRACTICE

SPONSOR(s): SENATOR(s) GIESSEL BY REQUEST

01/25/23 (S) READ THE FIRST TIME - REFERRALS  
01/25/23 (S) HSS, L&C, FIN  
02/23/23 (S) HSS AT 3:30 PM BUTROVICH 205  
02/23/23 (S) Heard & Held  
02/23/23 (S) MINUTE(HSS)  
03/07/23 (S) HSS AT 3:30 PM BUTROVICH 205  
03/07/23 (S) Moved CSSB 44(HSS) Out of Committee  
03/07/23 (S) MINUTE(HSS)  
03/08/23 (S) HSS RPT CS 1DP 4NR SAME TITLE  
03/08/23 (S) NR: WILSON, TOBIN, KAUFMAN, DUNBAR  
03/08/23 (S) DP: GIESSEL  
05/15/23 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

05/15/23 (S) -- Invited & Public Testimony --  
03/04/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

**WITNESS REGISTER**

SENATOR BILL WIELECHOWSKI, District K  
Alaska State Legislature  
Juneau, Alaska  
**POSITION STATEMENT:** Sponsor of SB 154.

KALEB CALLAHAN, Intern  
Senator Bill Wielechowski  
Alaska State Legislature  
Juneau, Alaska  
**POSITION STATEMENT:** Presented SB 154 on behalf of the sponsor.

KYLE KAISER, President  
VIPER Transitions  
Anchorage, Alaska  
**POSITION STATEMENT:** Testified in support of SB 154.

SENATOR ROBERT MYERS, District Q  
Alaska State Legislature  
Juneau, Alaska  
**POSITION STATEMENT:** Sponsor of SB 102.

DAWSON MANN, Staff  
Senator Robert Myers  
Alaska State Legislature  
Juneau, Alaska  
**POSITION STATEMENT:** Presented the sectional analysis for SB 102.

ROBERT DOYLE, Chair  
Regulatory Commission of Alaska  
Anchorage, Alaska  
**POSITION STATEMENT:** Answered questions on SB 102.

KURT FROENING, Division Vice President  
Alaska Waste  
Anchorage, Alaska  
**POSITION STATEMENT:** Testified in support of SB 102.

SENATOR CATHY GIESSEL, District E  
Alaska State Legislature  
Juneau, Alaska  
**POSITION STATEMENT:** Presented SB 257 as Co-Chair of the Senate Resources Standing Committee.

GWEN HOLDMANN, Director  
CEM INE Alaska Center of Energy Power  
University of Alaska Fairbanks  
Fairbanks, Alaska

**POSITION STATEMENT:** Offered the presentation The Railbelt Transmission Grid (now and future).

TONY IZZO, CEO  
Matanuska Electric Association  
Palmer, Alaska

**POSITION STATEMENT:** Testified by invitation on SB 257.

JOHN BURNS, President and CEO  
Golden Valley Electric Association  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified by invitation on SB 257.

CURTIS THAYER, Executive Director  
Alaska Energy Authority (AEA)  
Anchorage, Alaska

**POSITION STATEMENT:** Testified by invitation on SB 257.

#### **ACTION NARRATIVE**

[1:32:41 PM](#)

**CHAIR JESSE BJORKMAN** called the Senate Labor and Commerce Standing Committee meeting to order at 1:32 p.m. Present at the call to order were Senators Gray-Jackson, Dunbar, Merrick, Bishop, and Chair Bjorkman.

#### **SB 154-BIDDER PREF MILITARY CAREER SKILLS PROG**

[1:33:55 PM](#)

**CHAIR BJORKMAN** announced the consideration of SENATE BILL NO. 154, "An Act relating to bidder preferences in state procurement."

[1:34:12 PM](#)

**SENATOR BILL WIELECHOWSKI**, District K, Alaska State Legislature, Juneau, Alaska, sponsor of SB 154. He gave a brief overview of SB 154. He explained that this legislation would establish a bidder preference for state contracts for veterans and service members. It does this by encouraging businesses to hire service members who are taking part in apprentice-type programs. He said that 43 percent of post-9/11 veterans could not find work within six months of transitioning from military service. Veterans'

labor force participation is around 47.7 percent, compared to 64 percent for non-veterans. He added that the unemployment rate for the spouses of active-duty members is around 21 percent.

SENATOR WIELECHOWSKI stated that barriers to veteran employment include a lack of transition support, negative experience with support services, a feeling of completely starting over, and perceived employer/societal stigma and discrimination. He reiterated that SB 154 would give bidder preference to companies who hire employees who have taken part in training programs that are designed to help service members find employment once they have completed their military service.

[1:36:35 PM](#)

KALEB CALLAHAN, Intern, Senator Bill Wielechowski, Alaska State Legislature, Juneau, Alaska, presented SB 154 on behalf of the sponsor. He explained that the intent behind this legislation is to close the transition gap between military service members who have completed their long military contracts as they transition into the civilian workforce. He said he considers SB 154 to be a "supporting pipeline" to aid exiting service members in finding employment while also giving bonuses to those businesses that employ them. He explained that the programs are DOD SkillBridge and Army Career Service (ACS) programs, which are completed during the last 180 days of the servicemember's contract. These programs offer apprenticeships, internships, and training programs that allow the servicemember to transition directly into a career field of their choice.

MR. CALLAHAN pointed out that both ACS and SkillBridge support a variety of professions and have locations across the state - including locations at Fort Richardson, Fort Wainwright, and a number of locations in Anchorage and Fairbanks. These professions range from those in the medical industry to mechanics and heavy equipment operators. He explained that this would allow the skills obtained during military service to transfer more easily to the civilian workforce - e.g. a Blackhawk mechanic could find work in a Ford factory; a combat medic could work in nursing; and Army construction officers could obtain certifications to be heavy equipment operators.

MR. CALLAHAN stated that SB 154 establishes a 2 percent bidder preference; however, the preference is capped at \$5 thousand, regardless of bid size. He opined that this is a modest expenditure and a win-win scenario. He stated that entities that have employed at least one person enrolled in - or recently graduated from - United States Department of Defense (US DOD),

SkillBridge, or ACS would be eligible for bidder preference. He added that this applies to both service members and their spouses.

[1:39:45 PM](#)

SENATOR BISHOP asked how this compares to the Helmets to Hardhats (H2H) program. He asked for clarification on the \$5 thousand cap for bidder preference and how this would apply to large contracts of \$1 million or more.

[1:40:55 PM](#)

MR. CALLAHAN replied that the 2 percent bidder preference is capped at \$5 thousand. He surmised that the majority of the contracts would likely be much less than \$1 million. He stated that the intent of SB 154 is to use bidder preferences to encourage businesses to utilize the aforementioned programs. With respect to H2H, he stated that he is not familiar with this program; however, he said that it sounds similar to DOD SkillBridge.

SENATOR WIELECHOWSKI clarified that - in contrast to H2H - SB 154 provides a bidder preference to companies.

SENATOR BISHOP shared his understanding that the goal is to get more skilled people in the workforce.

SENATOR WIELECHOWSKI replied yes.

[1:43:11 PM](#)

MR. CALLAHAN noted that veteran preference is already in statute; however, statute does not mention transitional bidder preferences. He explained that SB 154 works as a pipeline by giving preference for servicemembers to become veterans and providing a 2 percent bidder preference. This would eventually enable businesses to employ enough veterans to qualify for the 5 percent bidder preference that is already in statute.

[1:43:53 PM](#)

CHAIR BJORKMAN asked if a company would track how many employees are within the two-year graduation window from these programs and submit this information in their bid packet to determine their eligibility for the bidder preference.

[1:44:20 PM](#)

MR. CALLAHAN replied yes. He added that this amount of tracking would be unnecessary, as only one employee would need to be

associated with one of these programs in order to qualify for the bidder preference.

[1:45:08 PM](#)

CHAIR BJORKMAN opened public testimony on SB 154.

[1:45:23 PM](#)

KYLE KAISER, President, VIPER Transitions, Anchorage, Alaska, testified in support of SB 154. He explained that part of the problem for servicemembers, veterans, and their spouses is access to the jobsite. He noted that there is a great deal of discussion around how to keep these individuals from pursuing careers outside of Alaska. He stated that around 80 percent of servicemen and women leave Alaska once they have completed their military career. He expressed a desire to change this and emphasized the importance of addressing the issue before they are completely separated from the military. He emphasized the importance of the 180 window to determine where these servicemembers will go and what career they will follow. He added that the apprenticeships and other skill-building opportunities will help them to step directly into the civilian workforce. He opined that SB 154 is great for servicemembers, businesses, the military, and for the state of Alaska. With respect to Helmets to Hardhats, he said that SB 154 would incentivize employers to create more spots for apprentices on their staff, thus connecting more servicemembers with the apprenticeship opportunities that organizations like helmets 2 hardhats advertise.

[1:48:01 PM](#)

CHAIR BJORKMAN held public testimony on SB 154 open.

[1:48:11 PM](#)

SENATOR BISHOP commented that broadband expansion in Alaska has a workforce need of 17 thousand people.

[1:48:52 PM](#)

CHAIR BJORKMAN held SB 154 in committee.

[1:48:56 PM](#)

At ease

### **SB 102-REFUSE UTILITY REGULATIONS**

[1:50:12 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of SENATE BILL NO. 102, "An Act relating to refuse

utility rates and Regulatory Commission of Alaska regulations regarding refuse utilities; and providing for an effective date."

[1:50:34 PM](#)

SENATOR ROBERT MYERS, District Q, Alaska State Legislature, Juneau, Alaska, sponsor of SB 102. He paraphrased the sponsor statement for SB 102:

[Original punctuation provided.]

**SB 102 - Sponsor Statement**

**REFUSE UTILITY REGULATIONS**

**"An Act relating to refuse utility rates and Regulatory Commission of Alaska regulations regarding refuse utilities; and providing for an effective date."**

The Regulatory Commission of Alaska (RCA) is an independent, quasi-judicial regulatory body that was formed by the legislature in 1999 to replace the Alaska Public Utilities Commission. The RCA is charged with regulating public utilities and pipeline services. Among these regulated utilities are refuse waste collection providers throughout the state. Unfortunately, due to workload and protracted legal processes it has been the experience of some refuse utility providers that rate filings have taken years consuming a large number of resources for both the companies and the RCA. The prolonged filing process has also led to consumer price shock due to the time lapse between the refuse utilities filing years and when new rates take effect.

SB 102 streamlines the rate adjustment process for refuse utilities by allowing them to make use of the already existing simplified rate filing procedure. This procedure allows utilities to apply for rate adjustments over a specified period, provided they meet certain regulatory requirements.

The RCA will be required to adopt specific regulations tailored to the unique nature of refuse utilities. These regulations will include provisions for sufficient public notice and meaningful opportunities for ratepayers to comment on rate filings. By doing so, the bill promotes transparency and accountability

in the rate-setting process, safeguarding the interests of both consumers and utility providers.

SB 102 establishes a balanced approach to regulating refuse utility rates in Alaska, prioritizing fairness, transparency, public participation, and expediency.

[1:52:17 PM](#)

DAWSON MANN, Staff, Senator Robert Myers, Alaska State Legislature, Juneau, Alaska, presented the sectional analysis for SB 102:

[Original punctuation provided.]

**SB 102 v. A - Sectional Analysis**  
REFUSE UTILITY REGULATIONS  
**"An Act relating to refuse utility rates and  
Regulatory Commission of Alaska regulations regarding  
refuse utilities; and providing for an effective  
date."**

**Section 1: Page 1, Lines 4-14, Page 2, Lines 1-4**

This section amends AS 42.05.381(e) to include refuse utilities. AS 42.05.381(e) is the section of statutes that provides for a simplified rate filing procedure.

This section also outlines that the Regulatory Commission of Alaska shall adopt regulations specific to refuse utilities to provide sufficient public notice and time for ratepayers to meaningfully comment on rate filings.

**Section 2: Page 2, Line 5**

This section establishes an immediate effective date.

[1:53:19 PM](#)

SENATOR DUNBAR noted that not all waste companies are regulated by the Regulatory Commission of Alaska (RCA) and asked if SB 102 would change this.

[1:53:44 PM](#)

SENATOR MYERS replied that SB 102 would not change which waste companies are regulated; rather, an existing regulatory process would be applied to waste companies.

[1:54:01 PM](#)

SENATOR DUNBAR asked if Solid Waste Services (SWS) has any expressed any views on SB 102.

[1:54:29 PM](#)

MR. MANN deferred to RCA representatives to speak to the relationship between RCA and municipal trash collection.

[1:55:00 PM](#)

ROBERT DOYLE, Chair, Regulatory Commission of Alaska, Anchorage, Alaska, answered questions on SB 102. He said that RCA does not regulate specific landfills but does regulate refuse utilities. He stated that this process is straightforward and simple. He explained that this will avoid costs and save and/or reduce time consuming processes and make moderate adjustments. He added that the maximum is controlled can only be increased 8 percent in 12 months or 20 percent in 36 months. For telecoms, this would be 6 percent in 12 months and 15 percent over 36 months. This would keep the size of the increase down. This is a result of the public comment process. He reiterated that RCA regulates the refuse collection utilities but does not regulate the landfills.

[1:56:24 PM](#)

SENATOR DUNBAR commented that SWS is unique in that it is both the collection utility and the landfill. He questioned how SWS would be impacted by this legislation.

[1:56:44 PM](#)

MR. DOYLE replied that SWS would be impacted as a regulated entity for the refuse collection portion of the business. He noted that SWS could apply as for simplified rate filing (SRF). He clarified that for any business entity, SB 102 would only apply to the refuse collection portion.

[1:57:16 PM](#)

SENATOR GRAY-JACKSON sought clarification that SB 102 is adding refuse utilities to the list of cooperatives and utilities that are regulated by the RCA.

[1:57:31 PM](#)

SENATOR MYERS clarified that refuse utilities are already regulated by RCA. He explained that SB 102 would allow these utilities to use a simplified rate-filing process. He noted that electrical cooperatives already use this service.

[1:58:00 PM](#)

CHAIR BJORKMAN referred to subsection (e) and asked if RCA currently regulates local exchange telephone utilities.

[1:58:25 PM](#)

MR. DOYLE replied yes and clarified that many of these utilities are regulated. He gave an example of a regulated utility in Kotzebue. He said that there are local exchange carriers (LEC) and interstate carriers as well as interstate and intrastate carriers. He briefly noted the distinction between interstate and intrastate carriers.

[1:59:07 PM](#)

CHAIR BJORKMAN asked if RCA wants to change the telephone utility language.

[1:59:20 PM](#)

MR. DOYLE replied not to his knowledge. He explained that he was on the Matanuska Electric Association, Inc. board for 12 years and said that SRF filing is a straightforward process that is less time-consuming and costly.

[2:00:25 PM](#)

CHAIR BJORKMAN opened public testimony on SB 102.

[2:00:40 PM](#)

KURT FROENING, Division Vice President, Alaska Waste, Anchorage, Alaska, testified in support of SB 102. He said that the simplified rate-filing process would make it much easier to adjust rates to current market conditions. He explained that currently, this is a 450-day process; this means that by the time rate changes are enacted, the data and expenses have changed drastically. Additionally, he said that rate cases are expensive to prepare and added that the most recent rate case cost Alaska Waste close to half a million dollars to prepare. This cost is then passed along to ratepayers. He surmised that SB 102 would streamline this process and make it less expensive. He pointed out that this process is already in place for electrical cooperatives and local exchange telephone utilities; SB 102 would simply allow refuse utilities to also utilize this process.

[2:02:31 PM](#)

CHAIR BJORKMAN held public testimony on SB 102 open.

[2:02:53 PM](#)

CHAIR BJORKMAN opined that SB 102 is "common sense" and added that refuse utilities should be able to take advantage of this process.

[2:03:00 PM](#)

CHAIR BJORKMAN held SB 102 in committee.

[2:03:05 PM](#)

At ease

**SB 257-ELECTRIC UTILITY REGULATION**

[2:05:44 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of SENATE BILL NO. 257, "An Act relating to the Regulatory Commission of Alaska; relating to public utilities; relating to electric reliability organizations; relating to the Alaska Energy Authority; relating to the Railbelt Transmission Organization; and providing for an effective date."

[2:06:09 PM](#)

SENATOR CATHY GIESSEL, District E, Alaska State Legislature, Juneau, Alaska, presented SB 257 as Co-Chair of the Senate Resources Standing Committee. She paraphrased from the sponsor statement:

[Original punctuation provided.]

SENATE BILL 257  
Railbelt Transmission Organization  
SPONSOR STATEMENT

Critical to Alaska's future is the need for low-cost, reliable energy throughout the entire state. A reliable and efficient transmission system supports economic growth by ensuring a stable, affordable power supply for businesses and communities, and it encourages investment in new industries and infrastructure development.

Senate bill 257 seeks to establish a strong, resilient, and open-access transmission network. It will provide sound long-term governance and planning to make it stronger and better over time. The network will enable and accelerate the energy transition in Alaska - a revolution in how we generate, store, distribute, and consume electricity.

The electric transmission system that provides electricity from Homer to Fairbanks serves more than 70 percent of our population along a 700-mile-long

corridor. This system, however, is challenged with insufficient transfer capacity, outdated technology, and inefficient pricing, all of which threaten reliability and prevents new, diverse generation sources from serving ratepayers at the lowest possible cost.

2:08:33 PM

SENATOR GIESSEL continued to paraphrase the sponsor statement:

[Original punctuation provided.]

As we enter into a new era of energy management and sustainability, it is imperative we take bold steps toward modernizing our Railbelt's electricity transmission system. Our current energy infrastructure is outdated and fragmented, resulting in inefficiencies, vulnerabilities, and obstacles to a more efficient adoption of alternatives and lower-cost electric generation sources. Larger transmission lines and more efficient modern equipment will enable the seamless integration into our new energy mix with clean and renewable energy sources such as advanced nuclear, hydro, solar, and wind power. Planning and building that new energy mix will drive innovation and create high-wage jobs. By truly integrating and upgrading our electric grid and pricing it fairly for all users, we can unlock a host of benefits, including increased reliability, enhanced flexibility, and greater resilience against disruptions and natural disasters.

An upgraded Railbelt electric grid is an improvement for all Alaskans. The Power Cost Equalization program helps pay the cost of electricity in rural and remote parts of the state with an aim to equalize electricity rates by reducing the economic burden of high energy costs. The offset is based on the difference between the actual cost of electricity and the target rate which is the weighted average retail residential rate of electricity in Anchorage, Fairbanks, and Juneau. Lowering the cost of electricity in Anchorage through an upgraded grid provides a commensurate lower cost of electricity for residents in rural and remote Alaska.

2:11:03 PM

GWEN HOLDMANN, Director, CEM INE Alaska Center of Energy Power, University of Alaska Fairbanks, Fairbanks, Alaska, gave the presentation, "The Railbelt Transmission Grid (now and future)." She said that there is urgency around the railbelt system. She added that at this point, the system can either advance or slip backward.

[2:11:41 PM](#)

MS. HOLDMANN advanced to slide 2:

[Original punctuation provided.]

### **A Vision for our Railbelt**

We want a system that:

- Allows cheapest cost power to get to end-users wherever it is produced, whatever the source is, and wherever that generation is located.
- Facilitates clean energy projects at scale for energy security and diversification.

[2:12:54 PM](#)

MS. HOLDMANN advanced to slide 3:

[Original punctuation provided.]

### **Realities of the Railbelt Today**

- Railbelt politics are inherently local
- Our energy sources are becoming more diverse
- Projects are more economical when built at scale
- The Railbelt transmission system needs to be upgraded. We have an opportunity for federal funding to help defray those costs.
- Alaska has avoided transmission deregulation because we are not grid connected (thus not subject to FERC)
- Finding analogous correlatives to Alaska can be challenging

MS. HOLDMANN said that the markets in Iceland, Texas, and Hawaii are most similar to Alaska's market and SB 257 includes elements of best practices from these three jurisdictions.

[2:16:04 PM](#)

MS. HOLDMANN advanced to slide 5:

[Original punctuation provided.]

**Three Goals:**

- Eliminate pancaking wheeling rates and establish a framework for how transmission costs will be recovered and allocated
- Create an organization that can oversee, manage and develop backbone transmission assets and that is subject to appropriate regulation
- Re-imagining a planning process that uses a whole-system approach (transmission, generation, and distribution)

[2:17:31 PM](#)

SENATOR MERRICK asked whether Grid Resilience and Innovation Partnerships (GRIP) fund payouts would be better made in a lump sum or made over several years.

[2:17:49 PM](#)

MS. HOLDMANN replied that while she is not prepared to speak to this issue, it is important to signal to the federal government that Alaska is serious about matching these types of federal funds. She stated that she would like to see Alaska benefit as much as possible from these types of federal opportunities and not having a clear path and process to match these funds makes the state less competitive in this area. She expressed concern about this and added that GRIP funding is not the only funding source. She listed several types of energy sources and stated that Alaska must show that it is serious about developing these types of projects in partnership with the federal government.

[2:19:07 PM](#)

SENATOR MERRICK commented that she and Senator Bishop would likely dig deeper into this when SB 257 is heard in the Senate Finance Committee.

[2:19:18 PM](#)

MS. HOLDMANN advanced to slide 6:

[Original punctuation provided.]

**Goal # 1: Remove pancaking wheeling rates**

- Decisions about investment in projects or economic dispatch should not be inhibited by the

cost of transmission, or the need to move power across transmission lines with different ownership

[2:20:58 PM](#)

MS. HOLDMANN advanced to slide 7:

[Original punctuation provided.]

**Goal 1: Remove pancaking wheeling rates and establish a framework for how costs will be recovered and allocated**

- "Pool backbone transmission system costs and allocate those costs based on a coincident peak or load share ratio basis" (Adapted from Texas Substantive Rule 25.192)
- **Coincident peak demand** - period when electricity usage (demand) is at its highest across the entire system
- **Load share ratio** - considers users' overall energy consumption over a specific period
- Transmission lines (like highways) are typically built for peak demand, not how much energy (traffic) flows through the system.
- Texas operates as an electrical "island" and because power generated in Texas is not sent outside of the state, Texas is exempt from federal FERC regulation (like Alaska and Hawaii)

[2:22:51 PM](#)

SENATOR DUNBAR commented that Texas has become notorious for failures of the energy grid system that led to freezing deaths. He asked for reassurance that SB 257 would not cause the kinds of problems that Texas has experienced.

[2:23:40 PM](#)

MS. HOLDMANN agreed that there are many challenges associated with Texas's grid; however, the issuing being referenced was not an issue with the grid but with the energy generation sources, which were not able to operate in the cold temperatures and weather conditions that Texas experienced. She stated that this is a separate issue and pointed out that Texas is an open market, and this is one example of why Alaska is not completely analogous to any other jurisdiction. She explained that Texas is two orders of magnitude larger than Alaska's railbelt grid in terms of the number of kilowatt hours sold on an

annual basis. Therefore, the open grid system does not easily translate to use in Alaska. She said that the Railbelt Reliability Council (RRC) - Alaska's electric reliability organization (ERO) - is an important piece of the bigger picture in Alaska, where the need is not only cheap power but also ensuring that the power is reliable. She said that SB 257 allows RCA to consider actions that will have a positive long-term impact on Alaska's energy supply.

[2:25:44 PM](#)

SENATOR DUNBAR asked if RRC has a specific role in the Railbelt Transmission Organization (RTO).

[2:25:51 PM](#)

MS. HOLDMANN replied yes. She said that SB 257 attempts to clarify the roles and responsibilities of the two organizations in relation to one-another. She explained that in most jurisdictions, a reliability organization is not responsible for planning - it focuses on reliability and enforcement of reliability standards. She said they do not want planning to occur in two different places. SB 257 moves planning function to the RTO, though RRC would still play an important role in the planning process.

[2:26:48 PM](#)

CHAIR BJORKMAN asked what work products and outcomes can be expected from RRC. He questioned the purpose of having an ERO given that RTO would be responsible for planning.

[2:27:22 PM](#)

MS. HOLDMANN replied that reliability is an important component of a functioning system. She explained that the failure in Texas was not related to cheap power - which they had. Instead, the failure was a result of inadequate reliability standards to ensure that the cheap power was available to consumers. She reiterated that reliability is an important function and therefore an ERO would be established as part of this process.

[2:28:21 PM](#)

MS. HOLDMANN advanced to slide 8:

[Original punctuation provided.]

**Goal 2: Create an organization that can oversee, manage and develop backbone transmission assets and that is subject to appropriate regulation**

- Iceland provides an interesting analog to Alaska's Railbelt due to similar transmission

length, population served, and high prevalence of public power.

- Iceland has a competitive energy market, with Landsnet as the national transmission system operator, overseeing the country's transmission infrastructure. Examining Iceland's governance and asset management strategies, particularly their evolution over the past three decades, presents an invaluable learning opportunity for Alaska.
- **Iceland's electricity sector.** Most distribution utilities also operate generation assets, similar to the Railbelt utilities.

[2:30:39 PM](#)

MS. HOLDMANN advanced to slide 9:

[Original punctuation provided.]

**Goal 2: Create an organization that can oversee, manage and develop backbone transmission assets and that is subject to appropriate regulation**

- Borrow from a simple governance structure that has passed the test of time (in Alaska)
- The transmission tariff that establishes the rate that consumers pay should be subject to regulation (the Bradley Project is exempt)
- The Bradley Lake Project Management Committee governance structure can be used as a starting point to design a Railbelt Transmission Organization

[2:32:36 PM](#)

SENATOR DUNBAR asked if existing transmission assets held by other railbelt utilities would be transferred to RTO and, if so, how the utilities would be compensated.

[2:33:32 PM](#)

MS. HOLDMANN replied that existing assets do not need to be sold. She surmised that assets owned by the state of Alaska would be rolled into RTO. She said that assets owned by utility companies could be sold or leased - this would be decided by the utility. She noted that this is similar to what was done in Iceland. She pointed out that oftentimes, these assets are rolled up in long-term debt held by the utility and separating

these assets would create challenges. She reiterated that each utility would decide how to interact with RTO in terms of ownership and management of the assets that they currently hold.

[2:34:38 PM](#)

CHAIR BJORKMAN asked who determines the difference between "transmission" and "delivery" - and what process would be used.

[2:35:20 PM](#)

MS. HOLDMANN replied that there are specific rules that are accepted by the industry to differentiate "backbone transmission assets" (which is what SB 257 addresses) from "radial assets" - and to distinguish these from "distribution assets." She said that SB 257 leaves it to the RCA to define what constitutes the railbelt backbone grid.

[2:35:56 PM](#)

SENATOR BISHOP surmised that there would be a kilowatt number to define "transmission" and a kilowatt number to define "distribution."

[2:36:30 PM](#)

MS. HOLDMANN replied that this is true; however, she explained that this question deals more with the radial transmission line serving a specific utility - or a portion of their service territory. She clarified that this is not part of the backbone transmission addressed by SB 257. She emphasized the importance of distinguishing between the "highway" and what constitutes a "side road" - even if it is at the same transmission size.

[2:37:06 PM](#)

CHAIR BJORKMAN commented that in Alaska, one "road" from Homer to Healy would be the goal - and there is not a big grid there, just one wire. He asked if this interpretation is correct.

[2:37:28 PM](#)

MS. HOLDMANN replied yes and clarified that it may be one or two transmission lines.

[2:37:34 PM](#)

MS. HOLDMANN advanced to slide 10:

[Original punctuation provided.]

**Goal 3: Design a planning process that uses a whole-system approach**

Integrated Grid Planning (IGP) is a successor concept to Integrated Resource Planning. IGP emphasizes whole system planning across generation, transmission, and distribution resources.

**Hawaii** was an early adopter of IGP and may have coined the term. According to the Hawaii Public Utilities Commission, in 2018, the Hawaii Public Utilities Commission opened the Integrated Grid Planning (IGP) Docket (2018-0165) to replace earlier grid planning efforts, namely Hawaiian Electric's Integrated Resource Planning (1990-2014) and Power Supply Improvement Planning (2014-2017)

- Hawaii differs from Alaska in that power is not transmitted over long distances, and it is primarily served by a single investor-owned utility, HECO, which also owns the transmission assets (with the exception of Kauai).

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MS. HOLDMANN advanced to slide 11:

[Original punctuation provided.]

**Three Goals: SB 257**

- Eliminate pancaking wheeling rates and establish a framework for how transmission costs will be recovered and allocated
- Create an organization that can oversee, manage and develop backbone transmission assets and that is subject to appropriate regulation
- Re-imagining a planning process that uses a whole-system approach (transmission, generation, and distribution)

[2:40:11 PM](#)

TONY IZZO, CEO, Matanuska Electric Association, Palmer, Alaska, testified by invitation on SB 257. He said that he also speaks as a co-chair of the Governor's Energy Security Taskforce, co-chair of the railbelt subcommittee. He said he has been in the utility business for 43 years. He stated that there are immediate and secondary energy issues that need to be addressed. He opined that the immediate issues are being addressed, including the diversification of the fuel supply, renewable energy, clean energy, etc.

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MR. IZZO said that SB 257 addresses a critical, parallel process. He shared his belief that while triage is being done on the immediate situation, work needs to be done to shift the paradigm in order to avoid returning to the same problematic cycle in ten years. He said that he has seen these cycles play out numerous times over the years. He stated that the energy taskforce looked at its work - based on the Governor's instructions - to seek out a rate of 10 cents per kilowatt-hour. He added that his utility is roughly 20 cents per kilowatt-hour. He explained that the largest component of power is the fuel cost - and the taskforce determined that 10 cents per kilowatt-hour is not feasible at this time. Therefore, the taskforce shifted its focus to determining ways to get to a future in which it is possible.

MR. IZZO explained the three taskforce goals, which included unifying and upgrading transmission assets; diversifying generation; and increasing demand. He shared how visiting Iceland allowed the taskforce to see how these goals could successfully play out 30 years down the road. He stated that the taskforce's intent for the transmission goal was to provide a strong transmission system which would enable new generation projects to integrate into the grid. He said that investing in transmission and infrastructure - and unifying assets - would enable the long-term goal of diversifying railbelt generation.

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MR. IZZO briefly discussed the differences between investor-owned utilities and cooperatives and the system that resulted from this structure. He explained how the GRIP funding would solve some of the problems by creating an electron highway.

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CHAIR BJORKMAN asked what type of savings utilities like Matanuska Electric Association would experience by eliminating part of the spending reserve.

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MR. IZZO answered that he does not have a calculation. He said this would be a low-cost operation, managed by the utilities. Each utility brings its labor in kind. He expressed concern about the ERO projected costs. He said that SB 257 needs to separate the transmission in a utility from the backbone - e.g. what is the transmission for MEA, with over 4800 miles of line - 104 miles is transmission serving the purpose of moving power

north and south. He said that if these assets were combined with the state - and combined with large scale renewable energy sources - the material benefit would come from lower-cost power in the future.

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CHAIR BJORKMAN asked if there is broad agreement on the 104 mile number.

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MR. IZZO replied that this is the number for Matanuska Electric and he does not know what the other utilities' components will be. He asserted that no utilities should be financially harmed in this process and emphasized that the taskforce was very specific that it was not taking from utilities, that no debt covenants would be violated, and that revenue requirements must be met. However, utilities would need to split out their "backbone" from the rest of transmission. He shared his belief that a third-party engineering firm would be best suited to define what this is. He added that MEA would recover its revenue requirement on the 104 miles through the backbone and the rest would be made up through membership.

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JOHN BURNS, President and CEO, Golden Valley Electric Association, Fairbanks, Alaska, testified by invitation on SB 257. He said that he is in support of this legislation and that its comprehensive nature aligns with the recommendations of the Alaska Energy Security Taskforce. Specifically, it relates to priority A of the Railbelt Transmission, Generation, and Storage subcommittee. He shared some of the benefits noted by the subcommittee, including reducing transmission constraints on the railbelt grid while allowing for faster integration of clean energy generation; system redundancy resilience; benefitting utilities and ratepayers by sharing power throughout the region; and reducing cost and promoting job creation, among other benefits. He said that the goal of SB 257 is to ensure that the lowest cost electron - from whatever source - can be transmitted across the railbelt to wherever it is needed, unconstrained, and at a single flat rate. He asserted that this is the only way to lower costs across the railbelt. He noted that this legislation is modeled after Iceland and pointed out that Iceland went from economically challenged and importing much of its power to a thriving country where younger generations choose to stay. He summed up by saying that SB 257 provides not only the structure, but also the funding and planning mechanisms - along with the powers and duties - of the railbelt organization.

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CURTIS THAYER, Executive Director, Alaska Energy Authority (AEA), Anchorage, Alaska, testified by invitation on SB 257. He said that many of the transmission lines were constructed 40-60 years ago. Since their construction, the demands on the power grid have increased significantly - and total energy sales for the railbelt have nearly tripled over the past 20 years. He also pointed to concerns about the availability of Cook Inlet natural gas. He surmised that growth in total energy sales will continue - and renewable energy sources will be needed. He stated that a robust, resilient, and reliable electrical transmission grid is essential for the future of Alaska. He added that a well-functioning transmission system depends on several basic characteristics: reliability and resilience (to reduce and avoid outages); ability to meet growing energy demands; flexibility to adapt to changing loads; and cost-effectiveness.

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CHAIR BJORKMAN said that it is imperative that customers get the lowest cost power possible, in order to move the economy forward. He added that it is also imperative that all of the utilities work together to make the utility system better. This would also empower the gains made from a GRIP match into a system like the one in SB 257. He surmised that if the utilities are asking Alaskans to allocate \$100s of millions over the next ten years for a project that creates redundancy and security from Homer to Healy, it is fair for the Alaskan people to ask for accountability, modernization, and for all the utilities to work together. He expressed his understanding that natural gas is preferred by many; however, he expressed doubt about this possibility, particularly in the short or medium-term. He stated that something needs to be done and he would like to see all utilities working together on this project and added that if no action is taken, homes will be cold and have no lights because there is not enough fuel. He stated that the current system is not capable of moving the energy that is needed. He opined that the time to act is now and emphasized that doing nothing is not an option. He noted that there are principles in place that must be kept in mind and costs should be fairly distributed. He said that open access means open access for cheap generation and these benefits should be available to everyone. He asserted that these conversations need to happen and encouraged everyone to participate. He stressed the need for accountability during this process.

[3:02:32 PM](#)

[CHAIR BJORKMAN held SB 257 in committee.]

3:02:43 PM

There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Labor and Commerce Standing Committee meeting at 3:02 p.m.