

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

April 5, 2024

1:36 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. 115

"An Act relating to physician assistants; relating to physicians; and relating to health care insurance policies."

- MOVED CSSB 115(HSS) OUT OF COMMITTEE

SENATE BILL NO. 135

"An Act establishing the Alaska Work and Save Program; establishing the Alaska Retirement Savings Board; and providing for an effective date."

- MOVED CSSB 135(L&C) OUT OF COMMITTEE

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 Rail belt Transmission Organization; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 115

SHORT TITLE: PHYSICIAN ASSISTANT SCOPE OF PRACTICE

SPONSOR(S): SENATOR(S) TOBIN BY REQUEST

03/27/23 (S) READ THE FIRST TIME - REFERRALS
03/27/23 (S) HSS, L&C
01/23/24 (S) HSS AT 3:30 PM BUTROVICH 205
01/23/24 (S) Heard & Held
01/23/24 (S) MINUTE(HSS)
02/06/24 (S) HSS AT 3:30 PM BUTROVICH 205
02/06/24 (S) Heard & Held
02/06/24 (S) MINUTE(HSS)
02/15/24 (S) HSS AT 3:30 PM BUTROVICH 205
02/15/24 (S) Moved CSSB 115(HSS) Out of Committee
02/15/24 (S) MINUTE(HSS)
02/19/24 (S) HSS RPT CS 3DP 2AM SAME TITLE
02/19/24 (S) DP: WILSON, KAUFMAN, DUNBAR
02/19/24 (S) AM: TOBIN, GIESSEL
02/28/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/28/24 (S) Heard & Held
02/28/24 (S) MINUTE(L&C)
04/05/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 135

SHORT TITLE: AK WORK & SAVE PROGRM; RETIRE. SAVINGS BD
SPONSOR(s) : SENATOR(s) WIELECHOWSKI

04/24/23 (S) READ THE FIRST TIME - REFERRALS
04/24/23 (S) L&C, FIN
02/14/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/14/24 (S) Heard & Held
02/14/24 (S) MINUTE(L&C)
04/05/24 (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)
03/04/24 (S) Heard & Held
03/04/24 (S) MINUTE(L&C)
03/04/24 (S) RES AT 3:30 PM BUTROVICH 205
03/04/24 (S) <Bill Hearing Canceled>
03/27/24 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/27/24 (S) Heard & Held
03/27/24 (S) MINUTE(L&C)

04/05/24

(S)

L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

MCKENZIE POPE, Staff
Senator Loki Tobin
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Gave a brief presentation of SB 115.

CANDANCE HICKEL, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 115.

BETSY DOUDS-PACZAN, President
Alaska Academy of Physician Assistants
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 115.

GAYLE HORNBERGER, D.O., representing self
Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition to SB 115.

KATHERINE VAN ATTA, representing self
Wasilla, Alaska

POSITION STATEMENT: Testified in support of SB 115.

KEILS KITCHEN, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 115.

JONATHAN TOWER, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 115.

DAVID WILKERSON, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 115.

PAM VENTGEN, Executive Director
Alaska State Medical Association (ASMA)
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to SB 115 in its current form.

ALISON STARR, representing self
Kodiak, Alaska

POSITION STATEMENT: Testified in support of SB 115.

JON ZASADA, Director
Government and External Affairs
Alaska Primary Care Association (APCA)
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 115.

CHRIS MILLER, representing self
Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 115.

MARY SWAIN, CEO
Cama'i Community Health Center
Naknek, Alaska

POSITION STATEMENT: Testified in support of SB 115.

MARK RESTAD, representing self
Homer, Alaska

POSITION STATEMENT: Testified in support of SB 115.

FOLUSHO OGUNFIDITIMI, D.M., President
American Academy of Physician Associates (AAPA)
Daytona Beach, Florida

POSITION STATEMENT: Testified in support of SB 115.

MAGUERITE MCINTOSH, M.D., representing self
Sterling, Alaska

POSITION STATEMENT: Testified in support of SB 115.

DALE WALASZEK, representing self
Kasilof, Alaska

POSITION STATEMENT: Testified on SB 115.

JOHN MOORE, representing self
Willow, Alaska

POSITION STATEMENT: Testified in support of SB 115.

RICK BLAKE, representing self
Wasilla, Alaska

POSITION STATEMENT: Testified in support of SB 115.

MARIA ROLLINS, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 115.

SENATOR BILL WIELECHOWSKI, District K

Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 135; introduced SB 135.

GORDON GLASER, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 135.

SENATOR CATHY GIESSEL, District E
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 257; presented SB 257.

JENNIFER MILLER, CEO/Manager
Renewable Independent Power Producers
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 257.

TONY M. IZZO, CEO
Matanuska Electric Association
Palmer, Alaska

POSITION STATEMENT: Testified in support of SB 257.

JOHN ESPINDOLA, Commissioner
Regulatory Commission of Alaska (RCA)
Anchorage, Alaska

POSITION STATEMENT: Testified on behalf of the RCA during the hearing on SB 257.

ACTION NARRATIVE

[1:36:54 PM](#)

CHAIR JESSE BJORKMAN called the Senate Labor and Commerce Standing Committee meeting to order at 1:36 p.m. Present at the call to order were Senators Merrick, Dunbar, Gray-Jackson (via TEAMS), and Chair Bjorkman. Senator Bishop arrived during the course of the meeting.

SB 115-PHYSICIAN ASSISTANT SCOPE OF PRACTICE

[CSSB 115(HSS) was before the committee]

[1:38:10 PM](#)

CHAIR BJORKMAN announced the consideration of SENATE BILL NO. 115 "An Act relating to physician assistants; relating to physicians; and relating to health care insurance policies."

[1:38:43 PM](#)

MCKENZIE POPE, Staff, Senator Loki Tobin, Alaska State Legislature, Juneau, Alaska, said SB 115 grants experienced Physicians Assistants (PAs), those with more than 4,000 hours practice experience, the flexibility to increase their ability to see and treat patients, which will benefit the capacity of Alaska's medical system. She said this also maintains the collaborative agreement structure currently in place for less experienced PAs defined in SB 44 as those with less than 4,000 hours of practice experience.

MS. POE said Alaskan PAs are asking us to let them help us to meet our growing patient needs across the state. They will play a vital role in meeting the growing and ongoing health care needs of the people of Alaska, where 90 percent of PAs practice in rural areas of Alaska and the majority of our primary care physicians operate in urban Alaska. Currently Alaska law does not allow PAs to operate to the fullest extent of their expertise and knowledge. SB 115 seeks to remedy this situation by allowing PAs to practice and to provide additional health care options in Alaska without direct oversight from a supervising physician. SB 115 authorizes PAs to expand their services and will allow more patients to stay in their home communities to receive routine medical care. SB 115 does not sacrifice medical rigor or oversight, but simply allows experienced and licensed PAs in the State of Alaska to continue to offer high quality medical care within their scope of practice.

[1:40:51 PM](#)

SENATOR DUNBAR mentioned the suggestion from some with concerns about SB 115 that the 4,000 hours of experience should occur in the specialized area of practice, for example, dermatology or cardiology, prior to independent practice. He asked whether the sponsor would support an amendment to define the hours of experience by specialty.

[1:41:43 PM](#)

MS. POPE answered that the sponsor is aware of those concerns, and she deferred to representatives of the Academy of Physicians Assistants, attending online to help answer questions regarding the specifics of operating as a PA in the state of Alaska. She said it is the opinion of Senator Tobin's office that the education of and licensing requirements of PAs should suffice to equip them to practice as SB 115 describes. She said the 4,000-hour requirement in SB 115 is in addition to the multiple years of education and 3,000 or more hours of direct patient contact

PA's receive prior to licensing. She said once PA students enter an accredited training program, they have 27 months of training and 100 hours of continuing medical education every two years, a comprehensive exam to become licensed and a large comprehensive exam every ten years. She repeated the opinion of the sponsor's office that these requirements suffice to prepare PAs [for independent practice as described by SB 115].

[1:43:52 PM](#)

CHAIR BJORKMAN opened public testimony on SB 115.

[1:44:25 PM](#)

SENATOR BISHOP joined the meeting.

[1:44:44 PM](#)

CANDANCE HICKEL, representing self, Anchorage, Alaska, said that as a physician assistant (PA) she was testifying in support of SB 115 and that she practices in Anchorage at Providence Medical Center in cardiothoracic surgery. She has worked there for the past six years and for ten years before that she practiced in neurosurgery, also in Anchorage. She said she has served as a PA educator through the University of Washington since 2009. She said there is widespread support for SB 115 among her PA colleagues and that passage of the bill is essential for the future of providing reliably available high quality health care in the state of Alaska.

MS. HICKEL emphasized her family's commitment to the future of Alaska, noting their boys are fifth generation Alaskans. She said passing SB 115 aligns the future of healthcare in our state in the right direction. She encouraged the committee to pass SB 115.

[1:46:30 PM](#)

BETSY DOUDS-PACZAN, President, Alaska Academy of Physician Assistants, Anchorage, Alaska, said she was testifying in support of SB 115. She said she is the president of the Academy of Physician Assistants, and she works in addiction medicine and behavioral health in Anchorage. She noted the opioid crisis and the struggle with too few resources for care in every aspect of medicine. She said SB 115 would remove obstacles to care and enable PAs to practice to the full extent of their training and experience. She said Alaska statutes that currently define the scope of practice for PAs in Alaska were signed by the Alaska Board of Medical Examiners in 1979, 45 years ago. She said the statutes have not been rewritten since then though the requirements for entry into a PA program are more seriously

competitive than ever. She said the programs themselves continue to increase in the academic rigor and clinical training. She said the profession has evolved and it is time for statute to adjust appropriately.

MS. DOUDS-PACZN said the very particular set of circumstances that contributed to the tenor of the 1979 statutes no longer exist. She said there are now more than 168,300 PAs in the U.S. engaging in more than 500 million patient interactions each year. She said 18 countries utilize PAs or PA equivalents and there are 306 accredited training programs for PAs.

MS. DOUDS-PACZN concluded, saying that PAs are neighbors, friends and family members and they are constantly striving to serve with expertise, compassion and integrity. She said SB 115 would allow PAs to continue to do so. She said PAs are absolutely seeking to practice in collaboration as a part of a team, but without a specified relationship with a single [overseeing] provider. She said SB 115 is a tool that will move us toward the end goal of quality care for all Alaskans. She urged the committee to join in the effort to modernize Alaska statute by passing SB 115.

[1:48:59 PM](#)

SENATOR DUNBAR restated the question about the specificity of the requirement of 4,000 hours of experience in order to practice without a collaborative agreement. He asked whether the 4,000 hours should be specific experience in a given specialty.

[1:49:48 PM](#)

MS. DOUDS-PACZAN answered that PAs receive a broad education in all fields of medicine and the clinical training is 45 weeks or approximately 2,000 hours of supervised clinical training experience. She said each of those are within specialty settings and PAs are often offered positions from those clinical settings. She said when PAs join a practice, they do so with a foundation of general knowledge and the training is "on the job".

[1:51:13 PM](#)

SENATOR DUNBAR sought further clarification on training hours over days, because hours of experience are specified by SB 115. He asked whether the 4,000 hours required to practice independently would be met during the initial [general] training or thereafter during the "on the job" training.

[1:51:53 PM](#)

MS. DOUDS-PACZAN said that at the end of 45 weeks, PAs would gain about 2,000 hours of supervised clinical experience. She said in a 12-month period, most programs are set up for nine four-week rotations, working full-time or more than full-time in a supervised situation, such as surgery, emergency care, obstetrics or primary care, for example. She compared the PA requirements to those for a Nurse Practitioner (NP) who receive an average of 27.5 weeks of supervised clinical training which equates to about 1100 hours, or about half of the training hours PAs receive.

[1:54:00 PM](#)

GAYLE HORNBERGER, D.O., representing self, Fairbanks, Alaska, said she had 31 years of medical experience working in Alaska, the past 27 years working in Fairbanks as a family physician. She said her experience included Emergency Medical Services (EMS), Community Health, Private Practice and Indian Health. She said over those years she worked with, educated, mentored, and employed PAs at all levels of their careers. She said the original PA programs were focused on individuals who had experience in health care such as military corpsmen, nurses and paramedics who brought a significant wealth and depth of knowledge with them. She said their experience helped to form a level of trust and confidence necessary for physicians to feel comfortable including PAs in their practice of medicine. PA training is one year of basic sciences and one year of clinical training before graduation. She opined that most PA training programs today do not have the significant depth and wealth of experience that the original PA students had.

DR. HORNBERGER said a PA with 4,000 hours of post-graduate hours of specific experience does not equate with a medical school graduate with over 8,000 hours of training plus 6,000 hours or more of residency hours. Thus, she said, to request to remove the requirement of working under a collaborating physician after 4,000 hours of experience is inappropriate. She said, keeping in mind the need for patient safety and adequate knowledge to provide medical care, the minimum equivalent of four years of medical school and two years of family medicine residency are roughly 14,500 hours minimum.

[1:56:26 PM](#)

KATHERINE VAN ATTA, representing self, Wasilla, Alaska, said she has served as a PA for 18 years and she has also been a Certified Nurse-Midwife (CNM) for five years. She said her health care training has included two bachelor's degrees, two Master's degrees education and a post-graduate fellowship during

which she served as a PA for four years, embedded in a physician residency program working alongside physician residents. She said she worked in a variety of positions in Alaska over the past 15 years including almost three years on Adak Island in the Aleutians, which is 1200 miles from the nearest accessible physician or hospital. She said she currently divides her time between working as a PA at a rural clinic in Bristol Bay and as a CNM in the Mat-Su valley. She said she is also a courtesy faculty member at the University of Washington, educating Washington, Wyoming, Alaska Montana, Idaho (WWAMI) medical students. She sought to make two main points.

1. Modernizing the statutes and regulations is a good idea. She said there was a recent effort to modernize PA regulations, but while the effort was appreciated, the result was terrifying because the new proposed regulations would have made it virtually impossible for PAs to work in rural areas at all. The statutes would have eliminated nearly 50 percent of the providers at the rural clinic where she currently works. Instead of improving care, they would have dramatically decreased access to care for rural Alaskans.
2. As a Certified Nurse-Midwife (CNM), she said she is licensed to practice independently as an Advanced Practice Registered Nurse (APRN). She said some of her clients will have to have cesarean sections and other procedures that she does not do, which does not impair her ability to do her job or collaborate when needed.

[1:58:49 PM](#)

KEILS KITCHEN, representing self, Anchorage, Alaska, said he has worked as a PA in Alaska for the last 15 years, both in Anchorage and remotely. He promoted removing the requirement for [a formal] relationship between a PA and collaborating physician. He noted that it is difficult to recruit medical providers, physicians, PAs, or NPs to work in remote villages in Alaska. The sites and communities present challenges unlike anywhere else in the U.S. He said many of the communities do not have enough funding available to attract physicians to work in their clinics as providers or as administrator/medical director. He said the current PA regulations prevent clinics from hiring PAs due to the requirement for collaborative practice agreement with a specific physician. He shared his experience of having worked in clinics who were unable to renew his contract when the physician/medical director left. The clinic could only consider [hiring] NPs since NPs are allowed to practice without a collaborative plan. The NPs that were hired were from out of

state and significantly less experienced in remote Alaska medicine. He said hiring websites for remote Alaska show many jobs that will only consider NPs due to the increased requirements and administrative burden associated with employing PAs. He said SB 115 would remove those administrative burdens and allow those clinics to utilize experienced PAs along with NPs to provide care to the underserved communities and increase the pool of potential providers. He urged the committee to support SB 115.

[2:00:58 PM](#)

JONATHAN TOWER, representing self, Anchorage, Alaska, said he is a PA practicing in Anchorage, having graduated from MEDEX, a program collaboratively taught with the University of Washington (UW) between the University of Alaska Anchorage (UAA) campus and the UW campus in Seattle. He said the past 5 years he has worked as a cardiology PA. He thanked the committee hearing SB 115 and sought to address Senator Dunbar's question about how many hours would be sufficient [to prepare for] unsupervised or uncollaborative PA practice within a specialty environment. He said his current practice as part of a highly developed medical team working directly with physicians who are on-call. He said the current collaborative agreement requires that he designate several of the physicians as his collaborators, though those doctors may not be on shift with him and at the end of the year, they are required to go through charts. He said the physicians would have been required to sign off on these charts as part of the existing modern collaborative medical environment. He opined that it would not be reasonable to assign an arbitrary number of hours as a measure of competency in a collaborative environment. He said PAs are trained to be collaborative providers as are all modern providers and collaboration is inherent in any profession. He suggested that an administrative hurdle should not be required to demonstrate a PAs ability to perform their roles admirably in generalist or in specialist roles.

[2:02:57 PM](#)

DAVID WILKERSON, representing self, Anchorage, Alaska, said he had worked as a PA for ten years and had graduated from MEDEX. He served as an Army PA Lieutenant for three years as well as in primary care settings, fast track settings, CDC, private individuals, corporate companies, federal government and contracting roles. He found during the Covid-19 response his practice included multiple specialties and that he had over 2,000 hours in a number of them. He told about working as a contracted employee during the Covid-19 response, primarily in administrative roles that required a PA license to review

diagnostic tests. He said these positions were non-treating, low acuity and in some cases, no direct patient care, but it was so difficult to find physicians who would agree to sign off as collaborators with PAs, though these roles were critical for medical care during the response to Covid-19. He said that, though a lot of requirements were removed nationally for licensure [to facilitate Covid-19 response] the scramble to find a collaborative agreement in order to practice was very cumbersome. He urged passage of SB 115 to make it easier for PAs to practice.

[2:05:25 PM](#)

PAM VENTGEN, Executive Director, Alaska State Medical Association (ASMA), Anchorage, Alaska, said she worked in the medical field all her adult life. She was a clinical medical assistant, managed medical offices, worked for the medical board, taught in the allied health programs at the University of Alaska. She said the Alaska State Medical Association (ASMA) opposes SB 115 in its current form. She said the ASMA's position is that the collaborative relationship between physicians and PAs must be a formal relationship. She reported that physician members of the ASMA board were shocked and appalled to learn that some PAs reportedly had to pay physicians to serve in that collaborative relationship. She said ASMA agrees the need for an alternate collaborative agreement is cumbersome and of little benefit. She said they agree there is a need to update the regulations for PAs. They agree there is a need to better define remote locations and practice agreements in Alaska. She said ASMA would like to work collaboratively with the Physician Assistant Association and academy, the medical board and with physicians to update and modernize these regulations. She said ASMA believes SB 115 is not the best way to do so. She urged the committee to hold SB 115 and promote collegial negotiations to resolve the very real issues and concerns on the table.

[2:07:41 PM](#)

CHAIR BJORKMAN asked whether there had been any negotiations since January about the concepts and ideas between ASMA and the PA associations.

[2:07:54 PM](#)

MS. VENTGEN answered there had not. She reported that the medical board was very challenging to work with. She said the chairman of the medical board resigned effective March 1st.

[2:08:33 PM](#)

ALISON STARR, representing self, Kodiak, Alaska, said she practices all over Alaska as a primary care PA and has served in multiple rural locations. She said she often practiced in remote settings where there was not a physician available for miles. She also had jobs where she never met her collaborating physician, and the relationship was simply to "check a box" for employment or licensure. She said her employers obviously trust her scope of practice to care for rural and underserved communities. She opined that it is a waste of resources and money to continue to require experienced PAs who have over 4,000 clinical hours have a written agreement with a physician. She said this requirement further limits access to health care for rural and underserved communities. She said advanced practice colleagues, including NPs do not have this restriction and are able to practice independently as soon as they graduate from their training programs. She said the current regulations often restrict experienced PAs from other states from practicing or relocating to Alaska, especially rural and underserved Alaska where she said it is already so difficult to get health care. It also keeps PAs from other places from coming to Alaska because it is difficult for them to find a collaborative physician when they are applying for initial licensure, further limiting access to high quality health care in Alaska.

[2:10:34 PM](#)

JON ZASADA, Director, Government and External Affairs, Alaska Primary Care Association (APCA), Anchorage, Alaska, said the APCA enthusiastically supports SB 115. He said health centers have been pioneers in the institution of PAs as core primary care providers in their practices for decades. He reported that in 2022, 82 PAs provided care to over 7,000 patients through 72,000 visits. He said PAs account for one third of all the Community Health Centers (CHC) medical providers in Alaska. He said APCA believes SB 115 creates a valuable opportunity to expand access to care in communities across the state and enables the valuable providers to practice independently to the full extent of their experience. he said SB 115 addresses an acute challenge in serving patients. He expressed confidence that PAs would continue to consult and collaborate with physicians and other members of their patient care teams to improve health.

[2:11:59 PM](#)

CHRIS MILLER, representing self, Juneau, Alaska, urged the committee to move SB 115 forward. He said he was a practicing PA in dermatology for 23 years in Juneau and Southeast Alaska, treating thousands of patients. He said he delivered high-

quality, dermatological care to a medically underserved region. He said he is very proud of the differences his practice had made for people in Southeast Alaska communities. Without the passage of SB 115 this session, Mr. Miller said he would no longer be able to provide care for his patients after the retirement of his collaborating physician in June. He said his circumstances highlight the urgency and importance of SB 115. He said he has been trying to secure another collaborating dermatologist agreement for three years and the fact is there are not enough dermatologists in the United State, much less Alaska. Despite his decades of experience and value to the communities he has served, the retirement of his collaborating physician will shut him down and the practice will close. He said he was sincerely concerned for the ongoing care of his patients. He said SB 115 was his last hope to continue providing services for his patients. He urged that SB 115 be moved forward for a vote.

[2:13:37 PM](#)

SENATOR DUNBAR asked whether Mr. Miller could say at what point in his dermatology practice he gained enough experience to practice without a collaborative agreement. He acknowledged that PAs are required by law to have a collaborative physician agreement. He asked at what point he would have been comfortable practicing without the agreement.

[2:14:26 PM](#)

MR. MILLER said people continue to learn throughout our careers. He acknowledged that even after so many hours, he would not be "ready" to practice completely independently. He said he knows he doesn't know everything, but he knows what he knows, and he knows to get help when he doesn't know. He said that awareness is incumbent on any PA or physician. He said practitioners can't know everything and need to be able to get help. He said after two years [of collaborative practice] he was able to offer a wide breadth of service.

[2:15:32 PM](#)

MARY SWAIN, CEO, Cama'i Community Health Center, Naknek, Alaska said the Cama'i Community Health Center's scope of practice is primary care, age 0 to end-of-life, as well as urgent and emergent care. She said the health center is the receiving facility for all 911 and EMS emergencies in their borough. Last year they saw 214 patients in the ER and over 3000 patient visits in total. She expressed full support for SB 115 for their health center. She said the health center had not been able to employ a physician for 15 years due to their remote location.

They employ PAs and NPs, and they need practitioners who are able to practice to the full spectrum of the patients they see. She said they must have primary care and extensive emergency medical care training to work in their rural facility. She said they pay, on a contract basis, two physicians to collaborate for any PA. They are both highly trained physicians with over 60 years of experience between them. She said that in this time of increasing inflation and flat funding for health centers nationally, she is faced with the real decision of potentially being unable to keep a PA due to the cost of the physician's contracts for collaborative agreements. In addition, the time required to file a collaborative agreement and have it approved by the State of Alaska is problematic for her clinic. A recent example was that a provider scheduled to work in September was not able to work because her collaborative plan was not approved in time. She asserted that other states are modernizing PA requirements and she expressed enthusiasm for Alaska to follow suit and for passage of SB 115.

[2:17:48 PM](#)

MARK RESTAD, representing self, Homer, Alaska, said he has been a PA since 1995, practicing in Tok, Fairbanks, Kotzebue, and for many years on the Kenai Peninsula. He said he works in primary care in Homer and in Kenai. He is in support of SB 115. The clinic where he works has been trying to hire another PA for several months and finding a collaborative physician and getting all the arrangements made has been rigorous and requires extensive time. He said he had taken the board exam to be a PA several times and he reported that it encompasses primary care and specialty care. He asserted that to pass the exam required that a provider be well-rounded [in their education and experience]. He recommends that new PAs begin by practicing in a general care setting for a year instead of a specialty setting to get their practice style down before they pursue their special area of interest. He opined they could then return to primary care later. He expressed concern about PAs who go to Anchorage to practice specialty care and then want to go "home" to a community they were from and enter a supervised position. He said he thought that was redundant and inefficient.

[2:19:49 PM](#)

FOLUSHO OGUNFIDITIMI, D.M., President, American Academy of Physician Associates (AAPA), Daytona Beach, Florida, said the AAPA is the national professional society of PAs across the nation, representing about 168,000 PAs across all medical and surgical subspecialties in all 50 states, the District of Columbia, U.S. territories and the uniformed services. He said

the APAA supports SB 115. He said he had over 23 years of administrative and clinical experience in health care administration and urology. SB 115 would eliminate outdated administrative burdens and allow PAs to practice to the full extent of their education, training, and experience. He said about 40 percent of Alaskans live in regions without adequate access to primary care and urged that all can agree that is unacceptable. As trusted, highly qualified professional clinicians who often serve patients in primary care settings, PAs are ready to do their part to expand patient access to care. He referred to a recent Harris Poll survey finding that 91 percent of U.S. adults agree that PAs are part of the solution to solve the shortage of health care providers across the country. He said there are more than 800 licensed PAs in Alaska who practice in all settings and specialties and to recruit and retain more PAs, Alaska needs to update its PA practice laws. He said SB 115 is an essential step to update PA practice legislation to align legislative language with the way PAs currently practice as trusted members of the health care team. He said SB 115 would modernize PA practice in Alaska, allowing PAs with more than 4,000 hours [of collaborative service] to be exempt from collaborative agreement requirements. He emphasized that SB 115 would not change the day to day care provided by PAs and that PAs would continue, like all health care providers to refer, consult and collaborate with physicians to ensure needed care delivery.

[2:22:09 PM](#)

SENATOR DUNBAR referred to states that have already eliminated collaborative agreement requirements. He asked whether they have seen a change in the rates for malpractice insurance. He also asked whether there was a difference in malpractice insurance in those states for PAs that do primary care versus those who specialty care.

[2:22:39 PM](#)

MR. OGUNFINDITIMI said there has not been a significant change in malpractice insurance coverage or claims in states that had reduced or eliminated the direct tether between a PA and a physician. He explained that he says "direct tether" because there would not be a complete break in the relationship with physicians. He said it is about PAs being able to practice to the fullness of their education and knowledge without the administrative barriers [of direct collaborative agreement requirements]. He said there was a recent study published in the Journal of Medical Regulation that examined ten years of medical malpractice payment reports from national practitioner database

that found that states where barriers to PA practice were lifted maintained patient safety and made it easier to access high quality, cost-effective care. He said there was over ten years of data to suggest that lifting the barriers appeared to improve as opposed to worsen malpractice claims.

[2:23:48 PM](#)

CHAIR BJORKMAN thanked testifiers for public input.

[2:24:16 PM](#)

MAGUERITE MCINTOSH, M.D., representing self, Sterling, Alaska, said she has practiced as a physician in Alaska for over 23 years and has practiced with several PAs. She said her relationship with them was not a monetary relationship; she never charged for her collaboration with them. She said the PAs had extensive experience and she was always impressed with their knowledge and capabilities, and she supported SB 115 and it's intent to relieve the administrative burden they now have. She said she is currently working with a PA specializing in substance abuse medication and he is teaching her from his extensive experience. She said physicians can learn from and collaborate with PAs just as they collaborate with specialists when necessary.

[2:25:59 PM](#)

DALE WALASZEK, representing self, Kasilof, Alaska, said he has been a PA for 27 years and worked in a variety of clinical situations in extremely remote Alaska as well as civilian and military worlds and in New Mexico. He echoed that PAs can work independently without direct physician oversight or having a collaborative agreement and provide excellent service and care to patients. He has never had a malpractice lawsuit in 27 years, despite working in pretty tense situations at times. He appreciated the experience of reaching out and collaborating with fellow colleagues in different areas of medicine to provide the best care for patients.

[2:27:06 PM](#)

JOHN MOORE, representing self, Willow, Alaska, said he is working part time as a PA, though trying to go back to work has been an ordeal. He said his friend and colleague runs a clinic and is a PA. The friend's collaborating physician refused to take Mr. Moore on [as an additional collaborative PA] because of the added responsibility. He said the fee to collaborate with other physicians was exorbitant. He said it would have been less expensive to hire a NP for the clinic because of the requirement for a collaborative physician agreement. He supports SB 115

wholeheartedly because there are many people in need of health care who do not receive health care. He noted that other states have not experienced negative outcomes by granting PAs greater autonomy. He said he would like to go back to work but is hindered by the current regulations. He said there are people who need care that PAs could provide.

2:29:10 PM

RICK BLAKE, representing self, Wasilla, Alaska said he currently works at Cottonwood Clinic and has worked as a PA in Alaska since 2000. He said PAs and other medical providers are trained and constantly collaborate with other providers in all areas get the information they need to provide the best care to the patient. He urged the committee members to understand that even if the working relationship is "untethered" practitioners collaborate constantly in all fields of medicine.

2:30:12 PM

MARIA ROLLINS, representing self, Anchorage, Alaska, serves as a psychiatric PA for one of Alaska's most underserved populations. She said she has served for eight years at the Alaska Psychiatric Institute (API). She said her work focuses on providing crucial mental health services in Alaska. She said supporting SB 115 is imperative to modernize the PA profession in Alaska. It is essential to providing access to essential health care, including vital psychiatric services. In her years of practice at API she said she has encountered countless barriers, not by the complexities of mental health conditions, but by outdated statutes and regulations that restrict the ability to offer care to the full extent of a PAs education, training and experience. These limitations, such as the exclusion of PAs to be listed as mental health professionals in AS 47.39.15, does not just hinder the professional's capabilities, but also significantly affect the wellbeing of the communities they strive to serve, where access to psychiatric care is often a matter of urgency. She advocated defining the scope of practice for PAs at the statute level and removing the requirement for collaborative plan, crucial in psychiatry. She said these changes are vital, especially in rural and remote areas where psychiatric services are scarce, and the rates of mental health issues are often higher than the national average. She said the changes proposed by SB 115 would allow psychiatric PAs like her to fill critical gaps in mental health care, reduce wait times for psychiatric services and ultimately save lives. As a PA she is trained to diagnose, treat and manage complex mental health conditions safely and effectively. Evidence from other state with modern PA practices support that PAs can

significantly improve access to mental health care without compromising the quality of care provided.

[2:32:12 PM](#)

CHAIR BJORKMAN closed public testimony on SB 115 and sought the will of the committee.

[2:32:23 PM](#)

SENATOR MERRICK moved to report CSSB 115(HSS), work order 33-LS0542\U, from committee with individual recommendations and attached fiscal note(s).

[2:32:38 PM](#)

CHAIR BJORKMAN found no objection and CSSB 115(HSS) was reported from the Senate Labor and Commerce Standing Committee.

[2:32:44 PM](#)

At ease

[2:34:39 PM](#)

CHAIR BJORKMAN reconvened the meeting.

SB 135-AK WORK & SAVE PROGRM; RETIRE. SAVINGS BD

[2:34:50 PM](#)

CHAIR BJORKMAN announced the consideration of SENATE BILL NO. 135 "An Act establishing the Alaska Work and Save Program; establishing the Alaska Retirement Savings Board; and providing for an effective date."

[2:35:11 PM](#)

SENATOR BILL WIELECHOWSKI, District K, Alaska State Legislature, Juneau, Alaska, Sponsor of SB 135 briefly introduced SB 135. He said the idea is to ensure small businesses can have small retirement accounts for workers. He said SB 135 is supported by American Association of Retired Persons (AARP).

[2:35:40 PM](#)

CHAIR BJORKMAN opened public testimony on SB 135.

[2:36:09 PM](#)

GORDON GLASER, representing self, Anchorage, Alaska, said older people do not want to be dependent on [anyone] for housing, food, transportation. He said they are entitled to their dignity. He said prevention is better than remediation. The option to have a productive pension program that is available to give them that choice is the best way to deal with this problem.

He shared a Greek expression that said a healthy society is one in which old people will plant a tree knowing they will never enjoy its shade. He urged the committee to support SB 135 in the interest of preserving the dignity of retirees and comparing the support to planting a tree for future retirees.

[2:37:25 PM](#)

CHAIR BJORKMAN closed public testimony on SB 135.

[2:37:34 PM](#)

CHAIR BJORKMAN solicited a motion.

[2:37:43 PM](#)

SENATOR MERRICK moved to adopt the committee substitute (CS) for SB 135, work order LS0495\U, as the working document.

[2:37:54 PM](#)

CHAIR BJORKMAN objected for purposes of discussion.

[2:38:02 PM](#)

HUNTER LOTTSFELDT, Staff, Senator Wielechowski, Anchorage, Alaska said the only change in the CS to SB 135 is to change the effective date to July 2025 from July 2024 to allow the administration time to set up the program.

[2:38:27 PM](#)

CHAIR BJORKMAN said a number of questions and comments posed by the Permanent Fund Division and the Treasury had been received by his office. He suggested those questions would be best dealt with in [Senate] finance [Committee].

[2:39:04 PM](#)

CHAIR BJORKMAN removed his objection. He found no further objection and CSSB 135 was adopted as the working document.

[2:39:18 PM](#)

CHAIR BJORKMAN solicited the will of the committee.

[2:39:30 PM](#)

SENATOR MERRICK moved to report the committee substitute (CS) for SB 135, work order LS0495\U from committee with individual recommendations and attached fiscal note(s.)

[2:39:42 PM](#)

CHAIR BJORKMAN found no objection and CSSB 135(L&C) was reported from the [Senate Labor and Commerce Standing Committee].

[2:39:51 PM](#)

At ease

SB 257-ELECTRIC UTILITY REGULATION

[Contains discussion of SB 117 and SB 123]

[2:41:35 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 Rail belt Transmission Organization; and providing for an effective date."

[2:41:58 PM](#)

SENATOR CATHY GIESSEL, District E, Alaska State Legislature, Juneau, Alaska, Sponsor of SB 257; gave a brief overview of SB 257. She said SB 257 creates a unified transmission system with the goal of expediting the lowest cost energy access and movement. It creates a Rail belt Transmission Organization (RTO), which will work in collaboration with the Rail belt Reliability Council. They will manage transmission, planning, possibly construction of transmission in the future and applying for grants to fund and upgrade Alaska's transmission system. They will work under the Regulatory Commission of Alaska (RCA) oversight related to tariffs.

[2:42:42 PM](#)

CHAIR BJORKMAN announced invited testimony for SB 257.

[2:43:00 PM](#)

JENNIFER MILLER, CEO/Manager, Renewable Independent Power Producers, Anchorage, Alaska, introduced herself and said Renewable Independent Power Producers (RIPP) develops, builds and operates utility-scale solar farms in Alaska, for example the Willow and Houston Solar Farm projects. She said RIPP's mission is to diversify Alaska's energy generation mix and to suppress energy prices for Alaskans through cost-competitive renewable energy projects.

MS. MILLER said she was speaking as an Independent Power Producer (IPP) and that she recently had the honor of serving on the Governor's Energy Security Task Force and was the co-chair for the railbelt subcommittee. She described the Task Force as diverse, yet with significant areas of agreement. She said they were able to align and define a common goal: Alaska's future

energy would be more reliable, more diverse and more affordable. She said SB 257 is the enabler for that long-term future.

[2:44:54 PM](#)

MS. MILLER described the current energy transmission system. She said there is a diverse group of owners such as the Homer Electric Association, Alaska Energy Authority, Chugach Electric Association, Matanuska Electric Association, etc. The system is broken up and regionally managed by those owners which creates inefficient oversight. She said SB 257 forms the Rail belt Transmission Organization (RTO), which will create a common unifying oversight structure, allowing wholistic management of the grid and will facilitate the reliable, diverse and affordable future envisioned by the Task Force. The goal is to move energy from wherever it is most efficiently generated to the user base. Wholistic management will open opportunities to apply for and leverage federal grant money to upgrade infrastructure, improving energy access for all.

MS. MILLER said SB 257 would also eliminate wheeling charges. She explained that wheeling charges are fees paid to move energy from one management area to another. She said the fees are sometimes called "pancake" wheeling charges, [because they stack up, like pancakes] charging each time energy is moved through. These charges drive up the energy cost and create uncertainty when developing new projects because the rates and cost base are difficult to forecast.

MS. MILLER mentioned SB 217 which also eliminates wheeling charges and equalizes the tax treatment for IPPs with utilities. She expressed her support for both SB 257 and SB 217 and her hope they would pass quickly.

[2:48:10 PM](#)

CHAIR BJORKMAN asked whether policies under consideration in SB 257 and SB 217 add or subtract barriers for the permitting and process to start a new renewable energy project. He asked whether the bills get rid of red tape or add more steps to the process for IPPs.

[2:48:38 PM](#)

MS. MILLER said the current project approval process for IPPs that would tie into the transmission [grid] is facilitated through the Electric Reliability Organization (ERO). The project approval step is part of the integrated resource planning process. SB 257 would move that approval and planning under the RTO. That approval step should only be in one place, the ERO or

the RTO and because that step is related to energy generation, there would only be one project approval required. She clarified that it would not be an additional step, but would remain a single step.

[2:49:38 PM](#)

CHAIR BJORKMAN asked whether Ms. Miller had a preference for where that planning step would be [with the ERO or the RTO].

[2:49:47 PM](#)

MS. MILLER said the ERO has had a slow start. She said there is a diverse stakeholder set and that diversity sometimes requires more time to iron out processes. She said the ERO is hiring a CEO to facilitate efficiency. She opined the integrated resource planning process should remain with the ERO and transmission planning should be with the RTO. She said her organization does both planning and execution [of projects] which allows efficiency; so, if the RTO is constructing transmission upgrades, she advocated for keeping the planning work with the RTO as well, because planning is tightly tied to financing. She said, especially when pursuing federal grants, it makes sense for the transmission planning to stay with the RTO. She proposed that, because the ERO has already done so much legwork, allow them to continue with the generation planning and keep the integrated resource planning with the ERO.

[2:51:08 PM](#)

CHAIR BJORKMAN asked what the expected timeline is for the ERO to create an integrated resource plan. He noted that it had been four years since the group was created and opined that was a long time.

[2:51:31 PM](#)

MS. MILLER said she was not part of the ERO group and is only familiar with it on the periphery. She deferred the question to the ERO and observed that there was a lesson to be learned from SB 123 and timelines. She advocated for firm timelines and accountability. She suggested adding a timeline to SB 257, specifying a date for forming the RTO and eliminating transmission wheeling charges. She offered to follow up with a firm date for the integrated resource plan.

[2:52:46 PM](#)

TONY M. IZZO, CEO, Matanuska Electric Association, Palmer, Alaska said he brings 40 years of experience in the energy industry with the last eight years as the CEO of the Matanuska Electric Association. He said he strongly supports SB 257. He

said he co-chaired the rail belt subcommittee of the Governor's Energy Security Task Force with Ms. Miller. The Task Force was formed to develop a statewide comprehensive energy plan that would evaluate energy generation, distribution and transmission for the many communities of the State of Alaska. He said the duty and responsibility of the task force was to identify solutions for meeting Alaska's energy needs now and for the future with a focus on affordability, reliability and energy security. He said at the very first meeting of the task force, the governor described a goal of achieving \$.10 per kilowatt hour by the year 2030, a moonshot goal the task force took seriously. He said after dozens of meetings, including public meetings, presentations and considerable discussion by the task force, they concluded lower rates were not achievable in the near term, especially not with the Cook Inlet natural gas situation. They chose to focus on building a foundation for the future of Alaska to achieve lower energy costs and facilitate economic development. He said the task force unanimously came together around three goals. He said the third goal was to "grow the load" and he explained growing the load spreads the cost across more consumers. The second goal was to diversify fuel supply, specifically for energy security purposes, especially away from natural gas in Southcentral Alaska. He said the task force was charged with review and recommendation of a Renewable Portfolio Standard (RPS) versus a Clean Energy Standard (CES). He said the task force learned that cooperatives are not subject to penalties because they are passed directly to consumers, but investor-owned utilities pass penalties to shareholders rather than raising rates.

[2:56:14 PM](#)

MR. IZZO said the number one goal of the task force was [energy] transmission unification. He said the task force determined that, as a foundation for the future, Alaska needs a single backbone for the transmission of energy. He suggested a single road from the Kenai Peninsula to Fairbanks as a metaphor to describe the Railbelt Transmission Organization (RTO). He said [currently] there are parts of the road that are dirt, parts are gravel, parts are two-lane highway and it's owned by four different parties with four different boards and four communities. He opined the single most important step to take today, for our future, no matter what kind of [energy source], whether it is renewable, wind, solar, nuclear, sequestered carbon from coal, etc., is the formation of the RTO.

[2:57:26 PM](#)

MR. IZZO expressed appreciation to the governor and the Senate Resources Committee for crafting SB 257 and SB 217. He said they eliminate the wheeling charges or the "toll" to get energy through the four different service areas, removing an obstruction for bringing on alternate sources of power, especially at the economy of scale that makes it affordable for 75-80 percent of the population across the rail belt. He said SB 217 brings parity to IPPs and their private sector investors. He said it reduces risk to ratepayers and he said that is good. He said the downside in SB 217 is the need for clarity in its language regarding the wheeling charges and the "transmission association" that was identified.

MR. IZZO said SB 257 clarifies a path forward and fills in important gaps. He said SB 257 is aligned with the governor's task force recommendation and with the governor's press release on SB 217. He expressed support for merging SB 217 and SB 257. He said SB 257 focuses the scope on a larger public interest, with the focus on the backbone of energy transmission that is beneficial to the entire system, not just localized needs. He said Alaska has grown beyond the current system which is localized. He compared the energy system to a highway and said the state's role is to develop infrastructure for the common good as well as to open up opportunities for economic development. He said the transmission system and the RTO as described in SB 257 will accomplish that. He said SB 257 will eliminate wheeling tariffs, which will work in Alaska and has been proven to work in other places. He said SB 257 creates a transmission organization that can own part and operate the system for the common good and not just localized interests. He said people have asked whether [forming the RTO] is necessary and proposed that it be included in the Railroad Reliability Council (RRC). He pointed out that having the RRC manage transmission assets would be a direct conflict of interest and as a CEO that has worked for investor-owned utilities in and outside Alaska, he said he is keenly aware of the view of lenders when turning over control of assets that are mortgaged. He said he would have great difficulty approaching a lender to say the transmission assets that are managed by fiduciaries and a board of directors, and a CEO will now be managed by someone else. He said the qualifications of fiduciaries are very specific and that specific core competence is not present throughout the RRC.

[3:01:42 PM](#)

MR. IZZO said SB 257, with the RTO, creates a place to put the new grid assets; it consolidates about one third of the

transmission the state owns along the rail belt and that will grow to over 50 percent, along with utility transmission assets that are specific to the backbone. He said SB 257 creates a structure for decisions to resolve conflicts without legal action. He noted discussion about using a BP or Bradley Project management committee-like structure. He said the Bradley Lake Project Management Committee (BPMC), with 24 years in the rail belt, is the highest functioning organization that he has seen with operating costs around \$1 million or less per year. He opined that was because it was managed by the asset owners, essentially with in-kind labor. He said he was a member of the BPMC and they do not charge their time to the state. He said BPMC believes that the project brings benefit to the members, so he considers his time to be "in-kind." He said there are long-standing agreement in place to avoid conflicts and pointed out that over the past 27 years, tens of millions of dollars of disputes in the past have been over transmission. He said SB 257 would eliminate the possibility of those expensive disputes in the future. He said SB 257 increases the accountability to ratepayers versus being an Alaska Energy Authority (AEA)-only, by creating a management committee like the Bradley Project. He said regulation is necessary, as identified in SB 257, which was a task force recommendation. He said SB 257 also allows for governance of the transmission system which has been proven to work, ensures accountability and the public is open to management-committee type meetings and can provide comment online or in person in that type of structure.

[3:04:06 PM](#)

MR. IZZO recommended improvements to SB 257, such as leaving the integration resource or generation planning process with the RRC. He acknowledged the frustration with the four years it has taken to get started but said he would like to give it more time. He said he would remove from the ERO the transmission, planning and tariff function. He said that was critical for the RTO to succeed. He said clarity, intent and rate-recovery language would be helpful; uploading the backbone, only costs through the utilities to the end-user is critical. He again compared the transmission system to a highway and said, if you drive from point A to point B, that's all you pay for, but with the transmission system, if you drive any part of the "road," you will pay for the whole system. He said the task force suggests distinguishing the backbone to set up infrastructure for future development that provides a foundation for a much better and lower cost energy future; and we have outgrown the current structure. He said SB 257 would eliminate inequities

between IPPS and utility-based projects and by being regulated ensures the RCA has a lead role.

[3:06:31 PM](#)

MR. IZZO concluded by saying now is clearly a time to send a signal to investors, developers and federal funders like the U.S. Department of Energy that Alaska is ready to put skin in the game and create a transmission system for the future that will bring in industry and lower rates for all. He said the current situation is the result of our existing system and structures and he did not believe anything will improve without legislative intervention.

[3:07:11 PM](#)

MR. IZZO said there is a lot of talk about collaboration in the rail belt and he commended the true collaboration of the people who keep the lights on and repair outages, however he thinks there is more attention focused on insuring a perception of collaboration. He suggested that if the utilities were investor-owned there would be a strategic alliance. He said, though the individual distribution utility would still exist, there would be a unified message about goals, keeping rates low, providing infrastructure for new consumers and reliability. He suggested if there are inconsistent messages coming from utilities that supported SB 257 and now don't support it, that should be more of a reason for the legislature to take action.

MR. IZZO said this moment requires bold visionary action, visionary leadership from elected officials. He said Alaskans have entrusted the leadership with these decisions. He said this is a moment in history when [leaders] will be judged, not so much on what is done as on what is not done.

[3:09:02 PM](#)

CHAIR BJORKMAN noted the mention that the scope of knowledge needed for the ERO board to be effective and their ability to produce a work product in a timely manner may be lacking. He also noted the desire to maintain the generation planning with the ERO and asked whether there should be "side boards" or guidelines for members of that board or timelines for work products or limits to the amount of cost-recovery that the ERO is able to undertake as they hire their own consultants and duplicate efforts that utilities have already done.

[3:09:56 PM](#)

MR. IZZO said it was important to clearly state expectations and consequences are important when it comes to work performance. He

said the RRC has had an unintentional slow start. He expressed concern over what could be a \$10 million per year organization to adopt and enforce reliability standards and conduct integrated resource plans every few years. He said, if costs reached that level, it would exceed Regulatory Commission of Alaska (RCA) costs for the entire state. He said he is concerned about costs and, as a business leader is more focused on value propositions. He said it was very frustrating to Matanuska Electric Association (MEA) to experience hard push-back when they asked the Railroad Reliability Council (RRC) to provide a report on some relative frequency around their results, because one of the intents of SB 123, 2020 was high functioning of the rail belt utilities. He described the RRC as a one-stop shop with independent voices conducting integrated resource plans as the right thing for consumers. He explained that it is important for the RRC to be able and willing to demonstrate and communicate its results and fulfilling its purpose.

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CHAIR BJORKMAN said as the RRC goes forward, issuing reports, etc., he said it would be important to gauge the cost to individual ratepayers. He noted there are many line items on a utility bill and he wondered if MEA includes a line item that explains the cost of the RRC over the past four years to ratepayers, for a report that has yet to be produced.

[3:13:30 PM](#)

MR. IZZO said the line item has been added as recently as 2023. He said MEA provided communication to members of the RRC cost and intent. He urged setting expectations and consequences, but also advocated allowing RRC adequate time to produce a work product and he opined that four years is getting pretty close. He proposed asking the RRC to tell when they could be expected to adopt reliability standards, explain how the standards will be enforced, a timeline for enforcement and what the associated costs are, in other words when there would be an integrated resource plan. He said the RRC may have determined and communicated some of those things, but not yet the most important aspects. He said that, in business, if a product isn't meeting expectations, the business must determine what revisions are necessary to deliver the expected product.

[3:15:06 PM](#)

CHAIR BJORKMAN referred to the Bradley Project Management Group (BPMG) and asked what elements of the RTO as described by SB 257 and SB 217 differ from the BPMG

[3:15:37 PM](#)

MR. IZZO said the development of the RTO in SB 217 is very unclear. He said it was not aligned with the recommendations of the task force, and he did not think it was aligned with the governor's press release. He said there was a lot yet to flesh out and regulations would have to follow approved legislation. He said the intent of the task force was that the RTO would be similar to the Bradley Project Management Group in structure. He described that structure, explaining that the co-ops which take power from Bradley are the governance body along with the Alaska Energy Authority, which is the owner of the generation asset. He compared that with the RTO and said the intent was that the AEA would be the owner of much of the transmission infrastructure. He described parts of the transmission system and how they currently connect to one another. He said the state owns parts of the system now and will own any assets built by the Grid Resilience and Innovation Partnerships Program (GRIP) funding, which are anticipated at first to be the High Voltage Direct Current (HVDC) line from somewhere on the Kenai Peninsula and the Homer system over to Southcentral Alaska. He said the application had also been made to extend the line to Healy which is needed to double-circuit. He said the RTO would be made up of the state and the asset owners and would have very structured voting rights, public meetings and public input and the state would have final veto rights.

[3:19:10 PM](#)

CHAIR BJORKMAN asked whether Mr. Izzo would support language in SB 257 to protect utilities if they become disconnected from the rest of the grid or "islanded". He further asked what could be done to protect utilities from costs associated with the RTO if the utilities will be islanded as scheduled by another utility.

[3:19:38 PM](#)

MR. IZZO compared the current system with the ideal system, which he described as a first-world system because it would have two transmission lines. He pointed out line losses occur with the current system, such as the Swan Lake fire and shutdowns for other emergencies or regular scheduled maintenance. The line losses cause higher costs for the utilities than would be the case if a second line were available to carry power from other sources. He said when the two-line system is built there will be benefits and savings for costs that will no longer be experienced. He also said the new system will set Alaska up for economic opportunity of larger scale, lower cost power from renewable sources, nuclear, etc. than is now available.

[3:21:00 PM](#)

MR. IZZO acknowledged a significant step between the current system and the ideal. He noted that wheeling charges could be eliminated now and said there was an appropriate way to do that so no one utility or its members are harmed. He proposed an immediate rate structure that would provide for building the second line from the Kenai Peninsula to Healey. Until that second line was built, some utility members would be subsidizing other utility members because those utilities would be islanded, or without access because of constraints on the system to the lowest cost power necessary. He opined that the change could be done in a stepped fashion, beginning with eliminating wheeling charges now, getting rid of those constraints for the Independent Power Producers (IPPs). As the system is de-constrained a shift would be made to a standard rate.

MR. IZZO said, if a utility becomes islanded, once the new system is built out, that utility should be exempt from paying the costs of the overall system since their members would not be able to take advantage of the overall system. He opined that there was a way to do that where no one is harmed.

[3:23:00 PM](#)

CHAIR BJORKMAN referred to the scheduling of power movement up and down the rail belt and asked whether utilities are able to schedule power in such a way that it would disadvantage other utilities in their ability to move power.

[3:23:53 PM](#)

MR. IZZO said there are ways that can happen and he has seen it happen. He said the BPMC is effective in addressing that kind of action immediately. He urged that creating an RTO structure takes out the parochial politics, because with the GRIP funding the state will own 50 percent or more of the rail belt transmission. The state is not in any way involved in transmission assets and he said that "an adult" is needed on the rail belt. He said once the state has that much ownership and having an RTO with bylaws and a formal structure versus individual regulated utilities, will eliminate a lot of the problems experience in the past. He mentioned that the state does oversee transmission wheeling revenues now, but it is done on through the RCA on an individual utility basis, not on a macro level with a "backbone" perspective. He reiterated that moving to that structure will eliminate a lot of the drama and problems experienced in the past.

[3:25:49 PM](#)

CHAIR BJORKMAN asked whether the open access language of SB 257 would allow one utility or one IPP to sell power directly to a large consumer (such as a mine or a refinery) in another utility's area.

[3:26:32 PM](#)

MR. IZZO suggested that there may be a need for clarifying language. He said this does happen through economy energy sales and without specifics due to non-disclosure agreements he said there are currently two utilities meeting with another regarding a renewable project that is of a scale that is more than any utility could take. He said there would be no obstruction to doing that and when there are two lines and there are no constraints on transmission and there is good reliability, it would be possible for an entity to access competitively priced power. He said that would be a positive situation because of job creation, increased residential meters, and emerging service industries that a utility would benefit from. He said he could not think of a situation where a utility would disagree and try to intervene, but he said he did not know.

[3:28:37 PM](#)

CHAIR BJORKMAN appreciated Mr. Izzo's testimony and sought to determine whether there was a need for clarifying language regarding open access that would prevent cannibalization of customers from one utility service area to another.

[3:28:59 PM](#)

MR. IZZO said language to obstruct [one utility selling power outside its region] could be needed and he would look into it. He said his vision and the task force's vision for the rail belt was that, unifying transmission and building out the grids from the Kenai Peninsula to Healy using the GRIP [federal] funding would level the playing field. He said the state would automatically go to an economic dispatch in which the lowest cost energy generation would benefit every entity in the system. He said, with that as the ultimate goal, he did not see where there is a problem. He said there might be a utility that might have a concern and it would be prudent to see that there isn't something in a regulation or a statute or a tariff that would interfere with doing what would be best for the state's economy.

[3:30:32 PM](#)

JOHN ESPINDOLA, Commissioner, Regulatory Commission of Alaska (RCA), Anchorage, Alaska, read the following statement:

[Original punctuation provided.]

Good afternoon and thank you for allowing me this opportunity to provide public testimony.

For the record, my name is John Espindola, Commissioner with the Regulatory Commission of Alaska. This afternoon I am here to testify on behalf of the RCA regarding some of the general powers of the Commission, set forth in statutes and regulations, as it relates to regulating utilities while protecting the public interest.

- Statute AS 42.05.141 speaks specifically to the "general powers and duties of the commission". Two subsections I will be highlighting today are subsections (a) and (d).
- Subsection (a) reads, The Regulatory Commission of Alaska may do all things necessary or proper to carry out the purposes and exercise the powers expressly granted or reasonably implied in this chapter including:
 1. regulate every public utility engaged or proposing to engage in a utility business inside the state, except to the extent exempted in AS 42.05.711
 2. investigate, upon complaint or upon its own motion, the rates, classifications, rules, regulations, practices, services, and facilities of a public utility and hold hearings on them; and
 3. make or require just, fair, and reasonable rates, classifications, regulations, practices, services, and facilities for a public utility

[3:32:07 PM](#)

MR. ESPINDOLA continued:

Now, I will speak to the Commission's methodology in determining just and reasonable rates and how the Commission regulates the cost of energy for consumers. The overall cost of energy for consumers is comprised of non-fuel costs which are established through a revenue requirement including fuel and purchased power

costs which are recovered through the Cost of Power Adjustment also known as the COPA.

- Statute AS 42.05.381 states: Rates to be just and reasonable, subsection (a) reads, all rates demanded or received by a public utility, or by any two or more public utilities jointly, for a service furnished or to be furnished shall be just and reasonable.
- We are charged by this statute to ensure that rates are just and reasonable. To determine just and reasonable rates the Commission reviews a utility's proposed total annual required earnings, known as the revenue requirement. At a high level, the revenue requirement is the sum of the utility's prudently incurred allowable expenses such as taxes, interest on debt incurred by the utility, operating expenses, annual depreciation, and a fair return on investment.

[3:33:23 PM](#)

MR. ESPINDOLA continued:

- To determine the revenue requirement, we utilize a "normalized test year" which is defined in regulation 3 AAC 48.820 (42)
- In addition, regulation 3 AAC 48.540 requires an electric utility to file a cost of service study with a revenue requirement if their annual kWh sales exceed 100,000,000; for an electric utility that has less than 100,000,000 kWh in annual sales, a cost of service study is required if the utility proposes a new rate design. In this instance when a utility proposes a new rate design, once the revenue requirement has been determined, we review the "cost of service study" defined in regulation 3 AAC 48.820 (40)
- This component of the ratemaking process allocates the revenue requirement among customer classes. Also, when verifying pricing objectives, the Commission refers to 3 AAC 48.510 which reads, "the cost causer should be the cost payer". The results of the cost of service study are used as the basis to develop rates for specific customer classes.

3:34:43 PM

MR. ESPINDOLA continued:

- Regulation 3 AAC 52.502(a) establishes the criteria for adjustment clauses (i.e. the COPA), where a utility recovers fuel and purchased power costs outside of the revenue requirement. In order to be allowed to recover the costs through the adjustment clause, cost elements must be approved by the Commission. These cost elements must meet the following criteria:
 1. Subject to change at a rate that would cause financial harm to the utility if the costs were recovered through base rates; I note this is the rate established in the revenue requirement
 2. Beyond the control of the utility; and
 3. Easily verifiable.
- Lastly, regulation 3 AAC 52.503 establishes the formula and entries for the COPA, and 3 AAC 52.504 establishes the filing requirements for COPAs. These filing requirements include invoices to verify the costs as well as reports on generation and sales.

Next, I will speak to a recent example of the Commission approving a filing using factors other than cost. In March, the Commission approved a gas contract between a gas supplier and an electric Railbelt utility. Although the cost of gas in this filing was higher than what other Railbelt utilities are currently paying, the commission approved the contract to ensure the electric utility was able to continue to provide reliable service to its customers.

- Statute AS 42.05.141 subsection (d) states, when considering whether the approval of a rate or a gas supply contract proposed by a utility to provide a reliable supply of gas for a reasonable price is in the public interest, the commission shall:
 1. recognize the public benefits of allowing a utility to negotiate different pricing mechanisms with different gas suppliers and to maintain a

diversified portfolio of gas supply contracts to protect customers from the risks of inadequate supply or excessive cost that may arise from a single pricing mechanism; and

2. consider whether a utility could meet its responsibility to the public in a timely manner and without undue risk to the public if the commission fails to approve a rate or a gas supply contract proposed by the utility.

[3:37:05 PM](#)

MR. ESPINDOLA concluded his statement:

In closing, it is important to note that as the Commission fulfills its statutory mandates while protecting the public interest, ensuring public utilities are solvent, that they provide safe and adequate services with just and reasonable rates, and terms & conditions, are all factors we use in our decision making process. This afternoon I will not be taking questions. However, the Commission is willing to come back at a later date to allow this committee an opportunity for questions. Thank you and this concludes my testimony.

[3:38:10 PM](#)

MR. ESPINDOLA confirmed he was unable to answer questions at this time.

[3:38:33 PM](#)

CHAIR BJORKMAN postponed public testimony, summarized heard testimony and made closing remarks.

[3:42:05 PM](#)

CHAIR BJORKMAN held SB 257 in committee.

[3:42:27 PM](#)

There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Labor and Commerce Standing Committee meeting at 3:42 p.m.