



Alaska Power Association 2022 State Policy Positions

Support statutory clarity on wildfire liability

Alaska's electric utilities work hard to maintain their rights-of-way for transmission and distribution lines but have no control over vegetation that grows outside their rights-of-way. This creates a scenario in which trees or other vegetation outside the right-of-way -- but tall enough to fall into the right-of-way -- can cause damage, such as a wildfire.

The Alaska legislature can protect electric ratepayers by making clear in statute that electric utilities can only be held liable for damage, death or personal injury from contact between vegetation and the utility's facilities if the vegetation is located entirely within the boundaries of the utility's right-of-way. The state can help mitigate fire risk by continuing to provide funding for the mitigation of spruce beetle-killed trees, which are a significant problem in many parts of the state.

Alaskans already pay some of the highest costs for electricity in the country. Making Alaska utilities, and ultimately their customers, responsible for damages caused by vegetation outside of utility control will drive those costs even higher. This could raise the prospect of financial difficulty for utilities themselves, as has happened in California.

Support for state investment in electric infrastructure and leveraging federal funding opportunities

Electric infrastructure is the bedrock of the state's economy and the operation of the daily lives of Alaskans. Recognizing that the state is facing significant fiscal challenges, the Alaska legislature must leverage every federal dollar available that benefits infrastructure with a strong emphasis on electric infrastructure -- generation, transmission, and distribution. The legislature should direct the appropriate state agencies to work with electric utilities statewide to determine where funding can best serve Alaskans through investment in electric infrastructure, including renewable energy technologies and digital communications infrastructure.

Concurrently, the legislature should call on Congress to focus on funding for electric infrastructure when passing spending bills and when funding federal agency operations. Many areas of the United States continue to benefit from long running federal power marketing administrations (PMAs) that have brought low-cost power to vast reaches of the country. Alaska has not been afforded such federal programs. Through robust state and federal investment in electric systems, Alaska would strengthen its economic health during and following the COVID-19 pandemic.

The future of our state relies on an electric system that can fully employ the technological advancements of tomorrow, but the time to move us in that direction is now. The economy is dependent on electric power,

and to truly have an Alaska that is equitable in opportunity with the Lower 48, our state must invest now in strategic and necessary upgrades to every electric system statewide.

Support for reasonable and economical carbon reduction strategies that consider costs to consumers

Carbon reduction efforts, whether legislative or regulatory, must allow for a technology neutral approach to decreasing fossil fuel consumption. Integrating renewable generation is one method of lowering reliance on fossil fuels, in addition to demand side management, energy efficiency, dynamic demand, and beneficial electrification, among others. Collectively, they are proven pathways to achieving carbon reduction. Above all, safety, reliability, and affordability must be considered as carbon reduction efforts are undertaken.

For many years, Alaska's electric utilities have developed renewable generation assets and integrated renewable generation into their systems while exploring additional, economically feasible renewable generation. This integration, while partially driven by a goal to decrease carbon emissions, is also reliant on what is technologically and financially feasible at the various-sized electric utilities around the state. It must always be taken into consideration when creating new laws and regulations that ratepayers ultimately bear the costs of any new generation assets. All legislative or regulatory efforts that aim to reduce carbon emissions and increase renewable energy should carefully account for the cost impacts on Alaska electric consumers.

Support for preserving the Power Cost Equalization Endowment, using the Endowment only for its statutory purposes, ensuring all eligible communities can maximize the PCE program, and full funding the PCE program in FY 2023

The Power Cost Equalization (PCE) Endowment must be preserved and maintained to provide certainty for nearly 200 Alaska communities that rely on the PCE program. APA is opposed to using the PCE Endowment for any purpose not already established in law.

The PCE program is a vital, lifeline program that makes it feasible for rural Alaskans to have access to affordable electric power and for rural communities to have affordable electricity for streetlights, water and sewer facilities, and other essential infrastructure. The PCE Endowment should only be used for its statutory purpose.

The state, in collaboration with the Alaska electric utility industry through Alaska Power Association, should also explore ways to address the diminishment of PCE for communities that have invested heavily in renewable electricity generation. Some communities that have lowered their reliance on fossil fuels by bringing on clean electric generation have seen lower PCE rates while still facing high electric rates. The state should allow for flexibility within the PCE program to accommodate communities that increase renewable generation but still face high electric costs.

The Power Cost Equalization Endowment was established in 2000, and subsequently funded by several legislatures to create a continuing source of funds to ensure the continuity of the PCE program. Recent legislatures have reaffirmed the importance of the PCE program.

Furthermore, Alaska Power Association urges the Legislature to fund the PCE program from PCE Endowment earnings at 100 percent for FY 2023.

APA's electric utility members work constantly to lower the cost of power through innovative approaches and long-range planning. Until there is a permanent solution to the high cost of energy in rural Alaska, the PCE program must continue its purpose of providing economic assistance to customers in areas of our state where the cost of electricity per kilowatt-hour can be three to five times higher than the cost in more urban areas.