



Alaska Power Association 2024 State Policy Positions

Support for leveraging federal funding opportunities and full funding of the Renewable Energy Grant Fund

Alaska's Executive Branch departments and the Alaska Energy Authority should coordinate closely with the state's electric utilities to ensure funding opportunities from the federal Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA) are not missed. Many programs authorized and funded in the bipartisan infrastructure law require state participation, and the state should direct the appropriate staff to track and maximize these grant funding opportunities, so the state's electric utilities do not miss out.

Yearly full funding of the Renewable Energy Grant Fund (REF) is a crucial way the state can support new and diversified electric generation in Alaska while lowering the financial impacts on ratepayers. This REF program has been a success, and numerous electric utilities of all sizes have benefited from its funding. This means electric consumers in Alaska have benefited as well.

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 state investment in Alaska's generation diversification and energy security through funding of electric transmission infrastructure, energy storage, and a pragmatic transition to clean energy

The legislature should work closely with Alaska's electric utilities to become an active investor in the state's generation diversification and energy security. The legislature can accomplish this by appropriating funds to assist with federal grant matching requirements. With the passage of the federal Infrastructure Investment and Jobs Act and the Inflation Reduction Act, a once in a generation opportunity for Alaska's electric utilities and consumers is available, but only if the state and electric utilities work together to fully take advantage of federal grant programs. By appropriating funds to help electric utilities with matching fund requirements for federal grant programs, the legislature will lessen the burden on Alaskan ratepayers and mitigate cost impacts in the state.

At the same time, to facilitate generation diversification and energy security in Alaska, new electric transmission infrastructure is required, along with energy storage, and a reasonable integration of clean energy technology while recognizing that reliability is of the utmost importance. The legislature can assist with this by working closely with electric utilities to support policies that allow for a technology neutral approach to decreasing fossil fuel dependency. Integrating clean generation is one method of lowering

reliance on fossil fuels, in addition to demand side management, energy efficiency, and beneficial electrification, among others. As utilities pursue generation diversification and carbon reduction, safety, reliability, and affordability must be considered.

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 2025

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 2025.

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.

Support for amending Alaska's Safe Harbor law to include oral fluid testing

Alaska's "Safe Harbor" law for employer drug testing, codified in Alaska Statutes 23.10.600 – 23.10.699, protects employers from a wide range of legal claims related to employment drug and alcohol testing if the employer meets the law's requirements ("Safe Harbor law"). Compliance with the statute is voluntary, but all employers should comply if they are going to test employees for drugs or alcohol. There is a new option to replace urine testing with a saliva (oral fluid) test, but Alaska's Safe Harbor law was written long before oral fluid testing was an option, and oral fluid testing was not included in the scope of the law's protection. Oral fluid testing is accomplished by collecting saliva from the mouth.

The federal Department of Transportation recently amended its drug testing regulations to allow (but not require) employers to use oral fluid testing for CDL holders. Alaska lineworkers are generally required to have CDLs, and many other Alaska utility employees are subject to testing that largely follows the DOT testing procedures.

Alaska's Safe Harbor law should be amended to allow oral fluid testing by including oral fluid in the definition of a "sample." Such an amendment would allow employers to offer oral fluid testing without giving up the protection provided by the Safe Harbor law.

Support statutory clarity on wildfire liability

The Alaska legislature can help protect ratepayers by making clear in statute that electric utilities are not liable for damage, death, or personal injury resulting from contact between vegetation and the utility's facilities if the vegetation is growing and located outside the utility's right-of-way. Concurrently, the state can help mitigate wildfire 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.

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.

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 increased workforce development resources for Alaska's electric energy industry

Alaska Power Association urges the Governor and Alaska Legislature to allocate additional state resources to Alaska-based educational institutions, training facilities and workforce development programs to ensure that our state has qualified workers to support the needs of the electric utility industry in the short term and for decades to come.

The unprecedented opportunities presented by the Infrastructure, Investment and Jobs Act and the Inflation Reduction Act, if fully maximized for the benefit of Alaska, will generate specialized, technical, and high-paying jobs in vital industry sectors such as energy. These drivers, coupled with the current trend of retirements in the electric utility industry, have created a qualified worker shortage that could negatively impact Alaska's electric systems' reliability, energy security and economic development.