

1 project, are dedicated and required for this project. So, I
2 think there's -- you know, the hope is and I think the
3 potential of this project is there could be some efficiencies
4 over the long-term, but we're too early in the process to
5 determine that.

6 When I think about, you know, the allocation of costs
7 between, for example, gas supply customers and transmission
8 customers, transportation customers, in our rate cases it's
9 very easy to differentiate and to, you know, show the buckets.
10 Are we going to need that? I don't know that we are, but that
11 will be, you know, for a future filing.

12 CHAIR ESPINDOLA: Thank you. Commissioner Pickett?

13 COMMISSIONER PICKETT: And you don't have to thank me for
14 my questions. This is very, very challenging.....

15 MR. SIMS: Yeah.

16 COMMISSIONER PICKETT:and I think we're out of time
17 frankly. I don't see anything coming in to play before 2030,
18 if we're lucky, and you can't really do much until you have a
19 final investment decision meaning you've got some party that is
20 qualified and ready to sign contracts and I don't see that even
21 under the best of circumstances happening before 2027 with a
22 rural project and you're not going to be able to go to the FERC
23 to apply for an import license.

24 And the only existing import license at the FERC for
25 Alaska is the Marathon facility, which they got in 2020 and on

1 the FERC side, I just went there a couple days ago, it's still
2 listed as being yet to be constructed meaning, you know,
3 they've got the facility obviously, but there's a lot of stuff
4 that still has to happen. So, even if one of the other
5 utilities is trying to negotiate something with Marathon, I
6 would imagine Marathon's made priorities at Tesoro refinery and
7 anything else is totally secondary. If they can get something
8 to fit, they'll probably do it, that's kind of how Marathon
9 does business.

10 So, a lot of unfortunate events legally and regulatory
11 wise have taken place in the LNG arena. Politically last year,
12 there was a big wet blanket put on the whole LNG export and
13 that sort of got pulled back a little bit, but one very
14 critical case in Brownsville, Texas was settled in August of
15 this past summer and it did involve Glenfarne on a smaller LNG
16 export, Texas LNG export and the Rio Grande export across the
17 river much bigger. And the difference between this case, I
18 mean, that had bounced back and forth. Texas LNG first applied
19 for in 2014, Glenfarne got involved, I think, about 2020. It's
20 had a -- the court has remanded it back to the FERC a couple of
21 times.

22 This last time, what they did, it wasn't just a remand, it
23 said your approvals are invalid, we understand final investment
24 and it really affected Rio Grande because they're actually
25 under construction. It said it's all invalid, we're going to

1 just look at this as these approvals never took place and that
2 caused real concern at the FERC because this is the first time
3 that has ever happened.

4 And they made a filing, I believe, back in December
5 sometime advising or requesting that the DC district please,
6 please, please reconsider this ticket to the full panel because
7 this has massive implications and if they don't, it's probably
8 going to -- it will go to the Supreme Court. And how long that
9 takes and what kind of uncertainty that puts on the whole
10 picture is -- it's a mess. I think the DC district screwed up.

11 But FERC kind of screwed up too because they ignored some
12 very strong signals the court was sending them time and time
13 again and that is where it is, and you know, you're negotiating
14 with Glenfarne, they're obviously well aware of it, so that's
15 -- it's not good. But I would also say don't take the way that
16 New Fortress Energy in Puerto Rico took a couple years ago, on
17 an island, short little piece of pipe. They just decided their
18 LNG import facility really wasn't under FERC jurisdiction, so
19 they're just going to go ahead and build it. Well, that didn't
20 work out real well either because the DC district then said no,
21 you're going back to the FERC and you're going to jump through
22 all the hurdles -- and it may -- all these hoops may cost you a
23 lot of money, but that's just the way it is.

24 And so, timing is critical, critical, critical. You know
25 that, but you know, we've -- in your 2020 gas supply filing

1 with us, you clearly identified this and all the utilities then
2 were looking at we're, in all likelihood, going to have to
3 import LNG, but politically in this state, that's still not a
4 very popular thing. You know, I just listened to -- online
5 this morning to the RDC breakfast from last week and it's still
6 like there's some of the legislators, we're going to hold our
7 nose and if the utilities actually think they have to import, I
8 guess we're going to do it for a couple years. You know, if
9 you're investing hundreds of millions of dollars or a billion,
10 it's not going to be a couple years that that's going to be in
11 place.

12 And I was disturbed too and Commissioner Springsteen
13 referred to that in HB50, that language and I'm just going to
14 read it. "Section 49. AS 42.05.711 is amended by adding a new
15 subsection read: (w) A liquefied gas import facility under the
16 jurisdiction of the Federal Energy Regulatory Commission is
17 exempt from this chapter." i.e. 42.05. When you have that sort
18 of specific language, and I think that was a mistake to word it
19 like that. I think what they're trying to do is protect
20 Marathon from some effort to take something. I don't know, I
21 can't speak to that exactly, but when I look at that, when you
22 get to the pre-feed, feed construction engineering stuff and
23 you try to capture it through even a regulatory asset under the
24 jurisdiction of 42.05, and then you
25 get some intervenor that comes in and says no, this is crazy,

1 this is clearly illegal. And that's what's happening. I mean,
2 that's what happened at Brownsville.

3 MR. SIMS: Yeah.

4 COMMISSIONER PICKETT: You had city governments, you had
5 the Sierra Club, you had Earth Justice and a lot of anti-
6 methane jihadists that took advantage of the unclear language
7 -- and they just went for it.

8 And so, I'm not advising that maybe somebody in Juneau
9 needs to look at this because sometimes when they re-look at
10 things, it can get worse, but I think you may be dealing with
11 entirely different Commissioners by the time some of this
12 regulatory asset really starts to pick up. They may look at it
13 and go, you know, what is this, how can we even do this?

14 So, I'm just trying to make your life easier, John.

15 MR. SIMS: Thank you, Commissioner. I'm going to thank
16 you regardless and I -- you know, there's a couple points I
17 want to make, you know, addressing some of the statements
18 there. You know, you made the statement that we're out of
19 time. We are absolutely up against the wall from a time
20 perspective and it was very challenging over the course of this
21 last 24 months to not just say we're going to make a snap
22 decision and go with that.

23 COMMISSIONER PICKETT: I know.

24 MR. SIMS: And you know, we always came back to the
25 position and the perspective that this is a generational type

1 decision. There are significant impacts to peoples' lives that
2 will be the result of this decision that we make. So, we had
3 to make sure that what we were doing was prudent, that it was
4 measured, that it made sense from an operational perspective
5 and always tried to think about minimizing our regret cost.
6 There's going to be regret that comes out of this, there is no
7 doubt about it and so, trying to minimize that as much as
8 possible.

9 And so, you know, even though we were up against a massive
10 time crunch, we always had to have that perspective in mind
11 that the decision we were going to be making was exactly that.
12 It's not a one or two-year timeframe. We're not going to be
13 using these facilities for just a short period of time. So,
14 that was always at the front of our mind and the place that
15 we're at today is with a world class project developer who has
16 some great experience that we believe, after 24 months of
17 review, analysis, engineering, looking at our own systems,
18 understanding the dynamics of the state and the potential of
19 the state.....

20 COMMISSIONER PICKETT: Uh-huh.

21 MR. SIMS:we feel like we have a project that just
22 absolutely knocks it out of the park. And so, even though it's
23 a little later than we would have all hoped, we are very, very
24 optimistic about this and the potential that it brings to the
25 state to minimize regret cost, meet our customers' needs and

1 ultimately be a really, really great solution for the State of
2 Alaska.

3 COMMISSIONER PICKETT: Now you just need to get the
4 communication sales pitch arm of the operation in high gear
5 because I don't think that is accepted widely. You know,
6 Enstar, to its credit, tried to get ahead of this thing early
7 on, you did the survey, we're at 45 percent of the people
8 surveyed thought the State of Alaska was going to fix it. I
9 laughed. When I saw that, I just laughed. I'm not sure what
10 state they thought they were in, but it's definitely not going
11 to happen here.

12 MR. SIMS: Yeah.

13 COMMISSIONER PICKETT: And what is going to have to
14 happen, I'm firmly convinced tariff revisions are going to need
15 to directly address ongoing curtailments because of lack of
16 fuel supply. And so far, we brought all the utilities in last
17 year, we're continuing going back through the cycle, nothing
18 has changed. Nothing has changed.

19 And as I said earlier, I did appreciate the fact RAPA made
20 the petition, I just wasn't convinced it's exactly the right
21 time to do it, but I appreciated their listening, their paying
22 attention and I'm sure they'll continue to pay attention.

23 And so, I honestly wish you the best. I'm an Enstar
24 customer, I'm an MEA customer and I love methane and I love
25 electricity when you flip a switch. And the consequences of

1 that not happening are severe, not just for the Railbelt, but
2 for all of Alaska and I hope everybody can get a handle on it.
3 This is not easy. I keep hearing 19 TCF of gas in Cook -- yes,
4 who's going to bring in a half-a-billion-dollar jack-up rig and
5 when's that going to happen?

6 MR. SIMS: Yeah.

7 COMMISSIONER PICKETT: You know? You don't hear them
8 talking about that and I appreciate the royalty relief
9 discussions, and yes, that's -- have some incremental effect
10 and I appreciate more renewables and all that, but the core
11 issue is the lack of substantial quantities of natural gas that
12 we're seeing projected. So.....

13 MR. SIMS: If I may, just one last comment, you know, to
14 address some of the comments you made about, you know, the
15 survey and whose responsibility of the general public views
16 this as. A majority of them viewed it as the state's
17 responsibility and that is something that we have never
18 believed, that this is our responsibility, which is why, you
19 know, we've been putting a ton of time and effort into this and
20 trying to be as thoughtful as possible.

21 And to take that to another level, we wanted to ensure
22 that the project that we are moving forward with in no way,
23 shape or form needed any sort of legislative ask, dollars from
24 the State of Alaska, you know, new legislation to be passed.
25 We need to be able to do this project on our own, by ourselves

1 with the utility group and a world class project developer and
2 that's what we have today.

3 COMMISSIONER PICKETT: Now be kind, John, they're just
4 trying to be helpful. With that, I see the Chair glaring at
5 me, so I'm going to end my questions.

6 MR. SIMS: Thank you, Commissioner.

7 CHAIR ESPINDOLA: Thank you, Commissioner Pickett. Due to
8 the lengthy discussion and questions, I'm going to go back to
9 Commissioner DeVries online. Commissioner DeVries, do you have
10 any additional questions or comments?

11 COMMISSIONER DEVRIES: No, I don't, but thank you very
12 much.

13 CHAIR ESPINDOLA: Commissioner Springsteen? Johnston?
14 Nope? John, thank you and your team for the presentation.
15 With no more questions or comments from Commissioners, I will
16 close out agenda item number three.

17 MR. SIMS: Thank you.

18 CHAIR ESPINDOLA: The next item on the agenda, agenda item
19 number four, Other Business. Do any Commissioners have other
20 business to discuss?

21 COMMISSIONER PICKETT: Yes, Mr. Chair.

22 CHAIR ESPINDOLA: Commissioner Pickett, the floor is
23 yours.

24 COMMISSIONER PICKETT: I would like to make a motion to
25 open an informational docket to receive information from the

1 electric and gas distribution utilities related to their
2 curtailment procedures and their tariff provisions covering the
3 curtailment procedures. And this is specifically related to
4 how customer curtailment will be conducted, how the
5 communication plans will happen for the potential curtailments.
6 If this motion is successful, I'm proposing to take all of the
7 things that have been filed with us in the last year as we haul
8 the utilities in and for the follow-up reports that are going
9 on this year and then any actions for future presentations the
10 Commission may require. So, that is my motion.

11 CHAIR ESPINDOLA: Do I hear a second?

12 COMMISSIONER SPRINGSTEEN: Commissioner Springsteen, I'll
13 second.

14 CHAIR ESPINDOLA: Thank you. I will now poll the
15 Commission. Commissioner DeVries?

16 COMMISSIONER DEVRIES: Yes.

17 CHAIR ESPINDOLA: Commissioner Springsteen?

18 COMMISSIONER SPRINGSTEEN: Yes.

19 CHAIR ESPINDOLA: Commissioner Johnston?

20 COMMISSIONER JOHNSTON: Yes.

21 CHAIR ESPINDOLA: Commissioner Pickett?

22 COMMISSIONER PICKETT: Yes.

23 CHAIR ESPINDOLA: And I also vote yes. Let the record
24 reflect a 5-0 vote. Are there any other Commissioners that
25 have additional business to discuss? Hearing nothing, agenda

1 item number four, Other Business, is closed.

2 Agenda item number five. The last item on the agenda is
3 Executive Session as required. Assistant Attorney General,
4 Erin Egan, is there a need for Executive Session?

5 MS. EGAN: There's not a need for Executive Session, but
6 if I could follow up on Commissioner Pickett's question from
7 earlier?

8 CHAIR ESPINDOLA: Sure.

9 MS. EGAN: I don't know that it's relevant now, but I did,
10 while we were here, look up the deadline for responding to that
11 petition and it is 30 days. So, for future reference, just
12 wanted to clarify that for the record.

13 CHAIR ESPINDOLA: Thank you. Hearing no need for
14 Executive Session, this meeting is concluded at 10:33 a.m.

15 (Off record)

16 (This proceeding was concluded at 10:33)

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I, Sonya Hewes, Transcriber with Accu-Type Depositions, do hereby certify that the foregoing pages numbered 1 through 61 are a true, accurate, and complete transcript of the proceedings of the RCA Special Public Meeting held at the Regulatory Commission of Alaska on Wednesday, January 15th, 2025, as transcribed by me to the best of my knowledge and ability.

1-15-2025

Sonya Hewes
Transcriber
Accu-type Depositions