

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

January 28, 2008

1:03 p.m.

MEMBERS PRESENT

Representative Carl Gatto, Co-Chair
Representative Craig Johnson, Co-Chair
Representative Anna Fairclough
Representative Bob Roses
Representative Paul Seaton
Representative Peggy Wilson
Representative Bryce Edgmon
Representative David Guttenberg
Representative Scott Kawasaki

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Representative Mike Kelly

COMMITTEE CALENDAR

HOUSE BILL NO. 267

"An Act relating to authorizing the state to join with other states entering into the Wildlife Violator Compact and authorizing the compact to supersede existing statutes by approving standards, rules, or other action under the terms of the compact; and directing the initiation of civil actions to revoke appropriate licenses in this state based on a resident licensee's violation of or failure to comply with the terms of a wildlife resource citation issued in another state that is a party to the compact."

- HEARD AND HELD

HOUSE BILL NO. 336

"An Act directing the Alaska Energy Authority to conduct a study of and to prepare a proposal for an appropriately sized Susitna River hydroelectric power project; and providing for an effective date."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 267

SHORT TITLE: WILDLIFE VIOLATOR COMPACT

SPONSOR(s): REPRESENTATIVE(s) JOHNSON

01/04/08	(H)	PREFILE RELEASED 1/4/08
01/15/08	(H)	READ THE FIRST TIME - REFERRALS
01/15/08	(H)	RES, FIN
01/18/08	(H)	RES AT 1:00 PM BARNES 124
01/18/08	(H)	Heard & Held
01/18/08	(H)	MINUTE(RES)
01/28/08	(H)	RES AT 1:00 PM BARNES 124

BILL: HB 336

SHORT TITLE: SUSITNA HYDROELECTRIC PROJECT

SPONSOR(s): REPRESENTATIVE(s) JOHNSON

01/22/08	(H)	READ THE FIRST TIME - REFERRALS
01/22/08	(H)	RES, FIN
01/28/08	(H)	RES AT 1:00 PM BARNES 124

WITNESS REGISTER

JEANNE OSTNES, Staff
to Representative Johnson
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the sectional analysis on HB 267, Version O.

BURKE WALDRON, Captain
Central Office
Division of Alaska Wildlife Troopers
Department of Public Safety (DPS)
Anchorage, Alaska

POSITION STATEMENT: Provided information and answered questions on HB 267.

AL CAIN, Criminal Justice Planner
Statewide Law Enforcement Specialist
Division of Sport Fish
Alaska Department of Fish & Game (ADF&G)
Anchorage, Alaska

POSITION STATEMENT: Answered questions on HB 267.

MIKE FOWLKS, Law Enforcement Chief
Division of Wildlife Resources
Utah Department of Natural Resources
(No address provided)

POSITION STATEMENT: During hearing on HB 267, answered questions regarding Utah's experience as a member of the Wildlife Violator's Compact.

ROB BUONAMICI, Chief Game Warden
Nevada Department of Wildlife (NDOW)
(No address provided)

POSITION STATEMENT: During hearing on HB 267, answered questions regarding Nevada's experience as a member of the Wildlife Violator's Compact.

BRIAN KANE, Attorney
Legislative Legal and Research Services
Legislative Affairs Agency
Juneau, Alaska

POSITION STATEMENT: Answered questions on HB 267.

ALLEN BARRETTE
Fairbanks, Alaska

POSITION STATEMENT: Opposed HB 267.

DICK BISHOP
Alaska Outdoor Council (AOC)
Fairbanks, Alaska

POSITION STATEMENT: During hearing on HB 267, supported better enforcement of Alaska's fish and game laws, and supported a better means of enforcing such laws.

JEANNE OSTNES, Staff
to Representative Johnson
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 336 on behalf of the sponsor, Representative Johnson.

SARA FISHER-GOAD, Acting Executive Director
Alaska Energy Authority (AEA)
Anchorage, Alaska

POSITION STATEMENT: Provided information and answered questions during hearing on HB 336.

JIM STRANDBERG, Project Manager
Alaska Energy Authority

Anchorage, Alaska

POSITION STATEMENT: Provided information and answered questions during hearing on HB 336.

NICHOLAS GOODMAN, Chief Executive Officer

TDX Power

(No address provided)

POSITION STATEMENT: During hearing on HB 336, urged that Alaska diversify its sources of power generation.

ACTION NARRATIVE

CO-CHAIR CRAIG JOHNSON called the House Resources Standing Committee meeting to order at [1:03:46 PM](#). Representatives Roses, Guttenberg, Edgmon, Kawasaki, Fairclough, Wilson, Gatto, and Johnson were present at the call to order. Representative Seaton arrived as the meeting was in progress. Also present was Representative Kelly.

HB 267-WILDLIFE VIOLATOR COMPACT

[1:04:56 PM](#)

CO-CHAIR JOHNSON announced that the first order of business would be HOUSE BILL NO. 267, "An Act relating to authorizing the state to join with other states entering into the Wildlife Violator Compact and authorizing the compact to supersede existing statutes by approving standards, rules, or other action under the terms of the compact; and directing the initiation of civil actions to revoke appropriate licenses in this state based on a resident licensee's violation of or failure to comply with the terms of a wildlife resource citation issued in another state that is a party to the compact."

CO-CHAIR JOHNSON stated his intention to take public testimony and answer questions on HB 267, then move the bill during a future meeting.

[1:07:16 PM](#)

CO-CHAIR GATTO moved to adopt HB 267, Version 0, labeled 25-LS0864\0, Kane, 1/24/08, as the working document. There being no objection, Version 0 was before the committee.

[1:07:41 PM](#)

JEANNE OSTNES, Staff to Representative Johnson, Alaska State Legislature, directed the committee's attention to the sectional analysis for Version O. She explained that Section 1 of the bill sets out the provisions of the Wildlife Violator Compact. Article I of the compact states the policy and purpose behind the compact and what member states aim to achieve by joining the compact. Article II sets out the definitions of terms used in the compact. Ms. Ostnes noted that on page 5 of Version O, lines 21-24 provide the compact's definition for wildlife, and that Brian Kane, attorney for Legislative Legal and Research Services, added lines 24-27 as follows:

Species included in the definition of wildlife vary from state to state and a determination of whether a species is wildlife for the purposes of this compact must be based on local law. In this state, "wildlife" means all species of fish and game as these terms are defined in AS 16.05.940.

MS. OSTNES said Article III describes the procedures to be followed by a state issuing a citation to a person for a wildlife violation. Article IV outlines the procedures for the home state of a person issued a wildlife violation in another compact state. Article V declares that all states that are parties to the compact will recognize a suspension of license privileges as if it happened in their states. Article VI provides that the compact shall not affect the right of a member state to apply its own local laws or practices in wildlife enforcement.

[1:10:53 PM](#)

CO-CHAIR JOHNSON, in response to Representative Guttenberg, stated that Al Cain, Captain Waldron, members of other wildlife compact states, and Brian Kane are present.

MS. OSTNES continued reviewing the sectional analysis. Article VII describes the board of compact administrators and the role of the board. Article VIII provides for entry into and withdrawal from the compact. Article IX states that amendments may be made to the compact. Article X states that the compact should be liberally construed to carry out its purpose, and that the provisions of the compact are severable in order to keep remaining provisions in effect. Article XI states the title of the compact.

MS. OSTNES explained that Section 2 is the portion of HB 267 that is specifically for the state of Alaska. She related that a [conceptual] amendment was previously brought forward by Representative Seaton regarding commercial fishing activities and this is included in Version 0 on page 10, line 23, paragraph (1). In drafting the bill, Mr. Kane also included commercial activities of providers of services to big game hunters [page 10, lines 24-26]. However, this was not what the sponsor had indicated, so Mr. Kane will have an amendment to the committee within the hour.

MS. OSTNES noted that Section 3 of the bill provides the procedure for peace officers in the state of Alaska to file an action for revocation of a fishing or hunting license to comply with the terms of the compact. She noted that trapping is included along with fishing and hunting.

1:14:06 PM

CO-CHAIR GATTO inquired as to whether "peace officer" is defined.

MS. OSTNES replied that it is defined in statute, but she did not know the specific citation.

CO-CHAIR GATTO asked whether "peace officer" would apply to a Village Public Safety Officer (VPSO).

BURKE WALDRON, Captain, Central Office, Division of Alaska Wildlife Troopers, said he believes it would apply, but is looking it up right now.

1:15:18 PM

CO-CHAIR GATTO inquired whether it is intentional that Section 2 not apply to commercial fishing and commercial hunting activities.

MS. OSTNES explained that the committee wanted it to apply only to commercial fishing, which was Representative Seaton's amendment passed at the [January 18, 2008,] hearing. However, the drafter also included commercial hunting which was not the committee's desire.

CO-CHAIR JOHNSON said the committee wished to exclude commercial fishing but not big game guides and outfitters, thus the

forthcoming amendment will delete the big game guides and outfitters.

CO-CHAIR GATTO asked why one but not the other.

CO-CHAIR JOHNSON explained that the existing compact is related to sport hunting and fishing activities and expanding it into commercial fishing goes beyond the bounds of intent of the original compact. Commercial fishing has a separate body of law with a whole separate set of statutes and punishments. He said it was easier to clarify that this excludes commercial fishing than to be the only member of the compact that includes it.

[1:16:50 PM](#)

CO-CHAIR GATTO inquired whether running a guide service for fishing is considered commercial fishing.

CAPTAIN WALDRON said no. In response to Co-Chair Gatto's earlier question, Captain Waldron cited AS 16.05.150 and said that VPSOs would have limited enforcement authorities from the commissioner; thus, in his opinion, they would be considered peace officers.

[1:17:58 PM](#)

CO-CHAIR GATTO asked whether "designated by the commissioner" is a variable opportunity for the commissioner or something that is well established by the commissioner as to who qualifies for peace officer. He asked whether peace officer is a certain level of authority.

CAPTAIN WALDRON answered that to enforce laws in Alaska, a person must be a commissioned law enforcement officer or a commissioned peace officer and that those terms are kind of used interchangeably. Commissioned means that the person has a commission from the commissioner of the Department of Public Safety. Some authorized commissions are limited or restricted commissions; for example, VPSOs are limited for the most part to misdemeanors only, they do not have enforcement authority for felonies. Another example would be federal department officers that have limited commissions to enforce state laws on federal lands.

[1:19:44 PM](#)

CO-CHAIR GATTO inquired whether peace officers are allowed or obligated to carry weapons.

CAPTAIN WALDRON replied that some peace officers are allowed, but he did not believe there is any obligation.

[1:20:07 PM](#)

MS. OSTNES noted that the following language was deleted from the title: "and authorizing the compact to supersede existing statutes by approving standards, rules, or other action under the terms of the compact".

REPRESENTATIVE GUTTENBERG requested further clarification regarding Articles V and VI of Section 1.

CO-CHAIR JOHNSON said the intent was to clarify that Alaska is not subjugating its statutes and its ability to make laws to this compact, that Alaska still has the ultimate authority over what is legal and illegal within the state.

[1:22:29 PM](#)

REPRESENTATIVE WILSON advised that if the commercial activities for big game hunters is deleted from page 10, it will also need to be deleted in the title.

CO-CHAIR JOHNSON said that is the intention.

AL CAIN, Criminal Justice Planner, Statewide Law Enforcement Specialist, Division of Sport Fish, Alaska Department of Fish & Game (ADF&G), stated that he will be happy to answer any questions.

[1:23:40 PM](#)

MIKE FOWLKS, Law Enforcement Chief, Division of Wildlife Resources, Utah Department of Natural Resources, informed the committee that Utah has been a member of the compact for 14 years. He said Utah has enjoyed the benefit of its officers not having to arrest people or haul them to the local magistrate for bail collection or adjudication in cases involving nonresidents from compact states. He said there are lots of folks from other states who like to hunt Utah who have been convicted in their home states or other states in the compact, and Utah has honored those suspensions and kept the violators from partaking in Utah's recreational opportunities. That provides a benefit to

the legitimate sportsmen, resident and nonresident alike, because it takes the violators out of the pool for the limited permits that are available.

[1:25:10 PM](#)

REPRESENTATIVE ROSES asked whether Utah, since joining the compact, has seen an increase in the number of violations for people hunting without a license that are nonresidents.

CHIEF FOWLKS replied no, there has been no appreciable change in the percentage of those violations.

[1:25:28 PM](#)

REPRESENTATIVE GUTTENBERG inquired as to who is the appointed compact administrator in Utah under Article VII.

CHIEF FOWLKS answered that the director of the Division of Wildlife Resources appoints the compact administrator and that he is currently the administrator. In further response to Representative Guttenberg, Chief Fowlks explained that the compact administrators from the current 26 member states meet to conduct business once a year at the Association of Fish and Wildlife Agencies meetings. He said a President, Vice President, and Secretary are nominated and elected by the 26 member states.

[1:27:05 PM](#)

REPRESENTATIVE GUTTENBERG asked how often the compact has been amended.

CHIEF FOWLKS responded that the compact was updated at the last meeting to reflect the changes in the manual that occurred in the database. He said this is the first time it has been changed in the four years that he has been compact administrator.

[1:27:58 PM](#)

REPRESENTATIVE GUTTENBERG said he understands changes in how to deal with the database, but inquired as to the ability to amend the compact itself and how that would work.

CHIEF FOWLKS explained that if a state wants to amend the process as far as the compact is concerned and the compact

manual, the state would have to make a proposal at the meeting with all 26 members and a majority of the states would have to agree to the change.

[1:29:07 PM](#)

REPRESENTATIVE FAIRCLOUGH recalled reading that all states had to agree for a change to occur, not a majority. She noted that Article IX, subsection (b), page 10 of Version 0, reads ["all party states"]

CHIEF FOWLKS said he is speaking from memory and so may have misspoken because there have not been any changes and he therefore does not know if amendments require all or a majority. He deferred to the other compact representatives.

REPRESENTATIVE FAIRCLOUGH understood that it must be unanimous, so what Chief Fowlks was talking about was updating the manual and the process that the manual and database use, a procedural step and a compact change which is an administrative change. She said any other changes to the compact itself require the support of all states, so one state could hold out and there would not be a change.

[1:31:13 PM](#)

ROB BUONAMICI, Chief Game Warden, Nevada Department of Wildlife (NDOW), informed the committee that Nevada was one of the first three states to form the nucleus of the compact. He was present at that time and has been personally involved in the entire process, including chairman for 10 years. In addition to the benefits pointed out by Mr. Fowlks, he noted that another benefit is helping to stop the poaching of species that require the purchase of special tags for hunting. For example, out-of-state hunters would poach in Nevada and then put a Colorado tag on the animal to make it look legitimate. The compact makes it difficult for a convicted poacher to purchase tags for this type of illegal use. He said that soon after the compact was first established he received phone calls from hunters asking if it was true that their hunting privileges would be revoked in all compact states if they were convicted in one compact state. This shows that the poachers have taken notice and the compact has an impact, he advised.

[1:34:14 PM](#)

CO-CHAIR GATTO asked whether any state has applied and been rejected from the compact.

CHIEF BUONAMICI responded no.

[1:34:36 PM](#)

REPRESENTATIVE FAIRCLOUGH inquired whether any of the other compact states noticed a decrease in the number of in-state violations after joining the compact.

CHIEF BUONAMICI answered that Nevada saw a small initial decrease, but mainly what has been seen is a shift in methods of operation by the poachers. The poachers realize what is at stake and are much more secretive and are trying to avoid being caught. However, he said, poachers like to brag and that is how they end up being caught eventually.

CHIEF FOWLKS agreed with Chief Buonamici.

[1:36:28 PM](#)

REPRESENTATIVE FAIRCLOUGH asked whether Alaska's proposal to exempt commercial fishing will affect the other compact states.

CHIEF BUONAMICI replied that it does not affect Nevada; it is left to the individual states. Commercial fishing has not been addressed at this point, he said, but there has been discussion at compact meetings to look at addressing this aspect, particularly with coastal states.

REPRESENTATIVE FAIRCLOUGH said she questioned [Alaska's commercial fishing] exemption.

CO-CHAIR JOHNSON said [the committee] wanted to limit this to sport fishing and hunting, but if the compact was to make a decision on commercial fishing it would be up to each individual state to decide whether to include it.

[1:38:36 PM](#)

REPRESENTATIVE GUTTENBERG noted that Representative Seaton's amendment would exclude commercial fishing from the compact. Could commercial fishing include someone in Utah with a guide service, he asked. He also asked whether Alaska can amend the compact itself.

BRIAN KANE, Attorney, Legislative Legal and Research Services, Legislative Affairs Agency, responded that substantive changes could not be made by Alaska to alter the compact, but states have the option to exclude certain things from the compact, such as commercial fishing that is particular to a state.

[1:39:44 PM](#)

REPRESENTATIVE EDGMON directed attention to page 4 of Version 0 [line 28, subsection (f)] which defines home state as "the state of primary residence of a person". He posed a situation in which a California resident moves to Alaska and has been in the state for six months. He inquired whether the person's primary residence under the terms of the compact would still be California.

MR. KANE said he is not sure. He noted that the definition for obtaining a resident fish or game license in Alaska is 12 months. In further response to Representative Edgmon, Mr. Kane said he would have to research further as to whether Alaska would be considered the person's home state during this time period.

[1:41:43 PM](#)

REPRESENTATIVE EDGMON inquired as to how Alaska would withdraw from the compact since it is the legislative branch that is enabling the state to participate. Who within the state would be responsible for making the withdrawal, he asked, the executive branch, the compact administrator, or the state agency.

MR. KANE said he is unsure what would happen if someone not in the legislature decided to withdraw the state, but taking the compact out of Alaska statute would likely require legislative action to repeal statute.

REPRESENTATIVE EDGMON asked whether it is necessary to include in the bill that it requires legislative action to take the statutes off the book, or is that implicit.

CO-CHAIR JOHNSON said he did not believe it would be necessary to include because it would take an act of the legislature to remove it from the books and any legislature can override a previous legislature. He did not think it could be removed administratively.

MR. KANE responded it would go hand-in-hand that the statutes would be repealed by the legislature prior to any notice of withdrawal from the compact.

1:44:06 PM

REPRESENTATIVE EDGMON asked whether the compact administrator would be required to obtain permission from the legislature prior to withdrawing the state from the compact.

MR. KANE said other documents have the rules and duties of the compact administrator and he is not familiar with what the rule is between the administrator and the legislature as far as the compact goes.

CO-CHAIR JOHNSON opined that it would not be an issue because it would be a substantive act if someone attempted to withdraw the state without the legislature's approval.

1:45:30 PM

REPRESENTATIVE ROSES advised that active-duty military personnel under a permanent change of station to Alaska are immediately qualified to purchase a resident fishing and small game hunting license and therefore do not have to wait the 12 months. Thus, he said, there is a difference between being a resident and having a resident hunting and fishing license.

CO-CHAIR JOHNSON said this is exclusive to military personnel.

REPRESENTATIVE ROSES reiterated that it is active-duty military. He noted that he is researching whether this would also apply to active-duty National Guard personnel because it is not specified. He said some states in the compact may have this and some may not.

CO-CHAIR JOHNSON understood that military personnel would fall under the compact as Alaska residents as soon as they obtained a resident license.

REPRESENTATIVE ROSES noted that this is what Representative Edgmon was bringing up. Does having a resident hunting and fishing license therefore constitute the definition of home state? The bill says primary residence and in most places a person cannot get a resident license until he or she has been a resident. Everyone needs to understand the distinction between the two definitions, he said.

1:47:27 PM

REPRESENTATIVE EDGMON pointed out that there are four different definitions of state in this legislation. He said he would like to add to Representative Roses' suggestion about clarifying party state, home state, issuing state, and state.

REPRESENTATIVE SEATON said clarification can be made for Alaska, but that the definition of home state in the compact under Article II cannot be changed. The main issue is that a citation or license revocation will be in the compact database.

CO-CHAIR JOHNSON noted that there will be pittance regardless of the state. He then opened the hearing to public testimony.

1:49:06 PM

ALLEN BARRETTE stated that Alaska is not prepared at this time to be a part of the compact. He noted licenses can be purchased in Alaska in a variety of locations from guides to gas stations to grocery stores. Thus, there is no way to prevent a purchase because there would be no database set up in these locations. Alaska already has a statute barring a person with a license revocation in his or her home state from hunting in Alaska, and if such a person is caught purchasing a license there is an additional charge by the enforcement people. He said the compact is cumbersome and could be made simpler by just making the list and keeping all this language out. Alaska has a very public process through its various boards as to how regulations and ordinances are passed and accepted. He said he had not seen the compact manual. He inquired as to how much of a poaching problem there is in Alaska. Alaska's system must be working because poachers get caught, he said. It will not reduce the Department of Public Safety's workload because troopers will still be out in the field looking for violators. He said violators are given a citation with a bond and the violator must either pay the bond or appear before a judge. Mr. Barrette said he is speaking on behalf of himself and the majority of the Fairbanks Fish and Game Advisory Committee, but that he had not yet talked to all of the members of the committee. He pointed out that Alaska residents with a hunting license are provided a harvest ticket and not a tag, so the problem of misusing tags is moot. Many issues do not impact Alaska because of the state's remoteness from the Lower 48. He said he does not feel the compact will benefit the state of Alaska any further than the rules and regulations that are already in place and that if the

state does not want to prosecute out-of-state violators it can go to the federal government for prosecution under the Lacey Act.

1:54:08 PM

DICK BISHOP, Alaska Outdoor Council (AOC), thanked Co-Chair Johnson for introducing the bill. He said AOC has consistently supported better law enforcement in fish and wildlife matters and the compact appears to help in this regard. He noted that he did not learn of the committee substitute (CS) until this morning, so neither he nor the AOC board has reviewed the CS. He expressed concern with regard to the use of the term "preservation" because it may confuse matters in regard to the consumptive uses of fish and wildlife. He will put his other technical concerns in writing, he said. Of substantive concern in the CS is the exclusion of commercial fishing and commercial guiding operations, although he understood that the exclusion is now only for commercial fishing. A historical review of fish and game law violations shows that some of the most important and largest violations have occurred in commercial operations such as fishing and guiding, he advised, and the legislature should carefully review this. The language of the compact is very detailed and requires considerable attention to understand how it works, thus it warrants careful attention by the legislature. He said AOC supports better enforcement and the means to better enforcement, and AOC would like to see the bill undergo additional review.

1:59:27 PM

REPRESENTATIVE SEATON suggested that the CS be made available on the Internet so people can comment.

CO-CHAIR JOHNSON urged interested people to contact his office for a copy of Version 0. Upon determining that no one else wished to testify, he closed public testimony and set aside HB 267.

2:01:10 PM

REPRESENTATIVE FAIRCLOUGH related her understanding that the compact administrator would have to come to the legislature to request withdrawal of the state from the compact.

CO-CHAIR JOHNSON said this can be clarified in the legislation, if it is deemed necessary.

REPRESENTATIVE WILSON agreed with Representative Fairclough and the need for clarification in the bill.

REPRESENTATIVE FAIRCLOUGH pointed out that the committee received an email challenging the constitutionality of Alaska's ability to enter into a compact with another state. She related that the subsequent legal opinion requested by the committee says that Congress allows this type of compact between states and allows the compact to not be in violation of the United States Constitution.

[HB 267 was held over.]

HB 336-SUSITNA HYDROELECTRIC PROJECT

[2:04:35 PM](#)

CO-CHAIR JOHNSON announced that the final order of business would be HOUSE BILL NO. 336, "An Act directing the Alaska Energy Authority to conduct a study of and to prepare a proposal for an appropriately sized Susitna River hydroelectric power project; and providing for an effective date."

[2:04:54 PM](#)

JEANNE OSTNES, Staff to Representative Johnson, Alaska State Legislature, drew attention to the April 13, 2005, Legislative Research Report on this project and noted that the project has been studied for many years. The bill would allow the Alaska Industrial Development and Export Authority (AIDEA) to work cooperatively with utilities along the Railbelt to look at those older studies and determine what it would take to construct a hydroelectric dam. She said the bill's fiscal note is \$1 million.

CO-CHAIR JOHNSON informed the committee that there is a separate appropriations bill for \$1 million in the House Finance Committee.

[2:07:26 PM](#)

CO-CHAIR GATTO inquired whether hydroelectric means building a dam or can electricity be generated without a dam.

MS. OSTNES said she did not know.

CO-CHAIR JOHNSON said there is a project, the Chakachamna Hydropower Project, that is a tunnel and not a dam. However, he noted, it is not the intention of HB 336 to specify whether a dam or other method would be best. The intention is to "brush off" the \$300 million study done in the 1980s and have AIDEA determine what would still be pertinent to today for generating electricity to the Railbelt or statewide.

[2:09:35 PM](#)

CO-CHAIR GATTO noted that HB 336 refers to the Susitna River Hydroelectric Power Project and surmised that the Chakachamna Hydropower Project is not for the Susitna River.

CO-CHAIR JOHNSON said he is just pointing out that it does not necessarily have to be a dam.

CO-CHAIR GATTO noted that there is a proposal to build a bridge that includes in its structure underwater propellers to generate energy from tidal power.

CO-CHAIR JOHNSON said that is an accurate assessment, but that it is not part of HB 336 which deals only with previous studies.

[2:10:59 PM](#)

REPRESENTATIVE SEATON inquired whether "brushing off" the study means starting another Environmental Impact Statement (EIS) and laying out what must be done from the 1980 EIS. What is the goal of this proposal, he asked.

CO-CHAIR JOHNSON said the EIS would not be updated and that AIDEA can speak to the question. He understood that originally there was not enough demand for power from the Susitna River, but that power consumption in the Railbelt has changed considerably since 1984 and this would be looked at by the new study.

[2:12:33 PM](#)

REPRESENTATIVE EDGMON surmised that HB 336 would not go back and add in the costs of the intertie to get the power to the appropriate size for the Railbelt.

CO-CHAIR JOHNSON replied that the intertie, the four-dam pool, and the Railbelt Energy Fund all came out of the original Susitna study. This legislation is to bring the existing study

up-to-date as much as is possible with \$1 million so the legislature can review what is needed.

2:13:57 PM

SARA FISHER-GOAD, Acting Executive Director, Alaska Energy Authority (AEA), noted that AEA is a functioning corporation of the state of Alaska, but has no staff. Therefore, AEA contracts with AIDEA to carry out the duties of AEA's programs. She said she is an AIDEA staff person with AEA duties. This is not an AIDEA project, she explained, it is an AEA project. She understood the purpose of HB 336 is to have AEA conduct a study and prepare a proposal for a hydroelectric power project on the Susitna River that is appropriately sized for the Railbelt. She related that the project proposed in the 1980s was for 1600 megawatts and AEA's understanding is that it is being asked to evaluate whether that is an appropriate size or whether it should be sized down to meet the needs of the Railbelt. While the fiscal note is for \$1 million, there is an indeterminate placeholder for 2010 and AEA expects that it can refine the estimate once it is known how far the legislature would like AEA to go in evaluating this project.

2:16:20 PM

REPRESENTATIVE GUTTENBERG asked whether the report could be completed earlier than 2010, given today's cost of energy.

JIM STRANDBERG, Project Manager, Alaska Energy Authority, noted that the \$1 million budget will allow an initial review of the existing project reports and consider potential concepts for a re-sized power project that would reflect the needs of the Railbelt. The aforementioned could be performed in a year.

2:18:04 PM

REPRESENTATIVE GUTTENBERG inquired whether it would be better to be more proactive and get more research done at the same time that the study is going on, not a full EIS but a jump start.

MR. STRANDBERG said he believes the review should proceed with deliberate speed. He recommended a hard look at the project as fast as possible, prior to spending any significant money on renewed EIS's or permits because the project must be defined before it can be permitted.

REPRESENTATIVE GUTTENBERG expressed his concern that other state departments are being left out while AEA moves forward. He related that getting off of an oil economy would result in an energy cost savings of \$186 million per year in Fairbanks alone, and it would be considerably more in the Anchorage and Matanuska-Susitna areas.

[2:20:51 PM](#)

CO-CHAIR JOHNSON asked whether he is correct in hearing that AEA could complete the review by June 2009.

MR. STRANDBERG answered that the \$1 million would allow the hire of a contractor to generally review the project and take a preliminary look at the needs of the Railbelt, as well as do a very preliminary concept discussion of what a project ought to be. A more detailed review would require more time and more budget. In further response to Co-Chair Johnson, Mr. Strandberg confirmed that the review could be completed by June 2009, but said it would be a very preliminary review of the project. He said AEA would not recommend that the legislature base its decision to fund or move ahead on the project in lieu of other potential energy futures with this sort of product.

CO-CHAIR JOHNSON said that was not the intention. He agreed that getting the information sooner is better than later.

[2:23:55 PM](#)

REPRESENTATIVE SEATON inquired whether there is any estimate of what constitutes an appropriately sized Susitna project.

MR. STRANDBERG replied that it is likely the project could be smaller than 1200 megawatts, bearing in mind that the megawatt rating is only one part of the energy rating for the project. There is the capacity to generate power, he said, but storage capabilities and the amount of energy that can be produced must also be considered. The other aspect is whether to enter into a project where construction would be phased such that basic support and storage infrastructure is built and then incrementally add generation units that are correctly sized for the reliability needs of the network. Under those scenarios, it is possible to initially enter the water with 100-300 megawatts in initial construction and have a more phased approach that reflects the Railbelt needs. It is likely that viable projects can be created that are economically feasible where the initial

capacities are significantly less than 1200 megawatts. Sizing and phasing of the project is highly complex, he advised.

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REPRESENTATIVE SEATON recalled that a fault line was identified through the Susitna area.

MR. STRANDBERG suggested that AEA should review that immediately, as well as any other potential deal killer. He assured the committee that there are significant seismic considerations associated with the project. It might be best to do an interim report within a year and then conclude the report at a later date depending on the actual size of the study and when AEA confirms with the legislature exactly what it is being asked to do. He said he is unclear as to what product is needed from this process.

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REPRESENTATIVE GUTTENBERG commented that there is only one small area of the state that is not seismically active.

MR. STRANDBERG said correct.

REPRESENTATIVE GUTTENBERG understood the original plan was for two dams totaling 1200 megawatts.

MR. STRANDBERG replied that according to a white paper provided to AEA by Ms. Ostnes, a number of options were considered. The last option was a "run of the river hydro plant" that had generators taking water and energy from the river using very little containment, along with a single larger Devils Canyon dam. They needed to work together in order to provide power output, he said, and there were significantly different capacities between the upper and lower power plants.

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CO-CHAIR GATTO related that Mount Spurr erupts every few decades and one eruption backed up Lake Chakachamna water for five miles until the water overpowered the mud and went through it. Additionally, there are a couple of glaciers in the area, as well as the 300-mile-long Castle Mountain fault. The Susitna project would deliver power to a substation 40 miles away that is already delivering power and might not be able to handle

increased power without additional construction. Perhaps a different alternative than this should be considered, he said.

REPRESENTATIVE WILSON agreed.

CO-CHAIR JOHNSON said the Railbelt is faced with a real crisis for energy. A natural gas pipeline is 10-12 years away and there is no spur planned for that pipeline. Alternatives need to be reviewed and the issue needs to be addressed, he opined. This project may not be the solution, but it is a way to look to the future for solving some of the problems.

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REPRESENTATIVE ROSES asked what is being received for the \$1 million given the statements and questions made so far: this is dusting off the old study to take another look, should the project be downsized or something different, can the review be done faster, the review is just preliminary, the review should not be used to make a decision on whether to move forward on the project. He supported looking for alternative sources of energy and providing electricity to the Railbelt so that the natural gas could be used for things other than power plants, such as getting the Agrium plant running again, but questioned what the \$1 million would accomplish.

CO-CHAIR JOHNSON requested Mr. Strandberg to further qualify what will be received for the \$1 million.

MR. STRANDBERG understood that AEA is being asked to review this project and make progress on its re-evaluation in light of the new realities of the Railbelt and the fuel futures environment. He said AEA would commit to making an interim report at the end of a year and conclude the work within two years. As to the question of whether this review is correctly sized for advancing this project to a point where decisions can be made, he said the answer is no. Useful information could be provided and early concepts could be developed on what the configuration of the project might be to satisfy the needs of the Railbelt. But, for \$1 million and a one-year timeline, AEA could not provide a project analysis, a detailed construction cost estimate, a project schedule, and a project feasibility in enough detail that the legislature would be able to make a decision to commit funds to construct this project. This is a very large project, he said, possibly one of the largest tried in the state and the budget will be in the billions.

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REPRESENTATIVE ROSES surmised that this is a huge and important project, but said the review is being sized to the cost of \$1 million rather than determining what needs to be done and how much that would cost.

MR. STRANDBERG said that is accurate. Some budgeting work with regard to the necessary size of the project for moving forward has been done by AEA, but it was believed that this could not be brought up until the project was first addressed as configured with the \$1 million.

CO-CHAIR JOHNSON related that the \$1 million figure came from some utilities that said the study could be done for that amount. He suggested that if this is not the case, then perhaps AEA can be charged with coming up with an appropriate amount for accomplishing what needs to be done.

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REPRESENTATIVE ROSES reiterated his support of the concept, but said he wants a useful end product.

CO-CHAIR JOHNSON said that is the goal.

MS. FISHER-GOAD proposed that AEA develop a more detailed budget with some deliverables on what AEA would provide at certain points and possibly give the legislature some decision points on funding to go forward. In further response to Co-Chair Johnson, Ms. FISHER-GOAD said she could possibly have something by Monday, February 4th, and come to Juneau to present a detailed budget in person.

REPRESENTATIVE SEATON requested that AEA also provide a review of competing projects in the state.

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REPRESENTATIVE FAIRCLOUGH said that before any money is invested she would like to know what the "drop dead issues" were for why the project did not go forward before. She agreed with Representative Roses' concern about spending \$1 million for a product that is not tangible or usable. She also requested AEA's annual report regarding what investments it has made to reach its missions and measures. Additionally, she said she would like to discuss the criteria that are used for selecting

contractors and the outputs from those contractors in the form of deliverable goods when looking at projects and associations.

MR. STRANDBERG asked for further clarification.

CO-CHAIR JOHNSON stated his belief that Representative Fairclough's questions are outside the scope of HB 336. He requested Ms. FISHER-GOAD to meet one-on-one with Representative Fairclough next week to answer her questions.

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REPRESENTATIVE FAIRCLOUGH stated she will be a no vote if she does not know the criteria that AEA will use to contract. She said she wants to know AEA's success rate in using money for research. In further response to Co-Chair Johnson, Representative Fairclough confirmed that what she wants to know is how AEA will let the contract for this study.

CO-CHAIR JOHNSON agreed that that is appropriate.

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REPRESENTATIVE WILSON requested a review of the area in which the project would be located.

CO-CHAIR JOHNSON directed attention to a map at the back of the committee packet.

[2:48:23 PM](#)

NICHOLAS GOODMAN, Chief Executive Officer, TDX Power, informed the committee that TDX Power is an independently owned power generation holding company, a wholly owned subsidiary of Tanadgusix Corporation, the Alaska Native Village Corporation from St. Paul Island. He said TDX owns and operates electric utilities around the state and that it builds power plants. He said the Chakachamna Hydropower Project should not be confused with the Susitna project. From a corporate perspective, TDX Power's support of HB 336 is hinged on getting away from such dramatic reliance on natural gas for power generation. History shows that a diversified portfolio is necessary for doing well in generating power, he said, and right now Alaska is almost completely reliant on generating electricity from natural gas. It is important to review alternatives to generation of natural gas. He said TDX Power began looking at hydropower options several years ago and that it is currently looking at the

Chakachamna Hydropower Project. He said TDX Power deemed the Susitna project too large for a privately owned company to pursue, but that is not to say the project does not have merits. At 330 megawatts Chakachamna is appropriately sized for the Railbelt right now, would appropriately diversify the portfolio, and would not overwhelm the state. It is not without its challenges, he cautioned, as is the case with all hydropower projects. He agreed with Co-Chair Gatto as to what the challenges are and that those are the challenges TDX Power is currently looking at. One of the benefits of the Chakachamna project, he said, is that the environmental impact is relatively small. A very minor dam would be built and essentially the bottom of the lake would be tapped and the water would be run through an underground tunnel into a neighboring basin. The eruption of Mount Spurr would have had little impact to the Chakachamna project and would actually have added more head to the drain from the raised lake level. He said TDX Power will be continuing its analysis of the Chakachamna project for the next two years and hopes to proceed forward with a plan if it looks economic and if utilities are interested in purchasing the power. There are other hydropower alternatives to the Susitna project, he said. The tidal power concepts for Cook Inlet have good merit, as does tapping Mount Spurr's geothermal resource, because they are renewable and help diversify TDX Power's portfolio. He said there are other privately owned companies that are also interested in looking at these projects and developing them without reliance on public funding to make them go forward.

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REPRESENTATIVE SEATON inquired whether 300 megawatts is considered the appropriate size.

MR. GOODMAN pointed out that every utility in the Railbelt has its own opinion in this regard. As an independent company, TDX Power has tried to stay neutral to all of the utilities and add something that benefits all of them. He said TDX Power thinks a 300 megawatt project is appropriately sized and would provide a good benefit to the Railbelt grid from Fairbanks on down to Homer and Seward by replacing the dependence on dwindling natural gas supplies.

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REPRESENTATIVE SEATON noted that Bradley Lake on the Kenai Peninsula is about 135 megawatts but the output is about 50

megawatts. He asked if this same principle would apply to the Chakachamna project.

MR. GOODMAN confirmed that for the Chakachamna project the capacity factor - the amount of energy put out compared to how much is installed - is predicted to be in the 50 percent range, thus it would be 300 megawatts with an output of 150 megawatts.

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CO-CHAIR GATTO highlighted the proposal to build a bullet line through Fairbanks and into Anchorage which depends upon the following four things happening: Agrium is a buyer, gas is liquefied in Kenai, utility demand is there for the gas, and consumer demand is there. He said he is concerned the whole proposal might fall if the utility demand is taken away.

MR. GOODMAN responded that this in no way replaces the utilities' need for additional generation. He said the Chakachamna project would provide one-third or less of what any utility would need to provide power to its customers. He said he did not know whether this could result in the axing of the aforementioned project. Speaking from the perspective of a ratepayer, he said that if the project described by Co-Chair Gatto makes sense, then the state should do it and Chakachamna should not be done. Power project development comes down to two things: is it economic and is it wanted. He said he did not disagree with Co-Chair Gatto, but advised that a diversified portfolio should be looked at for power generation over the long-run of 20-30 years.

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CO-CHAIR GATTO commented that proposals for coal-fired base loads were destructive to the gas project.

MR. GOODMAN agreed. He said TDX Power is technology neutral and has looked at coal but found that coal is not permissible and is not wanted in the state of Alaska even if it is economic.

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REPRESENTATIVE SEATON commented that he would hate to see renewable hydropower not be developed because the state wants to burn more carbon dioxide.

MR. GOODMAN pointed out that unlike 2-3 years ago, there is now the economics of carbon taxes and other taxes becoming very real for fossil fuels.

CO-CHAIR JOHNSON encouraged making decisions based on determining what is the best product, and that decisions not be based on whether there is a gas line because then nothing will ever get done.

[HB 336 was held over.]

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 3:02 p.m.