

ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE

February 20, 2008

3:36 p.m.

MEMBERS PRESENT

Senator Charlie Huggins, Chair
Senator Bert Stedman, Vice Chair
Senator Lyda Green
Senator Lesil McGuire
Senator Gary Stevens
Senator Bill Wielechowski
Senator Thomas Wagoner

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 246

"An Act establishing a working group to analyze the potential of a hydroelectric power project on the Susitna River; and providing for an effective date."

HEARD AND HELD

HOUSE BILL NO. 315

"An Act extending the termination date of the Big Game Commercial Services Board; and providing for an effective date."

HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 246

SHORT TITLE: SUSITNA HYDRO WORKING GROUP; REPORT

SPONSOR(S): SENATOR(S) THOMAS

01/19/08	(S)	READ THE FIRST TIME - REFERRALS
01/19/08	(S)	RES, FIN
02/13/08	(S)	RES AT 3:30 PM BUTROVICH 205
02/13/08	(S)	Heard & Held
02/13/08	(S)	MINUTE(RES)
02/20/08	(S)	RES AT 3:30 PM BUTROVICH 205

BILL: HB 315

SHORT TITLE: EXTEND BIG GAME COMMERCIAL SERVICES BOARD

SPONSOR(S): RULES BY REQUEST OF LEG BUDGET & AUDIT

01/15/08 (H) READ THE FIRST TIME - REFERRALS
01/15/08 (H) L&C, FIN
01/28/08 (H) L&C AT 3:00 PM CAPITOL 17
01/28/08 (H) Moved Out of Committee
01/28/08 (H) MINUTE(L&C)
01/31/08 (H) L&C RPT 6DP 1NR
01/31/08 (H) DP: GARDNER, LEDOUX, BUCH, RAMRAS,
GATTO, OLSON
01/31/08 (H) NR: NEUMAN
02/05/08 (H) FIN AT 1:30 PM HOUSE FINANCE 519
02/05/08 (H) Moved Out of Committee
02/05/08 (H) MINUTE(FIN)
02/06/08 (H) FIN RPT 3DP 5NR
02/06/08 (H) DP: KELLY, JOULE, THOMAS
02/06/08 (H) NR: CRAWFORD, HAWKER, STOLTZE, MEYER,
CHENAULT
02/11/08 (H) TRANSMITTED TO (S)
02/11/08 (H) VERSION: HB 315
02/13/08 (S) READ THE FIRST TIME - REFERRALS
02/13/08 (S) RES, FIN
02/20/08 (S) RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

SENATOR JOE THOMAS
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Sponsor of SB 246.

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

POSITION STATEMENT: Commented on SB 246.

JAMES HENSATH, Deputy Director of Development
AEA and AIDEA
Anchorage AK

POSITION STATEMENT: Commented on SB 246.

ERIC YOULD, Wood Canyon Group
And TDX Power

POSITION STATEMENT: Commented on SB 246.

MIKE WRIGHT, representing himself
Fairbanks AK

POSITION STATEMENT: Supported SB 246.

DENNIS WIDMORE, representing himself
Fairbanks AK
POSITION STATEMENT: Supported SB 246.

PHILLIP OATES, City Manager
Seward AK
POSITION STATEMENT: Supported SB 246

BRADLEY EVANS, Acting Chief Executive Officer
Chugach Electric Association
Anchorage AK
POSITION STATEMENT: Supported SB 246.

JERRY MCCUTCHEON, representing himself
Anchorage AK
POSITION STATEMENT: Supported SB 246.

LINDA HAY
Staff to Representative Ralph Samuels
Legislative Budget and Audit Committee
Alaska State Capitol
Juneau, AK
POSITION STATEMENT: Supported HB 315.

PAT DAVISON, Legislative Auditor
Division of Legislative Audit
Juneau AK
POSITION STATEMENT: Supported HB 315.

ROBERT FITHIAN, Executive Director
Alaska Professional Hunters Association
Anchorage AK
POSITION STATEMENT: Supported HB 315.

ACTION NARRATIVE

CHAIR CHARLIE HUGGINS called the Senate Resources Standing Committee meeting to order at [3:36:54 PM](#). Present at the call to order were Senators Green, Stevens, Stedman, Wielechowski, Wagner and Huggins.

SSSB 246-SUSITNA HYDRO WORKING GROUP; REPORT

[3:37:28 PM](#)

CHAIR HUGGINS announced SB 246 to be up for consideration.

SENATOR JOE THOMAS, sponsor of SB 246, started with reading the sponsor statement as follows:

Senate Bill 246 will direct the governor to have the Alaska Energy Authority (AEA) analyze the hydroelectric potential of the Susitna River. The AEA will review and update the studies done in the past, evaluate cost analysis, financing options, current and future demand and other critical issues to determine the feasibility of the project. The governor will submit a final report to the legislature no later than July 1, 2010.

In recent years, Alaskans have seen their energy costs skyrocket. These ever-rising costs and uncertain supplies not only make it difficult for Alaskans across the state to make ends meet, but also have an adverse impact on economic growth.

The energy produced by a hydroelectric facility is predictable, stable, clean and low cost. Currently, the Bradley Lake hydroelectric dam produces energy for the Railbelt at just \$.05 per kWh, far below the \$.176 per kWh that the Interior is currently paying.

In addition to these factors, the majority of our combustion turbine power plants along the Railbelt are over 30 years old and all will need retrofitting and replacement that will cost between \$1 billion and \$2.5 billion over the next ten years. Once these replacements begin, we will continue with the same rising energy costs, fluctuating operating expenses and high polluting facilities that the citizens of the state have experienced in the past.

Twenty five years ago, when a dam along the Susitna River was last looked at, Cook Inlet gas cost \$.21 per million cubic feet (mmcf), the population and energy demand along the Railbelt was substantially less than today, and energy costs were no where near what they are today. I believe all these factors, along with the environmental and long term energy considerations merit a reopening of the Susitna discussion.

Nothing is as comprehensive of an approach to reducing costs, emissions and dependence on finite, non-

renewable energy production for the Railbelt and adjacent areas as a Susitna Dam project.

I urge you to support the passage of SSSB 246.

[3:38:23 PM](#)

SENATOR MCGUIRE joined the committee.

[3:40:33 PM](#)

CHAIR HUGGINS asked Senator Thomas to walk through who he is proposing to be the members of the Alaska Energy Authority.

SENATOR THOMAS replied that the bill just designates the authority itself and he had anticipated that the new energy coordinator would be the person who would direct that activity. The governor's office sees that as the way forward as well.

[3:41:53 PM](#)

CHAIR HUGGINS asked who he is recommending the AEA consult with.

SENATOR THOMAS answered that it's important that it at least consults with several major departments within the state - the Department of Natural Resources (DNR), Department of Environmental Conservation (DEC), Alaska Department of Fish and Game (ADF&G), Department of Labor and Workforce Development (DOLWD) and the Department of Commerce, Community & Economic Development.

[3:42:25 PM](#)

SENATOR STEDMAN asked if the study would encompass the electrical grid and do a cost back analysis of what should be the power generation.

SENATOR THOMAS answered yes.

SENATOR STEDMAN asked if it would concentrate on hydro, coal or natural gas as the source.

SENATOR THOMAS answered he anticipated that it will look at all energy sources within the Railbelt area with an emphasis on Susitna. But to do a feasibility comparison, those other sources would have to be taken into consideration.

SENATOR GREEN asked if legislation would be required for a group of state commissioners to get together as a committee with the

AEA coordinator. She didn't think they were really needed and she would rather see experts doing the study.

SENATOR THOMAS answered he didn't intend for the departments to be put together in a committee, but rather that the AEA would consult with them on an individual basis.

[3:46:07 PM](#)

CHAIR HUGGINS asked him to explain what the Alaska Energy Authority is.

SENATOR THOMAS replied that the AEA is a department within the DCCED and it is charged with all the energy responsibilities for the state. Other state departments have taken on varying degrees of responsibility and that is the impetus for an energy coordinator.

[3:47:18 PM](#)

CHAIR HUGGINS asked if the energy coordinator position is currently vacant and if its subordinates are the existing body.

SENATOR THOMAS answered yes.

CHAIR HUGGINS asked for the Energy Authority representative to come forward.

[3:48:10 PM](#)

SARAH FISHER-GOAD, Acting Executive Director, AEA, explained that the AEA is a state corporation and has gone through a number of changes. In 1993, it was statutorily changed and not allowed to have staff or to own any future projects; the rural programs were put into the Division of Energy in the Department of Community and Regional Affairs. At that time, AEA's programs were administered and still are administered by AIDEA staff. So, AEA contracts with AIDEA to provide the staff support for its programs. That was increased in 1999 to include the former Division of Energy Programs, which was in the former Department of Community and Regional Affairs.

Even though AEA exists as a corporation and doesn't have staff, it could only own a project with legislative authorization. She said the AIDEA has 66 staff members, many of whom work both on AIDEA and AEA projects.

MS. GOAD said with the governor's emphasis on having an energy coordinator, the AIDEA board of directors adopted by-law changes that allow an AIDEA executive director to be different than an

AEA executive director. This position has always been the same person since 1993. With the energy coordinator and AEA executive director appointments, there will be two people.

SENATOR WIELECHOWSKI asked the mission of the AEA.

MS. GOAD answered the mission is to reduce the cost of energy for Alaskans.

SENATOR WIELECHOWSKI asked if AEA had looked at a bullet line bringing gas down from the North Slope (at a cost of \$2.5 billion) and if she anticipated at least comparing it to a Susitna hydro project that would probably provide a lot of the same needs.

[3:52:10 PM](#)

MS. GOAD answered that what Senator Thomas envisions goes beyond Susitna. The fiscal note tries to address the different components of the bill and some of the regional planning that needs to be done.

SENATOR WIELECHOWSKI asked if a spur line into South Central would provide the same sort of energy they would get from the Susitna dam.

[3:53:21 PM](#)

JAMES HENSATH, Deputy Director of Development for both AEA AND AIDEA, answered that the bullet line is a way to move gas from the North Slope to South Central and it has its cost which will come out in the cost of the fuel. The long term plan comparison would look at how the Susitna project would fit in. Using natural gas turbine generation would be one of those.

He explained when South Central was in full bore with LNG and Agrium at capacity, gas consumption as it related to electrical generation was 15 percent of the total gas consumption - a potentially small component of what could be delivered by that gas line.

CHAIR HUGGINS asked what he had been working on in the last 24 months.

MS. GOAD answered that the AEA side has concentrated mostly on rural energy projects. A deputy director of Rural Energy oversees that. Their primary funding source for building energy infrastructure for communities in rural Alaska is the Denali Commission and they have done bulk fuel tank farms and rural

power system upgrades. They also provide technical assistance for those communities to help them be sustainable and address some maintenance needs through a circuit rider program and technical assistance.

AEA also runs the \$27-million Power Cost Equalization Program that provides subsidy payments to rural utilities for rate payers, for residential and community facilities. In addition to that rural energy work, since 1993 AEA actually owns infrastructure including the Bradley Lake Hydro Electric Project, the Alaska Intertie that runs from Willow to Healy and the small Larson Bay Hydro Project - and from 1993-1999 AEA owned the Four-Dam Pool Power Projects. In addition, AEA has been attached for studies for some capital projects; one is the AK/BC Intertie and an energy export study. It is currently working on a Railbelt Electrical Grid Authority project and an advisory committee just met in their building yesterday to listen to that progress. They expect some results this summer with respect to organizational aspects for the Railbelt utilities.

CHAIR HUGGINS asked who makes up the advisory committee.

MS. GOAD answered the committee was comprised of various stakeholders in the Railbelt, some utilities stakeholders and consumer groups, finance folks, former Representative Norm Rokeberg and other interested individuals.

CHAIR HUGGINS asked when AEA will have a fulltime coordinator.

[3:58:31 PM](#)

MS. GOAD answered she expects an appointed executive director for AEA who is also the energy coordinator very soon. For the AIDEA executive director they are working with a management head hunter firm to find potential candidates - maybe by late spring for that position to be filled. It has been vacant since February 1.

[3:59:22 PM](#)

CHAIR HUGGINS asked how they would take on this task if the bill passes.

MS. GOAD answered they expect this to be a multi-year capital project and would manage it similarly to how they have managed other projects through capital appropriations. Updating the old studies can happen with information and expertise that is already in the building.

4:01:09 PM

MR. HENSATH added that through their procurement offices, AEA developed a number of term contracts with a variety of engineering contractors in Alaska. He said they would go to three of the term contractors who have the expertise in the hydro and other energy areas. They would want an engineering contractor by the end of June to begin valuation of the Susitna material and update the engineering and cost estimates.

4:01:57 PM

SENATOR WAGONER asked if the Army Corps would be involved in this project.

MR. HENSATH replied that AEA will go where the information takes them. At this point, the fiscal note doesn't identify the Army Corps of Engineers as a particular contact, but because of their history, they would be contacted.

He explained that HB 246 examines the viability of Susitna as an electric generation project in the Railbelt and their initial effort will be focused on examining the current information and the design that \$135 million put together in 1984. They will look for engineering flaws that may have occurred or new information and get a cost to determine if it is a viable project.

SENATOR WAGONER said he didn't know of any other organization or group of engineers with more expertise in the world for building dams than the Army Corps. It would be a natural fit to bring them on at the start of any project and any review of information.

CHAIR HUGGINS concurred.

4:03:38 PM

CHAIR HUGGINS asked if this would require a FERC certificate.

MR. HENSATH answered not at this point.

CHAIR HUGGINS said "Let's talk about projects; not studies. This is about building something." Assume you're going to build a dam by 2010.

MR. HENSATH answered by the summer of 2010 there is a possibility they would stop work if the economics don't look viable or the cost of power is too much, but after looking at

all the different alternative costs and factors, they would have a report that says whether the Susitna dam is a viable project to go ahead with.

CHAIR HUGGINS wanted to understand what length of time they are talking about after that "for the beavers to build the dam."

MR. HENSATH estimated approximately 7-10 years including a three-year engineering and FERC permitting process and construction period before power is being delivered. Part of the study would evaluate that schedule.

CHAIR HUGGINS noted that the project was potentially racing the gas pipeline.

MR. HENSATH replied very much so, but they may not be in the same race.

CHAIR HUGGINS asked if he was the official representative from the administration on this bill.

[4:06:41 PM](#)

MS. GOAD answered that AEA is the point agency with respect to working on the fiscal note and determining how much the study would cost. She didn't represent that the administration had taken a position on the project.

CHAIR HUGGINS asked if anyone from the administration was at the meeting.

MS. GOAD replied that whether there is support for the actual project, there is an agreement that an analysis needs to be done as laid out in SB 246.

CHAIR HUGGINS asked if administration supports SB 246.

MS. GOAD answered she couldn't say.

[4:08:32 PM](#)

SENATOR GREEN asked if going back to the Army Corps 1960 comprehensive study had any merit.

[4:08:36 PM](#)

MR. HENSATH answered his opinion would be no. The Corps did a number of studies on the four-dam project for Susitna; they ultimately came to a two-dam project that the state took over in the early 80s and completed a major engineering study for

including information on a FERC application that would probably still be valid and could be used on a new application. Looking at the overall major study would little serve from the Susitna aspect. It was marginally viable in 1984 and this evaluation would start there.

4:10:13 PM

SENATOR GREEN asked if there should be a catch-all phrase that wouldn't limit their opportunities to get information to utilities, landowners, Matsu resource conservation, Fairbanks and the Army Corp of Engineers. What about including experts?

4:10:56 PM

MS. GOAD replied that she didn't look at their list as a limiting phrase. She intended for that language to not be limiting, but to at the very least consult with those folks.

SENATOR GREEN stated the language didn't say that, because when you put a list in statute, it is limited to that list.

4:12:00 PM

MR. HENSATH said the study would want to have an expert engineering contract to look a dam, update the costs and update the cost of power. And as they go through the socio-economic, the environmental and other aspects, he couldn't conceive of being limited, but he would welcome any expanding language.

SENATOR GREEN asked where it says this will be contracted out.

CHAIR HUGGINS replied there was no explicit language. They could work with the sponsor and AEA on that.

4:13:13 PM

SENATOR STEDMAN asked to compare the evolution of this bill to how they handled the Bradfield Corridor Southeast Intertie Extension study from Tye that will eventually go into British Columbia (AK/BC).

MS. GOAD answered one similarity is the fact that in order for them to produce a report they would contract with an engineering firm (Hatch Energy) to complete study. She would have to get back to them on the process they used for the fiscal note on AK/BC versus this one.

SENATOR STEDMAN said he didn't recall that the AK/BC study was in a bill.

MS. GOAD answered that was correct, but AEA has statutory authority to enter into contracts and grants and does that every day for the projects they run. They anticipate using some term contracts with various Alaskan engineering firms to complete this work.

SENATOR STEDMAN asked if the legislature appropriated \$2.2 million to AEA now and then followed with \$1.5 million in 2010 or some combination, could they "take that and run with it."

MS. GOAD answered if it was a capital project, they would probably use the same information they used in the fiscal note to give them the backup information on how that project would be conducted. This is a specific way to do a capital project.

SENATOR STEDMAN said they didn't need a bill to do this then, but they really need is an appropriation and a request.

MS. GOAD agreed and said either way they would use the same information.

[4:17:54 PM](#)

ERIC YOULD, Wood Canyon Group, said he also represents TDX Power. He said he has worked with the electric utility industry in Alaska for 35 years and nine years on the Susitna project in the 70s and 80s when he was the prime study manager for the Corps of Engineers. He worked with U.S. Senator Gravel it was so big project that the federal government wouldn't build it.

The state needed to take the lead and put the Alaska Power Authority into place that later grew into the Alaska Energy Authority. He was its first executive director and worked for the next six years on the Susitna Hydropower Project as well as about \$1 billion more of smaller hydropower projects including the Anchorage/Fairbanks Intertie.

MR. YOULD said he supported this bill, but he was also here on behalf of TDX Power that is a private sector utility with projects throughout Alaska. TDX also has a license from FERC to bring the Chakachamna hydropower project that is about a fourth the size of Susitna forward. He wanted to make sure that this effort wouldn't steamroll what a private sector firm is attempting to bring forward now and is prepared to spend \$20 million in pre-construction licensing efforts - even though they haven't decided yet if it is economically feasible.

[4:20:56 PM](#)

He said the bill's sponsor asked him to give a little bit of background on Susitna. Basically it was studied long before the Corps of Engineers; the Bureau of Reclamation looked at in the 1940s-60s. The Corps looked at it for three years in the 1970s and went to Congress to get authorization to go into a joint venture with the State of Alaska where the state would provide funds to the Corps who would in turn be the development agent for the project. Ultimately the board of directors for the Alaska Power Authority decided there were other resources with more private sector expertise than the Corps of Engineers. So they didn't work with the Corps and went forward with the private sector. Acres American was the initial hydropower firm they worked with and later they brought on Harza, the largest hydropower development firm in the world.

MR. YOULD explained when he was with the Power Authority, they looked at Susitna for six years and ultimately it came to be a two-dam system - Devil Canyon (650 ft. high concrete thin arch dam) and Watana (870 ft. high earth fill structure). The two projects together could develop some 6.5 billion kWh of electricity annually. To put that in perspective, the Railbelt today from Anchorage to the Kenai consumes about 5 billion kWh. Susitna is an expensive project. The first dam to be built would be Watana and it would cost \$3.7 billion. The second one would be Devil Canyon that would be brought on line years after Watana, but it would only cost \$1.5 billion. Both of those figures are in 1983 dollars and at that time they also concluded that the project could probably not be financed on the open market unless the state put in a very major equity investment.

If the project went forward today it would cost twice as much and the state would have to put in \$4 billion to make it financially feasible.

[4:24:12 PM](#)

MR. YOULD said in 1985, after the FERC licensed project had been submitted to the federal government, the price of oil dropped down to less than \$10/barrel. That caused two things to happen; one is it virtually undermined the economic viability of Susitna. And at \$9/barrel the state was not making enough money to come up with its equity contribution. So, the state withdrew the license application for the development of the project in 1985 where it has laid fallow ever since. Now they are bringing the project up for review and TDX wants to make sure the Chakachamna project doesn't get lost in the shuffle.

[4:25:25 PM](#)

He said SB 246 now has a more reasonable timeline, which he agreed with. Of the 13 things the study is supposed to address, it doesn't specifically call for an economic feasibility study of Susitna and he strongly suggested that they conduct a net present worth (NPW) life cycle feasibility study and any viable alternatives to it.

MR. YOULD reflected that they didn't look at Susitna in a vacuum; they looked at all the many other types of energy projects. Sometimes they have been criticized for it, but asked what company like Exxon or Pebble wouldn't be spending those monies for the major kind of investments they are making today as well. The \$160 million for the studies was justified at the time and they do have a FERC permit sitting on the shelf - it would just need dusting off and updating.

SENATOR STEDMAN moved those figures forward 25 years at 3.5 percent inflation and that resulted in \$11.8 billion and said he only wished that construction was inflating only at inflation. If this is a \$12 billion to \$15 billion capital project, the numbers for the gas line project are significantly less than that.

[4:28:38 PM](#)

SENATOR WAGONER said hydroelectric has the advantage of no cost for the fuel and when President Roosevelt started to build the Grand Coolee Dam everybody thought he was crazy. He did it for reasons other than just producing hydroelectric power; one was irrigation of the whole central basin of the State of Washington and the other was to create jobs to bring this country out a depression. However, today Grand Coolee Dam is still sitting there generating electricity at the lowest rate for power in the world. In the long run that has to be put into the equation when you look at how much it's going to cost to do a dam project.

[4:29:57 PM](#)

SENATOR WIELECHOWSKI added that they should also look at any potential carbon taxes that the federal government is discussing.

CHAIR HUGGINS asked how far up the gorge the Chakachamna dam is located.

MR. YOULD replied that Chakachamna is about 40 miles up the McArthur River on the west side of Cook Inlet; it's not in the Susitna system. The dam would be very minimal - 49 ft. high with a 10-mile power tunnel to an underground power house on the

McArthur River. In 1982 when the Alaska Power Authority used Bechtel Engineers who came up with a very conservative estimate of \$1 billion to build this project and it's now estimated to cost around \$2 billion.

[4:32:28 PM](#)

CHAIR HUGGINS asked how Chakachamna would hook into the power grid.

MR. YOULD replied it would go 42 miles to the Beluga substation and Chugach Electric.

CHAIR HUGGINS asked if it would have to go through Tyonek or CIRI land.

MR. YOULD replied not a lot, but some; Susitna, though, is surrounded by a lot of private land.

CHAIR HUGGINS asked what TDX stands for.

MR. YOULD replied that it is an Aleut name. TDX developed the wind farm at St. Paul.

[4:34:04 PM](#)

MIKE WRIGHT, Fairbanks resident, supported SB 246 for three reasons. It would provide a long-term supply of reliable and affordable energy, stabilize costs and it is renewable.

[4:35:47 PM](#)

DENNIS WIDMORE, Fairbanks resident, supported SB 246. He said a lot of the work he has done in the past compared alternatives to diesel power generation in villages. One of the things that become apparent is that with a lot of these projects using diesel fuel versus a renewable fuel, you're trading the capital cost of the renewable project for fuel costs. "I like to say that we've burned fuel because it's cheaper than money; at least that was true in the past."

He said the amount of capital that is going to be required on the Susitna project is very sobering, but it makes economic sense in the long run. It still needs to be looked at carefully.

[4:37:39 PM](#)

PHILLIP OATES, City Manager, Seward, supported SB 246 and said that Seward is a Railbelt utility and purchases power from Chugach Electric. They are also responsible for transmission and purchase power to their outlying surface area. He had four

reasons he was interested in a hydroelectric project - the availability of future natural gas supplies, the aging gas turbines with Chugach Electric Association, the recognition of need to diversify energy sources and preservation of the environment. He said a hydro project would help them meet their needs and that his community was not able to meet the requirements for federal funding of energy projects.

CHAIR HUGGINS thanked him for testifying and agreed that affordability along with environmental considerations is important in looking at future energy alternatives.

[4:40:04 PM](#)

BRADLEY EVANS, Acting Chief Executive Officer, Chugach Electric Association, supported SB 246. He said the entities in the association served three-quarters of Alaska's population, but they are not a heavily interconnected grid like in the Lower 48. He explained that the Railbelt produces about 1,200 - 1,300 megawatts of installed generation capacity and most of it is from natural gas or some sort of fossil fuel. Their peak days generate about 850 megawatts of demand and of that Chugach has about 600 megawatts of generation capacity.

He said they are heavily dependent on natural gas from the Cook Inlet Basin. But the Railbelt has other hydro resources - Bradley, Cooper Lake and Eklutna. He supported a feasibility study that would update what they already know and then see how it competes against other projects.

[4:46:34 PM](#)

JERRY MCCUTCHEON, representing himself, Anchorage, said he had followed the Susitna energy issue since 1970. He didn't believe there would ever be a gas line and that this is a good project that the Army Corps of Engineers wants back.

[4:52:25 PM](#)

CHAIR HUGGINS thanked everyone for their comments and announced that SB 246 would be set aside.

HB 315-EXTEND BIG GAME COMMERCIAL SERVICES BOARD

[4:52:53 PM](#)

CHAIR HUGGINS announced HB 315 to be up for consideration.

[4:53:21 PM](#)

LINDA HAY, staff to Representative Ralph Samuels, said HB 315 was introduced by the Legislative Budget and Audit Committee to

extend the sunset date of the Big Game Commercial Services Board to June 30, 2012. This complies with the recommendation of the Legislative Budget and Audit Committee who conducted an audit of the newly reinstated board.

[4:54:04 PM](#)

PAT DAVISON, Legislative Auditor, Division of Legislative Audit, said the results of their audit recommended that the board be extended for four years. A four-year extension rather than the typical eight-year was appropriate in this circumstance because this board had been reconstituted and had only been in existence for two years. The audit didn't recommend any regulatory or statutory changes.

CHAIR HUGGINS asked if there were any red flags the audit found that they should be aware of.

MS. DAVIDSON replied the audit found administrative issues. One of the recommendations suggested that less data be captured, because they were capturing data from hunt reports and it wasn't clear who the users were; so the audit wasn't confident those records would be used by anyone. The board has a lot of issues to deal with, but they are dealing with them.

CHAIR HUGGINS commented that it appears there is a pretty long time-line for resolving some of the issues, which is understandable since it is a new organization.

[4:57:08 PM](#)

ROBERT FITHIAN, Executive Director, Alaska Professional Hunters Association, supported HB 315. He said the board is doing a good job and its image has improved.

CHAIR HUGGINS thanked everyone for their testimony and held HB 315.

There being no further business to come before the committee, Chair Huggins adjourned the meeting at [4:59:51 PM](#).