

ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE

February 27, 2008

3:38 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. 214

"An Act relating to big game hunting by nonresident members of the military service and their dependents; and providing for an effective date."

HEARD AND HELD

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."

MOVED CSSB 246(RES) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 214

SHORT TITLE: HUNTING BY MILITARY, COAST GD., DEPENDENTS

SPONSOR(s): SENATOR(s) HUGGINS

01/16/08	(S)	PREFILE RELEASED 1/4/08
01/16/08	(S)	READ THE FIRST TIME - REFERRALS
01/16/08	(S)	RES
02/27/08	(S)	RES AT 3:30 PM BUTROVICH 205

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
02/20/08 (S) Heard & Held
02/20/08 (S) MINUTE(RES)
02/27/08 (S) RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

JODY SIMPSON

Staff to Senator Huggins

POSITION STATEMENT: Commented on SB 214 for the sponsor.

KEVIN SAXBY, Sr., Assistant Attorney General

Department of Law (DOL)

Juneau AK

POSITION STATEMENT: Commented on constitutional issues related to SB 214.

ROBERT FITHIAN, Executive Director

Alaska Professional Hunters Association

Anchorage AK

POSITION STATEMENT:

RIC DAVIDGE, State Counsel President

Viet Nam Veterans of America

Chairman, Alaskan Veterans Foundation, and

Acting Chairman of JET PAC in Alaska

Anchorage AK

POSITION STATEMENT: Supported SB 214.

KRISTIN WRIGHT, Finance and Licensing Supervisor

Alaska Department of Fish and Game (ADF&G)

Juneau AK

POSITION STATEMENT: Supported SB 214.

SENATOR JOE THOMAS

Alaska State Capitol

Juneau, AK

POSITION STATEMENT: Sponsor of SB 246.

GRIER HOPKINS

Staff to Senator Thomas

POSITION STATEMENT: Available to answer questions on SB 246.

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

POSITION STATEMENT: Supported SB 246.

EARLE AUSMAN, President
Fullerton Consultants

POSITION STATEMENT: Supported SB 246.

JIM HEMSATH,
Alaska Energy Authority (AEA)
Anchorage AK

POSITION STATEMENT: Explained the fiscal note related to SB 246.

ACTION NARRATIVE

CHAIR CHARLIE HUGGINS called the Senate Resources Standing Committee meeting to order at [3:38:52 PM](#). Present at the call to order were Senators Green, Stevens, Stedman, Wielechowski, Wagoner and Huggins.

SB 214-HUNTING BY MEMBERS OF THE MILITARY

[3:39:57 PM](#)

CHAIR HUGGINS announced SB 214 to be up for consideration.

JODY SIMPSON, staff to Senator Huggins, sponsor of SB 214, stated the sponsor statement as follows:

Senate Bill 214 allows non-resident active-duty military and Coast Guard personnel and their dependents to qualify for resident-rate, big game hunting licenses immediately upon report date without having to meet the current 12-month residency requirement. SB 214 also provides for free hunting and sport fishing licenses for active members of the Alaska National Guard and military reserves.

The vast majority of states have unique licensing statutes for active-duty military personnel. At least 45 states offer resident license rates, without regard to actual residency status, to active-duty personnel or personnel stationed in the state. Eight of those states, including Alaska, require personnel to be stationed in state for a specific period of time. At

twelve months, Alaska's waiting period, as provided by AS 16.05.415(c), is by far the longest among the states. Because military personnel are transferred around the world, often without having any real say in where they are stationed, they are not similarly situated to others who choose to move to Alaska voluntarily. The fact that transfers are involuntary and frequent means that they may be unable to establish the qualifications for normal residency and ever be able to take advantage of state resident preferences. SB 214, if enacted, benefits active-duty military members and their dependents by waiving the 12-month waiting period.

Current statute, AS 16.05.340 (d), entitles active-duty non-resident military members stationed in Alaska to special military licenses at the resident rate for sport-fishing and small game hunting. This provision does not extend to big game licenses and tags. If military members who have not reached residency status want to go big game hunting, they must now purchase big game licenses at the non-resident rate plus big game tags at one-half the non-resident rate. SB 214, if enacted, would allow them to purchase both big game licenses and tags at that resident rate.

MS. SIMPSON noted a fiscal impact of \$31,000 from the Department Of Fish and Game. She said the proposed change to the resident requirements in this bill would not affect eligibility for Permanent Fund Dividend checks or jury pool.

She said this bill also eliminates the guide requirement for hunting brown bear, grizzly, mountain goat and sheep. The reason is that members of the military are trained to rigorous physical and technical standards that typically exceed those of the average person and are typically more familiar with challenging terrain and changing weather patterns. Currently a guide is required to hunt those four species.

MS. SIMPSON said the Alaska Professional Hunters Association wrote a letter in opposition to that component of the bill. She said the January 1, 2009 effective date in the bill allows the Department of Fish and Game time to revise, print, and distribute application forms that reflect accurate information and to work with vendors and applicants to achieve compliance with the new law and it's their standard practice to start at the beginning of a calendar year when changing an application.

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SENATOR MCGUIRE joined the committee.

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MS. SIMPSON said it has been suggested that the aim of SB 214 could be better accomplished by amending the current statutory definition of "residency" within the fish and game component specifically; a copy of that language was in their packets.

She said that Representative Bill Thomas requested that the committee consider including members of the National Guard, language in his HB 62. He said also if that change is made that a revised fiscal note would be necessary.

[3:45:52 PM](#)

SENATOR STEVENS asked if National Guard members wouldn't already be included as non-resident members of the military service.

CHAIR HUGGINS helped out saying that the Department of Military Affairs (DMVA) has asked them to look at provisions for using hunting and fishing licenses by virtue of membership in a military service as a recruiting mechanism and he had talked to General Fraser and the Army commander about doing that. This weekend's paper said some soldiers were apprehended because they were buying an in-state license when they weren't entitled to it. Each of the commanders said they couldn't justify it, but because, in fact, all the large troop concentration states - Georgia, Alabama, Mississippi, North Carolina and South Carolina - give resident hunting and fishing privileges to people who live there, they talked about it and this bill would bring Alaska in line with other places where soldiers, sailors and airmen are stationed. South Carolina is the most permissive by letting North Carolina D831 on-leave personnel hunt there.

He said there are some hurdles because Alaska has three species - brown bears, goats and Dall sheep - that require a guide to hunt if you're not a resident. Exempting those species might put them on weak ground.

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SENATOR WAGONER said Georgia and South Carolina don't have grizzly bear, mountain sheep or goats, but Alaska does and it is a limited number. He had no problem with making it easier for a military person who has transferred in on a permanent basis to go black and brown bear hunting where the ADF&G has found that there is an overabundance of those bears. But to take a very

valuable resource as far as income that comes in for guided hunts is not what he wants to do.

SENATOR WIELECHOWSKI asked how many military members are actually exercising their right to go on guided hunts now and how many would take advantage of this bill if it were to pass.

MS. SIMPSON answered a letter from Alaska Department of Fish and Game (ADF&G) provided that list from 2006. For example three licenses were actually sold for brown bear and grizzly bear.

SENATOR STEDMAN asked how many of those were successful hunts.

MS. SIMPSON said she didn't know.

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CHAIR HUGGINS said Alaska has lots of provisions for residents that don't require a guide.

SENATOR WIELECHOWSKI wanted to know if they had any best estimates on how many members of the military or their dependents would take advantage of this law if it were passed.

MS. SIMPSON said she could get him a percentage, not an exact number.

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KEVIN SAXBY, Sr. Assistant Attorney General, Department of Law (DOL), said his letter addresses constitutional concerns. He said the state constitution's justification for requiring guides for non residents is based on dangerous conditions and dangerous game, but secondly these species with the exception of mountain goat are unique to Alaska and mountain goat are not found in very many other places. There are a lot of unique rules about them that visitors can't know about. Creating exceptions weakens the defensibility of distinctions the state has already drawn.

SENATOR WIELECHOWSKI asked what the standard of review would be in looking at out of state residents. Is it strict scrutiny or a rational basis and what would be the standard for upholding this statute if it was applied to military members?

MS. SAXBY answered the standard of review in federal courts would be the rational basis test, the lowest standard of review, but that is still a test that matters.

SENATOR WIELECHOWSKI asked if the state would have to show the rationale for having a different standard for military members as opposed to a different standard for people who aren't military members.

MR. SAXBY replied yes; practically speaking they would want to show that there is a reason to view recently-arrived military members differently from the general run of the mill non resident on both their ability to face dangerous conditions and dangerous game and their knowledge of Alaska's very unique hunting regulations.

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CHAIR HUGGINS said he thought they should exclude the three species that are guided to keep down the profile of a potential court challenge by eliminating section 2.

MR. SAXBY said eliminating section 2 would remove all of his constitutional concerns.

SENATOR WIELECHOWSKI asked if there is a constitutional basis to challenge the remainder of the bill.

MS. SAXBY replied yes; someone could always come up with an argument. Even in section 1 residents and non residents are treated differently. Precisely, they need to recognize that section 1 does not currently authorize them to receive resident licenses, but special non resident military licenses that cost the same as resident licenses. That is an important distinction.

To get more to Senator Wielechowski's question, people are still getting treated differently, but it's a different debate at this point. They are not talking about whether non residents in general are qualified to face dangerous conditions and game and are aware of Alaska's unique regulations. Instead they are talking about whether there is any legitimate state reason to treat military non residents differently from other non residents. It's a different debate and an easier defense to make. Military personnel are transferred here against their will, for example, and for national security.

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SENATOR MCGUIRE said she thought it might be better to have a specific license granted on a public policy basis to honor our military the same as the state did in making disabled veterans licenses free as opposed to crafting it in a way that redefines resident. She was concerned about blurring the line between

residents and non residents as well and setting a precedent so that other entities would start blurring the legal line.

MR. SAXBY said he still thought the neatest way to do it was to authorize recently arrived military transferees who are stationed here to be residents. Military people are here for different reasons than anyone else is and it's easy to defend treating them differently in that instance.

SENATOR MCGUIRE suggested focusing on the fact that they are stationed here for a reason.

MR. SAXBY said he supported treating them differently as military, but as residents rather than as non residents.

CHAIR HUGGINS thanked him and said his experience in other states is that for the purposes of hunting and fishing PCS military and dependents are considered residents - period. He asked if it was complicated to get people to be able to hunt black or brown bears in unit 16B.

MR. SAXBY replied yes.

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ROBERT FITHIAN, Executive Director, Alaska Professional Hunters Association, said the association cannot adequately express their respect and honor for the U.S. military personnel and their dependents who in times of war and non war dedicate their lives for America. They are also supportive of the concerns brought forward in the sponsor statement for this bill. However, he said, as the bill is written it would provide for special treatment of non resident military personnel to hunt Alaska's guide-required big game species. They recognize and agree with the desire to avoid posing undue burdens on military members and support acknowledging and honoring them for their service, but to preserve the constitutionality of Alaska's guide requirement for non resident hunters, their expert counsel on fish and wildlife matters, Bill Horn, strongly counseled against authorizing any exception to the guide requirement for non resident military and their dependents on active duty and permanently stationed in Alaska. His letter provided the basis for his recommendations. Mr. Fithian said the association would be very willing to work with the sponsor to generate a version of the bill that would meet their common goals and concerns.

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CHAIR HUGGINS agreed with him that the three dangerous species complicates the matter and said to consider that done mentally at this time and promised to work with him on language to correct it.

[4:12:52 PM](#)

RIC DAVIDGE, State Council President, Viet Nam Veterans of America, Chairman, Alaskan Veterans Foundation and Acting Chairman of JET PAC in Alaska said military members in Georgia and the Carolinas show their military I.D. and are treated as a resident. However, he admitted that Alaska has differences particularly with the big game species.

MR. DAVIDGE suggested making it clear that the active duty military service includes members of the U.S. Coast Guard and their dependents. He also observed that the harvest of big game is regulated by the Alaska Department of Fish and Game (ADF&G) and that should take care of the harvesting question and people with guides are probably much more successful in harvesting them than people who don't have them. He encouraged having further hearings on this bill.

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KRISTIN WRIGHT, Finance and Licensing Supervisor, Alaska Department of Fish and Game (ADF&G), said she said the department supports the bill and she was available to answer questions.

SENATOR MCGUIRE noted that the fiscal note indicates the ADF&G received \$52,100 in 2006 from sport license and big game tag sales from military personnel and if all military personnel could purchase them at resident rates, the department would lose \$31,900. So if this policy goes forward, that would have to be considered in their budgeting process.

MS. WRIGHT added that the department would also lose a 25 percent matching requirement amounting to another \$8,000.

SENATOR MCGUIRE asked her to explain the match.

MS. WRIGHT answered that when the department gets federal grants it has to use matching funds of usually 25 percent. They usually use ADF&G funds and they would lose the ability to use those funds.

SENATOR WIELECHOWSKI asked if she expected the number of military licenses to increase if this bill passes.

MS. WRIGHT replied yes, because the licenses are too expensive for some people to purchase now. She also mentioned that she is somewhat concerned that military members who under this measure would buy a military license at a resident rate would confuse license vendors. Right now when you go to a vendor and buy a resident license, you fill out a box on how many months and years you have been in Alaska. But if a person puts one month in that box, the vendor wouldn't think he was a resident. There are 1,600 vendors throughout the state including Wal-Mart and Fred Meyers and it would be hard to educate them all on the distinction. If military members buy licenses at the resident rate, vendors will not question why they have not been here for 12 months.

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SENATOR WIELECHOWSKI said military members would have to live in the state for 12 months before being able to undertake subsistence fishing, for instance, or registration hunts would get into a whole other protection issue of treating them better than actual residents.

MS. WRIGHT replied that she wasn't familiar with all the state's hunting requirements and she didn't know about registration hunts.

MR. SAXBY responded that all the requirements for registration hunts are driven by whether one is defined as a resident or a non resident. If the definition of resident is changed to add military personnel who are permanently stationed here, they will qualify under all the rules that apply to residents.

SENATOR WIELECHOWSKI asked if certain hunts require being a resident for 12 months to do the hunt or get a resident rate.

MR. SAXBY replied no; the 12-month requirement is to be a resident in the first place. After that there are no additional requirements. Many hunts require being a resident to participate, all subsistence hunts, for example.

SENATOR WIELECHOWSKI asked if they get in legal problems with giving a resident license to a member of the military who has not been here for 12 months.

MR. SAXBY replied yes, but you can draw legitimate distinctions at that level. Military people are stationed here because they are ordered here. Other peoples' jobs require them to come here,

too, but they can quit that job and leave any time; military personnel can't and face severe penalties if they do. The coercive level of them being here is greater than for any other type of recent arrival. Second, there's a national security reason for them being here and the state could recognize that if it wanted to.

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SENATOR WAGONER said the state currently grants resident fishing licenses to people from the Yukon Territory and he asked if this means the state would grant the military member a resident fishing license as well as a hunting license.

MS. WRIGHT replied that Yukon residents can purchase a Yukon license at the resident rate; they don't purchase a resident license. And yes, this would also be for fishing licenses.

SENATOR WAGONER stated that this number of personnel, then, would be immediately eligible for dip net fisheries throughout the state of Alaska, because people need a resident fishing license to be eligible for a dip net fishery.

MS. WRIGHT said he was correct.

MR. SAXBY said as he reads the bill currently, the law would not change as to non resident fishing licenses. He explained:

They are currently allowed to get a non resident fishing or sport fishing license at the resident rate. That does not entitle them to participate in subsistence and personal use fisheries until they have been here for 12 months. If you were to go along with my suggestion, which is a very off-the-cuff suggestion at this point.... but, qualify them as residents. Then the concerns that were raised earlier would come into play. They would be residents for both hunting and fishing purposes and they would qualify for any resident opportunity.

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CHAIR HUGGINS said as a testimonial, that this weekend Safari Club International had its banquet in Anchorage and they had four military members that all walked with some distinctive limp; some had canes - because it didn't work out too well for them in Iraq. He reminded them that some 50 soldiers went to Iraq with the Airborne Brigade, but didn't come back.

SENATOR MCGUIRE said she holds the highest regard for the men and women who serve our country and the debate they are having today centers around how to do that. She supported honoring the military and hosting them well; her only concern is about the resident statute itself.

CHAIR HUGGINS said that was understood and he held SB 214 for further work.

SB 246-SUSITNA HYDRO WORKING GROUP; REPORT

[4:29:57 PM](#)

CHAIR HUGGINS announced SB 246 to be up for consideration.

SENATOR JOE THOMAS, sponsor of SB 246, commented that absent reviewing Susitna and other hydro-electric potential in the state, they are allowing themselves to slip back to where the state was in 1984 and expect that gas and oil will somehow be the cheapest source of fuel for energy and power production.

He elaborated:

In the early 1980s gas was \$.21 - \$.25/tcf; diesel was about \$1/gallon and river water was free. The Susitna dam was about a \$5.2 billion project at that time. Today Cook Inlet natural gas to the electrical production facilities is about \$5.57/Mmbtu and diesel is \$3 - \$3.85/gallon on the road system and as much as \$8/gallon in the villages. Oil is selling for \$100/barrel and natural gas outside Alaska is \$9.22/Mmbtu - and river water is still free.

Recent news stories had highlighted the decision of several electric utilities to construct a new 260 megawatt natural gas power plant in Anchorage. Contrast this announcement with the recent news that Texas has passed California as our nation's largest producer of wind energy with nearly 3,000 megawatts of wind power generating capacity. We may be entirely too focused on how we have always done things instead of considering new more efficient more beneficial courses of action. Norway is an oil producer; however I believe that 90 percent of their power is hydro-electric. They use the most efficient, sustainable resource that they have.

Nothing indicates that natural gas prices will stabilize and certainly no one believes the price will ever go down other than for short periods of time before increasing beyond its previous high. This is and will be the trend as natural gas and oil become more scarce. Oil and gas exploration and development costs continue to rise; a quick look at capital and operating expenses at Prudhoe Bay and the cost of drilling confirms these facts. These costs will continue to increase.

Gas-fired electrical turbines are not the solution nor are they the best and most efficient use of our gas. Our gas will no doubt command the highest price when and if it is sold outside of Alaska and it should be to maximize its benefit to Alaska and her citizens. Some will be used in existing infrastructure for heating purposes or to bolster industrial efforts in Alaska. This is a reasonable and efficient use of gas in-state. However, gas is not the most efficient power generating fuel. The top of the line next generation natural gas turbines only achieve an efficiency of 60 percent and even this modest level of efficiency was thought impossible as recently as the early 1990s.

No plan to date suggests in-state use of gas is the highest and best use of our resource. I personally see it as a great potential for industrial use in heating, but not power generation. Trans-Canada and all of the AGIA proposals are export proposals other than the bullet line to Southcentral Alaska. Our resources are stretched to the point that Agrium closes down and we have to negotiate with Cook Inlet producers over exporting LNG, which Nikiski has done for 30 years versus consumer use in Southcentral Alaska. We are still on the road. Let's learn from the past; let's do it differently; let's do our best to change our ways and see some different and better results....

He said \$2-\$3 million study is roughly the same amount of money we expend as a state every two-three hours of every day of the year under the state's current budget.

[4:34:40 PM](#)

GRIER HOPKINS, staff to Senator Thomas, said he was available to answer questions.

SARAH FISHER-GOAD, Acting Executive Director, Alaska Energy Authority (AEA), said the Palin administration supported the analysis of the Susitna project and the additional regional planning that is required in SB 246. Last week there was some discussion on whether this project could be addressed as a capital project and that is technically correct, but the administration is not taking a position with respect to which vehicle the legislature chooses to address it. On a broader note, the governor and the AEA board of directors will soon be announcing the appointment of an energy coordinator that will also be the AEA executive director. This person will be the one that will direct this Railbelt regional planning and a statewide comprehensive planning effort.

CHAIR HUGGINS asked her to review what they could anticipate the AEA will bring back to the body as a product.

MS. GOAD replied that the product is detailed in the fiscal note. SB 246 addresses 13 objectives and those have been grouped into specific work tasks. For example work task one would be the feasibility study and the estimate of the plant and of the generated power costs; work task two would be an environmental and the socio-economic impact study; work task three would be the cost of power for selected alternatives. This issue would be to look at Susitna not as itself in a vacuum, but with other energy sources and other potential Railbelt projects. Work task four is the financial options for the project. There is an integrated systems energy plan for the Railbelt as work task five and creation of a project advisory group. Limited field work has been suggested. If SB 246 passes, they have suggested that those be capital appropriations of \$2.8 million in FY2009 and in FY2010 of \$1.5 million.

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SENATOR STEDMAN agreed with broader scope, especially objective four, and asked if this wasn't more of a broader energy study than a concentration on just the Susitna dam.

MS. GOAD replied that they interpreted SB 246 to include the previous study of the Susitna project as an important part of the entire Railbelt study. There is no idea to not pursue or analyze those other projects; Susitna needs a second look.

SENATOR STEDMAN said it appears that Susitna creates its own wake because of its size. He asked if this isn't more of an energy analysis of the Railbelt population centers in relation to more comprehensive planning.

MS. GOAD answered yes.

CHAIR HUGGINS clarified that Susitna power could reach to Homer and Fairbanks. He asked about the difference in the version E fiscal note.

MS. GOAD answered that the tasks are the same, but they would not necessarily need the project advisory group. Other projects have been conducted this way, including the Railbelt Electrical Grid Authority Study.

CHAIR HUGGINS asked Senator Thomas his thoughts on the advisory group.

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SENATOR THOMAS said he was concerned about creating an unruly study, so he changed incorporating various departments and stakeholder groups into a working group into simply consulting with those groups.

MS. GOAD said she supported the change.

[4:45:22 PM](#)

SENATOR STEDMAN moved to adopt version E of SB 246 as the working document. There were no objections and it was so ordered.

SENATOR MCGUIRE asked if they intended to include fisheries in the term "wildlife" on page 3, line 6.

[4:46:05 PM](#)

SENATOR THOMAS answered the original study realized concerns about a dam project impacting fish and wildlife. Although those impacts would be negligible with the Susitna dam because it is so far up the river, other impacts need to be reevaluated. For instance, as the dam backs up water, some areas will be inundated.

SENATOR MCGUIRE said the committee might want to consider more specific language about the impacts, either positive or negative, on fisheries and she moved a conceptual amendment to specifically include "fish, wildlife, and land use" on line 6.

SENATOR THOMAS responded that he had no problem with adding "fish and wildlife" and assumed that study would take place.

There were no objections and the conceptual amendment was adopted.

SENATOR WAGONER asked how many acres the Susitna reservoir would cover.

SENATOR THOMAS didn't know because there are several different plans for the river. The Devils Canyon is a relatively small footprint; the up-river Watana project is quite a bit larger.

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MS. GOAD said she didn't have any comments on the amendment, but she mentioned he had wanted to know last week about AEA's accomplishments and she wanted to mention specifically their efforts in alternative energy, in particular they just completed an alternative energy solicitation in partnership with the Denali Commission. This is the first time AEA has done one of these studies. At the same time they did a fifth energy cost reduction solicitation.

To give the committee an idea of how many proposals and what kinds of projects are out there, Ms. Goad said they had 96 proposals requesting \$118 million for total project costs of over \$1 billion. Of those 96 proposals, 71 were feasibility analysis of alternative energy projects or roughly \$12.3 million. She said it is an important part of their work to look at objective ways to analyze projects and do feasibility analyses. She said the energy cost solicitation has been very successful. The four solicitations have had cost/benefit ratios of 2:1 and have realized over \$40 million of fuel cost life-cycle savings of projects that have been funded through that.

[4:51:37 PM](#)

EARLE AUSMAN, President, Fullerton Consultants, said he was a hydro-engineer representing himself and his firm in the process of developing 4 megawatts of hydro for the MEA system; the firm also sells power to MEA. He said they are developing a paradigm shift in technology by developing a DC transmission project that promises to reduce energy costs for Alaska's rural communities. He said a small fraction of his previous hydro experience was working with the Corps of Engineers with the Snettisham, Rampart and Bradley dams as well as doing reconnaissance work of many other potential hydro plants throughout Alaska.

MR. AUSMAN explained that he was approached by some people last year who wanted an alternative to the MEA coal plan. There are more than 50 megawatts of under-the-river hydro potential in the

Matanuska Valley as well as wind sites. To be effective, they need to be combined with a peaking system and hydro is perfect for this. For instance, hydro is what makes the 300-megawatt Columbia River state line wind system feasible. He said that system sells its wind power for \$.4/kWh on a long-term contract. His first thought was that a full-sized Susitna project, because of its possible cost and environmental opposition, would not be an acceptable candidate and that a reduced-size Devils Canyon portion of this project may be economical and would be more acceptable. So he proposed the dam at Devils Canyon that was one-half the height of the existing proposal to reduce costs. A 50-percent reduction in height on one of these dams can reduce the volume of concrete to 20 percent or so. This dam would be equipped with extra turbines to provide the peak power and although the reservoir is smaller, it would have some storage. If more power would be needed, it could be augmented by the upper Watana part of the project, which could also be scaled back if necessary.

He strongly recommended that Alaska look at renewables as is proposed in these bills. They should include both Susitna and Chakachamna because they could work together to provide peaking power and would be key in replacement of new gas turbines or a coal plant proposed to power the Railbelt. He also believed that the power from the Railbelt system could be shared with rural localities by using DC transmission.

MR. AUSMAN said wind or water energy not used is lost forever, but the fossil fuel that is replaced by renewable energy sources can be reserved and used or sold to the people outside of Alaska, like Norway is doing. The Department of Energy indicates that the State of Alaska has 45,000 megawatts of developable hydro.

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He advised that an initial analysis of the economics of Susitna and Chakachamna as well as other renewable energy resources should be done to determine if any of those projects or a combination of them appears fruitful. The work should be done by a group that includes two hydro-plant constructors, one should be Norwegian because that is where the expertise comes from and the second should be from the U.S. It should also include an engineering firm that knows Alaska and its special position, and an economist and report writer. The report should make recommendations on the best course of action provided a project appears to be feasible, and a more detailed study could be performed.

[4:59:09 PM](#)

JIM HEMSATH, AEA, explained that the fiscal note is organized specifically to focus around the Susitna project and to look for fatal flaws in the engineering and cost of power that may prohibit the project from moving ahead. The bottom of the fiscal note indicates that at any time during the course of the project from the Susitna perspective that they find it is not feasible all the work on it will stop and efforts would be directed elsewhere. He said there is never a guarantee that a study will get the answer you would like to have.

[5:00:32 PM](#)

SENATOR STEDMAN moved to report CSSB 246 (RES) from committee with individual recommendations and attached fiscal note. There were no objections and it was so ordered.

There being no further business to come before the committee, Chair Huggins adjourned the meeting at [5:01:04 PM](#).