

HOUSE FINANCE COMMITTEE

April 29, 2011

9:36 a.m.

[9:36:34 AM](#)

CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 9:36 a.m.

MEMBERS PRESENT

Representative Bill Thomas Jr., Co-Chair
Representative Mike Doogan
Representative David Guttenberg
Representative Tammie Wilson

MEMBERS ABSENT

None.

ALSO PRESENT

Senator Joe Thomas

PRESENT VIA TELECONFERENCE

Representative Bill Stoltze, Co-Chair
Representative Anna Fairclough, Vice-Chair
Representative Mia Costello
Representative Bryce Edgmon
Representative Les Gara
Representative Reggie Joule
Representative Mark Neuman

Senator Olson, Senator Giessel, Sarah Fisher-Goad, Deputy Director of Operations, Alaska Energy Authority; Peter Crimp, Deputy Director, Alternative Energy and Energy Efficiency, Alaska Industrial Development and Export Authority and Alaska Energy Authority, Department of Commerce, Community and Economic Development; Daniel R. Fauske, CEO/Executive Director, Alaska Housing Finance Corporation; Bob Green, Director of Research and Rural Development, AHFC; Joe Dubler, CEO, Alaska Housing Finance Corporation;

SUMMARY

^Discussion Regarding SB 46 Energy Projects

Co-Chair Stoltze introduced the agenda.

[9:38:04 AM](#)

SARAH FISHER-GOAD, DEPUTY DIRECTOR OF OPERATIONS, ALASKA ENERGY AUTHORITY (via teleconference), spoke to the Alaska Energy Authority (AEA) projects and program fund requests in version T of the bill, with particular respect to the governor's submitted requests to the capital budget.

Co-Chair Stoltze clarified SB 46 was currently pending referral to the House Finance Committee. The meeting was intended for the review of Section 4 of the bill, which contained contentious non-severability and contingency language which bound all energy projects in the section together.

Representative Gara asked if version T before the committee was the latest version of the capital budget and, did it contain projects with split 50/50 funding between localities and the state. Ms. Fisher-Goad replied yes. She stated that not only was the 50 percent locality split an issue, there was the requirement that some projects be done using criteria under the AEA's renewable energy fund.

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Ms. Fisher-Goad discussed the AEA appropriation requests listed in the bill. The \$16,330,000 AEA Energy Program appropriation included \$330 million for the Electrical Emergencies Program. The program had received funding in the past several years. The program was designed to respond to utility emergencies in rural Alaska. Ms. Fisher-Goad stated that the \$16 million dollar request for energy projects would fund the Bulk Fuel Upgrades, Rural Power System Upgrades (RPSU) and energy plan implementation. The AEA had previously partnered with the Denali Commission on the longstanding Bulk Fuel Program. The program had evolved to incorporate more state funds versus federal dollars, as had the RPSU program. Ten million of the \$16 million requested was state funds with the expectation that \$6 million would be used for RPSU projects, \$3 million for Bulk Fuel Projects and \$1 million for energy plan implementation. The \$ 1 million would help the AEA work on

a regional basis with communities to determine which projects were necessary in each specific region. The effort had been driven greatly by community input and local support. The AEA was currently working in southeast on an intergraded resource plan that would help to determine which projects were most important to the region.

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Ms. Fisher-Goad stated that community discussions would include the development of hydroelectric and wind power programs in Bethel. The deputy director of rural energy would be in charge of interfacing with communities. She stated that the projects were community driven. Representative Neuman expressed concern that the state was spending money superfluously. He queried the process of determining the areas where funds were expended. He asked if the AEA was communicating with the utility companies when developing projects. Ms. Fisher-Goad replied that the AEA worked to distribute funds equitably. The Southeast Integrated Resource Plan has specific funds appropriated for the specific regions. Many communities were included - she said the spending would not be dollar for dollar - but would be needs based. She stated that the AEA had worked closely with the railbelt utilities in developing the Regional Integrated Resource Plan (RIRP). Many projects in Section 4 had been put forth by the railbelt utilities that belong to the Alaska Railbelt Cooperative Transmission and Electric Company (ARCTEC). ARCTEC Alaska is a joint venture project between World Technical Services, Inc. (WTSI) and ATCO Structures and Logistics. WTSI is a subsidiary of ASRC Federal Holding Company, the Government contracting arm of Arctic Slope Regional Corporation and was created in January 2009. ATCO Structures and Logistics is a subsidiary of ATCO Group, an Alberta, Canada based company with three main business divisions. The projects had been identified as transition system priorities for the railbelt area.

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Vice-chair Fairclough offered a justification for holding the meeting in Anchorage. She reiterated that the senate had presented in SB 46, a concept of tying approximately \$460 million in projects together. She expressed the desire to understand the perspective of the senate and voiced concern that the Section 4 would make for an "all or nothing"

decision concerning the energy projects. She wondered if the way in which the senate had grouped the projects together was appropriate when discussing the energy projects that were listed in section. She asked if the senate version of the bill was to move forward, and ultimately be vetoed by the governor, what would happen to the bulk fuel upgrades and the weatherization program. She asked if all of the projects that were listed under AEA on Pages 100-101, had been through the same review process as the other energy projects listed in the section.

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Ms. Fisher-Goad replied that tying the projects together could hinder longstanding AEA programs; Bulk Fuel Upgrades, Electrical Emergencies Program, and the Rural Power System Upgrades (RPSU), which are vital to rural energy infrastructure. She stated that the AEA was nearing completion on bulk fuel projects started 10 years ago with the Denali Commission. Typically, the AEA would design for one year and construct for two years. Work was still being done on the RPSU program which would require further capital funding. Gaps in funding would result in necessary upgrades. She stated that the department was moving forward on the Susitna Hydroelectric Energy Plan, submitting the Federal Energy Regulatory Commission (FERC) application. The ability to aggressively move forward with the Susitna project would be hindered by the unavailability of the capital funds.

Vice-chair Fairclough wondered what kind of capacity limitations the AEA had concerning energy projects. She asked if the AEA had requested that all of the projects be linked together as reflected in the current bill version. Ms. Fisher-Goad replied that the ARCTEC projects that had resulted from the rail utilities during the Integrated Resource Plan (IRP) process had not been endorsed or submitted by the AEA. However, the AEA worked together with the utilities to develop the IRP. The projects that the AEA owned were managed with the utilities. When ARCTEC presented the projects to the AEA, they requested that they come through AEA to present to the legislature. She stated comfort with the projects being submitted through AEA, because it would aid in the evolution of the relationship between the utilities and AEA. The building of the robust transmission system was important as larger projects were pursued. The Battle Creek Diversion project and the repairs

on the Alaska Intertie were two projects owned by AEA. Through the IRP, other projects had been identified as important for the reparation of aging transmission lines. Ms. Fisher-Goad believed that that AEA should be involved in the projects listed in the bill to be sure that the design and execution of the projects conformed to the intent of the IRP. Several projects would repair to a certain capacity of voltage, which had been recommended by the IRP. Another project managers would be needed to work with the utilities and through grants, however, internal assessment and allocation of resources would be necessary. She believed that it made sense for the projects to come through the AEA and be evaluated with criteria similar to the Renewable Energy Grant fund. Projects through the Renewable Energy Grant were easily evaluated because they were familiar to the AEA.

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Ms. Fisher-Goad stated that, to date, the Renewable Energy Grant programs had been funded through the phases by specific points of feasibility, design, and construction. She thought several projects listed would not be ready for the requested funds, so grant conditions could be based on milestones. She cited the language in Section 4, Line 17:

"It is the intent of the Legislature that the state's capital investment required to fully into any of these energy projects not exceed 50 percent of the total investment required to fully complete each project. The Alaska Energy Authority (AEA) should evaluate each of the energy projects in this section using criteria similar to that established for the renewable energy grant fund (AS 42.45.045) by the Renewable Energy Fund Advisory committee. If during their evaluation, AEA determines that an appropriation exceeds the 50 percent state funding threshold, the authority shall submit to the legislature recommendations for reductions or reappropriation by February 1, 2012."

Ms. Fisher Goad thought that some of the projects listed were not appropriate under the 50 percent match requirement.

Co-Chair Stoltze understood that under the language, funding for energy projects that did not "pencil out",

could be reappropriated to other projects. Ms. Fisher-Goad said that the funding would be available for reappropriation. Ms. Fisher-Goad furthered that the definition of, "total investment required to complete each project.", as written in the language, was unclear. For example, \$18 million in state funds was listed for the Mount Spur/ORMAT project. However, the project would cost approximately \$400 million to complete. She wondered how the spending would break down dollar for dollar.

Vice-chair Fairclough asked how the AEA would prioritize the projects that needed to be immediately implemented.

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Ms. Fisher-Goad responded that if all the requested funding was appropriated, over 70 individual projects and grants would need to be processed. Although the volume of the projects was large, the department had streamlined the development of grant agreements during the application process. The AEA would work with the entities identified in the section to craft a priority list of projects. She opined that the process of creating the priority list could be painful and tiring. Once the grants were distributed the focus would turn to reimbursements, which are generally submitted as the funds are spent. She stated that the AEA worked with the Renewable Energy Advisory Board to determine the process and criteria by which the projects were prioritized. She said that permits and power sales agreements would need to be in place before construction funds would be released.

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Representative Costello said that some of the projects had been publically vetted and that some were more recent. She spoke about evaluating the projects a whole, and wondered what defined good policy for evaluating energy projects for the state. Ms. Fisher-Goad replied that AEA did not advocate for one project over another, but would manage the projects laid out in the budget. If the language in version T of the bill remained, some individual projects would require AEA to work with individual grantees. She strongly stated that the projects would be evaluated without bias. She highlighted that the renewable energy programs had already been vetted by the AEA, but other programs listed in the section, like the Homer area natural gas pipeline

project, had not. She reiterated that she did not favor one project over another.

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Representative Costello expressed concern for the "all or nothing" nature of the language in the bill. She asked how Alaska would be affected if all the projects were vetoed by the governor. Ms. Fisher-Goad replied that all the projects were priorities for different legislators and the communities they represent. Ms. Fisher-Goad replied that were the projects to be cut en masse, the AEA would be hindered in moving forward with energy programs that were important to every region of Alaska.

Ms. Fisher-Goad believed that there were projects listed in Section 4 that were ready for construction. Any projects with a Federal Energy Regulatory Commission (FERC) license were under deadline for beginning construction. She said that state support was expected, and if the support was not available there could be some permits and licenses in jeopardy.

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Representative Edgmon pointed out to the committee that there were approximately 20 projects listed that required large appropriations. He believed after examining the projects that they did not have the framework, and had not been scrutinized as well as they should. He noted that many of the projects were tied to utilities and did not have the funding mechanisms, policy, or legal background necessary. He felt that the state had no way to fund the projects as they were written into the bill.

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Ms. Fisher-Goad replied that the projects in the section that were part of the renewable energy fund were limited by caps that had put into place prior. When the AEA set up the request for application (RFA) applicants were informed that if they were in a high cost area they could request up to \$4 million, with a cumulative cap. Low cost areas had a \$2 million cap. She said that there was a mechanism in place to get projects into the capital budget, and that Section 4 was one way to do it. She said that as an entity, ARCTEC had supported some projects moving forward. She stated that

the ARCTEC projects were reasonable. She stated she was not privy to the specific criteria employed in the choosing of capital budget projects, or their priority listing. She believed that there was more information on specific energy projects available due to the establishment of the renewable energy fund. However, the criteria used to determine which projects made it into the budget, was unknown to the AEA.

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Representative Edgmon asked if AEA was better suited to prioritize the projects using established policy guidelines. He understood that the ability to recommend large projects did not rest with the AEA, and thought that some projects were suspect.

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Ms. Fisher-Goad stated that the AEA was required through legislation to solicit funds every year, and provide a recommended list to the legislature. She stated that Round 5 of the projects would require an updated review process, possibly removing funding caps and changing the way in which projects were evaluated. She shared that the renewable energy fund will sunset in 2013. She felt that an evaluation to determine the strengths and weaknesses of the program, as well as any recommended changes, could be helpful going forward. She explained that the renewable energy program was a grant recommendation program, and that there were 70 projects currently in the budget that had met the AEA criteria, and had been ranked. The AEA has known of the projects since January 2011, however, funding for the grants would not be released until the passing of the capital budget in July. With respect to priority - AEA would do the projects as they were prioritized under the established criteria. She suggested that when funds are made available, grants should be issued for projects that met the criteria. Historically, AEA has not been asked to prioritize capital projects, but would if it was requested in the future. Ms. Fisher-Goad informed the committee that the Denali Commission programs in the bill had been established under AEA criteria, which had been established 10 years ago. She stated that the goal was to keep moving down the list of projects while completing the ones that had met all the expected criteria. The AEA has a statutory responsibility through the renewable energy fund, and is

the expected to submit capital projects established under the organization. She offered that the AEA could work with utilities to develop a ranking process.

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Co-Chair Stoltze mentioned that SB 42, "Power Project; Alaska Energy Authority", laid out the multi-year process for the energy projects. He requested further explanation of the \$17 million dollar Nuvista Light and Power projects.

PETER CRIMP, DEPUTY DIRECTOR, ALTERNATIVE ENERGY AND ENERGY EFFICIENCY, ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY AND ALASKA ENERGY AUTHORITY, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (via teleconference), explained that the project was intended to address a hydro-electric development in the Bethel. The two projects in question are the Chikuminuk and Kisaralik hydro-electric plants. The projects were part of the hydro and renewable energy development projects in the South Bethel area, and the \$17 million appropriation would fund the large scale project through the permitting process. The department was actively working with Nuvista Power and Light on an improved regional energy plan for, and that the department encouraged phased funding for the projects as part of the regional energy plan for the Lower Yukon-Kuskoquim Region.

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Mr. Crimp calculated that a \$3 million allocation could fund the feasibility assessments and detailed technical work need for the first year of the project. Co-Chair Stoltze expressed dissatisfaction with the reply. He argued that there was \$483 million written into the budget back-up. He wondered if the \$483 million was being purposely avoided. He detected an aversion to relaying project numbers, and demanded direct and concise responses from the testifier. Mr. Crimp replied that currently the planning level number for the project was 483.5 million. The number was based on preliminary work by the engineering company Montgomery, Watson, and Harza (MWH). He stated that the AEA would not put stock in the number until more detailed work had been established; there was no conceptual design, the grantee had not arrived at the proper route, potential locations would put wildlife in danger, etc, etc. He stated that the project number could go up or down. He stated that

there could be better projects that cost less, but it was not easy to determine that at this point.

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Representative Gara understood that the contingency language added by the senate had upset many house members, but thought that enflaming tensions between the two bodies would be counterproductive in moving forward. He stated that in fairness it was important to recognize that the senate had crafted the contingency language in reaction to the governor's threat to veto projects as punishment for not passing HB 110, the governor's oil tax bill. He thought that the language could be removed if the house, senate, and governor could sit down and prioritize the projects. He believed that prioritizing the projects would make the contingency language moot.

Representative Gara inquired about the projects in the bill that had been vetted. He referenced the consortium ARCTEC, previously mentioned by Ms. Fisher-Goad. He asked if all of the ARCTEC programs had been vetted through the RIRP. Ms. Fisher-Goad did not recall if the Cook Inlet gas study had been included in the RIRP. She said she could not say specifically that all the projects had been through the RIRP, but thought that the majority of the projects had.

Representative Gara explained that the legislature, through the RIRP, had funded Black and Veatch Corporation to review necessary projects, and that subsequently, most of the railbelt projects had been vetted by the legislature.

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Representative Edgmon recalled the Black and Veatch Corp hearings. He countered that the energy projects had not been individually vetted during that process. Ms. Fisher-Goad replied that the transmission projects were part of the IRP, and were listed as projects important to robust transmission lines. Many of the projects would repair and increase the capacity of the lines. Through the process the AEA would ensure that the repairs made were necessary, and that the long term aspect and intent of the IRP was maintained.

Representative Edgmon summarized that all of the projects listed had been recognized as necessary parts of the

railbelt affordable energy program, but they had not all been vetted individually or ranked for priority. Ms. Fisher-Goad responded that that was correct. She added that the IRP was very clear that the projects had not been prioritized because they were outside of the scope of the IRP.

Representative Gara asserted that in his 9 years of experience working on the capital budget, rarely would the projects in the budget be prioritized by any independent agency. He recapped that the RIRP had not been vetted, but the group of renewable energy fund projects, capped at \$4 million, had gone through a ranking process. Ms. Fisher-Goad replied that certain parts of some of the renewable energy projects had been through a ranking process, but did not know how the projects in Section 4 would stand individually. A list of potential projects that could be built within the next few years had been established in March 2011 by the AEA. She stated that some projects through the renewable energy fund program were close to construction through the renewable energy fund, but not all. In 2008, at the height of energy costs, there had been a sense of urgency with respect to identifying sensible projects to move forward. Since then, the AEA had established projects through the renewable energy fund that were ready to be constructed. She clarified that projects that were ready now could be delayed for any reason down the line.

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Representative Gara asserted that the goal should be to craft a list of projects that the house, senate, and the governor could agree to. He stated that there was a series of rural power projects located in the contingency language in Section 4 that all exceeded the \$4 million cap. He listed several projects; the Akiak Community Generation System Upgrade, the Copper Valley Electric Association Hydroelectric Project, the Eva Creek Wind Farm Project, the Gustavus Falls Creek Project, the Homer Natural Gas Pipeline Project, each of which had been reviewed by the legislature or received funding in the past. He argued that the increment requests for funding could be disputed, but either the legislature or AEA had vetted the projects.

Ms. Fisher-Goad replied that in the criteria of establishing the renewable energy fund, the projects had

been seen. She declared that in the terms of vetting or ranking the projects, the AEA had not been asked to manage or issue grants. She said that if the projects were listed in the capital budget, they were AEA priorities. If the criteria changed, then the ranking could change depending on the direction provided by the legislature.

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Representative Gara reiterated that most of the projects in the contingency language section had been reviewed and had received AEA or legislative funding in the past. He believed it was the job of the legislature to vet the projects with larger appropriation requests. He maintained that the special session would not end successfully until the governor and the two other bodies sat down and made funding decisions together.

Ms. Fisher-Goad repeated that any application received by the AEA was ranked, and that the funds available through the renewable energy program were capped.

Representative Gara understood that the AEA ranked the projects that had been sent through the renewable energy fund, and that those funds were capped at \$4 million. He shared that in the past the legislature had funded bigger projects that had not been sent through the renewable energy fund, and that those projects were a legislative prerogative for the house, senate, and the governor to prioritize. He said that it had never been an AEA prerogative to rank projects that did not go through the renewable energy fund. The legislature had funded energy projects across the state in the past without going through the AEA. He clarified that the legislature could fund an energy project regardless of if it had been through the renewable energy fund, and that that was how most energy projects in the state were funded. Ms. Fisher-Goad agreed that the legislature had funded large, individual energy projects in the capital budget. She pointed out to the committee that AEA still managed the grants for some of the projects that received funding as a legislative priority.

Vice-chair Fairclough interpreted that the reason for the special session was a matter of process, and not because of the projects listed in the bill. She agreed that there could be projects that needed more discussion. She contended that the crux of the issue was the linking

together of \$460 million in energy projects that could live or die by one red pen.

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Representative Gara clarified that he did not believe that the senate's contingency language was necessary. He restated the senate, the house, and the governor needed to get together and decide which projects were necessary in order to quell the senate's fears that the governor would veto projects as retaliation for the senate not passing HB 110.

Co-Chair Stoltze noted that HB 110 was not on the call list for special session.

Representative Gara felt that, in light of statements made by the governor, the senate had a legitimate fear of the vindictive vetoing of specific district project.

Co-Chair Stoltze questioned Representative Gara's familiarity with the bicameral process, and suggested that he might be better suited to represent in the senate. Representative Gara maintained that the senate's position was legitimate.

[10:57:52 AM](#) AT EASE

[11:07:37 AM](#) RECONVIEVE

Co-Chair Stoltze called the meeting to order. He reminded the public that the house did not have possession of SB 46, and that the meeting was being held with the intention of discussing the energy projects found in Section 4 of the bill.

DANIEL R. FAUSKE, CEO/EXECUTIVE DIRECTOR, ALASKA HOUSING FINANCE CORPORATION (via teleconference), informed the committee that the Weatherization and Home Energy Rebate Programs had been in existence since 2008. The programs received an original appropriation of \$360 million, \$200 million for the weatherization component, and \$160 million for the rebate program. Applicants falling under 100 percent of median income were placed in the Weatherization Program. Applicants placing above the median were placed in the rebate program. He declared that the program had been a great success. The number of home raters working with the program had increased to over 100, and the program had

serviced thousands of homes across the state. He added that there were thousands of people on the program waiting list. He stated that the program had benefited the community of Barrow and all the communities across the North Slope, particularly in lowering heating costs for the elderly. In his original request the governor had appropriated \$25 million for the program, the senate had added and additional \$26.1 million. The house had voiced concern over how much funding needed to be appropriated to keep the program running at its current level. He believed that the program had improved the quality of life for Alaskan's across the board. He asserted that the program had met, and surpassed, all of the goals that were established in its conception. He expounded that there were many different energy alternatives within the state that residents could benefit from, but using less energy should be the ultimate goal. He said that programs that helped to accomplish energy savings should be embraced.

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Mr. Fauske explained that the work generated by the program was technical, but minimal. Essentially, the work to the home was done by homeowners and then analyzed by experts. Certain funding levels would determine the wait on the wait list, and how many homes that could be visited on a weekly basis.

BOB GREEN, DIRECTOR OF RESEARCH AND RURAL DEVELOPMENT, ALASKA HOUSING FINANCE CORPORATION (via teleconference), testified that the \$360 million appropriated to the program in 2008-09, helped to provide energy efficient improvements in over 17,000 homes throughout the state. The boost from \$4.8 million to \$360 million in funding allowed the AHFC to create partnerships with other state agencies. Before the additional funding, the Weatherization Program had 5 contractors working statewide to the tune of \$5 million. After the funding increase, the corporation was able to bring all the regional housing authorities in the state on as additional contractors, raising the total contractors servicing the state from 5 to 20. Currently, the program had reached capacity, and over 4000 homes were expected to benefit from the Weatherization Program in 2011. Higher income homeowners could do energy efficiency improvements. The maximum rebate issued for the Home Energy Rebate Program was \$10,000. In addition to the 17,000 homes that had been made more energy efficient statewide, 3,500

households had applied and were waiting to make refundable improvements. The homeowner has 18 months to complete the improvements, a post-assessment is then performed on the home, and the rebate was then calculated accordingly. Sophisticated software was used to measure energy improvements both for weatherization and the energy rebate program. Because the cost of energy can vary from day to day, energy savings were targeted instead of energy cost. There were 3500 applicants in the pipeline for the rebate program. Because the waitlist continued to grow, and the funds were obligated, any future funding for the program was not secure. 40 names were being dispatched per week. He shared out of respect for available funds; the list had been slowed down. Reported data showed that the programs savings averaged between \$1550 and \$1600, per year, per home. He stated that the average rebate payout was slightly over \$6,000, while the average amount that homeowners were spending on improvements was \$10,000.

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Vice-chair Fairclough divulged that she had spent over \$13,000 on home energy improvements, had received her rebate, and now had a 5 star home. She expressed concern that the Weatherization Program was among the programs tied together in Section 4. She asked if the AHFC was concerned that the Weatherization Program was included in the Section 4 contingency language. Mr. Fauske replied that he believed that the program should be funded in perpetuity, possibly through an endowment, and that it should be a top priority for the state. He stressed that the program was producing immediate positive results, and adding dollars to the economy statewide. He strongly believed that losing the program would be detrimental for all state residents. If funding were shut off the program would end in April of 2012. If the cap funding were to pass the program could extend for possibly a year after that. He understood that there was a contentious debate going on within the legislature, and hoped for a resolution so the program could continue to serve Alaskans.

Vice-chair Fairclough related that the program had resulted in a savings of \$1,200 annually for her family.

Representative Gara queried how much it would cost to keep the program running at its currently capacity. Mr. Fauske replied \$100 million would keep the program dispatching at

its current level for one year. Representative Gara reminded the committee that Senator Stedman had expressed the willingness to remove the Weatherization Program and the Home Energy Rebate Program from the contingency language in Section 4.

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Representative Guttenberg expressed concern that there were not enough raters working in the field. Mr. Fauske responded that the raters worked under private contract. He added that raters had expressed concern for less work in the future due to lack of funding. He warned that if funding for the program were to end, 98 active raters would be without work. He thought that the number of active raters would increase with continued funding.

Mr. Brean interjected that if funds were not appropriated for the programs the applicants in the system would be processed and then the programs would be phased out.

Representative Joule hoped the program would continue. He mentioned that some people in the state were taking energy problems to the private level by developing public/private partnerships, and involving younger Alaskan's at a community service level. Mr. Brean shared that one element of both programs was the Training and Technical Assistance component. The component allowed for community training in technical assistance. Grant funds for education were also available in order to perform work locally and retain local funds.

Representative Joule queried what the private partner's responsibility consisted of. Mr. Brean replied that Representative Joule's region was more active than others. The list of private partners was long, and the two programs that had positive impact on all aspects of industry, from sales to builders and designers, in local areas. The private partner's consistently displayed the willingness to underwrite activities that the AHFC embarked upon, and to sponsor various trainings around the state.

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Mr. Fauske shared that a minimum of 2,500 jobs had been created or retained by the program, and that number could be upwards of 4,000.

Representative Doogan pointed out to the committee the \$5.5 million for the Gasline Development Corporation. He wondered what the funds would be used for. Mr. Fauske replied that the funds would go toward ongoing work concerning engineering, summer field work, and the environmental impact statement. He said that the \$5.5 million was part of an overall group of funds that had been requested. The governor had placed \$5.5 million in the capital budget with the understanding that there would be debate during the legislative session which might result in more funding. The AHFC had requested that the \$1 million that had lapsed be reappropriated by the legislature, and had made a \$6.2 million dollar request in the supplemental. As the corporation became more familiar with the process, another \$15.5 million had been requested in the capital budget, bringing the total to \$28.2 million, which included the \$5.5 million.

Representative Doogan requested more clarification. Mr. Fauske replied the \$6.2 million was requested because of new information pertaining to summer field work. The request was originally intended for the supplemental budget so that work could continue through July 1, 2011.

JOE DUBLER, VICE PRESIDENT/CHIEF FINANCIAL OFFICER, ALASKA GASLINE DEVELOPMENT CORPORATION (via teleconference) discussed the \$5.5 million request in the governor's request. The request had included amounts that would be used for commercial and financial analysis. Also included were RSA's with the Department of Natural Resources and the Department of Environmental Conservation for permitting and environmental impact statement work, totaling \$1.4 million. He stated that \$2.2 million would be used for personnel and operating costs. The remaining \$7.2 million, which was to be in the supplemental, would fund engineering, environmental, and regulatory field work. Co-Chair Stoltze requested a summary of the funding plan in written form be submitted to the committee.

Representative Guttenberg asked why the project was listed as (HD 12-35) in the bill on page 110.

Vice-chair Fairclough stated that the listing designating the district was the result of the staff that had drafted the bill. She said that the listing could be changed if necessary.

Representative Wilson wondered how the program would be affected in the event that the contingency language went to court. Mr. Fauske replied that without funding for the program, the program would be shut down.

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Representative Wilson understood that if the language went to court the program would be affected for years to come. Mr. Fauske warned that if funding were denied the contract work necessary for the function of the program would be negatively affected.

[11:47:37 AM](#)

ADJOURNMENT

The meeting was adjourned at 12:01 PM.