

ALASKA STATE LEGISLATURE
SENATE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

February 8, 2013

8:01 a.m.

MEMBERS PRESENT

Senator Peter Micciche, Chair
Senator Cathy Giessel, Vice Chair
Senator Dennis Egan
Senator Click Bishop

MEMBERS ABSENT

Senator Lyman Hoffman

COMMITTEE CALENDAR

SENATE BILL NO. 32

"An Act stating that the development and operation of a hydroelectric site at Chikuminuk Lake is not an incompatible use in the WTSP."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 32

SHORT TITLE: CHIKUMINUK LAKE HYDROELECTRIC SITE

SPONSOR(S): SENATOR(S) MCGUIRE

01/22/13	(S)	READ THE FIRST TIME - REFERRALS
01/22/13	(S)	CRA, RES
02/08/13	(S)	CRA AT 8:00 AM BUTROVICH 205

WITNESS REGISTER

BRETT HUBER, staff for Senator McGuire
Alaska State Legislature
Juneau, Alaska
Sponsor statement

POSITION STATEMENT: Introduced SB 32 to the committee.

ELAINE SAMUELSON BROWN, Executive Director
Nuvista Light & Electric Cooperative
Anchorage, Alaska

POSITION STATEMENT: Supports SB 32.

CHRISTINE KLEIN, Executive Vice President and Chief Operating
Officer
Calista Corporation
Anchorage, Alaska
POSITION STATEMENT: Supports SB 32.

ANDREW ANGSTMAN, representing himself
Bethel, Alaska
POSITION STATEMENT: Opposes SB 32.

BEN KUNTZ, representing himself
Bethel, Alaska
POSITION STATEMENT: Opposes SB 32.

MYRON ANGSTMAN, representing himself
Bethel, Alaska
POSITION STATEMENT: Opposes SB 32.

GRANT FAIRBANKS, representing himself
Bethel, Alaska
POSITION STATEMENT: Opposes SB 32.

ROBERT NICK, representing himself
Nunapitchuk, Alaska
POSITION STATEMENT: Supports SB 32.

TIM TROLL, Executive Director
Bristol Bay Heritage Land Trust
Anchorage, Alaska
POSITION STATEMENT: Opposes SB 32.

MICHAEL WILLIAMS, representing himself
Akiak, Alaska
POSITION STATEMENT: Supports SB 32.

RON HOFFMAN, President and CEO
Association of Village Council Presidents Regional Housing
Authority
Bethel, Alaska
POSITION STATEMENT: Supports SB 32.

DAN DUNAWAY, representing himself
Dillingham, Alaska
POSITION STATEMENT: Opposes SB 32.

PAUL LIEDBERG, representing himself

Dillingham, Alaska

POSITION STATEMENT: Opposes SB 32.

CARRIE E. PLEIER, representing herself

Dillingham, Alaska

POSITION STATEMENT: Opposes SB 32.

HENRY WILSON, representing himself

Anchorage, Alaska

POSITION STATEMENT: Opposes SB 32.

ACTION NARRATIVE

[8:01:20 AM](#)

CHAIR PETER MICCICHE called the Senate Community and Regional Affairs Standing Committee meeting to order at 8:01 a.m. Present at the call to order were Senators Egan, Bishop, Vice Chair Giessel and Chair Micciche.

SB 32-CHIKUMINUK LAKE HYDROELECTRIC SITE

[8:02:13 AM](#)

CHAIR MICCICHE announced that SB 32 was before the committee.

[8:03:14 AM](#)

BRETT HUBER, staff for Senator McGuire, Alaska State Legislature, introduced SB 32. He said Senator McGuire has been a leader in helping to provide affordable alternative energy sources across the state which was important to all Alaskans. He explained that Senator McGuire believed that each region should have the ability to fully assess their resources and plan for their future accordingly; SB 32 would help to do just that.

He said when the Wood-Tickchik State Park (WTSP) was created in 1978, in accordance to AS 41.21.160-167. He explained that two lakes were specifically mentioned in AS 41.21.167(c) and deemed not to be incompatible with park resources for the purposes of development and operation of a hydroelectric site. He noted that SB 32 sought to add Chikuminuk Lake to the list of lakes that were deemed not to be incompatible with park resources.

He said in 2012, Nuvista Light & Electric Cooperative (NLEC), conducted a series of studies on the possible hydroelectric project and were denied a special-use permit to finish their studies. He explained that the Department of Natural Resources (DNR) was ready to issue the permit, but were advised by the

Alaska Department of Law that because the two lakes were specifically mentioned in AS 41.21.167(c), it would be deemed to be an exclusive list. He added that Chikuminuk Lake was not included in 41.21.167(c) and the DNR did not have the legal authority to issue the permit. He said SB 32 sought to remove the ban for the permit. He noted that Senator McGuire's office had been working with the DNR-Division of Parks on an amendment to SB 32 to provide clarity to NLEC's ability to work through the management plan revisions and provide public meetings on the Chikuminuk Lake Hydroelectric Project (CLHP). He said the amendment would be provided to the committee as soon as it was received.

[8:05:29 AM](#)

CHAIR MICCICHE asked if Mr. Huber's intention was to have NLEC provide a presentation.

MR. HUBER responded yes. He said NLEC was prepared to provide testimony and walk-through presentation for the benefit of the committee.

[8:05:56 AM](#)

CHAIR MICCICHE replied that he thought the presentation would be helpful.

[8:06:16 AM](#)

ELAINE SAMUELSON BROWN, Executive Director, Nuvista Light & Electric Cooperative, stated that she was born and raised in Bethel, Alaska. She said she was a Yupik Eskimo from the Calista Region. She stated that NLEC believed that Chikuminuk Lake was worth looking at as an option to help their community survive and thrive.

[8:06:57 AM](#)

CHAIR MICCICHE called an at-ease.

[8:07:21 AM](#)

CHAIR MICCICHE called the committee back to order.

[8:07:32 AM](#)

MS. SAMUELSON BROWN said NLEC was looking at Chikuminuk Lake for Western and Southwest Alaska's sustainable and affordable energy needs. She noted that NLEC was looking at Chikuminuk Lake as a power source for approximately 25 communities within the Calista and Bristol Bay region.

MS. SAMUELSON BROWN said Chikuminuk Lake had been studied since 1954 as a lake for a hydroelectric project. She noted that a special-use permit was issued in 1982 by the DNR-Division of Parks, permit number: 6700-82-2. She explained that the permit allowed the authority to go into WTSP and do geotechnical work. She said NLEC had a copy of the report from the permitted study. She informed the committee that NLEC was denied their special-use permit in 2012. She said SB 32 would allow NLEC to study Chikuminuk Lake's potential for hydroelectricity and proceed with geotechnical and geophysical testing to determine project viability.

[8:09:27 AM](#)

She said without SB 32, NLEC would not be allowed to continue their geotechnical and geophysical studies in the WTSP. She asserted that NLEC would continue to work with communities in the Bristol Bay and Calista regions to address all of the issues concerning salmon, hunting, cultural, socioeconomic, etc. She noted that CLHP would have to follow the Federal Energy Regulatory Commission (FERC) Process. She explained that NLEC would be filing their notice of intent and preliminary application document in the spring of 2013. She said initiating the FERC Process and the Integrated Licensing Process (ILP) would engage all of the agencies to allow for continued studies.

[8:11:07 AM](#)

SENATOR GIESSEL asked for an explanation on "incompatible use" and "compatible use." She pointed out that Ms. Samuelson Brown noted in her presentation that pervious geotechnical work was authorized by an "incompatible use" permit.

MS. SAMUELSON BROWN answered that DNR was working with NLEC and was willing to issue the special-use permit to allow for field studies. She said the office of the Alaska Attorney General took a stance against the permit due to the wording in the WTSP Management Plan that stated NLEC's permit was an "incompatible use." She stated that a change to a "compatible project" similar to Lake Elva and Grant Lake would allow for field studies. She explained that the process would take 20 years. She said NLEC would strictly be allowed to study CLHP's viability and nothing else would be opened up.

[8:12:42 AM](#)

CHAIR MICCICHE asked to confirm that there was no salmon in Chikuminuk Lake.

MS. SAMUELSON BROWN answered correct. She explained that there were char and lake trout in the Chikuminuk Lake. She said the fish were landlocked and no salmon migrated up to Chikuminuk Lake.

SENATOR BISHOP asked if there were three sets of rapids prior to getting to the top of Chikuminuk Lake.

MS. SAMUELSON BROWN answered yes.

SENATOR BISHOP asked if the rapids were the reason why salmon could not get to Chikuminuk Lake.

MS. SAMUELSON BROWN replied that she believed so. She said NLEC would be looking at reasons why salmon did not get to Chikuminuk Lake during their field studies. She said fish would be "micro chipped" for migration patterns in Chikuminuk Lake, lakes located below Chikuminuk Lake, and possibly the Nushagak River. She explained that the fish migration study would prove if the rapids, cold water temperature, or fast river currents stopped salmon from going to Chikuminuk Lake.

[8:14:46 AM](#)

CHRISTINE KLEIN, Executive Vice President and Chief Operating Officer, Calista Corporation, said she was a lifelong Alaskan that was raised in a Southeast Alaska village where hydroelectric power was in place for over one hundred years. She said she came from an area that was blessed with great resources and low cost energy.

She said the Calista Corp. represented 56 villages and 13,000 original native peoples in Western Alaska. She said Calista Corp. area was 59,000 square miles that was primarily low, flat and wet with the Yukon-Kuskokwim Delta. She explained that the Calista Corp. region and people have existed for thousands of years in a subsistence lifestyle.

She noted that the area around Chikuminuk Lake was surrounded by state parks, federal parks, and refuges that were highly restrictive. She said there were no private land other than the native allotments and village corporation lands. She explained that there was little infrastructure, no road access to many of the villages, and fuel had to be brought in once a year by barge. She noted that fuel prices were fixed for an entire year.

She said the cost of energy was five times that of the national average, homes were heated and powered by diesel that was

costing \$6.00 to \$10.00 per gallon. She stated that the high fuel costs were unsustainable as in many rural areas throughout the state. She said there were little or few jobs, an economy or infrastructure to help improve the region's situation.

MS. KLEIN explained that Calista Corp. had looked at solutions over the past 40 years and CLHP was always on the table. She noted that engineers had reported that it was highly likely that CLHP would be a feasible hydro-power option. She said over 50 Calista region villages and tribes met in 2011 to address three remaining options of lakes and rivers that were deemed potentially feasible by the Alaska Energy Authority (AEA) and other engineers. She stated that AEA encouraged consideration for the CLHP option. She said after the AEA recommendation, the Calista Corp. went to the legislature and received an appropriation for assistance with the scientific field work studies to assess Chikuminuk Lake's [power] generation capabilities.

She asserted that Calista Corp. supported SB 32 and any amendments that would add Chikuminuk Lake to the existing WTSP list of lakes that were considered for hydro-power generation. She said Chikuminuk Lake was one of Western Alaska's remaining options that had the necessary year-round flow for power generation in an area that most needed [energy].

She noted that Chikuminuk Lake was documented as to not having salmon, an extremely important issue to the region's people that would stop any project. She said Chikuminuk Lake had been repeatedly listed in over 17 engineering reports since 1954. She revealed that CLHP would significantly reduce the cost of energy and help reduce the number of high cost subsidies that have to be continually put towards Power Cost Equalization (PCE).

She said Calista Corporation's region had a population of over 20,000 people and was the only rural part of Alaska that was growing in population. She stated that Calista Corp. was one of the only growing businesses and regional corporations in the region. She said Calista Corp. respectfully requested that SB 32 be considered and moved ahead.

[8:21:04 AM](#)

CHAIR MICCICHE noted that the committee had received several letters in support from: Ms. Coolidge, Mr. Hoffman, Ms. Graham, and Mr. Williams. Letters of opposition were received from: Ms. Ilutsik, Mr. Lisac, and Mr. Dunaway. He noted that letters of

support and opposition were given to committee members and were available to the public.

CHAIR MICCICHE announced that public testimony would proceed on SB 32.

[8:22:36 AM](#)

ANDREW ANGSTMAN, representing himself, opposes SB 32. He said he was born and raised in Bethel. He noted that he was extremely familiar with WTSP and used the area for recreation. He stated that the purpose of SB 32 was to allow feasibility studies to take place and the language in the bill indicated otherwise. He noted that the language in SB 32 was very clear and short. He explained that SB 32 said, "That the development of and operation of a hydroelectric project at Chikuminuk Lake is not incompatible with the park management plan." He noted that nowhere in SB 32 was there specific language saying, "Allowing feasibility studies for hydroelectric project at Chikuminuk Lake is not incompatible." He stated that he would like to see the proposed amendments and the changes for SB 32. He said the legislature would condone the entire project if it passed SB 32 in its current form.

He addressed the statements regarding salmon in Chikuminuk Lake and confirmed that salmon did not reach the lake. He noted that the char and lake trout were large, some weighing 30 to 40 pounds. He noted that the issue he was very concerned about was that the studies that NLEC was proposing only extended downstream to the first lake, Chaekuktuli Lake. He said the Lower Allen River, Chaekuktuli Lake, Nuyakuk Lake, Tikchik Lake, and the Nuyakuk River were some of the best salmon habitat in Western Alaska. He declared that CLHP would have a greater direct impact on salmon than the Pebble Mine.

[8:26:24 AM](#)

SENATOR EGAN asked if Mr. Angstman's boss was opposed to SB 32 in its current form.

MR. ANGSTMAN replied that he was representing himself and not an organization. He noted that he worked for Ryan Air in Anchorage.

[8:27:10 AM](#)

BEN KUNTZ, representing himself, opposes SB 32. He said he was a resident of Bethel for ten years. He stated that Chikuminuk Lake was set aside under the WTSP Management Plan as a place where a motor boat could not be used. He explained that there was a reason why Lake Elva and Grant Lake were included in the

original management plan as being options for hydropower due to their proximity to Dillingham. He stated that he supported hydropower, but not at Chikuminuk Lake.

SENATOR BISHOP asked what Mr. Kuntz did for a living.

MR. KUNTZ answered that he was representing himself and not his work. He said he was an English professor at the Kuskokwim Campus in Bethel.

8:29:35 AM

MYRON ANGSTMAN, representing himself, opposes SB 32. He said he worked and lived in Bethel for almost 40 years. He noted that he used WTCP for recreation. He said CLHP was not compatible with WTCP's goals, CLHP's power would be expensive, and alternative power sources should be considered. He stated that parks were set aside to prevent development.

8:33:26 AM

GRANT FAIRBANKS, representing himself, opposes SB 32. He said CLHP would not be compatible with the WTSP Management Plan. He stated that NLEC intended to spend \$640 million for CLHP and noted that the cost for the distribution network to 14 villages was not included. He said CLHP would benefit 2,930 households in Southwest Alaska and the per-household cost would be \$218,430 without the added cost for the power line distribution system. He stated that on-site renewable energy sources were more economical, provided jobs, and would save hundreds of millions of dollars. He noted that the [proposed] Susitna-Watana Hydroelectric Project would cost \$30,000 per household if all Railbelt homes were supplied.

8:37:27 AM

ROBERT NICK, representing himself, supports SB 32. He said he was a stakeholder for the proposed CLHP. He stated that 14 villages would be provided with alternative energy from CLHP. He said CLHP would alleviate the hardship caused by the high cost of energy for young families, single parents with children, and elders on fixed incomes. He noted that SB 32 would specifically evaluate the feasibility of the proposed CLHP.

8:40:58 AM

TIM TROLL, Executive Director, Bristol Bay Heritage Land Trust (BBHLT), opposes SB 32. He explained that BBHLT had a vested interest in preserving the mission of WTSP and noted that people from the region requested that the park be created. He said the mission was to protect the preservation of fish, wildlife

breeding, support systems, subsistence, and recreational activities.

MR. TROLL stated that over the past decade, BBHLT and the DNR-Division of Parks and Outdoor Recreation had worked together on several projects to preserve WTSP's mission. He noted that BBHLT and its partner conservation organization had raised millions of dollars to assist the DNR-Division of Parks and Outdoor Recreation in its efforts to protect the integrity of WTSP. He explained that money had been raised primarily by acquiring fee and conservation easements on private land within the WTSP holdings, and in most cases turned the private properties over to state ownership at no cost to the state. He noted that properties near Chikuminuk Lake had been acquired with the expressed intention to perpetuate WTSP's mission.

He said SB 32 would negate the generosity of private property donation in WTSP by changing the rules to allow a project that was speculative at best. He said SB 32 would likely make raising money for future conservation in WTSP difficult. He said SB 32 was controversial and pitted one region of the state against another. He said the people of Bristol Bay were not asking for CLHP.

8:45:04 AM

MICHAEL WILLIAMS, representing himself, supports SB 32. He said Chikuminuk Lake should be studied for possible alternative energy to villages in Western Alaska. He noted that village elders had recommended Chikuminuk Lake because it had the least impact on salmon. He explained that the villages could not be sustained on fossil fuels anymore. He said bio-mass and wind should also be considered as energy sources.

8:48:26 AM

RON HOFFMAN, President and CEO, The Association of Village Council Presidents (AVCP) Regional Housing Authority, supports SB 32. He stated that the cost per kilowatt-hour (\$/kWh) in Anchorage was \$0.1274/kWh, Toksook Bay was \$0.4490/kWh, and Bethel was \$0.4892/kWh. He noted other village kWh hour rates in comparison to Anchorage. He said the high cost of energy was especially impacting families.

SENATOR EGAN asked if the differentials from PCE were included in Mr. Hoffman's kWh rates.

MR. HOFFMAN answered the kWh rates were provided by the Alaska Village Electric Cooperative (AVEC) and he did not know if PCE

was applied. He noted that the Anchorage kWh rates were provided by the Chugach Electric Association.

8:51:33 AM

DAN DUNAWAY, representing himself, opposes SB 32. He said he was a Southwest Alaska resident since 1978. He noted that the language in SB 32 should specifically state an allowance for a study and the bill's current form opened the possibility for too much. He said Lake Elva and Grant Lake were grandfathered in due to regional interest in possible hydroelectric projects. He stated that a local electrical cooperative had assessed Lake Elva and Grant Lake and noted that the high cost of power lines marginalized possible hydropower projects.

He said local people recognized the need for affordable power, but were not comfortable in compromising WTSP. He stated that if the committee's intent was to allow a study, there should be other language that could be used without compromising the integrity of WTSP.

He said WTSP was partially formed at the request of Jay Hammond. He remarked that he could not imagine any elected official who would want to be part of dismantling the nation's largest state park that was created by local demand.

He stated that hydroelectric dams could have major negative environmental impacts on downstream spawning habitat. He summarized that the [Tazimina Hydroelectric Project] near Iliamna had been far more expensive than expected due to problems with ice in the winter.

8:54:49 AM

PAUL LIEDBERG, representing himself, opposes SB 32. He said he was a nine year resident of Dillingham and an eight year resident of Bethel. He explained that he recently retired as the manager of the Togiak National Wildlife Refuge and had worked closely with the WTSP managers. He noted that he served on the Dillingham City Council and the Dillingham Planning Commission. He stated that his comments reflected his personal views and was representing himself.

He said the majority of commercial activities for WTSP were based out of Dillingham. He noted that a 2012 WTSP Management Council meeting to discuss the requested permit for CLHP was met with overwhelming opposition from Dillingham residents and commercial operators.

MR. LIEBERG noted that the document prepared by NLEC for the legislature in 2011 stated that power from CLHP would be supplied to Bethel and 13 other villages for a rate of \$0.58/kWh to \$0.70/kWh. He asserted that an investment of over \$500 million to produce electricity for Bethel and 13 other villages selling for \$0.58/kWh to \$0.70/kWh was not a wise investment in the scheme of Alaska's statewide energy policy.

He said BBHLT had worked closely with the state in protecting private lands and SB 32 would undermine BBHLT's work, money expended, and future efforts to support WTSP. He said there had been discussions that the SB 32's current version would not authorize actual construction of a dam and associated facilities, which was not correct. He encouraged the committee to seek legal analysis to make sure the intent and impact of SB 32 was clear.

He said there were two other issues that complicated the actual development of CLHP: private land located at the proposed dam site and a transmission line crossing the Yukon Delta National Wildlife Refuge to move electricity from Chikuminuk Lake to the Kuskokwim River. He noted that Title 11 of the Alaska National Interest Lands Conservation Act (ANILCA) provided for utility corridors, but high levels of scrutiny would be involved with no assurance of approval.

He summarized that he understood the need to find wise ways to provide affordable energy to the region, but SB32 did not meet the criteria for wise or affordable energy. He stated that the CLPH costs were too high, social and environmental impacts to WTSP were too high, complications from private and federal lands use was too extensive, and the opposition to the CLPH was too wide spread.

[8:58:07 AM](#)

CARRIE E. PLEIER, representing herself, opposes SB 32. She stated that consistent with the legislative purpose for establishing the WTSP in 1978 to three primary management objectives of the DNR-Division of Parks and Recreation as follows:

1. Protect and conserve the area's fish and wildlife populations and breeding systems.
2. Provide the continued use of the area for traditional subsistence and recreational purposes.

3. Protect the area's recreational and scenic resources.

She said allowing development and operation of a hydroelectric project in Chikuminuk Lake was in no way compatible with any of WTSP's three core management objectives. She explained that altering the water flow in the Allen River had the potential to affect the entire ecosystem downstream for sockeye salmon spawning. She said the Allen River's salmon and the entire downstream area should be protected. She said sockeye salmon were a vital component for subsistence, commercial fishing, sports fishing, and the culture of Bristol Bay's people.

She explained that the step in altering the legislative intent from 1978 would have far reaching impacts to the people and economy of Alaska. She said commercial fishing was the number one industry in Bristol Bay and fishing equaled survival. She stressed that incrementally damaging the Bristol Bay fisheries resource would potentially destroy the fishery and the families that call Bristol Bay home. She summarized by reading a quotation from "Hidden Alaska" by Dave Atcheson, a book on preserving Bristol Bay's ecosystem.

[9:00:42 AM](#)

HENRY WILSON, representing himself, opposes SB 32. He said he was a resident of Anchorage and owned property in the WTSP area. He noted that he understood the need for affordable power, but believed that CLHP would not provide that. He stated that the proposed CLHP was not economically viable due to numerous technical and logistical problems. He noted a recent engineering report that found the diesel-only alternative as a preferred low cost energy choice over WTSP hydroelectric projects. He addressed the logistical power line issues and the lack of assurance that authority would be granted for CLHP. He asserted that downstream salmon could be affected by CLHP and noted numerous incidences in the Lower 48 where dams had an adverse impact.

[9:03:39 AM](#)

CHAIR MICCICHE said SB 32 would be held and heard at the next meeting. He noted that public testimony would continue and amendments may be presented to address many of the CLHP issues in WTSP.

[9:04:22 AM](#)

There being no further business to come before the Community & Regional Affairs Committee, Chair Micciche adjourned the meeting at 9:04 a.m.