

ALASKA STATE LEGISLATURE
SENATE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

February 12, 2013

3:32 p.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 Wood-Tikchik State Park."

- MOVED CSSB 32(CRA) OUT OF COMMITTEE

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)	RES REFERRAL REMOVED
02/08/13	(S)	FIN REFERRAL ADDED AFTER CRA
02/08/13	(S)	CRA AT 8:00 AM BUTROVICH 205
02/08/13	(S)	Heard & Held
02/08/13	(S)	MINUTE(CRA)
02/12/13	(S)	CRA AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

BRETT HUBER, Staff to Senator McGuire
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Explained Amendment 1 to SB 32 for the sponsor.

MAX ANGELLAN, representing himself
Kwethluk, Alaska
POSITION STATEMENT: Supported SB 32.

ELAINE BROWN, Executive Director
Nuvista Light & Electric Cooperative, Inc.
Nuvista, Alaska
POSITION STATEMENT: Supported SB 32.

GEORGE GUY, Chairman
Nuvista Light & Electric Cooperative, Inc.
Kwethluk, Alaska
POSITION STATEMENT: Supported SB 32 with Amendment 1.

ANDREW GUY, President and CEO
Calista Corporation
Anchorage, Alaska
POSITION STATEMENT: Supported SB 32.

JACOB N. BLACK, President
Napakiak Council
Napakiak, Alaska
POSITION STATEMENT: Supported SB 32.

JULIA ANDREW, Acting Tribal Administrator,
Village of Napakiak, Alaska
POSITION STATEMENT: Supported SB 32.

WILLY KASAYULIE
Chairman, Calista Corporation
Board Member, Nuvista Light & Electric Cooperative
Bethel, Alaska
POSITION STATEMENT: Supported SB 32 with Amendment 1.

LISA ILUTSIL, representing herself
Dillingham, Alaska
POSITION STATEMENT: Opposed SB 32.

ANDREW ANGSTMAN, representing himself
Anchorage, Alaska
POSITION STATEMENT: Opposed CSSB 32(CRA).

GRANT FAIRBANKS, representing himself
Bethel, Alaska
POSITION STATEMENT: Opposed CSSB 32(CRA).

MICHAEL HOFFMAN, representing himself
Bethel, Alaska
POSITION STATEMENT: Opposed SB 32.

ROBERT BEANS, Board Member
Calista Corporation
Anchorage, Alaska
POSITION STATEMENT: Supported SB 32.

CODY LARSON, representing himself
Dillingham, Alaska
POSITION STATEMENT: Opposed SB 32.

BING SANTAMOUR, representing himself
Bethel, Alaska
POSITION STATEMENT: Opposed SB 32.

BEN ELLIS, Director
Division of Parks & Outdoor Recreation
Department of Natural Resources
Anchorage, Alaska
POSITION STATEMENT: Neutral on SB 32.

ACTION NARRATIVE

[3:32:01 PM](#)

CHAIR PETER MICCICHE called the Senate Community and Regional Affairs Standing Committee meeting to order at 3:32 p.m. Present at the call to order were Senators Giessel, Bishop, and Chair Micciche.

SB 32-CHIKUMINUK LAKE HYDROELECTRIC SITE

[3:32:50 PM](#)

CHAIR MICCICHE announced SB 32 to be up for consideration.

[3:33:18 PM](#)

BRETT HUBER, staff to Senator McGuire, sponsor of SB 32, said Senator McGuire sent her apologies for not being able to be here, and that he was available to answer questions.

[3:33:55 PM](#)

SENATOR EGAN joined the meeting.

[3:34:09 PM](#)

SENATOR BISHOP moved Amendment 1.

28-LS0311\A.2

AMENDMENT 1

OFFERED IN THE SENATE
TO: SB 32

Page 1, line 1, following "that":
Insert "a feasibility study for"

Page 1, line 2, following "Park":
Insert "; relating to the Wood-Tikchik State Park management plan and the amendment of the plan to allow for a feasibility study for the development and operation of a hydroelectric site at Chikuminuk Lake; relating to the enforcement of provisions in the Wood-Tikchik State Park management plan and regulations relating to the Wood-Tikchik State Park that are inconsistent with a feasibility study for the development and operation of a hydroelectric site at Chikuminuk Lake; and providing for an effective date"

Page 1, lines 4 - 6:
Delete all material and insert:
" * **Section 1.** AS 41.21.167 is amended by adding a new subsection to read:
(e) Performance of a feasibility study for the development and operation of a hydroelectric site at Chikuminuk Lake is not considered an incompatible use.
* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to read:
TRANSITION: WOOD-TIKCHIK STATE PARK MANAGEMENT PLAN AND REGULATIONS; ENFORCEMENT. To allow for a feasibility study for the development and operation of a hydroelectric site at Chikuminuk Lake, the Department of Natural Resources
(1) shall amend the Wood-Tikchik State Park Management Plan, dated October 2002, and regulations applicable to the Wood-Tikchik State Park to conform to AS 41.21.167(e), enacted by sec. 1 of this Act; and
(2) may not enforce or implement provisions in the Wood-Tikchik State Park Management Plan, dated October 2002, and regulations applicable to the Wood-Tikchik State Park that are inconsistent with AS 41.21.167(e), enacted by sec. 1 of this Act.
* **Sec. 3.** This Act takes effect immediately under AS 01.10.070(c)."

SENATOR BISHOP asked Mr. Huber to walk the committee through the amendment.

MR. HUBER said Amendment 1 was prepared in consultation with the Division of Parks, Department of Natural Resources (DNR) and drafted by Legislative Legal. The effect of the amendment is to make clear that the activity authorized by this act is limited to the performance of a feasibility study for the development and operation of a hydroelectric site at Chikuminuk Lake. Instead of adding Chikuminuk Lake to the list in AS 41.27.167(c), language in the original bill, the amendment deletes section 1 and replaces it with a new section 1 that creates a new subsection (e) that states:

(e) Performance of a feasibility study for the development and operation of a hydroelectric site at Chikuminuk Lake is not considered an incompatible use.

In addition, the amendment adds a section 2 that provides transitional language the effect of which is in (1) require the amendment of the Park Management Plan to conform to the new subsection. Section 2 also disallows enforcement of the current plan as it applies to the new provision. It makes conforming changes to the title of the bill.

MR. HUBER said this amendment was consistent with the sponsor's intent in offering the original bill, which is allowing the study Nuvista is conducting to continue.

He said Senator McGuire supports providing energy alternatives across the state and for each region to have the ability to assess and makes its own decisions and this further clarifies that intent.

[3:36:19 PM](#)

SENATOR EGAN asked if the fiscal note had changed with the amendment.

MR. HUBER answered there is a \$20,000 fiscal note, but it hadn't changed.

CHAIR MICCICHE clarified that some people around the park were worried that the earlier bill was too broad.

MR. HUBER responded that the original bill added a lake to the list of lakes already authorized in the not incompatible use

section, but after testimony they thought it was wise to stick with their original intent, which was to provide for that study to go forward.

[3:37:25 PM](#)

SENATOR GIESSEL asked if he had talked with Nuvista or any of the residents who testified to see if they were comfortable with this amendment.

MR. HUBER answered that they had talked to a number of folks including Nuvista and Calista that are working on the study and they are comfortable with the amendment.

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CHAIR MICCICHE asked for a roll call vote; Senators Giessel, Egan, Bishop and Micciche voted yea; and there were no nays. Therefore, Amendment 1 was adopted.

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CHAIR MICCICHE opened public testimony on the CSSB 32(CRA).

[3:39:39 PM](#)

MAX ANGELLAN, representing himself, Kwethluk, Alaska, supported SB 32, saying he thought a hydroelectric project would bring down their high electric, gas and fuel prices. They pay \$.52 per kilowatt hour, \$10.50 for a gallon of gas and \$6.91 for a gallon of heating fuel.

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SENATOR MICCICHE thanked him for his testimony, but pointed out that this bill only authorizes a feasibility study for the development and operation of a site.

[3:43:30 PM](#)

ELAINE BROWN, Nuvista Light & Electric, Nuvista, Alaska, supported the amendment to SB 32 so they can continue with their feasibility studies over the next few years.

[3:44:19 PM](#)

GEORGE GUY, Chairman, Nuvista Light & Electric Cooperative, Inc., Kwethluk supported SB 32 with Amendment 1. He said the high cost of energy causes many people, some of whom are on fixed incomes, to choose between buying food or heating fuel. He said they are still living in the 19th century, but 21st Century structures are available to improve their living standards as citizens of the United States of America.

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ANDREW GUY, President and CEO, Calista Corporation, supported SB 32. He said the cost of energy and transportation are the big factors driving businesses out there or the lack of. He said it's harder to establish businesses in the Bush because they have to compete with urban businesses that have the benefit of energy projects that have been paid for by the state as well as economies of scale. The businesses in rural Alaska do not benefit from the Power Cost Equalization Program.

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JACOB BLACK, President, Napakiak Council, Napakiak, Alaska, supported SB 32, because that would mean they could go ahead with the project in the summer of 2014. He said their cost of living is really high.

[3:52:02 PM](#)

JULIA ANDREW, Acting Tribal Administrator, Village of Napakiak, Alaska, supported SB 32, because the fuel prices in the village are really high. She said, "A lot of people are having a hard time in the village this winter."

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WILLY KASAYULIE, Chairman, Calista Corporation, and board member, Nuvista Light & Power Cooperative, Inc., Bethel, Alaska supported SB 32 and Amendment 1. He supported earlier comments about the high cost of energy for both fuel and electricity, which makes it expensive to keep schools operating.

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LISA ILUTSIK, representing herself, Aleknagik, Alaska, opposed SB 32. She said that anyone who has ever traveled to Wood-Tikchik State Park would immediately recognize that there is no place like it on earth; it is a pristine and remote wilderness and it needs to remain protected from any sort of development. The astronomical projected project costs are not worth damaging a lake and river system that is home to rich salmon breeding grounds and other lake species of fish.

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ANDREW ANGSTMAN, representing himself, Anchorage, Alaska, opposed CSSB 32(CREA) and said the feasibility study was denied by the Division of Parks and Recreation for specific reasons. The activities described by Nuvista include seismic surveys and helicopter work, which is banned in Wood-Tikchik State Park, and motor boat operation on Chikuminuk Lake, which is also banned. Writing a law saying they can do whatever they need to do just

because doesn't make sense and doesn't make it right. He was really concerned about the validity that this amended bill would give to the entire project. He said it was noteworthy that people in support of this bill overall are coming from the side of the mountains where the water in Chikuminuk Lake does not run; they come from the Kuskokwim where none of the possible environmental impacts will ever take place and they will be getting all the power.

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GRANT FAIRBANKS, representing himself, Bethel, Alaska, said he opposed CSSB 32(CRA). He said it had been 40 years since he received a degree in business and economics, but he is still well versed in economics. Since 1973 when he moved to Western Alaska he had studied solar electricity and had built one of the first total solar electric homes in a very remote area of the Kuskokwim River and at a cost of less than \$15,000. He was certain that every village household in the region could have total solar electricity with grid-tied backup for a cost equal to that of the proposed Susitna project per home cost. This system would have a per-home cost of only 15 percent of the proposed Chikuminuk hydroproject and not jeopardize the salmon habitat of the Wood-Tikchik system.

A pilot solar or wind project in a few villages could be a good test for an electric co-op like Nuvista. This type of energy would employ local people and provide great benefits for everyone and at a fraction of the cost of hydroelectricity.

He said there is a reason our country is dismantling the hydroelectric dams on salmon rivers; they cause many problems for downstream salmon habitat. This river drains into three lakes that have major salmon spawning areas and this proposed dam and hydro could have a very negative effect on their habitat.

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MICHAEL HOFFMAN, representing himself, Bethel, Alaska opposed SB 32. He had been born and raised in the Kuskokwim region and so did his father and grandfather. He said the Chikuminuk region is one of the last true wilderness areas in the State of Alaska and even thinking about putting a dam up when most of the states in the Lower 48 are tearing them down doesn't make any sense and to believe that if this dam is built that it would provide much needed energy to a region the size of the state of Oregon is unsupported and misguided. Supplying energy to about 14 towns this project would not be an economic project for the state to

pay for. The environmental impact would be devastating not only to the depth and the temperature of the water, which have a negative effect on the sockeye salmon spawning down below but on the moose and caribou that people in the area rely on for subsistence. He supported using more solar and wind energy.

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ROBERT BEANS, Board Member, Calista Corporation, Anchorage, Alaska, supported SB 32 from the standpoint of quality of life. He put in eight years as law enforcement in this region and in that time he saw people without hope, and it seems like it gets more so every time. This energy project would give them some hope. Wind energy costs over \$15,000 per kilowatt hour just to get the equipment in. It would take 30 or 40 years to recoup that cost and none of the corporations have the money to pay for it up front.

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CODY LARSON, representing himself, Dillingham, Alaska opposed SB 32. He said he was proud the state and its history. He said we should honor the elected officials who had the foresight to create a solid management plan who made the rules for the park to remain pristine and in wilderness. If those rules don't allow the feasibility study, he opposed SB 31 as well as Amendment 1 that was originally denied by the Division of Parks and Recreation.

[4:10:32 PM](#)

BING SANTAMOUR, representing herself, Bethel, Alaska, opposed SB 32, because of how it would destroy her subsistence way of life that she has depended on forever as well as those of her children and grandchildren. She would rather keep eating of nature's bounty than to have a project put in that would destroy the food source that state residents of the area have come to depend on.

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CHAIR MICCICHE, finding no further comments, closed public testimony and asked Mr. Ellis why the original study was denied.

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BEN ELLIS, Director, Division of Parks and Outdoor Recreation, Department of Natural Resources, Anchorage, Alaska, answered that the Wood-Tikchik State Park is a legislatively designated area and the legislature sets out the parameters for what can and cannot happen within it. Chikuminuk Lake is not listed with Grant and Elva at the present time, so that development and

operation of a hydroelectric site would be incompatible under the present legislation. So the part of the permits that dealt with development of a hydroelectric project, such as seismic, were denied where other permits which dealt with information gathering of a general nature, animal movements, stream gauges and flow, and fish migration, were permitted.

CHAIR MICCICHE asked if it would be possible to do the studies without the higher impact activities.

MR. ELLIS answered that he understood that Nuvista was no longer using motorized craft on Chikuminuk Lake, but he didn't know about the other activities.

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SENATOR BISHOP asked if helicopters are prohibited in the park.

MR. ELLIS answered that they could be permitted under a special use permit and that the flight pattern has to be approved through the director's office.

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SENATOR GIESSEL said she knew she was expressing the feelings of the entire committee when Mr. Robert Beans shared that he had lost his son and extended her condolences. She then moved to report CSSB 32 (CRA), version 28-LS311\A.2 from committee to the next committee of referral with individual recommendations and attached fiscal note(s). There were no objections, and it was so ordered.

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CHAIR MICCICHE said these are difficult decisions, but the reality of it is there isn't a source of energy that doesn't have a benefit and some impacts. He struggled with the bill originally, but with the amendment it allows a feasibility study to determine if further discussion is even warranted. If the studies are favorable, it begins that entire process of proceeding cautiously and responsibly through permitting.

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There being no further business to come before the Senate Community and Regional Affairs Committee, Chair Micciche adjourned the meeting at 4:19 p.m.