

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

February 19, 2013
1:30 p.m.

MEMBERS PRESENT

Senator Mike Dunleavy, Chair
Senator Peter Micciche, Vice Chair
Senator Donald Olson
Senator Bert Stedman
Senator Johnny Ellis

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Representative Tammie Wilson
Representative Steve Thompson
Senator Pete Kelly
Senator Click Bishop
Senator John Coghill

COMMITTEE CALENDAR

SENATE BILL NO. 16

"An Act relating to the Board of Registration for Architects, Engineers, and Land Surveyors and to the Department of Commerce, Community, and Economic Development."

- MOVED SB 16 OUT OF COMMITTEE

SENATE BILL NO. 38

"An Act extending the termination date of the State Medical Board; and providing for an effective date."

- MOVED SB 38 OUT OF COMMITTEE

SENATE BILL NO. 23

"An Act relating to development project financing by the Alaska Industrial Development and Export Authority; relating to the dividends from the Alaska Industrial and Export Authority; authorizing the Alaska Industrial Development and Export Authority to provide financing and issue bonds for a liquefied

natural gas production system and natural gas distribution system; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 16

SHORT TITLE: BD OF ARCHITECTS, ENGINEERS, SURVEYORS

SPONSOR(s): SENATOR(s) GIESSEL BY REQUEST

01/16/13	(S)	READ THE FIRST TIME - REFERRALS
01/16/13	(S)	L&C, FIN
01/24/13	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
01/24/13	(S)	<Bill Hearing Postponed>
02/07/13	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/07/13	(S)	Heard & Held
02/07/13	(S)	MINUTE (L&C)
02/19/13	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 38

SHORT TITLE: EXTEND STATE MEDICAL BOARD

SPONSOR(s): SENATOR(s) OLSON

01/25/13	(S)	READ THE FIRST TIME - REFERRALS
01/25/13	(S)	L&C, FIN
02/07/13	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/07/13	(S)	Heard & Held
02/07/13	(S)	MINUTE (L&C)
02/19/13	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 23

SHORT TITLE: AIDEA: LNG PROJECT; DIVIDENDS; FINANCING

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/16/13	(S)	READ THE FIRST TIME - REFERRALS
01/16/13	(S)	L&C, FIN
01/31/13	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
01/31/13	(S)	Bills Previously Heard/Scheduled
02/05/13	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/05/13	(S)	Heard & Held
02/05/13	(S)	MINUTE(L&C)
02/19/13	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

SENATOR CATHY GIESSEL

Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 16.

DON HABEGGER, Director
Division of Corporations, Business and Professional Licensing
Department of Commerce, Community and Economic Development
Juneau, Alaska

POSITION STATEMENT: Answered questions related to SB 16.

DAVID SCOTT, Staff
Senator Donny Olson
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Summarized SB 38 on behalf of the sponsor.

GENE THERRIAULT, Deputy Director
Statewide Energy Policy Development
Alaska Energy Authority
Department of Commerce, Community and Economic Development
Anchorage, Alaska

POSITION STATEMENT: Provided supporting information for SB 23.

NICK SZYMONIAK, Project Economist
Alaska Energy Authority
Department of Commerce, Community and Economic Development
Anchorage, Alaska

POSITION STATEMENT: Provided supporting information for SB 23.

TED LEONARD, Executive Director
Alaska Industrial Development and Export Authority
Department of Commerce, Community and Economic Development
Anchorage, Alaska

POSITION STATEMENT: Provided supporting information for SB 23.

MARK DAVIS, Deputy Director
Alaska Industrial Development and Export Authority
Department of Commerce, Community and Economic Development
Anchorage, Alaska

POSITION STATEMENT: Provided supporting information for SB 23.

AL HAYNES, representing himself
Mat-Su Valley, Alaska

POSITION STATEMENT: Testified in support of SB 23.

GEORGE BERRY, representing himself
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 23.

WILLIAM ST. PIERRE, representing himself
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 23.

LISA HERBERT, Executive Director
Fairbanks Chamber of Commerce
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 23.

HANK BARTOS, representing himself
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 23.

TIM GUNDERSON
Teamsters Training Center
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 23.

BOB SHEFCHIN, Chair
Energy Committee
Fairbanks Chamber of Commerce;
Chair, Interior Gas Utility Board
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 23.

ROGER BURGGRAF
Natural Resources Committee
Fairbanks Chamber of Commerce
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 23.

LUKE HOPKINS, Mayor
Fairbanks North Star Borough
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 23.

JERRY CLEWORTH, Mayor
City of Fairbanks
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 23.

BRYCE WARD, Mayor
City of North Pole
North Pole, Alaska

POSITION STATEMENT: Testified in support of SB 23.

MIKE YOUNG, representing himself
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 23.

ACTION NARRATIVE

[1:30:26 PM](#)

CHAIR MIKE DUNLEAVY called the Senate Labor and Commerce Standing Committee meeting to order at 1:30 p.m. Present at the call to order were Senators Stedman, Olson, Micciche, and Chair Dunleavy. Senator Ellis arrived soon thereafter.

SB 16-BD OF ARCHITECTS, ENGINEERS, SURVEYORS

[1:30:34 PM](#)

CHAIR DUNLEAVY announced the consideration of SB 16 and asked the sponsor to remind the committee of what the legislation would do.

SENATOR CATHY GIESSEL, sponsor of SB 16, explained that SB 16 would allow the State Board of Registration for Architects, Engineers and Land Surveyors (AELS) to hire its own investigator to execute investigations on complaints of its licensees.

[1:31:40 PM](#)

DON HABEGER, Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development (DCCED), introduced himself.

SENATOR OLSON asked if there were many violations in these professions and how soon a second investigator might be needed.

MR. HABEGER explained that the current investigator conducts investigations of a number of boards but spends 80 percent of the time on architect, engineering and land surveyor cases. Under this proposal the new investigator would have 20 percent more time to spend on AELS cases and the existing position would serve the other professions and perhaps be able to accommodate a request from the construction industry to conduct more investigations.

[1:32:55 PM](#)

SENATOR ELLIS joined the committee.

CHAIR DUNLEAVY found no questions, closed public testimony, and solicited a motion.

[1:34:18 PM](#)

SENATOR STEDMAN moved to report SB 16 from committee with individual recommendations and attached fiscal note(s).

[1:34:31 PM](#)

CHAIR DUNLEAVY announced that without objection, SB 16 moved from the Senate Labor and Commerce Standing Committee.

SB 38-EXTEND STATE MEDICAL BOARD

[1:34:41 PM](#)

CHAIR DUNLEAVY announced the consideration of SB 38.

DAVID SCOTT, staff for Senator Olson, sponsor of SB 38, summarized that SB 38 extends the termination date of the State Medical Board until June 30, 2020. He noted the fiscal note from the Division of Corporations, Business and Professional Licensing was revised to clarify that the board has eight members.

CHAIR DUNLEAVY found no questions, closed public testimony, and solicited a motion.

[1:36:25 PM](#)

SENATOR MICCICHE moved to report SB 38 from committee with individual recommendations and attached fiscal note(s).

CHAIR DUNLEAVY announced that without objection SB 38 moved from the Senate Labor and Commerce Standing Committee.

[1:36:51 PM](#)

At ease

SB 23-AIDEA: LNG PROJECT; DIVIDENDS; FINANCING

[1:39:05 PM](#)

CHAIR DUNLEAVY announced the consideration of SB 23.

[1:39:43 PM](#)

GENE THERRIAULT, Deputy Director, Statewide Energy Policy Development, Alaska Energy Authority, Department of Commerce, Community and Economic Development (DCCED), introduced himself.

NICK SZYMONIAK, Project Economist, Alaska Energy Authority, Department of Commerce, Community and Economic Development (DCCED), introduced himself.

1:40:25 PM

At ease

1:46:30 PM

CHAIR DUNLEAVY reconvened the meeting and recognized that Representatives Tammie Wilson and Steve Thompson were in the audience.

1:46:59 PM

MR. THERRIAULT said that AEA's perspective of the intent of SB 23 is to provide the lowest cost energy to as many Interior Alaska consumers as possible, to get gas to the Interior as quickly as possible, and to attract as much private sector investment as possible.

The project description is to liquefy North Slope natural gas and truck it to Fairbanks for use in the greater Fairbanks/North Pole area. The LNG will be temporarily stored in the community and then regasified and distributed for use. The idea is that the initial demand will underpin the investment in the infrastructure. In time, communities outside the Fairbanks North Star Borough and along the river system could potentially access the resource as well.

MR. THERRIAULT displayed a schematic of the LNG trucking value chain to illustrate the infrastructure that AEA envisions being supported by SB 23.

1:48:57 PM

MR. THERRIAULT explained that the governor's finance package includes a \$50 million general fund grant to the Alaska Industrial Development and Export Authority (AIDEA) to support a potential equity position in the infrastructure; \$150 million in bonds; and \$125 million SETS capitalization. He explained that the sustainable energy transmission and supply (SETS) development fund was put in place last year and endowed with \$125 million. The governor did not want to utilize all of that funding this year so he added an additional \$125 million capitalization. This brings the total for legislative consideration to \$325 million.

The package also includes the possible use of \$30 million in natural gas storage credit. This comes from legislation that passed last year that offers dollar-for-dollar assistance on infrastructure up to \$30 million. Two storage tanks are

envisioned, thus the potential \$30 million. This brings the total package to \$355 million.

[1:51:37 PM](#)

MR. THERRIault explained that AIDEA was working on a business plan to attract private sector players/consumers to avail themselves of these loan dollars. They will enter into a business agreement with AIDEA and be obligated to repay the loans. He opined that this was where the Interior residents would step up and shoulder a good deal of the burden.

[1:52:24 PM](#)

CHAIR DUNLEAVY recognized that Senator Kelly had joined the committee.

[1:52:51 PM](#)

MR. SZYMONIAK displayed a model of one of the proposals for a project configuration that AEA believes presents a realistic base cost estimate to use. The key assumptions are for a 9 Bcf LNG plant that is bifurcated into two 4.5 Bcf sections for industrial and utility use, and the \$50 million general fund grant will be applied to the 4.5 Bcf utility section. The regas, storage, and distribution costs are presented as a high-cost and low-cost scenario. [The expected utility price per Mcf is as follows: wholesale LNG - \$10.33; natural gas to home - \$13.49 to \$17.29; and delivered price of \$1.80 to \$2.31 per gallon of fuel oil.]

MR. SZYMONIAK said the assumption in this model is for \$3.50 natural gas, \$1.50 for the liquefaction plant and \$4.00 for trucking. The low cost estimate for regas, storage, and distribution is \$3.49 per million Btu and at the high end it's \$17.29. He pointed out that the current \$4.00 cost for fuel oil is roughly equivalent to \$30 per Mcf of gas.

[1:54:58 PM](#)

SENATOR MICCICHE noted that he said \$3.50 instead of \$13.49.

MR. SZYMONIAK clarified that \$3.50 was the North Slope commodity price. The expected price of natural gas delivered to the home is \$13.49 to \$17.29.

SENATOR STEDMAN noted that there was an amendment coming to address the bill's geographic considerations. He then expressed interest in receiving a summary chart of energy equivalents to compare costs across the state. He said probably 80 percent of

his constituents heat with oil, which is about \$4.00 per gallon, and their hydro charges are about \$0.12 per kilowatt.

CHAIR DUNLEAVY agreed that a statewide comparative would be beneficial.

[1:57:39 PM](#)

MR. THERRIAULT displayed a chart depicting the project timeline and milestones for 2013 through 2015. He explained that AIDEA solicited letters of interest and 16 proposals came back, two of which were turnkey offers. The technical offers are being evaluated and if neither is reasonable to advance, AIDEA will look at whether it can put together its own project. He reiterated that the intent is to structure a business deal, leveraging the state's offer to share in the risk of the infrastructure, utilizing the financing offered by the state, but also attracting private sector investment into the infrastructure to try to achieve the target goal of \$15 gas delivered to residential users.

[1:59:16 PM](#)

SENATOR STEDMAN suggested adding the Anchorage Bowl to the chart because of the large amount of natural gas usage in that area. He then pointed out that the people living in the areas of Alaska that don't have natural gas can't relate to the Y axis of the chart that shows the cost per Mcf of gas. He said if it's put in oil terms it's about \$2.25 per gallon of fuel oil. He continued that as a policy, getting down to \$2.00 to \$2.50 oil equivalent would make great strides in solving the energy challenges around the state, regardless of the energy source.

SENATOR OLSON asked what the LNG plant was projected to cost.

MR. THERRIAULT answered that it's \$200 million or less. The estimate from Golden Valley was about \$220 million with the associated storage on both the North Slope and the Interior, whereas the proposal from Fairbanks Natural Gas was somewhat less, in part because of their view on storage needs. He noted that AIDEA recently hired an independent engineering consultant to help evaluate the different proposals and perhaps reduce the costs.

[2:01:46 PM](#)

SENATOR OLSON asked how this proposal expects to mesh with the proposed bullet line.

MR. THERRIAULT responded that AEA/AIDEA believes that this infrastructure will enhance a bullet line by growing demand so that once a pipeline is built there will be a larger volume to plug into that pipe. This will have a positive impact on the net present value calculations on the pipeline. A pipeline is probably a number of years away so it will allow amortization of the plant to take place. AEA/AIDEA further believes that the components of the infrastructure will have longer term use even if the community switches to using gas from the pipeline.

[2:04:35 PM](#)

SENATOR OLSON asked when the trucks would begin to haul gas from the North Slope to the Fairbanks area.

MR. THERRIAULT said the current estimate is the last quarter of 2015.

SENATOR OLSON asked who will own and what will happen to the \$220 million plant on the North Slope once a pipeline is built.

MR. THERRIAULT explained that the business consortium that comes together will own the assets, and the state will have an equity stake in that infrastructure. He added that demand for LNG as a liquid fuel is likely to grow within the state and it's the governor's vision that utilization of that energy source will spread across the Interior, beyond the core Fairbanks North Star Borough area. If a pipeline goes down the Parks Highway there still will be communities on the Richardson and Alaska highways that would be interested in accessing liquid natural gas. There is also hope that the infrastructure will develop to deliver LNG to villages on the river systems and help industrial mine development.

SENATOR ELLIS cautioned the committee to remember the epic failure of the Healy Clean Coal project and the lessons that were learned. He asked the presenters to speak to how those lessons might be applied to this project.

[2:10:38 PM](#)

MR. THERRIAULT said the difference here is that the infrastructure for this project won't come into being unless the customers are part of the overall business deal. This will be more of a negotiated business deal with more private sector investment and comparatively less outlay of state dollars.

SENATOR ELLIS said he appreciates Mr. Therriault's response and perspective, but he still feels burned by that experience. He

expressed a desire to hear from other agencies of government when the chair could accommodate it in the context of SB 23. He said he was sympathetic toward the needs of the Interior and was willing to think about the merits of the proposal. He opined that having more private sector investment was one to avoid speculative government-driven mega projects. He reiterated his desire to hear more from the other agencies of government.

[2:13:16 PM](#)

SENATOR OLSON asked if the North Slope Borough had taken a position on the project.

MR. THERRIAULT responded that he wasn't aware of specific input from the borough, but the Arctic Slope Regional Corporation (ASRC) and other entities on the North Slope had expressed interest in taking part in the enterprise.

SENATOR OLSON said he found it odd that the government entity wasn't contacted when the plant would be on borough property.

MR. THERRIAULT acknowledged that the plant would be within the borough's jurisdiction and that the project would have to fulfill the permitting requirements of the local government.

[2:14:30 PM](#)

SENATOR STEDMAN suggested adding Haines and Prince of Wales to the requested summary of statewide energy costs. Their cost of electricity from hydro is roughly \$0.23 per kilowatt and oil is about \$4.00. He reiterated that \$2.50 equivalent oil statewide would be a great target. He noted that a couple of mines were opening on Prince of Wales and one might bring in LNG to fuel the turbines. He added that he wanted the public to understand the magnitude of what the committee was talking about because \$2.50 equivalent oil is huge.

MR. THERRIAULT agreed to work on developing the comparative numbers, and added that the administration realizes that once the product is available at a reasonable price, enterprises statewide will look at ways to utilize it. He noted that Senator Stedman's constituency, Alaska Power and Telephone, expressed interest in the product for their operation in Tok and as far south as Skagway.

[2:17:33 PM](#)

SENATOR MICCICHE pointed out that this is a very small plant with very limited capacity so there will not be excess LNG available with any kind of build-out from Fairbanks. He said

he'd discuss this further when he presents the amendment as far as looking at other options that will help in other locations with large quantities.

SENATOR STEDMAN clarified that the equivalency to \$2.50 oil didn't have to be from natural gas. It might be geothermal in one area, hydro in another, and LNG on the North Slope and Fairbanks area.

CHAIR DUNLEAVY remarked that the goal of the special committee on energy was to look at those issues.

[2:19:00 PM](#)

TED LEONARD, Executive Director, Alaska Industrial Development and Export Authority, Department of Commerce, Community and Economic Development, Anchorage, Alaska introduced himself.

MARK DAVIS, Deputy Director, Alaska Industrial Development and Export Authority, Department of Commerce, Community and Economic Development, Anchorage, Alaska, introduced himself.

[2:19:32 PM](#)

SENATOR OLSON asked if AIDEA had any experience with an LNG project.

MR. LEONARD said this will be the first time for an LNG plant, but AIDEA does have expertise putting together project deals and knows where in the private sector to get the expertise needed to bring this project together. With regard to the question about involving the Fairbanks North Slope Borough, he explained that AIDEA understands it is a mandate from the legislature to work with local governments to ensure that they benefit from any projects AIDEA is involved in within their jurisdiction.

SENATOR OLSON questioned how AIDEA could substantiate the estimated costs without any experience in the area. He mentioned the prison in the Mat-Su area and the Healy Clean Coal project as examples of state projects that wasted money and didn't go anywhere. He said he understands that people in the area need energy relief, but plus or minus 30 percent of \$220 million represents a lot of risk.

[2:23:42 PM](#)

MR. LEONARD confirmed that AIDEA learned lessons from the Healy project and was heeding them on this project. He said that by the time the new AIDEA board is ready to approve loans or issue bonds, the estimate won't be plus 30 percent. He explained that

AIDEA is bringing in a team to go through the project phases and to look at the business, finance, and operational plans. He mentioned that HDR Engineering and Northern Economics were team members. The latter would be looking at the demand for the plant after a pipeline comes in to ensure repayment of the loan and bonds. The process that AIDEA is going through is typical of what any investment banker would go through to verify that the investment is good.

[2:27:29 PM](#)

SENATOR OLSON asked if the size of the plant was established.

MR. LEONARD replied that the turnkey proposals are for a 9 Bcf plant with the capacity to move from 4 Bcf to 20 Bcf. Initially, the plant will be built to ensure that it has the capacity that's needed and that there's demand to buy the capacity so there is cash flow to pay off the financing.

SENATOR OLSON asked if he agreed with Senator Micciche that even at 20 Bcf there would not be an excess.

MR. LEONARD responded that 20 Bcf would be the full build-out for the Fairbanks area. Once the pipeline comes in, that capacity will be moved and AEA will be looking at where that capacity can be used. He agreed with Mr. Therriault that this project is not a substitute or in competition with the pipeline.

SENATOR STEDMAN cautioned that the legislature wants to know when problems develop with public projects, not read about them first in the paper.

MR. LEONARD said he and the current board were in complete agreement on that. The request encapsulated in the bill demonstrates that AIDEA is going through the appropriate process of asking and keeping the legislature informed.

[2:32:21 PM](#)

At ease

[2:35:59 PM](#)

CHAIR DUNLEAVY reconvened the meeting and opened public testimony.

[2:36:03 PM](#)

AL HAYNES, representing himself, Mat-Su Valley, informed the committee that he operates seven Subways in the Mat-Su Valley and nine in the Fairbanks area, three of which have the

utilities included in the rent. The monthly utility costs for the Fairbanks stores are about double what they are for the Mat-Su Valley stores; the former is about \$19,000 a month and the latter about \$10,000 a month.

[2:37:08 PM](#)

GEORGE BERRY, representing himself, Fairbanks, Alaska, said it was 40 years ago that he first heard about gas coming to Fairbanks and the community was still waiting. He encouraged the committee to look at the fine details and move the project ahead sooner rather than later. He pointed out that all Interior residents needed lower cost space heating, and that high energy costs affected everyone in the state.

[2:39:42 PM](#)

WILLIAM ST. PIERRE, representing himself, Fairbanks, Alaska, testified in support of SB 23. He said he had owned and operated many local businesses in the last 30 years, and the high cost of energy was causing serious damage to the local economy.

[2:41:15 PM](#)

LISA HERBERT, Executive Director, Fairbanks Chamber of Commerce, testified in support of SB 23. She said the Chamber identified reducing energy costs as a top priority this legislative session, because the high cost of space heating and electricity is driving away businesses. She noted that the chamber submitted written testimony stating support for the governor's three-prong approach of providing: low-interest, long-term loans; gas storage tax credits; and general fund dollars to build out and supply a natural gas infrastructure for Interior and rural Alaska. Trucking natural gas from the North Slope is a near-term immediate solution, and SB 23 is the vehicle to achieve the stated goal of \$15 per MMBtu, she said.

[2:43:05 PM](#)

HANK BARTOS, representing himself, Fairbanks, Alaska, testified in support of SB 23. He said the governor's plan is similar to the plan that the Lowell Group developed and posted on the GasIn2Years.com website. He reminded listeners that trucking gas to Fairbanks was a bridge project that would not only address high energy costs but also the air quality problems caused by so many people heating their homes with wood.

[2:45:04 PM](#)

TIM GUNDERSON, Teamsters Training Center, Fairbanks, Alaska, testified in support of SB 23. He said a side benefit of trucking gas to Fairbanks is that the infrastructure will

continue to be used whether the pipeline materializes or not. A side benefit for the Bush is that residents will likely have access to propane.

[2:47:44 PM](#)

BOB SHEFCHIN, Chair, Energy Committee, Fairbanks Chamber of Commerce and Chair, Interior Gas Utility Board, Fairbanks, Alaska, testified in support of SB 23. He said the high cost of energy is killing residents and businesses throughout the Interior and SB 23 will provide AIDEA/AEA the tools to leverage state funding to solve this problem. He highlighted Mr. Szymoniak's skill as a modeler and expressed appreciation for the level of expertise that the state is applying to the problem.

[2:49:03 PM](#)

CHAIR DUNLEAVY recognized that Senator Bishop had joined the committee.

[2:49:18 PM](#)

ROGER BURGGRAF, Natural Resources Committee, Fairbanks Chamber of Commerce, Fairbanks, Alaska, testified in support of SB 23. He said he had been a resident for 54 years and had seen the Interior and Fairbanks go through many ups and downs, but it was in crisis right now. The trucking proposal is a short-term remedy to supply LNG in two years as opposed to waiting eight or more years for a pipeline. LNG will help businesses and residents and hopefully supply propane to villages and rural areas. He emphasized the need for an energy infrastructure for all of Alaska and pointed out that LNG plants can be moved, which will help the Railbelt, villages along the Yukon, and Interior mines.

[2:52:10 PM](#)

CHAIR DUNLEAVY recognized that Senator Coghill had joined the committee.

[2:52:25 PM](#)

LUKE HOPKINS, Mayor, Fairbanks North Star Borough, testified in support of SB 23. He said this project has the goal of providing the lowest cost gas to the most customers as soon as possible. He urged the committee to pass the bill to move legislative authority to AIDEA for financing this project. It is the first step to improve the borough's economic wellbeing and to strengthen the state's economic position.

JERRY CLEWORTH, Mayor, Fairbanks, Alaska, testified in support of SB 23. He said this temporary fix may not be so temporary, because it's uncertain when the gas pipeline will come. It will also provide villages the opportunity to access propane more cheaply.

[2:55:25 PM](#)

BRYCE WARD, Mayor, North Pole echoed Mayor Cleworth's testimony. He said it's important to recognize the impact this project could have on the state as a whole and the northern half in particular. If energy costs go down in Fairbanks, there will be a trickledown affect out to other communities. An important component of this project is that propane will be available to villages along the river. This project will build demand for gas so that when the pipeline does come through there will be a distribution network in place to handle the gas.

MIKE YOUNG, representing himself, Fairbanks, Alaska, testified in support of SB 23. He said that trucking LNG is vitally important to Interior Alaskans for residential and industrial uses. He pointed out that being able to provide less expensive energy to villages on the river system will be a net positive to the state treasury because the power cost equalization appropriation will be less.

[2:59:52 PM](#)

At ease

[3:00:21 PM](#)

CHAIR DUNLEAVY stated that he would hold SB 23 in committee and finish taking public testimony on Thursday.

[3:00:34 PM](#)

There being no further business to come before the committee, Chair Dunleavy adjourned the Senate Labor and Commerce Standing Committee meeting at 3:00 p.m.