

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS STANDING COMMITTEE

April 10, 2018

3:32 p.m.

MEMBERS PRESENT

Senator Kevin Meyer, Chair
Senator David Wilson
Senator Cathy Giessel
Senator John Coghill
Senator Dennis Egan

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 190

"An Act relating to the retrofitting of certain public facilities and community facilities; relating to the performance of energy audits on schools and community facilities; and relating to the duties of the Alaska Energy Authority and the Alaska Housing Finance Corporation."

- HEARD & HELD

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1(JUD)

"An Act relating to absentee voting, voting, early voting, special needs voting, and voter registration; relating to poll watchers; relating to absentee ballots, questioned ballots, and questioned ballot procedures; relating to which primary election ballot a voter may use; relating to early voting locations at which persons may vote absentee ballots; relating to qualifications to vote at a municipal election; and providing for an effective date."

- HEARD & HELD

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 7(CRA)

"An Act relating to the exhibition of marked ballots and the prohibition on political persuasion near election polls."

- SCHEDULED BUT NOT HEARD

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 235(STA)

"An Act relating to the exhibition of marked ballots and the prohibition on political persuasion near election polls."

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: SB 190

SHORT TITLE: ENERGY EFFICIENCY OF PUBLIC BUILDINGS

SPONSOR(S): SENATOR(S) BEGICH

02/19/18	(S)	READ THE FIRST TIME - REFERRALS
02/19/18	(S)	STA, FIN
04/10/18	(S)	STA AT 3:30 PM BUTROVICH 205

BILL: HB 1

SHORT TITLE: ELECTION REGISTRATION AND VOTING

SPONSOR(S): REPRESENTATIVE(S) TUCK

01/18/17	(H)	PREFILE RELEASED 1/9/17
01/18/17	(H)	READ THE FIRST TIME - REFERRALS
01/18/17	(H)	STA, JUD
02/23/17	(H)	STA AT 3:00 PM GRUENBERG 120
02/23/17	(H)	Heard & Held
02/23/17	(H)	MINUTE(STA)
02/28/17	(H)	STA AT 3:00 PM GRUENBERG 120
02/28/17	(H)	Heard & Held
02/28/17	(H)	MINUTE(STA)
03/07/17	(H)	STA AT 3:00 PM GRUENBERG 120
03/07/17	(H)	Heard & Held
03/07/17	(H)	MINUTE(STA)
03/09/17	(H)	STA AT 3:00 PM GRUENBERG 120
03/09/17	(H)	Heard & Held
03/09/17	(H)	MINUTE(STA)
03/14/17	(H)	STA AT 5:30 PM GRUENBERG 120
03/14/17	(H)	-- MEETING CANCELED --
03/16/17	(H)	STA AT 3:00 PM GRUENBERG 120
03/16/17	(H)	Heard & Held
03/16/17	(H)	MINUTE(STA)
03/21/17	(H)	STA AT 3:00 PM GRUENBERG 120
03/21/17	(H)	Moved CSHB 1(STA) Out of Committee
03/21/17	(H)	MINUTE(STA)
03/28/17	(H)	STA AT 3:00 PM GRUENBERG 120
03/28/17	(H)	Moved CSHB 1(STA) Out of Committee
03/28/17	(H)	MINUTE(STA)

03/29/17 (H) STA RPT CS(STA) NT 4DP 3NR
03/29/17 (H) DP: WOOL, LEDOUX, TUCK, KREISS-TOMKINS
03/29/17 (H) NR: JOHNSON, KNOPP, BIRCH
04/14/17 (H) JUD AT 1:00 PM GRUENBERG 120
04/14/17 (H) Heard & Held
04/14/17 (H) MINUTE(JUD)
04/17/17 (H) JUD AT 1:00 PM GRUENBERG 120
04/17/17 (H) Moved CSHB 1(JUD) Out of Committee
04/17/17 (H) MINUTE(JUD)
04/19/17 (H) JUD RPT CS(JUD) NT 4DP 1AM
04/19/17 (H) DP: KREISS-TOMKINS, FANSLER, LEDOUX,
CLAMAN
04/19/17 (H) AM: EASTMAN
05/01/17 (H) TRANSMITTED TO (S)
05/01/17 (H) VERSION: CSHB 1(JUD) (EFD FLD)
05/04/17 (S) READ THE FIRST TIME - REFERRALS
05/04/17 (S) STA, JUD
04/10/18 (S) STA AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

SENATOR TOM BEGICH
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 190, provided an overview.

SYDNEY LIENEMANN, Staff
Senator Begich
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided a sectional analysis of SB 190.

DONALD GILLIGAN, President
National Association of Energy Service Companies
Salem, Massachusetts

POSITION STATEMENT: Testified in support of SB 190.

STACY SCHUBERT, Director
Governmental Relations and Public Affairs
Alaska Housing Finance Corporation
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 190.

JOHN ANDERSON, Director
Research and Rural Development
Alaska Housing Finance Corporation
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 190.

CHRISTOPHER HODGIN, Energy Project Manager
Division of Facilities Services
Alaska Department of Transportation and Public Facilities
Anchorage, Alaska

POSITION STATEMENT: Explained the departmental implementation of SB 190.

KATIE CONWAY, Manager
Government Relations and Outreach Efficiency
Alaska Energy Authority
Anchorage, Alaska

POSITION STATEMENT: Answered questions related to SB 190.

AMBER MCDONOUGH, Account Executive
Energy and Environmental Solutions
Building Technologies Division
Siemens Industry, Inc.
Anchorage, Alaska

POSITION STATEMENT: Answered questions related to SB 190.

REPRESENTATIVE CHRIS TUCK
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of HB 1, provided an overview.

KENDRA KLOSTER, Staff
Representative Tuck
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided an overview and sectional analysis of HB 1.

ACTION NARRATIVE

[3:32:26 PM](#)

CHAIR KEVIN MEYER called the Senate State Affairs Standing Committee meeting to order at 3:32 p.m. Present at the call to order were Senators Giessel, Wilson, Coghill, Egan, and Chair Meyer.

SB 190-ENERGY EFFICIENCY OF PUBLIC BUILDINGS

[3:33:22 PM](#)

CHAIR MEYER announced the consideration of Senate Bill 190 (SB 190).

[3:33:39 PM](#)

SENATOR TOM BEGICH, Alaska State Legislature, Juneau, Alaska, sponsor of SB 190, provided an overview as follows:

This bill is a continuation and expansion of an existing piece of legislation that we are currently operating under. The State of Alaska is responsible for \$650 million in energy costs associated with close to 5000 different facilities.

In 2010 the Alaska Sustainable Energy Act set forth a goal of energy efficiency retrofits for 25 percent of our state buildings, those were buildings over 10,000 square feet. The goal was to get to that target of 25 percent by 2020. Our state was able to reach that goal by 2014 and Senate Bill 190 simply extends that program to schools and those other large community centers which are eligible for power-cost equalization; this creates incentives for buildings receiving state support for energy bills so that they may perform retrofits saving the state, school districts and communities money.

I have spoken before in the Senate Education Committee and in other forums about the high cost of energy in rural schools and this would be a way of addressing some of those costs and ensuring that more of those energy cost that are diverted away from teachers can go back to teachers, for example.

Senate Bill 190 proposes financing efficiency retrofits by incentivizing a successful private financing called "Energy Service Performance Contracts," or contracting "ESCOs," there's other names for these, you will hear those names described as we go through the process, but essentially it's a partnership with private companies to absorb the frontend of the cost of these retrofits so that we can benefit publicly on the backend. These processes in this contracting has minimal cost to the state upfront, the energy contracting companies pay for those upfront costs associated with the energy efficiency retrofits and then are paid back using those guaranteed cost savings. SB 190 sets a goal for

the state and certain public buildings to enter into about a \$100 million worth of these performance contracts by 2025 to pay for energy retrofits set forth in the bill.

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SYDNEY LIENEMANN, Staff, Senator Begich, Alaska State Legislature, Juneau, Alaska, provided a sectional analysis of SB 190 as follows:

Section 1

Outlines the legislative intent that the energy audits and retrofits outlined in this legislation be financed using service-performance-contracting mechanism where upfront construction costs are paid by a third party either using Alaska Housing Finance Corporation's energy efficiency revolving loan programs or by a contracting company with those costs paid back by guaranteed energy savings from those retrofits.

Section 2

Adds to a statute regarding the Alaska Housing Finance Corporation to coordinate with the Alaska Energy Authority (AEA) when performing energy audits for community buildings eligible for power cost equalization (PCE) over 5,000 square feet.

Section 3

Gives the Alaska Energy Authority, the Alaska Housing Finance Corporation, and the Department of Transportation and Public Facilities the authority to perform energy audits on community facilities eligible to receive power cost equalization over 5,000 square feet, and these are the three state entities with expertise or funding streams that are dedicated to performing energy audits or energy retrofits.

Section 4

Requires that public schools receive energy audits on the same schedule as other public buildings as required by the Alaska Sustainable Energy Act which passed into law in 2010.

Section 5

Defines those public schools excluding charter schools eligible for energy retrofits under this bill.

Section 6

Outlines coordination between the Alaska Energy Authority and the Alaska Department of Transportation and Public Facilities to perform those audits on PCE eligible community facilities.

Section 7

Since this legislation extends the universe of public buildings requiring energy audits, it extends the deadline and pushes that back to 2025 from 2020; it also makes this contingent on the financing being able to be paid off within 15 years so if those energy efficiency retrofits will payoff within 15 years and also says, "If funding is available," so it's not a mandate.

Section 8

Expands buildings that described as public facilities to include educational buildings like schools and reduces the minimum size for buildings to be considered for retrofits from 10,000 square feet down to 5,000 square feet.

Section 9

Adds to the section of Alaska statute governing the Alaska Energy Authority, a section which requires all PCE eligible public facilities to receive an energy audit every seven years unless the facility managers refuse the energy audit. AEA will work with the Department of Transportation and Public Facilities to identify public and private funding sources and perform the audits.

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SENATOR BEGICH noted documents in the packets and pointed out Hawaii's fact sheet on a similar program where the state saved hundreds of millions of dollars. He referenced a document that detailed Alaska's school energy costs from 2007-2017 which indicates the high costs the state pays for energy in schools. He pointed out the Department of Transportation and Public Facilities' 2016 report on savings achieved on performance contracting. He concluded the document overview by addressing the state's current energy performance contracting policies which has saved \$3.6 million.

He summarized that for a small upfront amount of money, the state could save as much as \$100 million on energy costs.

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SENATOR GIESSEL addressed section 1 regarding legislative intent and read from the bill's sectional analysis and queried as follows:

Upfront construction costs are paid for by a third party, it mentions Alaska Housing Finance Corporation or by a contracting company with those costs paid back using guaranteed energy savings. So, I'm looking at the fiscal note and it looks like the general fund appropriation, at least I'm looking only at the first year and I realize it drops slightly in the ongoing years, but it's \$621,000, but it's \$2 million and that looks like receipt authority. So, you're thinking that construction companies are going to fund this upfront and then somehow get their costs paid back through guaranteed energy savings, how does that work?

SENATOR BEGICH explained as follows:

This is exactly how we do it now and those savings have been realized and the little bit of general fund money you brought up, because we are going to be doing more audits, that's one of the reasons why you would have that.

[3:43:07 PM](#)

MS. LIENEMANN explained the ESCO process as follows:

The way it generally works is one of these contracting companies will set into a contract with the state or with the federal government and they will perform an audit to see how much money can be saved and there will be those guaranteed savings and then the money that you would normally be paying to your energy bill above the cost savings would go to the company to pay them off over the length of the contract, then after five years or ten years, whatever the length of the contract is, the contract company is done, you get to receive those energy cost savings and your costs drop dramatically after you have paid off those upfront capital costs.

[3:44:01 PM](#)

SENATOR BEGICH added to Ms. Lienemann's explanation as follows:

That's one of the keys here, we don't have the ability to just simply fund at the school-district level or at the state level. The kind of retrofits we are talking about here would cost the state tens of millions of dollars to do so. So, this methodology basically doesn't change in the near term the cost of energy that would be paid, say at the length of the contract, five or ten years, but the minute that contract is paid off, all of those savings are realized and that is when the big benefit kicks in. So, it's a way of looking at our tough fiscal situation and innovatively coming up with a way we can retrofit buildings that would otherwise probably languish for another 10 or 20 years, possibly even up to replacement time before we can do anything to ensure energy savings from them.

SENATOR COGHILL asked if a survey has been done on the number of 5,000-square-foot facilities that would be impacted by the legislation.

[3:45:28 PM](#)

MS. LIENEMANN answered that the Alaska Department of Transportation on Public Facilities (DOT&PF) in their fiscal note cited 430 buildings.

SENATOR COGHILL addressed section 2 regarding the Alaska Housing Finance Corporation (AHFC) coordinating with the Alaska Energy Authority (AEA) to perform audits. He asked what was previously permissive and what would be new from the requirement.

MS. LIENEMANN explained that DOT&PF was responsible for audits but because PCE is administered by AEA, AEA takes ownership of the facilities. She summarized that the bill would allow AEA to work with DOT&PF to perform the energy audits.

SENATOR COGHILL addressed section 8 and noted that both governmental and educational facilities were included. He asked what the breakout was between governmental and educational facilities.

MS. LIENEMANN replied that previous reports were done by the Alaska Housing Finance Corporation and the Cold Climate Housing Research Center that broke down the different number of buildings that belong to school districts as opposed to the State of Alaska.

[3:47:54 PM](#)

SENATOR COGHILL noted that the requirement in section 9 can be waived and asked for an explanation.

MS. LIENEMANN explained that the goal was not to make a mandate for anyone to have an energy audit without a community facility impacting its PCE. She emphasized that the legislation was not meant to be a threat, just something helpful that the state could provide.

SENATOR BEGICH added that he was very keen on not adding more mandates to communities but to make the state more efficient in how it does its facility management. He opined that the opt-out provision would encourage communities to do an energy audit rather than discouraging them.

SENATOR WILSON noted that Senator Begich during his sponsor's statement said 25 percent of the state's buildings were retrofitted for energy efficiency and asked why he did not go on to get another 25 percent of state buildings under compliance.

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SENATOR BEGICH replied that in discussions with DOT&PF, the department indicated that there were just a few buildings. He explained that the idea was to try and make as big an impact as possible. He said he had a strong concern about energy costs, particularly in rural Alaska. He asserted that SB 190 is a way to get to long term lowering of energy costs in rural Alaska and to redirect state resources to teaching and education.

SENATOR WILSON pointed out that in some rural communities there is a general cost to provide power and once the threshold goes below the minimum cost, somebody must bear the cost. He said if a school does not bear the cost, then the cost gets spread out equally throughout the community through higher rates. He asked if there was a plan to address the expectation for lower rates after retrofitting that resulted in bills staying the same due to an increase in rates.

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SENATOR BEGICH replied that there is no mandate, primarily if a school district that is receiving PCE does not want to participate. He noted that SB 190 is part of a complex process of determining ways to lower costs without raising the cost for individuals. He asserted that he would continue to propose legislation to effectively lower energy costs. He said he did not think any school district would want to raise the energy costs for residents. He conceded that he has heard resistance

due to higher rates, but that was one of the reasons why there is no mandate. He summarized that if ways are found to lower energy costs in the long run, then ways to payback the artificially increased energy costs in rural villages will be found.

CHAIR MEYER addressed section 5 regarding a statute quotation as to what a public school is. He noted that the "public school" definition did not include charter schools and asked if there was a reason why that was not included.

MS. LIENEMANN explained that the decision was to, "Keep the universe small to start with," but there were no reasons why other educational facilities could not be included if the program proved to be successful.

SENATOR BEGICH added that charter schools tend to be smaller and operate under tight budgets. He said he did not feel that it was necessary to include a charter school in the process but indicated that they certainly could be.

[3:54:54 PM](#)

CHAIR MEYER asked if people who go through the proposed process would receive a grant and there would be no money out of their pockets.

MS. LIENEMANN answered as follows:

The aim is that there would be no grant, but they wouldn't be out of pocket money to start out with. So, they would enter into a contract, the energy-service-contracting company would come in, perform the upgrades and then the school district or the community center would see no difference in their energy costs for the length of the contract with the savings going to pay off that contract, to pay off those upfront capital costs. For the school district or for the community center, or the public facility, they would essentially see no change in their energy costs until the end of the contract when it would drop dramatically despite having those efficiency upgrades having been made.

SENATOR BEGICH emphasized that there would be no upfront costs to the school and that the contractor would bear the upfront cost.

CHAIR MEYER noted his concern that even though a school is retrofitted that energy savings may not be realized because students may leave windows and doors open. He confirmed that the proposed program was optional, but questioned the fiscal note presented by the DOT&PF and the need for four people to administer an optional program. He added that he wondered if AEA has the staff to do all the audits that need to be done.

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CHAIR MEYER opened public testimony.

[3:57:58 PM](#)

DONALD GILLIGAN, President, National Association of Energy Service Companies (NAESCO), Salem, Massachusetts, testified in support of SB 190. He noted that members of NAESCO have delivered approximately \$60 billion worth of performance contracting projects during the last 30 years. He detailed that NAESCO is delivering \$6 billion to \$7 billion worth of projects a year. He noted that over \$3 billion out of the \$6 billion to \$7 billion in projects are in public schools. He explained that the types of projects NAESCO delivers, Energy Savings Performance Contracts (ESPC), are authorized by the federal government and all 50 states. He added that the ESPC contracting process has had very strong bi-partisan support for 30 years. He noted that the current White House administration supports public-private partnerships where private money is invested to improve public facilities.

He explained that a performance contract repurposes money spent on wasted energy or obsolete equipment into a payment stream for capital improvements. He detailed that the capital improvements pay for themselves from energy and maintenance savings over the life of the contract while delivering capital improvements in the form of new lighting, heating, controls, windows, doors, roofs, whatever the building needs to become energy efficient.

He addressed measures that typically are in a performance contract which includes retrofitting, advanced measures and renewable energy measures.

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He explained what is driving the retrofits and noted that there are a couple of major drivers. He said number one is a mandate at all levels of government to stop wasting money and what the contracts do is stop wasting money and diverts an expenditure into a productive use. He disclosed that there are federal mandates which have been ongoing for the last 20 years to

upgrade the efficiency of federal facilities. He noted that Senator Begich has talked about the success of Alaska mandating the upgrading of many state facilities. He asserted that committee members will see that the key to the program's success is an actual mandate that is enforced at the state level where the state is behind a real push for energy efficiency.

MR. GILLIGAN disclosed that over the last 4 or 5 years at the federal level, the federal government has done about \$5 billion worth of ESPC projects in response to President Obama's performance contracting challenge. He noted that the Trump administration has just issued a new set of contracts for federal facilities, 21 companies have the ESPCs with the anticipation that there will \$10 billion worth of projects done over the next 8 years at the federal level. He added that the Trump administration also developed a new analysis of how much value there is in performance contracting around the country and they came up with the estimate of a potential market of \$200 billion to \$300 billion.

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He disclosed that the employment potential of the programs results in every million dollars' worth of projects involves 9 to 10 direct or indirect jobs. He specified that the ESPC jobs really cannot be outsourced because local contractors deliver the projects in the local communities. He added that there are multiplier jobs for the value of keeping the expenditures currently spent on wasted energy in the community, ultimately adding up to approximately 21 jobs per million dollars' worth of projects which would mean that the target in SB 190 would produce more than 2,000 jobs. He emphasized that the performance of the projects is dependent on long term operations and maintenance, but that means there are additional jobs or job upgrades in maintaining this equipment rather than spending the money on wasted energy.

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SENATOR GIESSEL asked if NAESCO members have ever been involved in Alaska projects.

MR. GILLIGAN answered yes. He disclosed that Siemens-Alaska has been involved and detailed that NAESCO members have done several projects for the U.S. Coast Guard and the Bureau of Land Management in Fairbanks as well as some very large projects at Alaska's military bases.

SENATOR GIESSEL asked if Siemens-Alaska is a local company.

MR. GILLIGAN answered that Siemens-Alaska is a branch office of an international company.

SENATOR COGHILL asserted that SB 190 was an excellent idea. He noted that he wonders if the payback from the energy savings is realized or do retrofits continually have to occur. He remarked that energy may be saved but questioned whether costs are ever reduced. He asked if the payback time is something that has become valuable.

MR. GILLIGAN answered that the project can be developed according to the requirements of the customer. He noted that if the customer wants a very quick payback so that the project can generate cash savings from day-one, that kind of project doesn't get you a comprehensive retrofit, it may not solve some of the long-term capital or maintenance problems in the building. He pointed out that a customer can have a three or five-year-payback project which generates cash savings from day-one. He said on the other end of the spectrum that a customer could invest their savings in long-term capital improvements solving the bigger long-term problems of the building so that the state or local government would not have to appropriate new tax money to deal with issues like roofs or windows.

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SENATOR COGHILL opined that the concept was an as-needed basis and noted that he would look over a range of projects to see how they turned out. He noted that the bill addresses 5,000-square-footage facilities, a size that he believed was small, and inquired if smaller facilities result in tighter margins. He asked if Mr. Gilligan has dealt with 5,000 square foot municipal and state facilities.

MR. GILLIGAN conceded that doing individual 5,000-square-foot buildings is very difficult. He continued as follows:

The state organizing a project of willing customers so that you can aggregate a fairly large number of facilities and be able to do those in a streamlined way, it would be quite difficult to do individual 5,000-square-foot buildings scattered across the whole state of Alaska, you would really have to pull them together and figure out how to do it, but there are resources in Alaska that I think can handle this.

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SENATOR COGHILL commented as follows:

I think when we start talking about communities that we are going to qualify based on the PCE, certainly energy is a big issue, but they are definitely islands to themselves, so they are definitely going to be something you would have to template and maybe I will ask the sponsor how he envisions that kind of a template.

SENATOR EGAN noted that he had done an energy audit on his home and received an AHFC loan for an energy upgrade. He explained that he had to pay off the loan and the state did not lose money. He asked if the proposed legislation was an offshoot of the energy audit and loan that he received.

CHAIR MEYER asked if the program Senator Egan described is like the proposed legislation.

MR. GILLIGAN answered essentially yes. He specified that the difference is the energy service companies guarantees the savings and takes the technical risk that the retrofits will save the money that is required to pay off the loan.

[4:11:30 PM](#)

SENATOR EGAN concurred with Mr. Gilligan and noted that his home was re-audited and ultimately saved money.

MR. GILLIGAN explained that the projects typically have the kind of reports that Senator Egan noted but not just once, every year for the length of the project so that the customer can be assured that the project is saving money. He emphasized that if a problem develops, the ESCO is responsible for fixing it.

CHAIR MEYER asked if Siemens-Alaska is one of the contractors that is used for ESCO projects.

MR. GILLIGAN answered yes. He noted that Siemens does a tremendous amount of performance contracts across the country.

[4:13:16 PM](#)

STACY SCHUBERT, Director, Governmental Relations and Public Affairs, Alaska Housing Finance Corporation (AHFC), Anchorage, Alaska, admitted that people tend to think about AHFC regarding energy efficiency for the Energy Rebate Program and weatherization.

CHAIR MEYER asked if the concept proposed in SB 190 will work the same way as home audits.

4:14:13 PM

JOHN ANDERSON, Director, Research and Rural Development, Alaska Housing Finance Corporation (AHFC), Anchorage, Alaska, explained AHFC's role as follows:

How we got involved in this is back in 2009 with the American Recovery and Reinvestment Act. AHFC in conjunction with the Alaska Energy Authority received many millions of dollars, at that time we had also received \$300 million for the Home Energy Rebate and Weatherization Program. Our team at AHFC found a hole in the process to be able to use \$10 million to go after multi-family-public-facility retrofit and energy efficiency projects. What we did back then is we went in and did benchmarking on 1,200 facilities, and benchmarking is basically a documentation of the facility's size, use, energy use and basic information; of those benchmark buildings we chose 327 buildings that were very inefficient as far as data that we had collected, and we went and performed level-2 audits on the 327 buildings and half were schools. From that process, and from 2009 and 2010, state legislation happened that provided AHFC the bonding authority of \$250 million; that's just bonding authority, we do not have that money, but it also helped us create the Energy Efficiency Revolving Loan Fund for public facilities. Through that process and the involvement of that, AHFC developed a standard of what we call the Retrofit Energy Assessment for Loan (REAL) or for funding, it's titled "loan," but our intention is for funding of some nature.

At the end of the day that is what AHFC really wants to see in reference to not just public facilities and us working with DOT&PF and AEA, but our own 1,600 public housing units that we have that are really of the commercial model, mainly. The standard is what we believe is the important characteristic here. In the REAL manual we do have ESCOs listed, we do have energy performance contracting models that are in there, but we have also worked in conjunction with DOT&PF to create a smaller version of that aspect called Energy Project Developers, it was a statewide RFP and DOT&PF, and Alaska Housing worked hand-in-hand to put that

out, there's a smaller list of approved qualified entities that perform smaller projects. The process to do 5,000 square foot buildings one-on-one, the ESCOs will not touch that type of a project, we've been told over and over its very difficult for them.

That's really in a nutshell is how AHFC got involved. We developed a white-paper, a very in-depth white paper, in November of 2012 is when we published it, and that white-paper indicated through all of the information that we had gathered at the time of all of the audits and all of the bench markings we did that the potential improvements from energy savings could be roughly \$125 million a year for public facilities alone. You have to remember that that is a time-and-time caption because the cost of energy in 2009-2011 is a lot different than what it looks like today. Any type of a project that gets established through this or through the lesser version of the energy project developer or even inhouse capability, at some point in time the project has to pencil-out based on energy on that day. We don't know what the future brings, we don't know if it's going to escalate, we don't know if it's going to de-escalate, so it's a very difficult process. The ESCO guarantee in normal fashion will guarantee the energy savings, not cost, so that is a factor moving forward. Senator Begich pointed out that the local utilities, even though they might be seeing an energy consumption reduction, the cost may increase. We have witnessed that in other communities on a smaller level with our weatherization program, but it's kind of an unknown factor. We could also continue to have a technical assistance for our revolving loan program for the REAL manual, we have a competitive grant right now through the Department of Energy, that is also doing what is called a "kick starter" program where we are actually providing up to \$10,000 in minimal grants to go through this process using those energy project developers, to get a project kind of kick-started in some of these rural communities and see actual how big the benefit is.

[4:19:54 PM](#)

CHAIR MEYER asked if AHFC worked with the Alaska Energy Authority (AEA).

MR. ANDERSON answered correct. He noted that AHFC has had a monthly coordination meeting with AEA for the past three years and meetings have been useful. He explained that the intent is to make sure there is not overlapping of services and that activities are coordinated. He added that AHFC works with DOT&PF regarding project maintenance and verification, an aspect required for contracts and guarantees.

SENATOR GIESSEL asked what Mr. Anderson meant by "Maintenance has to be written into the contract." She disclosed that she had worked in rural Alaska and commented as follows:

I'm going to speak about schools, that's where I worked, that those buildings, which are called "plants," they require some expertise to maintain. So, with these energy upgrades are we talking now about yet more expertise being required in rural areas?

[4:21:41 PM](#)

MR. ANDERSON explained that he was referring to a normal ESCO model or "EBC" contract and explained as follows:

You would have a process that that contractor has to provide to the owner of the facility, maintenance and verification that their upgrades and their process is doing what they said they were going to do to achieve the goal.

SENATOR GIESSEL replied as follows:

I'm still blank. So, the project is finished, maybe it took five years to finish and the contractor is on their way and they are waiting to be paid back now with the savings, somebody living in the community where this 5,000-foot school is, it's going to have to maintain that building, they are going to have to have the expertise. So, that's not what you are referring to when you say maintenance must be in the contracts?

MR. ANDERSON replied that Senator Giessel was correct that that was not what he was referring to. He specified that he was referring to a maintenance and verification process that the contractor performed like they said they were going to.

SENATOR COGHILL readdressed his question on 5,000-square-foot facilities and asked if Mr. Anderson's expectation was to get several communities to quantify a general savings.

MR. ANDERSON replied that he thought the process could be done regionally to combine a lot of facilities into one project.

[4:25:08 PM](#)

CHRISTOPHER HODGIN, Energy Project Manager, Alaska Department of Transportation and Public Facilities (DOT&PF), Anchorage, Alaska, explained the department's implementation of SB 190 as follows:

Some parts of the bill regarding the 5,000 square foot threshold and the ability to make those sized projects work, what DOT&PF has done on recent projects, we have had cases where we have had buildings that were smaller scale, so we bundled those projects. In a recent case we had 16 maintenance stations that we bundled together, so we have a term contract with Energy Service Contractors, Siemens being one of our providers, so that's how we were able to address those situations with remote stations that were smaller in nature.

A little about what Mr. Anderson was speaking about from Alaska Housing Finance Corporation, he was speaking to validating the savings after our project was complete, that phase is called "measurement and verification," so after a project is complete the ESCOs like Siemens visit the project sites again to take measurements and validate the projected energy savings that they proposed as part of the projects were indeed realized.

He explained that DOT&PF operates the state's Energy Performance Contracting Program. He detailed that the department has invested \$35 million in approximately 70 state buildings. He specified that funding was done with a combination of financed funds borrowed from lenders, state funds, and the federal government's American Reinvestment Recovery Funds. He disclosed that the annual monetized savings from the program is \$3.3 million.

CHAIR MEYER asked if the state has invested \$35 million in making retrofits and the savings has been approximately \$3.3 million per year.

MR. HODGIN answered correct.

CHAIR MEYER inquired if the \$3.3 million in savings will be used to pay off the loan that was financed.

[4:28:28 PM](#)

MR. HODGIN answered correct. He noted that DOT&PF's recent project with its maintenance stations used Siemens and the savings will be used to repay the loan with a private lender.

CHAIR MEYER asked where the state funds came from.

MR. HODGIN replied that he believed the state funds were a combination of general funds from different maintenance appropriations.

SENATOR GIESSEL commented as follows:

I'm still caught in the practicality here. If we are talking about rural schools, I seriously am aware that maintaining these facilities requires some technical knowledge that may not be available in the community. So, if these facilities are going to be upgraded, there's going to be more information needed by the folks that actually live in these small communities of 175 people. I'm just wondering about the practicality of this, not we don't want to do it; again, having worked in these rural schools I can tell you number one, it's been my experience being there in the winter these buildings are vastly over heated, I mean yes, opening windows to cool the place off. There are a lot of issues when we are talking about rural energy in schools.

CHAIR MEYER noted that PCE buildings run on diesel or heating oil and asked if alternative energy sources are being considered for retrofits.

[4:31:31 PM](#)

KATIE CONWAY, Government Relations and Outreach Efficiency Manager, Alaska Energy Authority, Anchorage, Alaska, addressed PCE buildings receiving retrofits as follows:

The PCE component and potential benefit in cost savings to both the state and the facility owner should that result in implementation measures conducted in the building would only concern the electricity savings, but there would likely be a pretty significant savings on the heat side as well. I

can say that the community facilities receiving power cost equalization would probably have a lot of potential savings identified in audit.

CHAIR MEYER replied that PCE is obviously the electric part but noted that heating fuel should also be thought about for energy savings as well.

MS. CONWAY answered that the audit would point at both electric and heat savings opportunities.

[4:33:48 PM](#)

AMBER MCDONOUGH, Account Executive, Energy and Environmental Solutions, Building Technologies Division, Siemens Industry, Inc., Anchorage, Alaska, disclosed that Siemens has worked DOT&PF, AHFC, and AEA. She asked if Chair Meyer was inquiring if consideration was given to all options when Siemens makes recommendations. She detailed that Siemens goes through several stages during project development where different options are proposed with preliminary pricing so that the end user can pick the most viable solution. She said incorporating renewable technology is ultimately up to the end user.

[4:35:01 PM](#)

CHAIR MEYER closed public testimony.

SENATOR BEGICH noted that his office has worked with rural districts on exploring renewable energy sources.

CHAIR MEYER pointed out that a renewable energy program could qualify for money from alternative energy programs.

CHAIR MEYER held SB 190 in committee.

HB 1-ELECTION REGISTRATION AND VOTING

[4:37:20 PM](#)

CHAIR MEYER announced the consideration of House Bill 1 (HB 1).

[4:37:56 PM](#)

REPRESENTATIVE CHRIS TUCK, Alaska State Legislature, Juneau, Alaska, sponsor of HB 1, provided an overview as follows:

House Bill 1 is dealing with elections, it is important that every Alaskan has the opportunity to have their voice heard in the election process. When we exercise our right to vote we can have an impact on

our community far beyond an election. We are electing individuals who are representing us and making decisions on behalf of everyone. We are setting policies that guide our state and voting on issues that impact our community.

House Bill 1 includes a series of changes designed to create voter participation and access to voting across the state by improving and clarifying the voting process and these changes include: providing same-day-voter registration to allow all eligible Alaskans the opportunity to vote; enhancing online voter registration with electronic signatures to make the registration process quicker and easier; ensuring the same early-voting locations are available during every election; creating an option for permanent absentee voting for individuals that plan to vote by mail every year; clarifying and unifying terminology for early voting [inaudible] confusion between early voting and absentee in-person voting, that's probably one of the biggest things right there because absentee and in-person voting confuses people, it is a form of early voting, it just depends on where you are voting whether it is truly an early voting or absentee in-person voting because I think it is kind of an oxymoron, which is it, are you there or not there, are you an in-person or an out-person, are you absent or not absent.

REPRESENTATIVE TUCK detailed that feedback from previous committee hearings and the Division of Elections resulted in changes to clean up and clarify the election statutes. He noted that the election statutes had not been updated since 1960.

[4:40:02 PM](#)

KENDRA KLOSTER, Staff, Representative Tuck, Alaska State Legislature, Juneau, Alaska, provided an overview of HB 1 as follows:

We started out with 13 sections which is now up to 31. We have been working closely with the Division of Elections and kind of turning into a clean-up bill, as mentioned. Some of the things that are in there are currently being done but are not reflected in our statutes, so I wanted to take the opportunity to clean that up.

I've also had the privilege of working with a number of individuals, ANCSA [Alaska Native Claims Settlement Act] Regional Association and AFN [Alaska Federation of Natives] who have letters of support in here and a lot of these recommendations and things that we have talked about have come from them as well, especially looking at the rural areas and one of the issues talked about is early voting locations. A lot of times things might change, so they wanted a little bit more consistency to know we're going to have the same early voting location every single year and so that's some of the clarifying language in there. The absentee in-person voting, so you don't have to keep filling out, some people might vote from home because they are disabled, and they keep having to fill out an application every year to get their ballot when they know, "Well, every year I'm going to be voting absentee because I can't make it to the pole." So, what it will do is just add on an extra box that you can add on there and say, "Yes, I want it every year," but they will fall off the rolls of getting that ballot if they don't keep voting.

In my off-time I've worked with "Get Out the Native Vote" from a non-partisan organization where they just want clarifying language with the early absentee voting because I've heard many stories especially in the rural areas where there was a lot of confusion and some people even got turned away at voting locations because, "Oh, you need reasons to vote or this is an absentee or here you are not early voting." I know those organizations have been doing a lot of education, so they know what early voting is and this was a terminology they wanted to clarify.

[4:42:26 PM](#)

MS. KLOSTER referenced the sectional analysis as follows:

Section 1

Removes language from AS 15.05.010 that requires a qualified voter to register under AS 15.07 before an election.

Section 2

Permits a person registering or reregistering as a voter to apply using an electronic signature.

Section 3

Requires that every registration form must include a space for an applicant who is registered in another jurisdiction to specify that jurisdiction. The director will then notify the chief elections officer in that jurisdiction.

Section 4

Instructing the director of the Division of Elections to determine the form of electronic signature to be used when registering to vote.

Section 5

Allows a qualified voter registering on the day of election, or within 30 days of an election, to vote a questioned ballot at that election.

Section 6

Amends AS 15.07.070(h) the procedure for registration is amended to clarify the use of a special needs ballot and clarifies that on the voter's certificate on the ballot that registration includes a voter's choice to declare a political party, non-partisan or undeclared.

Section 7

Stating that section 15.07.070 includes special needs ballot which is defined under 15.20.072.

Section 8

Amends AS 15.07.090(b) stating if a voter registration is cancelled under AS 15.07.130 (voter registration and list maintenance), and they re-register they shall vote a questioned ballot.

[4:44:52 PM](#)

MS. KLOSTER referenced sections 9-19 as follows:

Section 9

Conforming language for same day voter registration. This amends AS 15.07.090(c) - voting after change of name, reregistration - to add language that states if a person moved to a new precinct, they vote a questioned ballot. This does not change that the person must live in the precinct they are voting in for at least 30 days.

Section 10

Cleans up language about a voter who is not found on the voter registrar to vote a questioned ballot. By voting a questioned ballot, there is a review process by the division to ensure they are a qualified voter.

Section 11

Definition expansion for absentee or questioned ballot to include a special needs ballot.

Section 12

Conforms AS 15.07.130(e) to changes made in section 19 of the bill which changes terminology of "absentee and absentee in person voting" to early voting. This is to clarify to the public as absentee in person voting stations has been confusing, so we want to call it what it is - early voting.

Section 13

Clarifies privileges of poll watchers in a general election or special election related to ballot propositions.

Section 14

Adds a new section to AS 15.10.170 appointment and privileges of poll watchers to clarify poll watchers may be designated by prescient party chair, organized group, or candidate. This is the language that was removed in section 13 and made a new subsection.

Sections 15-18

Relates to questioned ballot procedure and adding a declaration attesting to the fact that the voter has been a resident of the election district for 30 days and that all of the information provided by the voter is accurate.

Section 19

Renames absentee voting stations "early voting stations." Provides that a location designated as an early voting station will remain an early voting station for subsequent elections unless the location is no longer available for use or the director of the division of elections determines that the location is no longer appropriate. Requires the director to make a determination that a location is no longer appropriate

for use as an early voting station available to the public in writing.

[4:47:35 PM](#)

MS. KLOSTER referenced sections 20-31 as follows:

Sections 20-23

Conforms AS 15.20.050 to changes made in Section 18 related to early voting stations.

Section 24

Allowing voter registration updates through electronic absentee ballot and fax. Voter registration updates are allowed through all other means, so the division asked that we also allow for updates when people use electronic transmissions.

Section 25

Requires an absentee ballot application to include an option for a voter to choose to receive absentee ballots by mail for future regularly scheduled state elections. Provides conditions under which the director may require a voter to reapply to receive absentee ballots by mail.

Section 26

Conforming changes for same day voter registration. Amends AS 15.25.060(b) relating to preparation and distribution of ballots; appropriate ballot.

Section 27

Definition of electronic signature.

Section 28

Conforming to section 19 of the bill related to early voting stations.

Section 29

Conforming to same day voter registration, stating those who register within 30 days before a municipal election shall vote an absentee, special needs or questioned ballot in that election. The voter is required to live in the district for at least 30 days.

Section 30

Conforming to same day voter registration. Repeals AS 29.26.050(a)(3): voter qualifications, is registered

to vote in state elections at a resident address within a municipality at least 30 days before the municipal election at which the person seeks to vote.

Section 31

Provides authority to the director of the division of elections in uncodified law to adopt or amend regulations as necessary to implement the changes made by the Act.

[4:49:10 PM](#)

CHAIR MEYER commented as follows:

We certainly want to get as many people to vote as possible, that's what makes America great, it's our democracy; however, you also want people to be informed when they vote. I wonder if somebody who can think far enough ahead to register to vote that having them vote on the same day, will they be informed? Some of the issues are complex, especially when dealing with bonds or initiatives.

REPRESENTATIVE TUCK replied as follows:

One of things that we have is sometimes people haven't changed their voter registration and sure, they could still do a question ballot but the difference between a question ballot and absentee ballot is a question ballot a person may not be able to vote all of the way down the ballot where an absentee voter can vote all the way down the ballot.

When we use the term "absentee," absentee also means those people who are voting by mail, they are not necessarily absent. So, that's the reason why we are looking at the terminology in some of the stuff because it gets really confusing, especially when you go in-person absentee voting.

We are trying to clean things up, make things a little bit simpler, but for the person that is voting for the first time ever, they still have to be an Alaska resident for 30 days before hand, that does not change, and their address has to be at that location for 30 days, that doesn't change. If perhaps somebody moves from one district to another district and they get it 10 days before the election, they won't be able

to vote in that election, they can only vote in the previous district that they were in and the absentee ballot then becomes a question ballot if they do not have the verification to show that they lived there for 30 days.

So, that's kind of how it works, but you still, constitutionally, have to be an Alaska resident for 30 days, you can't deny anyone to vote prior to that. This is for Alaska residents that have been residents for over 30 days that are voting for the first time.

[4:51:46 PM](#)

CHAIR MEYER asked if a person that registers can vote immediately or must wait 30 days.

REPRESENTATIVE TUCK explained that currently a person must register 30 days before an election.

CHAIR MEYER asked if HB 1 would allow a person to register and vote on the same day.

REPRESENTATIVE TUCK answered correct.

CHAIR MEYER asked if a person that registers and votes on the same day will be informed on the issues on the ballot versus a person that registers 30 days ahead of time.

REPRESENTATIVE TUCK replied as follows:

I think that's the reason why in our constitution we still require them to be a resident for 30 days and also, they claim where their residency is because if somebody moved from one district to another district, they may not know the issues of that other district, they may not know the candidates so well. So, that's why there is in our constitution the 30-day requirement. So, you don't want them to vote down ballot in that case.

[4:52:57 PM](#)

MS. KLOSTER pointed out that a lot of the registration issues are being taken care of because people are now automatically being registered to vote when they apply for their PFD. She said one of the biggest issues is people are not changing their voter registration, whether from moving or a change due to redistricting. She said people should still be allowed to vote

so that their voices can be heard. She remarked that same day voter registration will help individuals that move from one district to another but emphasized that an individual would still have to show that they've been in their new district for 30 days.

REPRESENTATIVE TUCK commented on consistent polling locations as follows:

That's one of the reasons why we want to keep the polling locations for 10 years once they are established because people are creatures of habit and they like going to the same place to go vote, but if they moved and they show up to the wrong polling location, they can either be sent to the polling location they have or they can do a question ballot right then and there, but the example just given is a good reason why some will be able to register to vote and then on their ballot they can actually change their voter registration as they cast their ballot.

[4:55:12 PM](#)

SENATOR GIESSEL addressed same-day registration and asked what constitutes, "lived in Alaska for 30 days."

REPRESENTATIVE TUCK replied that he would refer to the Division of Elections' application process and noted that the division has verifiers.

MS. KLOSTER explained that a lot of things that the Division of Elections does with registration will not change. She noted that individuals must sign a declaration saying that they have been in Alaska for 30 days and lying is a misdemeanor. She explained that the intent of the same-day-voter registration is to confirm that a person is an Alaska resident and noted that the person would vote a question ballot that would be counted later for verification. She reiterated that the process is not changing, and the same-day-voter registrant's vote will be double-checked.

[4:57:00 PM](#)

REPRESENTATIVE TUCK added that Alaska is part of the Electronic Registration Information Center (ERIC) database that allows the state to verify whether someone is registered somewhere else.

SENATOR WILSON addressed section 25, page 11, line 5. He asked about absentee applications for individuals that have not voted

for four years and queried if the time period is random years or consecutive years.

REPRESENTATIVE TUCK answered that the section referenced four consecutive years.

SENATOR WILSON asked if the word "consecutive" should be added to the section.

MS. KLOSTER replied as follows:

They are not necessarily falling off of the voter polls, what they are doing is just not receiving an absentee ballot automatically, it's just making sure we are not sending absentee ballots out to locations that maybe someone does not live anymore. So, if they received the ballot back, they will be taken off that list but not necessarily taken off the eligibility to vote, it's just not receiving that ballot, so making sure we are not sending out to people who are no longer living there. That was the other part, if you were looking on lines 7 and 8, the Division of Elections does send out additional mail to confirm some of the mailing addresses. So, if they also get return mail that is undeliverable, they will come off the list from being automatically sent an absentee ballot but not off of the voter register list.

SENATOR WILSON opined that people are creatures of habit and noted his concern if a person does not receive a reminder.

MS. KLOSTER replied that she believed the Division of Elections sends out mail and reminders ahead of time but will verify.

CHAIR MEYER asked if the state follows the Municipality of Anchorage on mail-in ballots. He asked if regulatory consideration has been given to mail-in ballots.

[5:00:57 PM](#)

REPRESENTATIVE TUCK answered as follows:

We did introduce this bill before the Municipality of Anchorage had done their vote by mail. This isn't a vote by mail, this is just those that want to check-off a box and continue to receive, that way people could still go to the polls. We are not shutting down

polling locations or things like that, just allowing the option.

CHAIR MEYER pointed out that a person must register to vote 30 days prior to an election to participate in the vote-by-mail process.

SENATOR GIESSEL commented as follows:

Page 11, lines 7-8, it's intriguing in that when Anchorage did the mail voting several addresses received multiple ballots for people who no longer lived there which calls into question of course the security; that's an interesting sentence there, "Return to the division as undeliverable." I guess I was alarmed that the postal service delivered mail at a location where the people didn't live anymore, and it happened at multiple locations, an issue that is not addressed in the bill and I guess you can't do much about the U.S. Postal Service.

[5:02:21 PM](#)

CHAIR MEYER [held HB 1 in committee.]

[5:03:18 PM](#)

There being no further business to come before the committee, Chair Meyer adjourned the Senate State Affairs Standing Committee at 5:03 p.m.