

ALASKA STATE LEGISLATURE
HOUSE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

March 5, 2019

8:03 a.m.

MEMBERS PRESENT

Representative Harriet Drummond, Co-Chair
Representative Sara Hannan, Co-Chair
Representative Matt Claman
Representative Steve Thompson
Representative Sharon Jackson

MEMBERS ABSENT

Representative Jonathan Kreiss-Tomkins
Representative Josh Revak

COMMITTEE CALENDAR

CONFIRMATION HEARING(S): REGULATORY COMMISSION OF ALASKA

- Dan Sullivan - Anchorage, Alaska
- CONFIRMATION(S) ADVANCED

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

DAN SULLIVAN, Appointee
Regulatory Commission of Alaska
Anchorage, Alaska

POSITION STATEMENT: Testified as appointee to the Regulatory Commission of Alaska.

ACTION NARRATIVE

[8:03:59 AM](#)

CO-CHAIR HARRIET DRUMMOND called the House Community and Regional Affairs Standing Committee meeting to order at 8:03 a.m. Representatives Jackson, Thompson, Hannan, and Drummond were present at the call to order. Representative Claman arrived as the meeting was in progress.

CONFIRMATION HEARING(S): Regulatory Commission of Alaska

8:04:46 AM

REPRESENTATIVE DRUMMOND announced that the only order of business would be the confirmation hearing on the Regulatory Commission of Alaska.

8:05:28 AM

DAN SULLIVAN, Appointee, Regulatory Commission of Alaska (RCA), stated that he has prior experience he believes will help him to be an effective member of the commission. He stated that 30 years ago his company, The Sullivan Group, represented the Marathon Group and Phillips Petroleum for five to six years, working primarily on statutory issues. He said that experience provided a good introduction to the function of regulations. He related that from 1999-2008, he served on the Anchorage Municipal Assembly; from 2009-2015, he served as mayor of the Municipality of Anchorage. During that time he said he had extensive interaction with the municipality's two major utilities for water and electricity and experience regarding the related regulatory issues. Mr. Sullivan told the committee that he also served on the board of directors for the Alaska Natural Gas Development Authority (ANGDA) from 2003-2010, where he did extensive work toward building a gas pipeline. During that time he met with every utility. He indicated that ANGDA's work got the attention of the legislature, and former Representative Mike Hawker sponsored a bill to incentivize new exploration and production in Cook Inlet, as well as a gas storage facility on the Kenai Peninsula - both important in ensuring gas supply to "half the population of the state."

8:08:56 AM

CO-CHAIR DRUMMOND said Mr. Sullivan has been outspoken regarding his opposition to the merger between Chugach Electric and Municipal Light and Power. She said that during a Senate Finance meeting on February 13, 2019, Mr. Sullivan had clarified that he would not recuse himself from considering the merger. She asked Mr. Sullivan how he would stay neutral in his consideration of the merger, given his strong opinions on "the way the merger was executed by the municipality."

8:09:24 AM

MR. SULLIVAN clarified that his objection was not to the merger itself but to "the fact that a required 60 percent vote was being altered to a 50 percent requirement." He said, "I just don't think the charter should be trifled with ... for a special interest legislation."

[8:09:58 AM](#)

CO-CHAIR HANNAN remarked that RCA is responsible for ensuring utilities are accessible throughout the entire state. She stated that Governor Mike Dunleavy's proposed budget would cut the Power Cost Equalization Program (PCEP) that ensures rate stabilization for rural Alaskans. She asked Mr. Sullivan how he would respond to requests from rural communities to keep utility rates down, especially if the (PCEP) fund is drained.

[8:10:41 AM](#)

MR. SULLIVAN responded that the commission takes everything on a case-by-case basis, at which point the commission looks at the facts, considers staff recommendations, and listens to the public in order to make its decisions.

CO-CHAIR HANNAN set up a hypothetical scenario in which there is no PCEP and cost of utilities for rural Alaska "quadruples overnight." She asked Mr. Sullivan what he would do to "stabilize the economic future of rural Alaska's power access."

MR. SULLIVAN answered that he does not think anybody wants to see rural Alaska's utility rates quadruple, and he reiterated that [the commission] would consider all the facts. He stated that the legislature has the opportunity to restore funding, and he surmised that utilities in rural Alaska would be a priority issue for the legislature.

[8:11:45 AM](#)

REPRESENTATIVE JACKSON asked whether Mr. Sullivan's goal would be to ensure all communities - "rural and the inner" - have affordable utilities.

MR. SULLIVAN answered, "Absolutely." He said one of the jobs of a commissioner is to find balance between affordability to consumers and the utilities' ability to maintain their businesses.

[8:12:43 AM](#)

REPRESENTATIVE CLAMAN offered his understanding that in the fall, the RCA had taken up a proposed telecommunications bill, and he said he thinks that legislation would be considered in the next few weeks. He asked if Mr. Sullivan was familiar with the issue.

MR. SULLIVAN answered that he had not had a chance to look at any specific cases, having been occupied with paperwork his first two days with RCA.

[8:14:10 AM](#)

CO-CHAIR HANNAN noted Mr. Sullivan has an extensive background in the oil and gas industry, and she asked how he would remain impartial and provide "unbiased regulatory action" when issues related to oil and gas tariffs and regulations come before the commission, so that his former employers and stockholders would not be "advantaged over other oil and gas entities."

MR. SULLIVAN answered that his work with oil and gas companies took place almost 30 years ago; his work since then has been with utilities, regulation, and a municipal assembly.

[8:15:31 AM](#)

The committee took a brief at-ease at 8:15 a.m.

[8:15:51 AM](#)

CO-CHAIR DRUMMOND opened public testimony. After ascertaining that there was no one who wished to testify, she closed public testimony.

[8:16:36 AM](#)

REPRESENTATIVE JACKSON congratulated the appointee and said it is nice to hear that his goal is to find balance and [to be] non-biased and "have a future" in which there will be "affordable utilities across Alaska."

[8:17:10 AM](#)

CO-CHAIR HANNAN stated that the House Community and Regional Affairs Standing Committee has reviewed the qualifications of the governor's appointee and recommends that Dan Sullivan's name be forward as appointee to the Regulatory Commission of Alaska

to the joint session of the House and Senate. She reminded members that signing the reports regarding appointments to boards and commissions in no way reflects individual members' approval or disapproval of the appointees, and that the nominations are merely forwarded to the full legislature for confirmation or rejection. [No motion was made, and the confirmation was considered advanced.]

[8:18:19 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 8:18 a.m.