

**ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON ENERGY**

March 14, 2019

10:18 a.m.

MEMBERS PRESENT

Representative Grier Hopkins, Chair
Representative Zack Fields, Vice Chair
Representative Ivy Spohnholz
Representative Tiffany Zulkosky
Representative Lance Pruitt
Representative George Rauscher

MEMBERS ABSENT

Representative John Lincoln

COMMITTEE CALENDAR

HOUSE JOINT RESOLUTION NO. 10

Supporting development of the road belt electrical transmission line; and urging members of the Alaska delegation in Congress to pursue the development of this high- voltage electrical line in the interior of the state.

- MOVED CSHJR 10 (ENE) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HJR 10

SHORT TITLE: SUPPORTING ROAD BELT ELECTRICAL LINE

SPONSOR(S): REPRESENTATIVE(S) TALERICO

03/04/19	(H)	READ THE FIRST TIME - REFERRALS
03/04/19	(H)	ENE, RES
03/14/19	(H)	ENE AT 10:15 AM CAPITOL 17

WITNESS REGISTER

JASON HOKE, Board President
Copper Valley Development Association
Glennallen, Alaska

POSITION STATEMENT: Presented a PowerPoint titled "Road Belt Inter-Tie."

JOHN DUHAMEL, CEO

Copper Valley Electric Association (CVEA)
Valdez, Alaska

POSITION STATEMENT: Presented a PowerPoint in support of HJR 10.

REPRESENTATIVE DAVE TALERICO
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HJR 10 as the sponsor of the resolution.

BRUCE CAIN, President
Copper Valley Chamber of Commerce
Glennallen, Alaska

POSITION STATEMENT: Testified in support of the resolution.

ACTION NARRATIVE

[10:18:40 AM](#)

CHAIR GRIER HOPKINS called the House Special Committee on Energy meeting to order at 10:18 a.m. Representatives Hopkins, Spohnholz, Zulkosky, Pruitt, and Rauscher were present at the call to order. Representative Fields arrived as the meeting was in progress.

HJR 10-SUPPORTING ROAD BELT ELECTRICAL LINE

[10:19:26 AM](#)

CHAIR HOPKINS announced that the only order of business would be HOUSE JOINT RESOLUTION NO. 10, Supporting development of the road belt electrical transmission line; and urging members of the Alaska delegation in Congress to pursue the development of this high- voltage electrical line in the interior of the state.

[10:20:02 AM](#)

JASON HOKE, Board President, Copper Valley Development Association, presented a PowerPoint titled "Road Belt Inter-Tie," and directed attention to slide 1, "Not RBIT'S First Rodeo," which read: "Historically, this project was considered and studied in the late 1980s and mid-1990s with much of the ground work for this transmission line done." He reported that there had been multiple studies for the inter-tie.

MR. HOKE moved on to slide 2, "Current Project Proposed Transmission Runs," and reported that this had been broken down into several phases: Phase 1, Sutton to Glennallen to Delta Junction, approximately 286 miles, a larger line at 138 kilovolts (kV) to 245kV; and Phase 2, Gakona to Tok to Delta Junction, approximately 227 miles, a smaller sub-transmission line at 65kV. The project could utilize existing rights of way except for 100 miles of gaps which completes a redundant loop around the road system of the interior of Alaska and connects to the "Rail Belt" electrical transmission line. He explained that any loss of transmission would still allow the other areas to fill in the electricity, so that power loss would be very short lived. He reported that the electrical grid would be the size of the State of Montana. He expressed amazement that there was still an area this large in the US, on a road system, that was not connected by grid.

[10:23:14 AM](#)

MR. HOKE presented slide 3, "Current Concept," which depicted maps of the road system and the projected power for the communities affected.

[10:24:28 AM](#)

MR. HOKE discussed slide 4, "Public Planning and Vetting Processes," noting that "proper planning prevents poor performance." He added that the process was the number one priority for the Copper Valley Regional Energy Plan with the Alaska Energy Authority (AEA), a top three choice in the Statewide Energy Planning with AEA Top Priorities, a Copper Valley Regional CEDS (Comprehensive Economic Development Strategy- US EDA), a top priority with the Statewide CEDS (with US EDA and AK DED of DCCED), the number one priority with the Ahtna Tribal Energy Plan with the US Department of Energy Office of Indian Energy (US DoE-OIE), a top priority for the Tanana Chiefs Conference Energy Planning Priority (US DoE-OIE), and a top priority in the Fairbanks North Star (FBNS) Borough CEDS.

[10:26:03 AM](#)

MR. HOKE discussed slide 5, "Support and Resolutions," and listed this project as AFNs (Alaska Federation of Natives) only Energy Resolution 2017. He pointed out that the Native organizations impacted and supportive of this project effort included approximately 12 Tribal Governments, 12 Village Corporations, 4 ANSCA Corporations (Ahtna, CIRI, Doyon,

Chitina), Ahtna Inter-Tribal Resource Commission, Tanana Chiefs Conference, Copper River Native Association, , Native Village of Chickaloon and many more. He noted the support of the utilities, including Copper Valley Electric Association (CVEA), Alaska Power and Telephone (AP&T), Matanuska Electric Association (MEA), Golden Valley, and the Alaska Power Association (APA). He added that there was support from the Copper Valley Development Association (ARDOR) and the Copper Valley Chamber of Commerce, and that the meetings and discussions were indicative of support.

[10:28:09 AM](#)

MR. HOKE shared slide 6, "Current Costs and Consumptions Inhibiting Development." He reported that most of the communities in this project area were paying 300-500 percent more than the national average (\$0.12 per kilowatt hour (kWh)). Communities were electrified by multiple micro-grids consuming approximately four million gallons of diesel per year, while emissions and other issues plague these small communities. He reported that Power Cost Equalization (PCE) did not cover commercial electricity which was approximately 60 percent of all the electrical consumption in these communities, adding that electrical costs directly correlated to business and residential closures and relocations.

[10:30:39 AM](#)

MR. HOKE shared slide 7, "Economic and Natural Resource Development," noting that cheaper electrical power opened the door for business retention and expansion and allowed business plans to be penciled out. He said that it was the necessary infrastructure for economic development, including the timber and lumber industry (OSB manufacturing, lumber mills, biomass pellet and brick plants); mining operations that could be opened or benefit, Ft. Knox, Pogo, Stellar Mine, Ahtell Creek Mine, Tetlin Mine, and 4th of July Creek Mine; tourism, fishing, agriculture, and the transportation industry benefits; and the Alyeska Pipeline benefits with cheaper energy for pumping oil and cathodic protection at its non-grid connected pump stations.

[10:33:47 AM](#)

MR. HOKE displayed slide 8, "Military Benefits and Build Up," declaring that "energy is national security." The Military Bases that would benefit include: Black Rapids Training

Facility, Donnelly Dome Range, Ft. Greeley, Eielson AFB, Ft. Wainwright, and Clear Lidar AFB. He emphasized that redundant and reliable energy to the military was necessary. He explained that, currently, there was an 80-megawatt (mW) bottleneck at Eva Creek on the Rail Belt. He reminded that this project offered a redundant loop with more power capacity, and a reduced cost for the military with cheaper energy and redundancy. He noted that there were signs of continued defense build-up and growth. He stated that 25 percent of renewable energy was needed which could be supplemented with this project.

[10:35:30 AM](#)

MR. HOKE moved on to slide 9, "Other Information," and announced the hierarchy of needs for infrastructure: Energy, Transportation, and Communication, pointing out that there were already two of the three. He declared that new industry and economic development meant potentially new revenue for the State of Alaska. He pointed out that, as the region was an unorganized borough, the Alaska State Legislature was the governing body. He explained that this was about people making hard choices: pay for groceries or the electric bill: stay in Alaska or migrate outside.

[10:37:19 AM](#)

MR. HOKE presented slide 10, "What's Needed??" He declared that support from the Alaska State Legislature was necessary. He shared the estimated costs: \$2 Million for the Engineers Report. The outcome of this proposed reconnaissance study would be an actionable document to define a path forward for project development, a timeline and milestones table, beneficiaries and project participants, and indicative pricing and budget. This recon project would take about nine months. He estimated the total cost of the project: Phase 1 = between \$200-\$300 million and Phase 2 = about \$100 million. He reported that it was expected that US Departments of Defense, Energy, Interior, Commerce, and Agriculture, along with Alaska state agencies, would be approached and contribute toward project deployment and construction, as well as beneficiary utilities, communities, and organizations.

[10:39:03 AM](#)

CHAIR HOPKINS asked about the estimated cost during the 1990s before the project was "shelved."

MR. HOKE offered his belief that it had been about \$125 million.

[10:39:13 AM](#)

JOHN DUHAMEL, CEO, Copper Valley Electric Association (CVEA), in response to Chair Hopkins, said that the original project never got to the details of cost, even though CVEA had reviewed the cost for one aspect, the Sutton to Glennallen leg, to be about \$100 million or \$1 million each mile. He offered an estimate for a 30 -40 percent increase in the costs today.

[10:40:16 AM](#)

CHAIR HOPKINS asked if there was any current opposition.

MR. HOKE opined that there was not any opposition to the project itself, although there was concern for whether the project would be overhead or underground. He offered his belief that the communities were behind the project.

[10:40:56 AM](#)

REPRESENTATIVE RAUSCHER shared his recollection that the earlier price tag had been closer to \$80 million and that, although most of the community opposition had been for the site of the transmission lines, there was now an overall approval for the project. He reported that, as he was a co-sponsor to proposed HJR 10, he was in support of HJR 10.

[10:44:08 AM](#)

MR. DUHAMEL continued with his PowerPoint, titled "Road Belt Intertie (RBIT) Concept." He noted that he was a Director of the Alaska Power Association, which supported proposed HJR 10. He presented slide 2, "Transmission vs Distribution." He explained distribution power as lower voltage, managed by the utility, which was distributed to the end user, most often residential, commercial, or small industrial users. He explained that transmission and sub-transmission power were high voltages, power moved between communities, and, as an infrastructure item, it should be funded through state or federal means as it benefited the state. He pointed out that the road belt intertie was a transmission/sub-transmission project and should be State managed.

[10:46:52 AM](#)

REPRESENTATIVE SPOHNHOLZ asked for the difference between transmission and sub-transmission.

MR. DUHAMEL explained that the difference was merely a difference in voltage, and he presented slide 3, "Electric Power System Overview." He explained that transmission was 230/138kV with large facilities and large lines, whereas, sub transmission was 69/45kV. He noted that the distribution costs were lower for sub transmission.

[10:48:46 AM](#)

REPRESENTATIVE PRUITT asked if this was included in "the larger conversation about the hodge podge of ownership on both transmission and other" He asked if this would be the time to discuss a separate transmission utility to take this ownership and have discussions with the RCA (Regulatory Commission of Alaska) for the rate determinations, which would allow for repair funding.

[10:50:31 AM](#)

MR. DUHAMEL said that this work was currently underway with a search for a transmission manager, although there was still a lot of work for the final decisions. He reminded that this was a long-term project, probably 10 years, and that the management decisions would be resolved by then. He pointed out that in the Lower 48 this had been accomplished, even as it had a far larger hodge podge.

REPRESENTATIVE PRUITT offered his belief that, although it was a long-term project, it was worth the conversation at this point, in case the federal government funding was not made available, in order to fill in any of the voids for underfunding.

[10:52:29 AM](#)

MR. DUHAMEL moved on to slide 4 "Power Principles," and explained that a grid was a network of interconnected power lines, and the bigger the grid, the more resilient it becomes. Fluctuations were more easily absorbed with a bigger grid, and, as some renewable energy sources fluctuate significantly, a bigger grid allowed for more renewable energy sources. He reiterated that power can move in any direction so a break in the transmission system did not mean the power was lost, as power could be re-routed. He pointed out that the more people on the grid was a key to cheaper power.

[10:54:33 AM](#)

MR. DUHAMEL reiterated that this was not a new concept, slide 5, "Concept," and he moved to slide 6, "Window of Opportunity," a map of the communities.

[10:55:14 AM](#)

MR. DUHAMEL jumped to slide 8, "Why Approve the Resolution?" He shared that HJR10 gives credibility to the concept and it tells our congressional delegation, federal departments and the White House we are united in ameliorating our high cost of energy.

[10:55:59 AM](#)

REPRESENTATIVE DAVE TALERICO, Alaska State Legislature, directed attention to the sponsor statement [Included in members' packets] and emphasized that the U.S. Department of Defense had determined to make a substantial investment in the State of Alaska. He shared his insight to get a resolution from the Alaska State Legislature to present to the federal government. He pointed out how critical this would be for the Department of Defense. He shared that the current intertie had been able to provide power during the recent earthquake. He declared that this was a good time to ask for full federal funding for the Road Belt intertie system.

REPRESENTATIVE TALERICO, in response to Representative Zulkosky, said that he fully supported 100 percent federal funding for this project. He pointed out that the utilities produced enough to keep the project viable and to still provide for the local communities.

[10:59:48 AM](#)

CHAIR HOPKINS asked if there had been any concerns about the electric grid from the Department of Defense.

REPRESENTATIVE TALERICO replied that he had not personally heard of any big issues, and he noted that the Department of Defense had participated in past discussions for the intertie.

MR. HOKE added that there had been testimony during recent federal confirmation hearings for Mr. Niemeyer that there would be work with Alaskans for a road belt intertie if necessitated by military build-up.

[11:00:58 AM](#)

REPRESENTATIVE TALERICO referenced a statement by General Billy Mitchell for strengthening the military in Alaska as those who controlled the air in Alaska would probably control the northern hemisphere.

[11:01:41 AM](#)

REPRESENTATIVE SPOHNHOLZ moved to adopt Amendment 1 to HJR 10, labeled 31-LS0596\M.2, Fisher, 3/12/19, which read:

Page 2, line 6:

Delete "state"

Insert "region"

CHAIR HOPKINS objected for discussion.

REPRESENTATIVE SPOHNHOLZ explained that Amendment 1 clarified a drafting error on page 2, line 6 of proposed HJR 10.

[11:02:23 AM](#)

CHAIR HOPKINS removed his objection. There being no further objection, Amendment 1 was adopted.

[11:02:35 AM](#)

CHAIR HOPKINS opened public testimony.

[11:02:58 AM](#)

BRUCE CAIN, President, Copper Valley Chamber of Commerce, said that the Copper Valley Chamber of Commerce had submitted letters of support from more than 200 business members. He stated that the reduction of the cost of electricity was a "very big concern of ours. We have that as our number one priority for economic development."

[11:03:52 AM](#)

CHAIR HOPKINS closed public testimony.

[11:04:00 AM](#)

REPRESENTATIVE SPOHNHOLZ moved to report HJR 10, as amended, out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, CSHJR 10(ENE) was moved from the House Special Committee on Energy.

[11:04:19 AM](#)

The committee took an at-ease from 11:04 a.m. to 11:07 a.m.

[11:07:07 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Energy meeting was adjourned at 11:07 a.m.