

ALASKA STATE LEGISLATURE
SENATE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

March 10, 2020

3:33 p.m.

MEMBERS PRESENT

Senator Click Bishop, Chair
Senator Peter Micciche, Vice Chair
Senator Lyman Hoffman
Senator Mike Shower
Senator Elvi Gray-Jackson

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 194

"An Act relating to advanced nuclear reactors."

- MOVED CSSB 194 (CRA) OUT OF COMMITTEE

SENATE BILL NO. 218

"An Act relating to road service area consolidation."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 194

SHORT TITLE: ADVANCED NUCLEAR REACTORS

SPONSOR(s): COMMUNITY & REGIONAL AFFAIRS

02/17/20	(S)	READ THE FIRST TIME - REFERRALS
02/17/20	(S)	CRA, RES
03/03/20	(S)	CRA AT 3:30 PM BELTZ 105 (TSBldg)
03/03/20	(S)	Heard & Held
03/03/20	(S)	MINUTE (CRA)
03/10/20	(S)	CRA AT 3:30 PM BELTZ 105 (TSBldg)

BILL: SB 218

SHORT TITLE: ROAD SERVICE AREA CONSOLIDATION

SPONSOR(s): COGHILL

02/21/20 (S) READ THE FIRST TIME - REFERRALS
02/21/20 (S) CRA
03/10/20 (S) CRA AT 3:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

CODY GRUSSENDORF, Staff
Senator Click Bishop
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced a committee substitute for SB 194.

GEORGE ROE, Research Professor
Alaska Center of Energy and Power
University of Alaska Fairbanks
Seattle, Washington

POSITION STATEMENT: Testified in support of SB 194.

RYNNIEVA MOSS, Staff
Senator John Coghill
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Co-presented SB 218 on behalf of the sponsor.

AIMEE BUSHNELL, Staff
Senator John Coghill
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Co-presented SB 218 on behalf of the sponsor.

MICHAEL BREDLIE, Rural Services Manager
Division of Rural Services
Department of Public Works
Fairbanks North Star Borough
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 218.

MARNA SANFORD, Assembly Member
Fairbanks North Star Borough Assembly
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 218.

ACTION NARRATIVE

[3:33:41 PM](#)

CHAIR CLICK BISHOP called the Senate Community and Regional Affairs Standing Committee meeting to order at 3:33 p.m. Present at the call to order were Senators Hoffman, Micciche, and Chair Bishop. Senator Gray-Jackson arrived soon thereafter and Senator Shower arrived during the course of the meeting.

SB 194-ADVANCED NUCLEAR REACTORS

[3:34:28 PM](#)

CHAIR BISHOP announced the consideration of SENATE BILL NO. 194, "An Act relating to advanced nuclear reactors." He noted that there was a committee substitute (CS) to consider.

[3:34:41 PM](#)

SENATOR MICCICHE moved to adopt the CS for SB 194, work order 31-LS0878\M, as the working document.

CHAIR BISHOP objected for discussion purposes and explanation of changes.

[3:35:03 PM](#)

CODY GRUSSENDORF, Staff, Senator Click Bishop, Alaska State Legislature, Juneau, Alaska, paraphrased the following explanation of changes from version A to version M for S 194:

- Page 1, lines 10-13:
 - Adds a 300-megawatt (MW) ceiling exemption to the amount of power generated for an advanced nuclear reactor classification.
 - The ceiling exempts a reactor from the land designation requirement by the legislature in Section 1(b).
- Page 2, line 2:
 - The CS removes language referring to the most recent generation of reactors.
 - The CS inserts a date: January 1, 2020.
- Page 2, line 19:
 - The CS inserts a date: January 1, 2020.

[3:35:28 PM](#)

SENATOR GRAY-JACKSON joined the committee meeting.

SENATOR MICCICHE asked what the significance is for the 300 MW ceiling.

MR. GRUSSENDORF answered that 300 MW is the U.S. Department of Energy's (DOE) standard definition of a small modular reactor. The bill is about small reactors and does not intend to exempt gigawatt reactors from the legislative site designation.

SENATOR MICCICHE asked what would happen if DOE changed the 300 MW definition to a larger size.

MR. GRUSSENDORF conceded that he did not know if the 300 MW will hold true in the future, but the designs and definitions by DOE are for small reactors below 300 MW.

SENATOR MICCICHE remarked that the legislature could always change the MW ceiling if there is a reason to do so.

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CHAIR BISHOP opened public testimony for SB 194.

[3:37:37 PM](#)

GEORGE ROE, Research Professor, Alaska Center of Energy and Power (ACEP), University of Alaska Fairbanks, Seattle, Washington, testified in support of SB 194. He said the definition of a small reactor and the magnitude Mr. Grussendorf described is very consistent with DOE. Analysis by ACEP indicates that the scale of small reactor utilization might be best matched for private, federal, and community applications in the state for combinations of heat and power.

He detailed that the University of Alaska received state funding to complete a study in 2010 on small modular reactor capabilities that identified applications within the state that could warrant future investigation. ACEP believes that an updated study may be appropriate to refine and enhance the 2010 roadmap. An updated study would provide an assessment of current technology as well as the evolution of the energy systems in Alaska.

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SENATOR HOFFMAN pointed out that the committee discussed the need for an updated study during the previous bill hearing. He suggested that the committee send a letter outlining this need to the capital budget chair for consideration. He said an updated study would fit hand in glove with what U.S. Senator Murkowski is doing on the national level.

SENATOR MICCICHE said the capacity or generating potential for many Alaska communities would be much smaller than 300 MW. He asked Mr. Roe if there is a break below 300 MW that would have a different definition in the future.

MR. ROE agreed that most applications in Alaska would require a smaller reactor. However, the 300 MW demarcation in the bill is useful to avoid the need for continuous revisions. In many situations, a reactor on the order of 3-10 MW would be appropriate for Alaska Railbelt and U.S. Department of Defense applications. Updated analysis would identify the best capacity alignment for possible community analysis. Larger reactors that require infield refueling could serve the Railbelt. However, containerized microreactors with a 1-10 MW threshold could serve as a complete system without infield fuel replacement for possible community applications.

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SENATOR MICCICHE asked about FERC's position on the change to the requirement for a legislative siting permit for a 300 MW reactor and if there would continue to be a site requirement for any sized nuclear reactor.

MR. ROE answered that he did not know, but ACEP was willing to do research on the inquiry.

CHAIR BISHOP advised that the Senate Resources Standing Committee was the next committee of referral and the question could be answered there.

[3:43:32 PM](#)

CHAIR BISHOP removed his objection to the CS for SB 194 and closed public testimony.

[3:43:45 PM](#)

SENATOR MICCICHE moved to report the CS for SB 194, work order 31-LS0878\M, from committee with individual recommendations and attached zero fiscal note.

CHAIR BISHOP found no objection and CSSB 194(CRA) was reported from the Senate Community and Regional Affairs Standing Committee.

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At ease.

SB 218-ROAD SERVICE AREA CONSOLIDATION

[3:46:10 PM](#)

CHAIR BISHOP called the committee back to order and announced the consideration of SENATE BILL NO. 218, "An Act relating to road service area consolidation."

[3:46:32 PM](#)

RYNNIEVA MOSS, Staff, Senator John Coghill, Alaska State Legislature, Juneau, Alaska, apologized that Senator Coghill, bill sponsor, was attending another committee meeting.

She explained that SB 218 was introduced at the request of the Fairbanks North Star Borough (FNSB) to assist the borough assembly in figuring a timely way to help financially strapped road service areas (RSAs) consolidate.

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AIMEE BUSHNELL, Staff, Senator John Coghill, Alaska State Legislature, Juneau, Alaska, read the class boroughs with the ability to consolidate two or more road service areas (RSAs) if the boards representing those RSAs request consolidations and no new parcels are added to the single new service area. A service area is a taxing jurisdiction established at the request of the voters within a geographical area to provide certain services within their specific area. Voters establish their boundaries, the maximum mill levy imposed on real property for the purpose of road maintenance services, and a board that determines the level of road maintenance services and directs following sponsor statement for SB 218 [Original punctuation provided.]:

Senate Bill 218 provides second contractors to perform these services. Members of the board are appointed by the borough assembly.

Beginning in 1972 and in the years that followed, RSAs benefited from state shared revenues (SSR) for local road construction and improvements. SSR reductions through the 1990s prompted RSAs to hold elections to establish tax revenue caps to supplement the reduced state funding for local roads. Existing RSAs also resisted annexations of new parcels and roads to their service areas leading to the formation of new RSAs. Of the five second class boroughs in the State of Alaska that have RSAs (Fairbanks, Mat-Su, Kenai, Kodiak, and Ketchikan), the Fairbanks North Star Borough has, by far, the most RSAs at 103.

While greater efficiencies and lower costs in maintaining local roads could be achieved through consolidating some RSAs, borough assemblies do not have the power to adjust service area boundaries without voter approval. Separate elections are required for each of the RSAs subject to consolidation, and these elections typically fail to turn-out voters. Such consolidation would lead to greater efficiency and reduced costs through economies of scale and less contract administration by borough administrators.

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CHAIR BISHOP opened invited testimony for SB 218.

[3:49:26 PM](#)

MICHAEL BREDLIE, Rural Services Manager, Division of Rural Services, Department of Public Works, Fairbanks North Star Borough, Fairbanks, Alaska, testified in support of SB 218. He detailed that the division administers and helps manage the RSAs throughout the FNSB. As a second-class borough, FNSB receives its road construction and maintenance powers through RSAs. FNSB currently has 103 separate RSAs that maintain a total of 497 miles of road.

He summarized the formation of RSAs by the FNSB as follows:

- First RSA established in 1965.
- Second RSA established in 1969.
- 1973-1979: 20 RSAs established.
- 1980s: 67 RSAs established.
- 1990s: 13 RSAs established.
- Final RSA established in 2002.

MR. BREDLIE noted that state-shared revenues for local road construction, improvements, and maintenance in the 1970s was \$2,500 per mile and that became the majority of revenue that the RSAs received. But the state-shared revenues declined to \$1,400 per mile in the 1990s and ended altogether in 2004. This prompted some RSAs to hold elections to establish a tax revenue cap to supplement and ultimately replace the state-shared funds.

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MR. BREDLIE said RSA consolidation is a substantial process under current law. Elections are required to consolidate two or

more service areas if voters reside in the affected RSAs. The process requires holding an open house so residents can ask questions and make comments and borough assembly approval of the election ordinance for each RSA requesting consolidation. He said holding an election for each RSA that needs consolidation would be difficult at best and the costs would be substantial.

He detailed that FNSB currently has 13 contractors that hold maintenance contracts for the 103 RSAs in the borough. Some contractors only maintain 1 RSA while others maintain 10-20. RSA consolidation would provide greater efficiencies and potentially better prices for the contractors, reduce contract administration, and increase RSA on-site presence by the division to monitor road conditions.

MR. BREDLIE noted that RSA consolidation would mean a reduction in available commissioner seats. Currently there are 273 commissioners in the 426 available seats, which is a 36 percent vacancy rate. He concluded his testimony reiterating that SB 218 would greatly assist FNSB in RSA consolidation.

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CHAIR BISHOP asked him to repeat the commissioner vacancy rate for the RSAs.

MR. BREDLIE restated that the RSAs have 273 commissioners out of a possible 426 seats, a 36 percent vacancy rate.

CHAIR BISHOP said he fully understood the intent of the bill, especially from a contracting standpoint. Having one contractor rather than two contractors for adjoining RSAs would save money.

SENATOR GRAY-JACKSON asked if FNSB must fill the RSA commission vacancies.

MR. BREDLIE explained that most RSA commissions have three members plus one alternate. All RSAs have at least one commissioner, most have two, and a few have a full commission. He said FNSB has enough commissioners to run its RSAs and asking three people to volunteer for small RSA commissions is difficult to do.

SENATOR GRAY-JACKSON said she supports SB 218. She explained that her question was due to her district in Anchorage having limited RSAs.

SENATOR MICCICHE asked Mr. Bredlie if he envisioned consolidated RSAs to continue as four-person boards.

MR. BREDLIE answered that the number of commissioners might depend on the size of an RSA. Large RSAs might be a five-person commission. For example, consolidating 10 smaller RSAs might result in one 5-person commission that currently requires 30 commission members with 10 alternates.

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SENATOR SHOWER joined the committee meeting.

SENATOR MICCICHE asked Ms. Moss if the RSAs would have to be abutting.

MS. MOSS answered no, just in close proximity. She related she has been involved with a local RSA for 30 years and an adjoining service area uses a different contractor. Both contractors are located across town, so a consolidation in that circumstance could result in cost savings.

She explained that the bill is written to protect RSAs that are functioning very well. She detailed that the RSA she is involved with expanded twice within the last 10 years which doubled the road miles. This RSA has been able to save over \$100,000 which was used as a federal match to get the roads in the service area resurfaced. She reiterated that the bill does not disturb RSAs that are doing their job.

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MARNA SANFORD, Assembly Member, Fairbanks North Star Borough Assembly, Fairbanks, Alaska, testified in support of SB 218. She advised that she is the chair of the Assembly Road Service Area Committee (ARSAC) that includes members from seven of the RSAs within the FNSB.

MS. SANFORD explained that FNSB is seeking legislative guidance due to extremely low voter turnout. If two boards agree to consolidate and few people vote in the RSA election, one family could potentially upset a consolidation for the betterment of a larger area.

MS. SANFORD summarized that SB 218 gives boards and the people working on the ground the ability to make consolidation decisions and bring something forward to the FNSB assembly. RSA consolidation is a Fairbanks issue and the bill is a great step in the right direction. Should the legislation pass, ARSAC would

identify the best cases for consolidation to help streamline the administration and costs for all RSAs.

CHAIR BISHOP asked what it costs to run an election.

MS. SANFORD replied she could not recall the cost of the last election.

CHAIR BISHOP asked her to follow up with the information.

SENATOR SHOWER noted Ms. Sanford's statement that one family could swing an election and pointed out that the republic designed the electoral system to work where one person could swing an election. He said that process encourages more people to vote and that was a good thought. He said the legislature should not create policy simply because a few people might swing an election, a concept that he was sure Ms. Sanford did not mean to support.

[4:02:20 PM](#)

SENATOR MICCICHE suggested that neighborhood-sized RSAs may be a Fairbanks issue. He said getting people to apply for RSA boards is always a problem but he has more to learn about the issue in the Fairbanks area before coming to any conclusion.

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CHAIR BISHOP held SB 218 in committee for further consideration.

[4:03:10 PM](#)

There being no further business to come before the committee, Chair Bishop adjourned the Senate Community and Regional Affairs Standing Committee meeting at 4:03 p.m.