

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

May 9, 2022

1:19 p.m.

MEMBERS PRESENT

Representative Josiah Patkotak, Chair
Representative Grier Hopkins, Vice Chair
Representative Zack Fields
Representative Calvin Schrage
Representative Sara Hannan
Representative George Rauscher
Representative Mike Cronk
Representative Ronald Gillham
Representative Tom McKay

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE JOINT RESOLUTION NO. 23

Expressing the support of the Alaska State Legislature for naming the mountain between Cedar Ridge and Hope Peak south of Anchorage after Gail Phillips.

- MOVED SJR 23 OUT OF COMMITTEE

CS FOR SENATE BILL NO. 177(RES)

"An Act relating to nuclear facility siting permits; and relating to microreactors."

- HEARD & HELD

HOUSE BILL NO. 120

"An Act relating to state land; relating to the authority of the Department of Education and Early Development to dispose of state land; relating to the authority of the Department of Transportation and Public Facilities to dispose of state land; relating to the authority of the Department of Natural Resources over certain state land; relating to the state land disposal income fund; relating to the leasing and sale of state land for commercial development; repealing establishment of recreation rivers and recreation river corridors; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SJR 23

SHORT TITLE: SUPPORTING NAMING MTN AFTER GAIL PHILLIPS

SPONSOR(s): SENATOR(s) OLSON

02/22/22	(S)	READ THE FIRST TIME - REFERRALS
02/22/22	(S)	RES
03/18/22	(S)	RES AT 3:30 PM BUTROVICH 205
03/18/22	(S)	Moved SJR 23 Out of Committee
03/18/22	(S)	MINUTE(RES)
03/21/22	(S)	RES RPT 4DP
03/21/22	(S)	DP: MICCICHE, KIEHL, KAWASAKI, STEVENS
04/20/22	(S)	TRANSMITTED TO (H)
04/20/22	(S)	VERSION: SJR 23
04/25/22	(H)	READ THE FIRST TIME - REFERRALS
04/25/22	(H)	RES
05/09/22	(H)	RES AT 1:00 PM BARNES 124

BILL: SB 177

SHORT TITLE: MICROREACTORS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/01/22	(S)	READ THE FIRST TIME - REFERRALS
02/01/22	(S)	CRA, RES
02/15/22	(S)	CRA AT 3:30 PM BELTZ 105 (TSBldg)
02/15/22	(S)	Heard & Held
02/15/22	(S)	MINUTE(CRA)
02/17/22	(S)	CRA AT 3:30 PM BELTZ 105 (TSBldg)
02/17/22	(S)	Heard & Held
02/17/22	(S)	MINUTE(CRA)
03/08/22	(S)	CRA AT 3:30 PM BELTZ 105 (TSBldg)
03/08/22	(S)	Moved SB 177 Out of Committee
03/08/22	(S)	MINUTE(CRA)
03/09/22	(S)	CRA RPT 1DP 3NR
03/09/22	(S)	DP: HUGHES
03/09/22	(S)	NR: GRAY-JACKSON, MYERS, WILSON
03/21/22	(S)	RES AT 3:30 PM BUTROVICH 205
03/21/22	(S)	Heard & Held
03/21/22	(S)	MINUTE(RES)
04/06/22	(S)	RES AT 3:30 PM BUTROVICH 205
04/06/22	(S)	<Bill Hearing Rescheduled to 4/8/22>
04/08/22	(S)	RES AT 3:30 PM BUTROVICH 205
04/08/22	(S)	<Bill Hearing Canceled>

04/11/22 (S) RES AT 3:30 PM BUTROVICH 205
 04/11/22 (S) Heard & Held
 04/11/22 (S) MINUTE(RES)
 04/20/22 (S) RES AT 3:30 PM BUTROVICH 205
 04/20/22 (S) Moved CSSB 177(RES) Out of Committee
 04/20/22 (S) MINUTE(RES)
 04/22/22 (S) RES RPT CS 4DP 1NR 1AM NEW TITLE
 04/22/22 (S) DP: REVAK, KIEHL, VON IMHOF, MICCICHE
 04/22/22 (S) NR: STEVENS
 04/22/22 (S) AM: KAWASAKI
 05/04/22 (S) TRANSMITTED TO (H)
 05/04/22 (S) VERSION: CSSB 177(RES)
 05/05/22 (H) READ THE FIRST TIME - REFERRALS
 05/05/22 (H) RES
 05/09/22 (H) RES AT 1:00 PM BARNES 124

BILL: HB 120

SHORT TITLE: STATE LAND SALES AND LEASES; RIVERS
 SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

03/01/21 (H) READ THE FIRST TIME - REFERRALS
 03/01/21 (H) RES, FIN
 04/30/21 (H) RES AT 1:00 PM BARNES 124
 04/30/21 (H) Heard & Held
 04/30/21 (H) MINUTE(RES)
 05/12/21 (H) RES AT 1:00 PM BARNES 124
 05/12/21 (H) Scheduled but Not Heard
 05/13/21 (H) RES AT 1:00 PM BARNES 124
 05/13/21 (H) Heard & Held
 05/13/21 (H) MINUTE(RES)
 05/02/22 (H) RES AT 1:00 PM BARNES 124
 05/02/22 (H) Heard & Held
 05/02/22 (H) MINUTE(RES)
 05/04/22 (H) FIN AT 1:30 PM ADAMS 519
 05/04/22 (H) Scheduled but Not Heard
 05/06/22 (H) RES AT 1:00 PM BARNES 124
 05/06/22 (H) Heard & Held
 05/06/22 (H) MINUTE(RES)
 05/09/22 (H) RES AT 1:00 PM BARNES 124

WITNESS REGISTER

BRIX HAHN, Staff
 Senator Donald Olson
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: Introduced SJR 23, on behalf of Senator Olson, prime sponsor.

ROBIN PHILLIPS
Anchorage, Alaska

POSITION STATEMENT: During the hearing on SJR 23, provided invited testimony.

CHRISTINA CARPENTER, Director
Division of Environmental Health
Department of Environmental Conservation
Anchorage, Alaska

POSITION STATEMENT: Introduced CSSB 177(RES) on behalf of the Senate Rules Standing Committee, sponsor by request of the governor.

TRAVIS MILLION, CEO
Copper Valley Electric Association
Glennallen, Alaska

POSITION STATEMENT: During the hearing on CSSB 177(RES), provided a PowerPoint presentation titled "Looking into Nuclear."

BRENT GOODRUM, Deputy Commissioner
Office of the Commissioner
Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: During the hearing on HB 120, answered questions.

KRISTIN "KRIS" HESS, Deputy Director
Division of Mining, Land and Water
Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: During the hearing on HB 120, answered questions.

HEATHER O'CLARAY, Statewide Right-of-Way Chief
Division of Statewide Design and Engineering Services
Department of Transportation and Public Facilities (DOT&PF)
Juneau, Alaska

POSITION STATEMENT: During the hearing on HB 120, answered questions.

ACTION NARRATIVE

[1:19:44 PM](#)

CHAIR JOSIAH PATKOTAK called the House Resources Standing Committee meeting to order at 1:19 p.m. Representatives Hannan, Schrage, Gillham, Cronk, McKay, and Patkotak were present at the call to order. Representatives Hopkins, Rauscher, and Fields arrived as the meeting was in progress.

SJR 23-SUPPORTING NAMING MTN AFTER GAIL PHILLIPS

[1:20:39 PM](#)

CHAIR PATKOTAK announced that the first order of business would be SENATE JOINT RESOLUTION NO. 23, Expressing the support of the Alaska State Legislature for naming the mountain between Cedar Ridge and Hope Peak south of Anchorage after Gail Phillips.

[1:21:13 PM](#)

BRIX HAHN, Staff, Senator Donald Olson, Alaska State Legislature, introduced SJR 23 on behalf of Senator Olson, prime sponsor. She presented the sponsor statement [included in the committee packet], which read as follows [original punctuation provided]:

Born in Juneau and raised in Nome, the late Speaker of the House, Gail Phillips, was an Alaskan at heart. She left an impression on the political minds and philanthropic hearts of Alaskans.

In her lifetime, she spent years working for local airlines, teaching, serving on the board of Iditarod Trail Race Committee, owned a sporting goods shop, lead the Homer Chamber of Commerce, was elected to Homer's City Council, served on the board of the Kenai Peninsula Borough Assembly, mined for gold on the Seward Peninsula and, of course, served in the Alaska House of Representatives.

She brought together urban republicans and rural democrats to form a coalition that she led as Speaker of the House for two consecutive terms. Following her political career, Gail worked as executive director of the Exxon-Valdez Oil Spill Trustees, and upon retirement she mentored future politicians and consulted for natural resource development in Alaska. Upon her death, she was actively serving on the boards of the Iditarod Trail Race Foundation and the Alaska

Aviation Museum. She was involved in her church, Anchor Park United Methodist and all her grandsons' activities.

She was a daughter, sister, wife, mother, aunt and grandmother. Her leadership was not limited to politics alone, her entire family benefitted from her guidance that she learned at the knee of Alaska State Territorial Representative, L.E. Ost, her grandfather.

Mountains are stable, strong and brave, Gail Phillips lived her life with these defining attributes.

Her family and I are now advocating for one of her favorite mountains on the Kenai Peninsula to be named in her honor.

CHAIR PATKOTAK announced that the committee would hear invited testimony on SJR 23.

[1:23:51 PM](#)

ROBIN PHILLIPS provided invited testimony on SJR 23. She stated she is representing the family of Gail Phillips which hopes to have this mountain named federally as well [as by the state].

[1:24:53 PM](#)

REPRESENTATIVE HOPKINS asked why this mountain was one of Gail Phillips' favorite mountains on the Kenai Peninsula.

MS. ROBIN PHILLIPS replied that Gail grew up loving mountains and was a representative of the Kenai Peninsula. She said that upon her retirement Gail moved to Anchorage and had a home built that overlooked the mountains of the Kenai Peninsula. Gail loved the drive between Homer and Anchorage, Ms. Phillips continued, and the family looked for an unnamed peak on the Kenai Peninsula that Gail would have been able to see from her home in Anchorage.

[1:26:16 PM](#)

CHAIR PATKOTAK opened public testimony on SJR 23, then closed it after ascertaining that no one wished to testify.

[1:26:45 PM](#)

REPRESENTATIVE HANNAN stated she has no objection to honoring Ms. Gail Phillips but that she will be a no vote on SJR 23 on the House floor because she is philosophically opposed to naming natural features with human names. She further stated that Alaska has returned to Indigenous names, such as Mount Denali.

[1:28:00 PM](#)

REPRESENTATIVE FIELDS related that a few years ago he had the honor of talking with the former Speaker of the House at her Anchorage home and he appreciates Senator Olson carrying this joint resolution forward.

MS. HAHN offered her understanding of Representative Hannan's statement. She noted that SJR 23 doesn't guarantee that the mountain will be named, it just supports it.

[1:28:55 PM](#)

REPRESENTATIVE HOPKINS moved to report SJR 23 from committee with individual recommendations and the accompanying fiscal note. There being no objection, SJR 23 was reported out of the House Resources Standing Committee.

SB 177-MICROREACTORS

[1:29:17 PM](#)

CHAIR PATKOTAK announced that the next order of business would be CS FOR SENATE BILL NO. 177(RES), "An Act relating to nuclear facility siting permits; and relating to microreactors."

CHAIR PATKOTAK noted that this is the committee's first time to hear CSSB 177(RES) but that the committee has twice heard the companion bill, HB 299, and taken public testimony on HB 299.

[1:29:49 PM](#)

CHRISTINA CARPENTER, Director, Division of Environmental Health, Department of Environmental Conservation (DEC), introduced CSSB 177(RES) on behalf of the Senate Rules Standing Committee, sponsor by request of the governor. She explained that CSSB 177(RES) would define a microreactor according to the federal definition and would create a specific carve-out from the ongoing study and legislative siting requirements. She related that Senator Jesse Kiehl worked with DEC on language for two amendments that were incorporated into the bill by the Senate

Resources Standing Committee. She explained that in lieu of the current ongoing study requirements for six state agencies, CSSB 177(RES) would direct DEC to coordinate and submit comments from those agencies to the U.S. Nuclear Regulatory Commission when an Alaska sited microreactor license application is put forward. She said a second amendment added language to the bill that explicitly obtains legislative siting approval for unorganized boroughs.

MS. CARPENTER deferred to Mr. Travis Million of the Copper Valley Electric Association (CFEA) to provide further testimony on CSSB 177(RES). She noted that CVEA is an electrically isolated electric cooperative in Interior and Southcentral Alaska, serving Valdez, Glennallen, and the surrounding Copper River Basin, a vast service territory of 160 miles north to south and 100 miles east to west. She said CVEA is currently conducting a feasibility study of micro modular reactor (MMR) technology with the Ultra Safe Nuclear Corporation (USNC).

[1:32:37 PM](#)

TRAVIS MILLION, CEO, Copper Valley Electric Association (CVEA), provided a PowerPoint presentation [hard copy included in the committee packet], titled "Looking into Nuclear." He displayed the second slide, "AGENDA," and said he will review why CVEA is looking at nuclear, what MMR is and isn't, the environmental and safety concerns, the feasibility study, and what CVEA is doing thus far for stakeholder engagement.

MR. MILLION proceeded to the third slide, "WHY NUCLEAR." He stated that in June [2021] the CVEA board developed a strategic plan for the cooperative, with one of the five major goals being to develop a plan to reduce the cooperative's use of diesel fuel for power generation on its system. He related that CVEA is nearly 100 percent hydropower in the summer, with an annual average of 70 percent hydropower. In the winter, he continued, CVEA must rely on diesel fuel at its generation plants that use either diesel or a fossil fuel called light straight run (LSR), which comes from the Petro Star Refinery, and which puts CVEA at the whim of what fuel prices do. He pointed out that in January 2021 CVEA paid under \$2 per gallon for fuel and that in March 2022 CVEA paid nearly \$4.50 per gallon, plus at times the fuel cost spiked to over \$5 per gallon for delivery to CVEA's power plants. Mr. Million noted that this year winter came early, resulting in CVEA going from an average 30 percent hydro spread over the winter to 20 percent hydro, causing some of the biggest increases seen in CVEA's history; normally the rate is about

\$0.19 per kilowatt hour in the summer when on hydropower, but it spiked to over \$0.42 per kilowatt hour this winter. He said the CVEA board wants to develop a plan to get off diesel fuel and to find ways to get rid of the fluctuation of fuel cost so that long term energy cost is stable for many years to come. He also noted that reducing emissions from fossil fuel power plants is a major concern of the CVEA board. The CVEA board has considered wind power, he continued, but the CVEA service territory has marginal Class 2 winds with high turbulence, so wind doesn't work. Mr. Million said solar power works great in the summer, but CVEA is already 100 percent hydropower then and that doesn't solve the cooperative's wintertime issues. He said CVEA has looked at geothermal, biomass, every hydro asset that could be available in its region, and interties like the Railbelt Intertie project.

[1:36:02 PM](#)

MR. MILLION addressed the two photographs on the fourth slide, "MICRO MODULAR REACTOR (MMR)?" He said the light water reactors depicted in these photos are currently deployed throughout the U.S. and the world and they are typical in the gigawatt or thousands of megawatt range. But, he continued, these are not what is being talked about with micro modular reactors.

MR. MILLION moved to the fifth slide, "MMR SIZE COMPARISON." He explained that the upper left picture shows the footprint of a standard light water reactor, typically about a gigawatt in size and taking up 50-plus acres. The reactor building, he added, is the red cylindrical building in the middle of the picture. He then drew attention to the blue rectangle on the lower right and explained that it is the footprint of a micro modular reactor like the one CVEA is looking at through Ultra Safe Nuclear Corporation (USNC) and which takes up approximately five acres. He said the yellow square is the reactor building, which is about the size of a 40-foot Conex buried vertically in the ground. To provide a size comparison, he noted that the green rectangle to the left of the MMR is a football field, and that the MMR is essentially the size of two football fields.

MR. MILLION turned to the sixth slide, "What is a microreactor and why?" He stated CVEA is looking at this technology because it fits the cooperative's system very well, which is about a 20-megawatt summertime load, peaking at about 15 megawatts in the wintertime. With CVEA's little bit of hydro, he said, a 10-megawatt reactor would be about the perfect size to take care of wintertime needs. A second benefit in addition to producing

electricity, he noted, is the microreactor's process heat, which could be utilized for industrial applications, specifically in the Valdez area. He specified that a microreactor meets CVEA's needs by reducing carbon emissions from its diesel power plants, by addressing safety with this newer technology, and by having a long-time stable cost because the design that CVEA is looking at has between 20 and 40 years between needing to refuel.

[1:38:54 PM](#)

MR. MILLION continued to the seventh slide, "Ultra Safe Nuclear FCM Fuel," and stated that this microreactor uses TRISO fuel. He explained that the blue dots in the picture are the uranium pellets, which are about the size of a poppy seed. These poppy seed pieces of uranium are triple coated in silicon carbide, he continued, and then they are set in an array as shown in the picture where they are again coated in more silicon carbide and graphite. He said this keeps all the radiation intact and prevents it from leaking out and from thermally "running away"; it keeps the temperature from coming up. It is called "walkaway safe," he continued, because if there is a failure to the cooling system, personnel can walk away since by physics it is going to keep its temperature regulated on its own and that is one of the nice things with this fuel design. Mr. Million further noted that this fuel design was implemented in the 1970s, so it's not new technology. What is new, he said, is the manufacturing technologies and the three-dimensional printing that now allow mass production of this fuel.

MR. MILLION displayed the eighth slide, "MMR™ Energy System REM 2-Unit Layout for Remote Energy Management." He stated that the diagrammatic represents a generic layout of a two-reactor plant of about 10 megawatts, like what CVEA is currently considering. Regarding water used for steam generation becoming radioactive, he said it's a closed water system. He specified that the two reactors depicted on the left are cooled with helium, and since helium is an inert gas, it cannot absorb any radiation. Heat is taken from the reactor to a heat exchanger where one side of the heat exchanger has helium and the other has molten salt, he continued. The molten salt heats up from that reaction, then it goes through another heat exchanger where the other side has water or steam. Through this process, Mr. Million stated, there is no way for the radiation to propagate down and get into the water source. This closed loop totally contained system, he added, doesn't require a river or any body of water for cooling.

MR. MILLION discussed the ninth slide, "Projects in Development." He advised that if CVEA's feasibility study goes through, the cooperative will not be the first one given USNC is currently working on a project set to come online in 2026 at Chalk River in Canada. He said USNC also has a project in place with the University of Illinois where a test reactor will be put in the middle of campus where it will be utilized and tested through the university's radiological engineering department. So, he continued, if it pencils out for CVEA to move forward with this project, the cooperative would be number three of the USNC deployed reactors. However, he noted, the project would be the first commercial reactor potentially within the nation and within USNC's fleet.

[1:42:53 PM](#)

MR. MILLION moved to the tenth slide, "CVEA/USNC Joint Feasibility Study." He related that the economics is a big driver as to whether this will work; it won't be as cheap as CVEA's hydropower, but it would be far less than what CVEA is presently paying for diesel. So, he said, CVEA is shooting for something in between that will balance generation costs throughout the year to be the same rate year round. The feasibility study is looking at potential locations to determine whether there is a mix that could work well there, he continued. The only downfall, he noted, is that there is presently no industrial application for the heat in the Copper Basin. He related that the feasibility study is looking at benefits, concerns, and issues for the community. He explained that given USNC is the manufacturer of this technology and involved with the feasibility study, CVEA brought in an Anchorage engineering firm, Electric Power Systems (EPS), a firm that works with every utility in Alaska, primarily designing generation distribution transmission as well as installing, operating, and commissioning these things. He said EPS is doing most of the feasibility study from the standpoint of integration and cost, as well as some of the environmental impact, and USNC is looking primarily at the nuclear side of the feasibility study. Mr. Million estimated that the feasibility study would be completed by the end of summer [2022], at which time the CVEA board will take public comment and then decide whether to move forward.

MR. MILLION continued to the eleventh slide, "CVEA & USNC Engagement," and discussed stakeholder engagement. He explained that CVEA normally wouldn't start talking to the public until a feasibility study had been conducted and the results were in hand; however, given the word "nuclear" can be a trigger point

for people, he said CVEA wanted to get out front and hear the concerns of communities and what opportunities CVEA might be overlooking that could be integrated into the feasibility study. In Valdez presentations have been given to the city council, he stated, and open public meetings have been held in Valdez and with the Greater Copper Basin Chamber of Commerce. One-on-one meetings with individual stakeholders have also been undertaken, he noted. He related that most of the questions are similar, such as how CVEA is dealing with the safety concerns, the environmental concerns, and getting rid of the hazardous waste.

MR. MILLION addressed the issue of waste. He said CVEA has been given a guarantee by USNC. Refueling would occur once every 20-40 years, he related, and when the fuel comes out it will be stored in a cask that is safe to be around and which is how most nuclear waste is stored in the U.S. today. The fuel would sit on site anywhere from six months to two years to allow it to cool, he said, and once cooled USNC would transport it out of Alaska and at that point it is USNC's responsibility to dispose of the [spent] fuel at either an interim USNC storage facility or through the U.S. Government to dispose of it in a long-term storage solution. Mr. Million explained that the Nuclear Regulatory Commission requires that funding be put in place when licensing a nuclear reactor like this, such that if the company were to go out of business there would already be funds in place to get rid of the nuclear fuel waste at that point in time.

[1:48:12 PM](#)

REPRESENTATIVE RAUSCHER thanked Mr. Million for such an in-depth presentation.

CHAIR PATKOTAK inquired about the dollar amount that would be put aside at licensing for long-term fuel storage.

MR. MILLION replied that CVEA isn't far enough along into the feasibility study to know what those costs might be.

[1:49:04 PM](#)

REPRESENTATIVE GILLHAM offered his understanding that HB 199 is the companion bill to SB 177. He recalled that there wasn't much opposition to HB 199, but said he is getting lots of opposition to CSSB 177(RES). He asked whether there is a difference in the two bills that is creating the current opposition that wasn't there before.

MR. MILLION responded he isn't sure why the opposition would be different given the bills are identical except for the two amendments on the Senate side. He said most of the opposition he has heard has been consistent on both the House and Senate sides, and he personally hasn't heard any additional opposition.

REPRESENTATIVE GILLHAM stated that most of the opposition has to do with storage. He related that he didn't get this opposition when discussing HB 199, so he is curious as to why he is now.

[1:50:28 PM](#)

REPRESENTATIVE FIELDS asked whether CVEA is negotiating a ramp down in prices with USNC assuming that as the company deploys more of these across the U.S. it can achieve profitability at a lower price point than in the initial negotiation.

MR. MILLION answered that this will be coming up through the feasibility study since CVEA is looking at different options, such as whether CVEA owns and operates or whether USNC owns and operates and CVEA buys the power. So, he continued, CVEA will look at that for a long-term contract if it buys power through USNC. He allowed that Representative Fields has a good point to keep in mind.

[1:51:33 PM](#)

REPRESENTATIVE HANNAN asked whether anything in existing statute prevents CVEA from applying for permission and siting.

MR. MILLION replied, "Not necessarily anything that precludes us from being able to do it, but definitely some ... hurdles." He said having to bring a siting requirement to the legislature and trying to get that approved could be difficult depending on who is in the legislature in any given year. So, he continued, the amendments to the bill would make it easier and more attractive for the manufacturers to want to look at Alaska for deploying these, especially in remote communities. While he won't say it is a hindrance, he added, it could be potentially more difficult to get siting authority as the statute is written today.

REPRESENTATIVE HANNAN asked whether Mr. Million can point to where those challenges are in the existing statute or whether it is something that an agency has said will be problematic.

MR. MILLION responded he has heard it through agencies and through his knowledge of the process - anything coming through

the legislature versus keeping it more of a local control is going to be more time consuming and burdensome. He said he is answering the question on the standpoint that anytime siting the land must go through the state or federal government it can be a very time-consuming process [as opposed to going through an agency] like DEC or U.S. Bureau of Land Management (BLM).

REPRESENTATIVE HANNAN asked whether Mr. Million was led to believe that CVEA's project could not go forward without a change in statute.

MR. MILLION answered no, CVEA wasn't told one way or another whether it could go through based on statute.

[1:53:38 PM](#)

REPRESENTATIVE HANNAN presumed that because CVEA's feasibility study is not yet done, there is not an exact site where CVEA would want the project. She offered her understanding, based on current statute and what CSSB 177(RES) attempts to do, that if Mr. Million were here today with a specific site, the committee could approve it. She said much of the hesitation from legislators and the opposition being heard is that it would throw out a requirement that any specific nuclear projects come before the legislature along with the ability for everyone in the state to engage on a project and get answers to their questions about where the waste will be stored and what the local hazards are from tsunami to earthquake, as opposed to it being up to a local government, a utility, and state agencies that have had no previous regulatory oversight with nuclear and no additional dollars through staffing according to their own fiscal note. That is the hesitation for many people, she said, not CVEA's individual project. She asked whether she is correct in understanding that CVEA is five to seven years from needing it and that CVEA's feasibility study this summer should lead to a specific location.

MR. MILLION replied that the feasibility study should give CVEA a couple different potential locations and CVEA would make its decision on whether to go ahead based on that and economics, as well as other considerations.

REPRESENTATIVE HANNAN said she looks forward to hearing about a specific project next year.

[1:56:06 PM](#)

REPRESENTATIVE FIELDS asked whether the Municipality of Anchorage would have local control oversighting of microreactors should this bill pass. He further asked whether there are differences among the different types of jurisdictions apart from the unorganized boroughs.

MS. CARPENTER responded that under [CSSB 177(RES)], organized boroughs would have the ability to make that siting authority, and if a borough is unorganized then the legislature would retain that siting authority.

REPRESENTATIVE FIELDS surmised that that means the Anchorage Assembly would have the authority to say where such a facility could be sited within the Municipality of Anchorage.

MS. CARPENTER answered that is correct, the Municipality of Anchorage would be able to have that authority.

REPRESENTATIVE FIELDS requested that the committee chair obtain confirmation that this is also the interpretation of Legislative Legal Services because that might provide some assurance for Anchorage residents that there is a degree of public review.

CHAIR PATKOTAK confirmed he would do so. He said he thinks it is like any other situation that comes up that unorganized boroughs don't have the authority to determine for themselves, and it runs through the House and Senate Community and Regional Affairs Standing Committees.

REPRESENTATIVE HANNAN requested that Legislative Legal Services advise the committee on whether first-class boroughs without planning and zoning authority and second-class cities can have their city councils [issue] permits.

[1:59:31 PM](#)

REPRESENTATIVE GILLHAM asked whether the reason behind microreactors is for a more stable energy source or for cost.

MR. MILLION replied that the biggest thing for CVEA is lower energy cost and long-term stability over at least a 40-year life of the plant. He pointed out that a 40-year life of the plant is the life of the license on a microreactor, and it can be renewed after that, much like CVEA's hydropower plants typically have a 40- or 50-year license and then CVEA renews the license to extend it. Long-term, stable, lower-cost energy is the primary driver, he added.

REPRESENTATIVE GILLHAM asked what CVEA will do with its hydropower plants.

MR. MILLION responded that what is nice about this technology is it doesn't have to come on and stay on, it can be turned off and on as needed. He said CVEA would run 100 percent hydropower when hydropower is available and bring the reactor down either just to produce heat for industrial processes or shut it down until it is needed at the beginning of winter, then ramp it up with the wintertime generation. Doing that, he noted, would extend the life of the fuel even longer, so if the fuel has a 10-year life when run at 100 percent for 24 hours a day, 7 days a week, 365 days a year, then running it at half the time would get almost a 20-year life out of the fuel.

[2:01:18 PM](#)

CHAIR PATKOTAK opened public testimony on CSSB 177(RES), then closed it after ascertaining that no one wished to testify.

[2:01:40 PM](#)

The committee took an at-ease from 2:01 p.m. to 2:02 p.m.

[2:02:28 PM](#)

CHAIR PATKOTAK stated that the committee would conduct potential follow-up on CSSB 177(RES) on 5/10/22.

[CSSB 177(RES) was held over].

HB 120-STATE LAND SALES AND LEASES; RIVERS

[2:02:38 PM](#)

CHAIR PATKOTAK announced that the final order of business would be HOUSE BILL NO. 120, "An Act relating to state land; relating to the authority of the Department of Education and Early Development to dispose of state land; relating to the authority of the Department of Transportation and Public Facilities to dispose of state land; relating to the authority of the Department of Natural Resources over certain state land; relating to the state land disposal income fund; relating to the leasing and sale of state land for commercial development; repealing establishment of recreation rivers and recreation river corridors; and providing for an effective date." [Before

the committee was the proposed CS, Version 32-GH1634\G, Bullard, 4/22/22 ("Version G"), adopted as the working document on 5/2/22.]

[2:03:11 PM](#)

REPRESENTATIVE FIELDS moved to adopt Amendment 1 to Version G of HB 120, labeled 32-GH1634\G.2, Bullard, 5/5/22, which read:

Page 1, lines 1 - 7:

Delete "relating to access roads; relating to state land; relating to contracts for the sale of state land; relating to the authority of the Department of Education and Early Development to dispose of state land; relating to the authority of the Department of Transportation and Public Facilities to dispose of state land; relating to the authority of the Department of Natural Resources over certain state land; relating to the state land disposal income fund; relating to the leasing and sale of state land; relating to covenants and restrictions on agricultural land;"

Page 1, line 10, through page 13, line 19:

Delete all material.

Page 13, line 20:

Delete "**Sec. 17**"

Insert "**Section 1**"

Renumber the following bill sections accordingly.

Page 15, line 16:

Delete all material.

Renumber the following bill section accordingly.

CHAIR PATKOTAK objected for the purpose of discussion.

[2:03:21 PM](#)

REPRESENTATIVE FIELDS explained Amendment 1 would delete all the land sale language in the bill, leaving intact the Alaska Native Vietnam veteran land exchange provision, which has a sense of urgency and a broad appeal. He maintained the bill is two bills combined in one: a very broad land sale bill kind of tied to a Vietnam veteran land exchange. One part of the bill is somewhat

controversial with lots of important policy questions, he stated, which is very different in nature from the Vietnam veteran land exchange. He said his preference is that the Alaska Native Vietnam veterans land exchange be advanced rapidly and to leave the thorny land sale issues for later consideration.

[2:04:58 PM](#)

BRENT GOODRUM, Deputy Commissioner, Office of the Commissioner, Department of Natural Resources (DNR), responded that DNR believes all the provisions within the bill are important issues dealing with state land. He said DNR agrees that the Alaska Native Vietnam veteran portion is an important part of this bill, which is why the administration put it forward, but DNR believes that all the provisions are appropriate to go forward.

[2:04:54 PM](#)

CHAIR PATKOTAK removed his objection to Amendment 1.

REPRESENTATIVE RAUSCHER [objected to Amendment 1].

[2:06:11 PM](#)

A roll call vote was taken. Representatives Fields, Hopkins, Hannan, and Schrage voted in favor of Amendment 1 to Version G of HB 120. Representatives McKay, Cronk, Rauscher, Gillham, and Patkotak voted against it. Therefore, Amendment 1 failed to be adopted by a vote of 4-5.

[2:06:54 PM](#)

The committee took an at-ease from 2:06 p.m. to 2:10 p.m.

[2:10:30 PM](#)

REPRESENTATIVE FIELDS moved to adopt Amendment 2 to Version G of HB 120, labeled 32-GH1634\G.3, Bullard, 5/5/22, which read:

Page 1, line 1:

Delete "**relating to access roads;**"

Page 1, lines 2 - 3:

Delete "**relating to the authority of the Department of Education and Early Development to dispose of state land;**"

Page 1, line 10, through page 3, line 31:
Delete all material.

Page 4, line 1:
Delete "**Sec. 3**"
Insert "**Section 1**"

Renumber the following bill sections accordingly.

CHAIR PATKOTAK objected for the purpose of discussion.

[2:10:49 PM](#)

REPRESENTATIVE FIELDS explained Amendment 2. He recounted that in a previous hearing the committee discussed the different land disposal processes for the Department of Education and Early Development (DEED), the Department of Transportation & Public Facilities (DOT&PF), and DNR. He said Version G would authorize DEED, DOT&PF, and DNR to sell land through some new processes, and he is concerned because these proposed processes are not the same for each department and will not produce the same degree of competitiveness in disposal of property and therefore return to the state. He said the proposed processes also have differences in terms of degree to which the public feels like it has notice and input on disposal. The concept in Amendment 2, he explained, is that if land is going to be disposed more quickly, it should be via a consistent process through DNR. Under Amendment 2, he continued, the expedited land disposal process would remain the same for DNR as is contemplated in Version G; however, land disposals for DEED and DOT&PF would be done through DNR, which is consistent with what happens now. He said it's important the public get a good return on the high value parcels held by DEED and DOT&PF, and that is more likely to be had through DNR. He stated that he doesn't want to have inconsistent land disposal processes across departments.

[2:12:33 PM](#)

KRISTIN "KRIS" HESS, Deputy Director, Division of Mining, Land and Water (DMLW), Department of Natural Resources (DNR), responded that DEED has a written process, goes through a public process, and gets the most value for its properties. She said disposals must be evaluated and approved by the [Alaska State Board of Education & Early Development]. So, she continued, DEED has a process similar to DNR's process for selling or disposing of land that is no longer necessary to meet their

needs. Regarding roads, she related that DNR worked with the Alaska Municipal League (AML) and received support for that process.

[2:13:46 PM](#)

REPRESENTATIVE FIELDS offered closing comments on Amendment 2. He said he knows DNR manages a lot more land than do the other agencies, but that the lands under DEED and DOT&PF could be very high value parcels because of their proximity to roads and other infrastructure. He stated he wants to ensure these lands are used for the best public purpose and, if that is private commercial development, then there should be public input and best yield received for that asset.

CHAIR PATKOTAK removed his objection to Amendment 2.

REPRESENTATIVE RAUSCHER objected to Amendment 2. He said there are other moving pieces to the processes.

CHAIR PATKOTAK requested Ms. Hess to provide further detail regarding AML's support and the provisions outlined on pages 1-3 regarding the DEED and DOT&PF disposal process.

[2:15:16 PM](#)

MS. HESS answered that DNR worked with AML to develop language that was satisfactory regarding construction standards and maintenance. She said DNR has two letters from AML in support of Version G, Section 2, and what it does for DNR in terms of having to construct roads for subdivisions. Regarding DEED's ability to sell its own land, she stated that DEED would seek the input of stakeholders and other agencies before going out to the public, and then it would follow a public process. She related that DEED is supportive of keeping the provision in the bill that would allow DEED the flexibility to sell land that is no longer necessary for the agency's purposes.

REPRESENTATIVE FIELDS asserted that local governments supporting consistent construction and maintenance standards is different from supporting a land disposal process within a specific department. He offered his understanding that Ms. Hess was speaking to the maintenance standards of access roads, not whether DOT&PF can directly dispose of property.

MR. HESS agreed she was speaking to the construction standards rather than DOT&PF being able to dispose of land by itself as

the state agency. She explained that DOT&PF already has that ability for its roads under Title 19, but the agency's public facilities are under Title 35 and this provision in Version G makes it all consistent for DOT&PF to dispose of land that is no longer necessary for road purposes as well as to dispose of land that is no longer needed for public facilities.

[2:17:56 PM](#)

HEATHER O'CLARAY, Statewide Right-of-Way Chief, Division of Statewide Design and Engineering Services, Department of Transportation & Public Facilities (DOT&PF), confirmed DOT&PF does have independent authority to dispose of land. She further confirmed that DOT&PF's rules are different for properties that are considered public works or facilities that were acquired under AS 35, which this bill addresses, then they are for AS 19, which this bill does not address, or AS 02 Aviation, which this bill also does not address. She added that because of the way AS 35 is currently written, DOT&PF does not have regulations to do disposal under AS 35.

REPRESENTATIVE FIELDS stated that, given this clarification, he has less concern about this provision in Version G. He withdrew Amendment 2.

[2:19:46 PM](#)

REPRESENTATIVE HANNAN moved to adopt Amendment 3 to Version G of HB 120, labeled 32-GH1634\G.7, Bullard, 5/8/22, which read:

Page 1, line 6:

Delete "**relating to the leasing and sale of state land;**"

Page 7, line 20, through page 11, line 14:

Delete all material.

Renumber the following bill sections accordingly.

CHAIR PATKOTAK objected for the purpose of discussion.

[2:19:51 PM](#)

REPRESENTATIVE HANNAN explained Amendment 3 would remove the entirety of Section 13, a provision which she believes sidesteps nearly a half century of planning processes that have been in law. She said Section 13 would allow de facto noncompetitive

sole source leasing on sales of state land without having to comply with state area land management plans for processes, which are painstakingly public, exhaustive, and a mainstay of why Alaskans believe the state's land management is adequate. Section 13, she added, would open the strong potential for sweetheart deals. While the department has no intent to do that, she continued, intent does not carry forward on that level once someone has nominated a piece of land which he or she found attractive for a business that may have previously been excluded because of an extensive public process of a land management area plan. She said deleting Section 13 relieves many of her concerns with the bill and ensures that state land disposals go through and comply with the area land management process, a completely public process from start to finish so there is no opportunity for a sweetheart deal and manipulation of what has been a sound practice in Alaska.

MS. HESS responded that individuals could nominate land for either lease or sale, but if it is not properly classified for disposal, DNR would still have to go through that public process and reclassify it so that it would be available for either lease or sale. The bill as currently written, she said, also allows the commissioner to consider those nominations but maybe not take them up. So, she continued, DNR feels there is a public process as it would consider the area plans and the planning process, and it would go through that same public process if it needs to be classified so that it would be available for disposal.

[2:23:00 PM](#)

MS. HESS, responding further to Representative Hannan, stated that in application, she is an attorney.

REPRESENTATIVE HANNAN noted that Ms. Hess used the terms "can consider" and "could." Previous explanations she has received from the department, she related, were that the commissioner is to "consider" the land management plan, but it is not restricted to that, so the commissioner "could" decide to take an action that is in direct conflict with an area land management plan because the commissioner is to [consideration is not a mandate]. She expressed her concern that while this administration does not have the intent to do that, a situation would be set up where the mandate for an area land management plan becomes subjective language of "may." She asked whether she is correct that this would therefore mean a public process prescribed in

law would now say that the department and its commissioner could decide to do something different, and the law would allow it.

MS. HESS answered that that is not the way the department interprets this provision of Section 13. She said the commissioner can consider a nomination to lease or sell the land; the commissioner doesn't have to consider that, but if the commissioner chooses to consider that nomination then it would have to go through the area plan process for amending an area plan if it's proper depending on weighing a bunch of factors. That would go through a public process of classifying or changing the classification if it's appropriate; there may be times when it is not appropriate to change a classification, such as for a highly mineralized area. So, Ms. Hess continued, a nomination is what the commissioner "can consider." If the commissioner chooses to consider that nomination for either a lease or sale, she said, then the area plan is going to come into play because it must be properly classified to move forward with that lease or sale, and that would be a full public process by DNR that takes in public comment.

[2:26:30 PM](#)

REPRESENTATIVE FIELDS agreed with Representative Hannan's assessment that the department "could" ignore these plans. He put forth the Hatcher Pass Land Use Plan as an example of a plan that had years of public input from multiple user groups, and he expressed his concern that under Section 13 a key piece of land could be liquidated because this section would allow the department to ignore all that public input. He maintained that Section 13 would enable liquidation, for example, of a public access that would be contrary to the public interest, which troubles him. He said Section 13 is inconsistent with maximum benefit from development of a resource.

[2:28:25 PM](#)

CHAIR PATKOTAK requested a refresher on the mechanics of the bill as it relates to sole sourcing versus competitively bid lands put up for sale. He offered his understanding that when a piece of land is appealed to be sold, the department is going to consider the best return for the state. He inquired about what triggers the determination that it is an outright sale versus a competitively bid process.

MS. HESS replied that currently leases under 10 years do not have to be competitive, but leases longer than 10 years must be

a competitive process. She said the area plan must properly classify the land to be available for either lease or disposal. She stated that DNR considers its area plans all the time and there are many reasons why area plans are amended or changed for a specific purpose. But, she continued, it would still follow the public processes for changing that classification of an area plan for a specific purpose for a specific need such as lease or sale if it is not currently classified like that.

[2:30:09 PM](#)

CHAIR PATKOTAK posed a scenario in which a sale has occurred where an organized city or borough controls the permitting process locally, and he offered his understanding that it would still have to meet that bar. He related that during his time serving on the North Slope Borough, the borough exercised Title 19 powers that everything is a conservation district, and anyone interested in commercial aspects must come before the assembly through a long and critical process to change the land use plan for that area from a conservation district to a multi-use, recreational, or industrial district. He surmised that this bill would not undermine any municipal authorities or powers that a potential private landowner would have to go through.

MS. HESS confirmed that that is correct. She said that once land is sold from state ownership to private hands, if the now private property is in a municipality or borough with zoning and powers, the private landowner will have to follow that municipality's rules and regulations regarding classification needs for permitting for that borough or municipality.

[2:32:01 PM](#)

REPRESENTATIVE GILLHAM asked how someone with a cabin on leased state lands could buy that land.

MS. HESS answered that currently a person can nominate land to be sold because the department has that ability under current state statutes. She said the owner of a cabin on a state lease could come to the department and nominate it for a sale, and the area plan is going to have to allow for that to happen.

REPRESENTATIVE GILLHAM related that this question was brought up to him by cabin owners who want to buy the land. He said the cabin owners are paying property taxes on land they don't own, and they want to know how to buy that property and whether it is DNR that they would approach.

MS. HESS responded that the cabin owners are probably paying taxes to the local municipality on the improvements that they own because the lease/permit holder doesn't own the underlying land. If the cabin owners want to buy the underlying land, and assuming it is not in a legislatively designated area, she continued, they could nominate it and ask the department to sell it to them. Like what is in Section 13, she added, anybody can ask the state to sell a piece of land and then the department evaluates and goes through that public process as to whether it is appropriate to sell the underlying land. Responding further, she confirmed the prospective purchaser would come to DNR.

CHAIR PATKOTAK thanked Ms. Hess for underlining Section 13 leases and sales of land on commercial developments.

[2:34:49 PM](#)

REPRESENTATIVE HANNAN, regarding Section 13, recalled that Ms. Hess had earlier assured her that if a parcel was nominated for commercial development, DNR couldn't just redo the process if the area management plan didn't allow it. Representative Hannan maintained, however, that Section 13 does allow the commissioner to classify or reclassify the land and that that process of classification is substantially less than what it takes to redo a management plan to say that the parcel could be sold for commercial development. She asked whether Ms. Hess knows what the differences are between reclassifying something within the management plan and redoing the management plan.

MS. HESS answered that AS 38.05.300 and AS 38.04.065 lay out the processes for classifying land or reclassifying land, and either way it must go through the public process. She said all the factors that current state statutes require must be weighed in terms of balancing those needs and determining whether it can be properly classified to be sold out of state ownership.

REPRESENTATIVE HANNAN said the description given to her is that that reclassification public process is substantially less than what a management plan process is. Although Ms. Hess is saying that there is still a public process, Representative Hannan said she presumes that the notification is not very extensive and can be done in one meeting, one hearing. She asked how similar this proposed process is to the extensive and exhaustive area management plan process that involves all entities.

MS. HESS confirmed that DNR's area plans take considerable time to develop from start to finish and include public input, meetings, and talking with local landowners and stakeholders. She said the same thing also happens with DNR's reclassification process. She said DNR looks for public input and weighs a bunch of factors that are required under state statutes. She stated that it might be a discrete portion of the area plan that DNR is looking to change but it doesn't de minimize the public process that DNR must follow and the input that DNR receives before determining if it's appropriate to reclassify those lands.

[2:38:17 PM](#)

REPRESENTATIVE FIELDS expressed his concern about notice to adjacent landowners in [Section 13]. He posited that a significant piece of public property with public access and huge public benefits that has been through a 10-year management plan process could be disposed of through, say, a mailing to three people, an online public notice during hunting season when no one is paying attention, and notice in a local newspaper that few people read, and therefore no one might notice. He stated that important public lands need to go through a rigorous public process. However, Section 13 is designed to dispose as quickly as possible with minimal public input, and this public notice issue gets at the problem with Section 13, he argued.

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REPRESENTATIVE MCKAY called the question.

[2:40:08 PM](#)

REPRESENTATIVE HOPKINS opined that ensuring there is good and proactive public notice is the right direction for making certain that all the affected property owners and users know what is happening in an area. He said he will be supporting Amendment 3 to ensure Alaskans are not left out of the process.

CHAIR PATKOTAK removed his objection to Amendment 3.

REPRESENTATIVE RAUSCHER objected to Amendment 3. He stated that the auction process isn't good for someone obtaining a loan.

[2:41:00 PM](#)

A roll call vote was taken. Representatives Schrage, Hannan, Hopkins, and Fields voted in favor of Amendment 3 to Version G

of HB 120. Representatives Gillam, Rauscher, Cronk, McKay, and Patkotak voted against it. Therefore, Amendment 3 failed to be adopted by a vote of 4-5.

[HB 120 was held over.]

[2:41:50 PM](#)

ADJOURNMENT

The House Resources Standing Committee meeting was recessed to 8:00 a.m. on 5/10/22 [which was subsequently delayed to 3:00 p.m. and reconvened at 3:05 p.m. on 5/10/22].