ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE
February 26, 2025
1:03 p.m.

MEMBERS PRESENT

Representative Robyn Niayuq Burke, Co-Chair
Representative Carolyn Hall
Representative Donna Mears
Representative Zack Fields
Representative Dan Saddler
Representative George Rauscher
Representative Julie Coulombe
Representative Bill Elam

MEMBERS ABSENT

Representative Maxine Dibert, Co-Chair

COMMITTEE CALENDAR

PRESENTATION(S): GREENS CREEK MINE

- HEARD

PRESENTATION(S): RED DOG MINE

- HEARD

PRESENTATION(S): USIBELLI COAL MINE

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

MIKE SATRE, Director, Government Affairs
Hecla Mining Company
Juneau, Alaska
POSITION STATEMENT: Presented a PowerPoint regarding the Greens Creek Mine.

GRETA SCHUERCH, Senior Advisor for Government and External Affairs
Teck Alaska Red Dog Mine
Anchorage, Alaska
POSITION STATEMENT: Presented a PowerPoint regarding Teck Alaska and the Red Dog Mine.

LORALI SIMON, Vice President, External Affairs
Usibelli Coal Mine Inc.
Palmer, Alaska
POSITION STATEMENT: Presented a PowerPoint regarding the Usibelli Coal Mine.

ACTION NARRATIVE

1:03:53 PM
CO-CHAIR BURKE called the House Resources Standing Committee meeting to order at 1:03 p.m. Representatives Coulombe, Mears, Hall, Rauscher, Saddler, and Burke were present at the call to order. Representatives Elam and Fields arrived as the meeting was in progress.

PRESENTATION(S): Greens Creek Mine

1:04:25 PM

CO-CHAIR BURKE announced that the first order of business would be a presentation regarding the Greens Creek Mine.

1:04:50 PM

MIKE SATRE, Director, Government Affairs, Hecla Mining Company, gave a presentation titled "Greens Creek Mine" [hard copy included in the committee packet]. He began with slide 3, which summarized the history of the Hecla Mining company and listed its current active mines around the country. He continued with slide 4, titled "Largest Silver Producer in The U.S. & Canada," which provided statistics regarding Hecla's silver production and compared its output to other silver producers.

1:08:38 PM

MR. SATRE resumed the presentation with slide 5, titled "Solar Will Be the Largest Source Of Electricity," which displayed graphics emphasizing the increasing need for silver in the face of a growing renewable energy industry. He pointed out that the

largest increase in the use of silver is for photovoltaic cells used to store solar energy.

1:10:01 PM

MR. SATRE responded to a question from Representative Elam regarding silver production, explaining that a shortfall is estimated for the next five to six years in terms of global production versus global demand for silver.

1:10:41 PM

MR. SATRE addressed Representative Rauscher's question regarding whether federal tariffs would affect Hecla's silver production. He explained that none of the material that Hecla Mining produces is processed in the United States (USA) and said the tariffs would have an immediate impact on the cost of production.

1:12:52 PM

MR. SATRE, in response to Representative Elam's question, explained that Alaska does not have the capacity to refine the Greens Creek metals.

1:13:58 PM

MR. SATRE resumed the presentation with slide 6, titled "Greens Creek: Flagship Mine," which provided a brief overview of the reserves, the metals, and performance data regarding the Greens Creek Mine on Admiralty Island, Alaska. It described the mine as the "11th largest silver mine globally" and stated the following [original punctuation provided]:

> Low-cost structure with AISC in best 15th percentile of cost curve of primary silver mines*
>
> History of continuous improvement since 2008
> • 7% increase in silver recoveries
> • 25% increase in throughput
>
> Since 1987, Greens Creek has generated:
> • $3.0 Billion in cash flow from operations
> • $2.0 Billion in free cash flows

1:15:14 PM

MR. SATRE, in response to a question from Representative Saddler regarding increased costs, attributed the increases to inflation. He explained that inflation affects the cost of supplies and personnel. There had been some cost offsets in the past few years because other high-value metals are also produced.

1:16:39 PM

MR. SATRE responded to a question from Representative Mears regarding the effects of higher hydroelectric costs and the cost of operation at Greens Creek.

1:17:16 PM

MR. SATRE resumed the presentation with slide 7, titled "Location and History," which displayed a map of the Greens Creek Mine and a timeline of historic events which read as follows [original punctuation provided]:

- 1973 – Exploration in Greens Creek valley
- 1975 – Initial discovery
- 1978 - Admiralty Island National Monument created
- 1980 - ANILCA
- 1987 – Construction
- 1989 – Full production
- 1993 – Operations suspended
- 1996 – Land Exchange
- 1996 – Operations resume
- 2008 – Hecla assumes 100% control of Greens Creek

1:20:34 PM

MR. SATRE continued his presentation with slide 8, titled "Greens Creek Overview," which read as follows [original punctuation provided]:

- Located within Admiralty Island National Monument
- Largest private employer in Juneau
- Largest taxpayer in Juneau
- 2,600 ton per day underground mine
- 35 year production history
- Mine life of 12 years
- ~350 acres of total disturbance currently; ~30 acres of new disturbance with next phase tailings storage facility expansion starting in 2025

1:21:52 PM

MR. SATRE acknowledged Representative Rauscher's observation that the annexation of Admiralty Island by the City and Borough of Juneau (CBJ) resulted in a tax bill for the mine.

1:22:11 PM

MR. SATRE resumed his discussion of slide 8 which summarized the Greens Creek production numbers for silver, gold, zinc, and lead in 2024 as well as the estimated numbers for the life of the mine. He described it as "a world class deposit."

1:22:55 PM

MR. SATRE addressed questions posed by Representative Hall regarding the percentage of employees from Juneau and other parts of Alaska. He explained that the mine works closely with the Mining and Petroleum Training Center in Delta Junction, the University of Alaska Southeast mining training program, and other programs in the state. He pointed out that Juneau has a small population to draw from. Of the 520 employees, 32 percent or 171 people live in Juneau, and 7 percent live in Southeast Alaska, and the total Alaska hire is about 52 percent. Other employees come from Montana, Idaho, and Washington. He explained that they are working with dual credit classes at Juneau Douglas High School. The students are encouraged to apply for the diesel mechanic track which is Greens Creek's area of greatest need. He said that the numbers tend to be working against Alaska hire because people are leaving the state and there is an aging workforce. He identified three primary reasons people from Outside don't stay: the weather, difficulty of access to Juneau, and quality and availability of housing. Greens Creek staff they encourage people to stay in Juneau

1:26:33 PM

MR. SATRE answered Representative Saddler's question regarding which ore body might be the first to play out. He stated that the ore body is homogenous with a combination of silver, gold, zinc, and lead.

1:27:37 PM

MR. SATRE resumed the presentation with slide 9, titled "Committed to Alaska," which displayed a graph labeled "Companywide economic impact in 2023." Slide 9 also summarized

economic benefits to Alaska as follows [original punctuation provided]:

- $190M in direct economic benefits to Alaska
  - $80M in vendor payments
  - $82M in employee payroll
  - $19M in federal and payroll taxes
  - $3.4M in state taxes
  - $3M in CBJ taxes
  - $324k in local contributions
  - 520 employees

- Hydropower – Interruptible service customer since 2005
- ~$90M in savings to Juneau firm customers

1:29:13 PM

MR. SATRE continued with slide 10, titled "Integral to our Community," which displayed a series of photos showing activities and investments that Hecla has made in the City and Borough of Juneau (DCJ). He moved to slide 11, titled "920 Mine Site," which began a "photo tour" of the Greens Creek Mine and its facilities. He moved through slides 12-16, which displayed a series of photos highlighting the process for mining rock at the Greens Creek Mine. He drew the committee's attention to slide 15, titled "Dry Stack Tailings Facility," which depicted the current system for tailings storage. He stated that Greens Creek was one of the first mines to adopt the environmentally responsible dry stack cut technology and described the process. When he presented slide 16, he observed that the Hawk Inlet port facility has been an industrial site since the early 1900's when it was a fish cannery. He commented that some of the old cannery buildings are still in use.

1:34:01 PM

MR. SATRE resumed the presentation with slide 17, titled "Potential Value Extraction From Tails," which read as follows [original punctuation provided]:

Tailings as of Dec. 2024:
- 9.1 million DST of tailings consisting of
- 49 Moz of Silver (5 oz/ton)
- 556 koz of Gold
- 302 Mlbs of Zinc

    - 198 Mlbs of Lead
    - 26 Mlbs of Copper
    - 5.4 Mlbs Antimony
    - 1.1Mlbs of Nickel
    - Includes other critical minerals – Arsenic, Barium, Bismuth, Cadmium, Chromium, Gallium, Germanium, Manganese, Vanadium
- Opportunity for reprocessing includes marketing, participation in DoD/DoE CM initiatives
- Reprocessing tailings would reduce reclamation obligations
    - Metals in tailings represent >$3B in gross value

He described tailing reclamation as a long-term environmental responsibility with planning requirements for stabilizing the tails and providing safe water. He pointed out that the tailings are still valuable. Because the mine produces such high-grade ore, the tailings also tend to be high-grade. He stated that the metals would not be easy to extract, but the mine had been working with the University of Alaska Fairbanks and several private companies to find ways to extract the high value metals

1:35:38 PM

MR. SATRE answered questions from Representative Saddler and Representative Coulombe. He presented several possibilities regarding the potential permitting process for re-working the tailings. Regarding workplace safety at the Greens Creek Mine, he described a "very strong safety culture," citing the lack of fatalities and describing most injuries as minor such as sprained ankles.

1:38:58 PM

MR. SATRE responded to a hypothetical question from Representative Saddler regarding the possibility of increased taxes or fees by CBJ. He stated that an increase in taxes is an increase in costs which could shorten the life of the mine over time. He said the taxes and fees include CBJ taxes, the Alaska mining license tax, the Alaska corporate income tax, and the fuel tax.

1:40:18 PM

The committee took a brief at-ease at 1:40 p.m.

PRESENTATION(S): Red Dog Mine

1:41:30 PM

CO-CHAIR BURKE announced that the next order of business would be a presentation regarding Teck Alaska and the Red Dog Mine.

1:41:37 PM

GRETA SCHUERCH, Senior Advisor for Government and External Affairs, Teck Alaska Red Dog Mine, presented a PowerPoint regarding Teck Alaska and the Red Dog Mine [hard copy included in the committee packet]. She started her presentation with a brief summary of the mine and showed slide 2, titled "Red Dog Operations," which read as follows [original punctuation provided]:

- Red Dog is located about 622 miles northwest of Anchorage, Alaska
- 106 miles north of the Arctic Circle
- At the Western end of Brooks Range
- Began operating in 1989

She continued with slides 3 and slide 4. Slide 3 was titled "1981 – 1982 Partnership with NANA - Community Engagement Ahead of its Time," and slide 4 featured a map of the NANA Regional Corporation. Slide 3 highlighted the partnership between the NANA Regional Corporation and the Red Dog Mine and read as follows [original punctuation provided]:

Resolution of competing title claims critical
- NANA leaders visited Cominco operations: Pine Point, Polaris, Black Angel, Trail

1981 Letter of Intent between NANA and Cominco
- Drill deposit on 400' centers
- Before land status was resolved

1982 Landmark agreement between NANA and Cominco
- Cominco to operate under a lease agreement
- Ultimately schedule to 50:50 profit share

1:45:09 PM

MS. SCHUERCH advanced to slide 5, titled "Red Dog Operations - Operating North of the Arctic Circle." The slide highlighted the challenges of operating a mine in an arctic climate and summarized production numbers. The slide read as follows [original punctuation provided]:

Remote, Arctic climate
• ~ 100-day shipping season
• ~ 120-day exploration season

Production
• Typically, 1.0 – 1.3 million wet metric tonnes of concentrate annually

Red Dog Deposits
• Main (mined out)
• Aqqaluk (2010 start)
• Qanaiyaq (2017 start)

1:45:59 PM

MS. SCHUERCH moved to slide 6, titled "Red Dog – Its all about logistics," which read as follows [original punctuation provided]:

Power Generation
• 8 diesel generators
• 5.0 megawatts per unit
• 24.5 megawatts required
• 40,000 gallons of diesel fuel/day
Air Freight - 2023 estimate:
• 5.8 million pounds of air freight
• 200 Northern Air Cargo, Boeing 737-400
• 30 Lynden Air Cargo, C-130 Hercules

1:46:39 PM

MS. SCHUERCH, in response to Representative Elam's question about fuel usage, stated that most of the diesel was used for generators that power the system. Also, most of the vehicles were diesel. He pointed out that the communities of Kivalina and Noatak can use the barges for shipping freight.

1:47:07 PM

MS. SCHUERCH responded to Representative Mears' question regarding how the fuel infrastructure for the Red Dog Mine

benefits neighboring communities. She explained that during the winter months, the Red Dog provides fuel at cost for the community of Noatak.

1:49:10 PM

MS. SCHUERCH resumed the presentation with slide 7, titled "Broad Benefits of Development," which summarized the revenue sharing benefits to the NANA Regional Corporation and Alaska native corporations resulting from the Alaska Native Claims Settlement Act. She moved to slide 8, titled "Community Development," which highlighted a series of direct benefits to the communities including jobs, village improvements, contributions to education, and royalties. She continued with slide 9, which outlined the different payments in lieu of taxes that are made to the NANA Regional Corporation. The slide was titled "Payments in Lieu of Taxes & Village Improvement Fund," and read as follows [original punctuation provided]:

Payment in Lieu of Taxes
- $20-26M annually
• Primary revenue for the Northwest Arctic Borough (~85%)

Village Improvement Fund
- $4-8M annually
• Village Improvement Commission
• Increase benefits by setting money directly aside for villages
• Long-term sustainability - aimed at socioeconomic investment

1:53:13 PM

MS. SCHUERCH showed slides 10 and 11 both titled "Port Operations." Slide 10 was a photo of the port site which was located 53 miles from the mine. Slide 11 provided details regarding the logistical specifics of the red dog mine's port operations and read as follows [original punctuation provided]:

Shipping season is from early July to late October
18M - 20M Gallons of fuel imported
4,500 containers shipped via ocean barge
85,000 tons ocean of freight
1.1M wet metric tonnes Zinc concentrate shipped
230K wet metric tonnes Lead concentrate shipped

1:54:07 PM

MS. SCHUERCH moved to slide 12, which displayed a map of the world illustrating the trade flow of zinc concentrates after they are mined. She continued with slide 13, which showed a photo of two of the Red Dog Mine's subsistence committees. She described the subsistence committee's work regarding beluga whale and caribou migration. She showed slide 14, titled "Workforce," which highlighted the demographic makeup of Teck Alaska's employees and read as follows [original punctuation provided]:

> Teck Alaska people on role as of December 2024
> • Regular – 653 (53% NANA Shareholder)
> • Temporary – 115 (93% NANA Shareholder)
> - 22% of employees are female

1:56:35 PM

MS. SCHUERCH responded to questions from Representative Hall and Co-Chair Burke. She explained that the Red Dog Mine employs about 73 to 74 percent Alaskans and NANA Regional Corporation shareholders. She explained that the 1982 operating agreement provided for shareholder hiring preference, setting a tiered system. Noatak and Kivalina had preference above other shareholders in the region followed by NANA members outside Noatak and Kivalina. The third tier was NANA shareholders who live anywhere in Alaska

1:58:36 PM

MS. SCHUERCH resumed the presentation with slide 15, which displayed a map of the Red Dog Mine operations. The slide was titled " Aktigiruq & Anarraaq Extension Program (AAEP)Project Overview," and read as follows [original punctuation provided]:

> • Red Dog Mine is scheduled to exhaust the Aqqaluk deposit in 2031
> • Several deposits in the district that, if developed, could extend the life of Red Dog Operations
> • Deep deposits - more difficult to drill from the surface and they will have to be mined using underground mining methods

She described the new explorations in Anarraaq and Aktigiruq and the road being built to the sites. She discussed the benefits of having a road that can be used all year.

2:00:25 PM

MS. SCHUERCH concluded her presentation with slide 16, titled "Aktigiruq & Anarraaq Extension Program (AAEP) Project Overview," which read as follows [original punctuation provided]:

- Prospect located on State of Alaska mining claims - 100% ownership of Teck American Incorporated
- Lead-zinc prospect with potential to extend Red Dog life-of-mine beyond 2031
- 5 additional years of exploration needed

2:01:28 PM

MS. SCHUERCH answered a question from Representative Coulombe regarding workplace safety, explaining that that the Red Dog Mine has a "very comprehensive" safety program called the "courageous safety leadership" program that is required of all employees at the Red Dog Mine. She said the operation has a culture of safety.

2:03:04 PM

MS. SCHUERCH, in response to a question from Representative Fields, described the Red Dog Mine's five apprenticeship programs.

2:04:35 PM

MS. SCHUERCH responded to a question from Representative Rauscher regarding whether climate change has affected the shipping season for the Red Dog mine. She commented that the shipping season varies from year to year and that it has not made anything easier.

2:05:25 PM

MS. SCHUERCH responded to a question from Co-Chair Burke regarding the benefits of the Red Dog mine throughout all of Alaska. She referred the committee to slide 7 and reiterated the information presented on the slide. The native corporations are required to share 70 percent of royalties among the 12 regional corporations, and 50 percent of the money received by the regional corporations must be shared with the village corporations.

2:07:34 PM

The committee took an at-ease from 2:07 p.m. to 2:10 p.m.

PRESENTATION(S): Usibelli Coal Mine

2:10:07 PM

CO-CHAIR BURKE announced that the final order of business would be a presentation regarding the Usibelli Coal Mine.

2:10:21 PM

LORALI SIMON, Vice President, External Affairs, Usibelli Coal Mine Inc., gave a presentation titled "Usibelli Coal Mine, Powering Alaska with Homegrown Energy" [hard copy included in the committee packet]. She began with slide 2, which highlighted the Usibelli Coal Mine's 82-year history as a family-owned operation. She showed slide 3, titled "A Dedicated Team of Employees" and slide 4, titled "Impacting the Community," which read as follows [original punctuation provided]:

> 34% of Usibelli employees are 2nd, 3rd, or 4th generation coal miners
> 87% males 13% females
> 4 employees with former military service
> 14 positions prefer/require four-year degrees
>
> The mine is the largest private -sector, year -round employer in the Denali Borough
> 100% All -Alaskan Workforce
> 105 UCM JOBS full -time and year -round positions
> $14.9 MILLION in salaries & wages
> $5.5 MILLION in health benefits & pensions

2:13:42 PM

MS. SIMON responded to a question from Representative Fields regarding the combined average of wages and benefits per employee, stating that the average for all mining employees in Alaska was over $180,000 per employee.

2:14:26 PM

MS. SIMON resumed the presentation with slide 5, which highlighted the Usibelli Coal Mine's safety record.

2:15:30 PM

MS. SIMON moved to slide 6, titled "Usibelli Coal Mine Today" which highlighted the mine's coal output. The slide read as follows [original punctuation provided]:

> ~ 1 million tons of ultra-low sulfur coal is produced each year
> ~ 80 million tons of proven reserves under current mining permits
> More than 400 million tons of proven coal reserves in the area
> 100% of Alaska's coal demand is supplied to 6 coal-fired power plants in Interior Alaska

2:16:25 PM

MS. SIMON responded to Representative Elam and Representative Coulombe's questions about Usibelli Coal Mine exports. She explained that the Usibelli Coal Mine exported coal for about 30 years but has not exported since 2016 and explained the reasons.

2:18:21 PM

MS. SIMON resumed the presentation on slide 7, titled "Interior Alaska's Existing Energy Infrastructure & Supply." The slide provided information regarding the six coal-fired power plants on the grid which include Eielson Air Force Base, University of Alaska Fairbanks, Fort Wainwright, Golden Valley Electric, and Aurora Energy. Several are co-generation plants which use waste steam for heating.

2:18:56 PM

MS. SIMON answered a question posed by Representative Fields regarding the implementation of carbon capture sequestration (CCS), explaining that Usibelli was working with the University of Alaska, Fairbanks, to research CCS.

2:19:56 PM

MS. SIMON responded to a question from Representative Rauscher regarding the permitting challenges of expanding or adding new coal fired plants.

2:21:08 PM

MS. SIMON resumed the presentation on slide 8, which summarized an economic impact survey conducted by the McKinley Research group exploring the hypothetical costs of energy in Interior Alaska if coal was not available. She moved to slide 9, which highlighted the role that coal plays in ensuring both military readiness and energy security in Alaska. She continued to slide 10, titled "Impacts to the Alaska Railroad," which read as follows [original punctuation provided]:

> Coal accounts for 10% of the railroad's operating revenues
>
> 19% of the railroad's total freight tonnage comes from hauling coal to Interior Alaska power plants
>
> Every coal car that rolls north on the tracks represents local jobs, energy security, and economic strength for Interior Alaska.

2:23:29 PM

MS. SIMON moved to slide 10, titled, "Caring for the Community," which focused on the Usibelli Coal Mine's educational outreach work. The slide read as follows [original punctuation provided]:

> More than $500,000 was donated to communities throughout Alaska supporting education, health & social services, community events, and programs
>
> EDUCATION PARTNERSHIPS:
> $64,000 in scholarships at UAF supporting 33 students
>
> Denali Preschool & Learning Center
>
> On-the-Job Training & Internship Programs with TriValley High School & UAF for: welders, mechanics, electricians, and engineers
>
> Alaska Resource Education support through teacher scholarships, field trips, and event sponsorships

2:25:07 PM

MS SIMON continued with slide 11, titled "An Interior Alaska without Coal," which emphasized the necessity of coal in Alaska's future

2:26:13 PM

MS. SIMON responded to a question from Representative Elam regarding improvements for clean coal. She stated that coal plants can run just as cleanly as natural gas plants with modern technology. She explained that Usibelli is focused on continuous improvement and how coal can be mined better, safer, faster, and how generation can be cleaner.

2:28:37 PM

MS. SIMON answered a question from Representative Coulombe regarding the two Healy coal plants used by Golden Valley Electric Association to generate electricity. She described both Healy Unit 1 and Healy Unit 2 as reliable sources of energy.

2:31:23 PM

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 2:31 p.m.