

MINUTES
SENATE STATE AFFAIRS COMMITTEE

DATE: Wednesday, January 16, 2019

TIME: 8:00 A.M.

PLACE: Room WW55

MEMBERS PRESENT: Chairwoman Lodge, Vice Chairman Harris, Senators Hill, Winder, Vick, Anthon, Souza, Stennett, and Buckner-Webb

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairwoman Lodge** called the Senate State Affairs Committee (Committee) to order at 8:00 a.m. with a quorum present and welcomed new members Vice Chairman Mark Harris and Senator Mary Souza.

INTRODUCTION OF PAGE: **Chairwoman Lodge** introduced Brigham Chelson. **Mr. Chelson** stated he is a Senate page from St. Anthony, attends South Fremont High School, and will graduate May 29, 2019. He stated he has four older siblings who were also pages. They all loved the experience so he decided to join their group. He also attended Boys State which increased his interest in government.

Mr. Chelson explained that he was diagnosed with a hip disease at nine years of age and could not participate in contact sports but found he did like golf. There is no golf team at South Fremont so he has been working with the Athletic Director and Principal over the last four years to form a golf team. His efforts should come to fruition this year. He has applied to Brigham Young University Provo and also plans to serve a full time mission for the Church of Jesus Christ of Latter-day Saints.

Chairwoman Lodge stated her appreciation for Mr. Chelson's dedication to the job of page and welcomed him to the Committee.

GUBERNATORIAL APPOINTMENT: **The Gubernatorial Re-appointment of Daniel Kunz to the Idaho Energy Resources Authority (IERA).**

Chairwoman Lodge welcomed Mr. Kunz and asked him to introduce himself to the Committee and tell them why he enjoys serving on the IERA.

Mr. Daniel Kunz stated that it was a privilege to be in front of the Committee and to be appointed to the IERA. The IERA is an organization that helps Idaho attract infrastructure and energy, particularly efforts with substations such as the Bonneville Power Association (Bonneville Power). The IERA has worked on a couple of financings on their behalf in the past, resulting in improved power service into Idaho.

Mr. Kunz said he and his family moved from Montana to Idaho in 1978 to work for Morrison Knudsen as part of the original mining group. Over time he also worked for other entities in mining and natural resources geology exploration which included extensive traveling. Early in 2000, he formed a geothermal energy company resulting in three producing power plants; two of them serving Idaho Power-one in Vail, Oregon and the other near Burley on Raft River. The third is in Nevada. In 2014, **Mr. Kunz** decided to step away from the day-to-day activities

and work on developmental projects with his son who joined his group. **Mr. Kunz** indicated that he had a lot of expertise in the area of energy, negotiating with construction companies as well as the financial and legal aspects. He considers it a great privilege to have the opportunity to serve on the IERA.

Senator Winder asked for an example of a financing that has occurred during the last two or three years.

Mr. Kunz responded that a multi million dollar package was put together for Bonneville Power for a substation facility that would help them maintain their funding relationship with federal entities. The IERA will issue the bonds but they are a pass-through agency. Bonneville Power guarantees the entire obligation to service the debt and use of the proceeds. There is no risk to IERA and there has been heavy vetting to protect the IERA.

Senator Stennett questioned Mr. Kunz on: 1.) Idaho policy as it pertains to renewable energy and battery storage, 2.) Idaho's progression in that arena; and 3.) Mr. Kunz's vision for renewables.

Mr. Kunz indicated that the Raft River facility was the first commercial scale, geothermal power plant in the Pacific Northwest. Idaho has an advantage because it has a predominantly hydro-power background. Also, Idaho encourages economic transactions with the various market places to take advantage of whichever renewable is most cost effective. **Mr. Kuntz** stated his view that the next decade will focus on battery storage. Things like vanadium redox batteries are going to be the future and they will store significant quantities of electricity; then the power can be used as needed.

Senator Stennett asked which renewable will be most successful in contributing toward battery storage. **Mr. Kuntz** gave an example from California where proposals were issued and contracts awarded for 350 megawatts (mw). Those contracts are for battery storage facilities that will replace aging gas plants.

Senator Anthon asked for Mr. Kuntz's thoughts on the small modular reactors that are located in Eastern Idaho. **Mr. Kuntz** stated in his opinion they will be remarkable. The promise is, if nuclear reaction is controlled on a small scale, it will be deployable at 50 mw increments. Fear issues will be controlled; there will be a small area that can carefully control the fuel, and when that fuel is depleted, it can be replaced. Small quantities can be controlled more efficiently. **Senator Anthon** stated he represents Cassia County and the Raft River area. As a community, over 90% of their energy is renewables.

Senator Anthon stated that there is a concern in his area that the Bonneville Power contracts would not be quite the same as they are today. There is a national impression that Bonneville Power has an advantage because they get power from the dams at a low cost. **Mr. Kuntz** asserted that they are doing everything possible to keep Bonneville Power's costs down. The IERA is part of that solution along with the power that is available from entities like Raft River. Idaho does not get special treatment.

Senator Vick questioned Mr. Kuntz about IERA's solar power project in Puerto Rico. Where is it located and how is the power grid repair progressing after the hurricane? **Mr. Kuntz** explained that Puerto Rico is still in a financial crisis and has not yet recovered from hurricane Maria, which destroyed infrastructure and power sources. IERA could be part of their solutions but they have been caught up in credit issues. IERA is working with US Congress to see if they can be part of the solutions using some of the programs that are being offered to help the island and included in part of the financing packages that will be offered there. This process is not moving very quickly.

Mr. Kuntz said they do see recoveries. There is a company in Jacksonville, Florida, that belongs to a friend of Mr. Kuntz and, similar to the Fukushima disaster, they are generating emergency power with diesel so it is very expensive. There is power being restored and facilities are being repaired. However, it is a slow recovery.

Chairwoman Lodge thanked Mr. Kuntz for appearing before the Committee and sharing his interests in serving the IERA. She indicated that voting would take place at the next Committee meeting.

**PASSED THE
GAVEL:**

Chairwoman Lodge passed the gavel to Vice Chairman Harris to conduct the rules review.

Vice Chairman Harris announced that there were two dockets from the Idaho Public Utilities Commission and invited Commissioner Paul Kjellander to introduce those dockets.

Commissioner Paul Kjellander, Idaho Public Utilities Commission (IPUC), stated he would be presenting two Pending Rules: **Docket No 31-1101-1801** and **Docket No. 31-7103-1801**

**DOCKET NO.
31-1101-1801**

Safety and Accident Reporting Rules for Utilities Regulated by the Idaho Public Utilities Commission

Commissioner Kjellander stated that **Docket No. 31-1101-1801** comes under the umbrella of the American National Standards Institute (ANSI), which is a non-profit, privately funded membership organization. ANSI creates model rules that are compiled for a variety of different industries. States are then asked to voluntarily approve them. **Docket No. 31-1101-1801** contains standards that relate to the 2017 National Electric Safety Code (Code). There is a broad range of areas included within the Code and the revisions will stay in effect for about five years. Some of the revisions are: the creation of an exemption for underground cable grounding requirements, revision of some requirements for substations, penetrable fences for health and public safety, and added requirements for extended clearance for communication cable space if a luminaire is not effectively grounded. Other corrections included spelling errors and definitions.

MOTION:

Senator Souza moved to approve **Docket No 31-1101-1801**. **Chairman Lodge** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
31-7103-1801**

Railroad Safety and Accident Reporting Rules

Commissioner Kjellander explained that the rule under **Docket No. 31-7103-1801** was promulgated by the Idaho IPUC to include commercially bottled water as an acceptable source of drinking water for railroad employees. Water is injected and if it is fouled, it could create health and safety problems for a lifetime. This item is taken seriously. The rule defines what the railroad has to comply with as it relates to providing water to the railroad's employees.

MOTION:

Senator Vick moved to approve **Docket No. 31-7103-1801**. **Senator Stennett** seconded the motion. The motion carried by **voice vote**.

**PASSED THE
GAVEL:**

Vice Chairman Harris passed the gavel back to Chairwoman Lodge.

ADJOURNED:

There being no further business, **Chairwoman Lodge** adjourned the meeting at 8:30 p.m.

Senator Lodge, Chair

Twyla Melton, Secretary