

DRAFT MINUTES

HOUSE INTERIM COMMITTEE ON STATE AGENCIES AND GOVERNMENTAL AFFAIRS
JOINT COMMITTEE ON ENERGYMeeting Jointly
Wednesday, October 6, 2016

The House Interim Committee on State Agencies and Governmental Affairs and the Joint Energy Interim Committee met jointly on Thursday, October 6, 2016, at 9:00 a.m. at the South Central Arkansas Electric Cooperative in Arkadelphia, Arkansas.

Members in Attendance:

Committee members in attendance: Senator Eddie Joe Williams, Vice Chair. Representatives Nate Bell, Chair; Bob Ballinger, Chair; Rick Beck, Vice Chair; Richard Womack, Vice Chair; John Baine, Jim Dotson, Trevor Drown, Mary “Prissy” Hickerson, and Jeff Wardlaw.

Alternate members in attendance: Representative Vivian Flowers.

Other legislators in attendance: Senator Jon Woods. Representatives Jana Della Rosa, Justin Gonzales, Michael Gray, and Stephen Meeks.

Representative Bell called the meeting to order.

Discussion of the Sun Paper Project

Mr. Stephen Bell, President and CEO, Arkadelphia Regional Economic Development Alliance, stated Shandong Sun Paper, a privately owned company from China, will construct a \$1.3 billion bio-product pulp mill in Arkadelphia. Construction is expected to begin during the third quarter of 2017 and create 250 new jobs at an annual average salary of \$52,000 as well as an additional 1,000 indirect jobs, such as loggers, haulers, etc. The product generated will be dissolving pulp which makes rayon used for clothing or textiles. Initially, the product will be shipped to China but it is possible to create a market in the United States. Additionally, the heat generated in the process will generate 80 megawatts of power that will be sold into the power grid through the Midcontinent Independent System Operator.

Overview of Arkansas Department of Environmental Quality (ADEQ) and Discussion of Pulp Mill**Permitting****[Exhibit D]**

Ms. Julie Chapman, Chief Deputy Director, ADEQ, provided an agency overview of ADEQ. ADEQ’s mission statement is to advance the quality of life of Arkansans through the protection, enhancement, and restoration of the environment; to lead in protecting the quality of air, water, and land resources; and to support environmentally responsible economic growth. Arkansas is one of the 13 states in the United States to meet all National Ambient Air Quality Standards. Governor Hutchinson directed ADEQ, Arkansas Department of Health, Arkansas Agriculture Department, Arkansas Department of Parks and Tourism, and Arkansas Natural Resources Commission to identify and address potential issues of common concern in the Buffalo River Watershed. When the new administration started in 2015, there were over 100 permits delayed over 180 days. This was unacceptable and a definite impediment to economic development in Arkansas. ADEQ started using Lean Management Principles to achieve multiple internal efficiencies. Therefore, since January 1, 2016, there have been 10 permits that have taken longer than 180 days. The goal in permitting is to issue protective permits which protect the environment, the citizens, and the industry. ADEQ is excited about Shandong Sun Paper coming to Arkansas, as it will be the most technologically advance mill of its kind in North America.

Overview of the Public Service Commission (PSC)

[Exhibit F]

Mr. John Bethel, Executive Director, PSC, presented an overview of the PSC. Mr. Bethel explained the PSC has three commissioners to govern the agency and create policies to implement regulations for the utility companies. PSC has three divisions, the Utilities Division, the Pipeline Safety Office and the Tax Division with 114 total authorized positions; 106 of those are filled. The Utility Division and Pipeline Safety Office are funded by special revenue from assessments on the jurisdictional utilities and operators. A portion of the Pipeline Safety Office's expenditures are reimbursed through a grant from the United States Department of Transportation's Pipeline and Hazardous Materials Safety Administration. The Tax Division is funded by a transfer from the Utilities Division and by a portion of the Ad Valorem Tax Fund. Mr. Bethel noted the most important mission of the PSC is to deliver safe and reliable utility service at a reasonable price.

There being no further business, the meeting adjourned at 10:47 a.m.

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