

3/30/11

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**March 30, 2011 Alaska House Finance Committee Hearing HB 105:
Authorizing Additional Acreage to the Southeast State Forest
(House Finance Committee Hearing in Room 519 on HB 105 - March 30, 2011)**

Mr. Chairman - I am John A. Sandor with my home at 3311 Foster Avenue, in Juneau, Alaska. I first came to Alaska on an assignment with the U. S. Forest Service in 1953 and served as the Regional Forester of the Alaska Region from 1976 to my retirement from that agency in 1984. I also served as Commissioner of the Alaska Department of Environmental Conservation from 1990-1994. I am submitting this testimony as an individual - a Certified Forester and life-time member of the Society of American Foresters.

I support HB 105 - which will add 23,181 Acres of State lands to the 25,291 acre existing State Forest which was established last year. This expanded State Forest of 48,472 acres will enable the Department of National Resources Division of Forestry to sustainably managed the timber, fisheries, wildlife, waters, recreation, and other multiple benefits that will strengthen the local economy, provide jobs, and improve the quality of life of the communities living in the vicinity of these existing state lands.

On March 4, 2011 the District Court for the District of Alaska reinstated the 2001 Clinton Administration's Roadless Rule on the Tongass National Forest. This reinstated Roadless Rule has the potential of limiting resource development projects on all Tongass NF Roadless Areas. In fact, two thirds of the twenty seven renewable energy projects currently being reviewed by the Forest Service will be adversely impacted or potentially jeopardized (see attached listing) .

This new Southeast State Forest will provide SE Alaska communities with new opportunities to improve their economy and quality of life.

Thank you for the opportunity to testify in support of HB 105.

John A. Sandor, CF

Tongass National Forest Energy Program – 2010 -2014

February 1, 2011

Proposed and Unconstructed Projects

Name - District – Applicant - Power destination	Comments	Forest Plan LUD, Roadless	2010	2011	2012	2013	2014
1. Schube Lake -- JRD, Alaska Power & Tel, Upper Lynn Canal	FERC issued prelim permit 11/30/2010. AP&T seeking funding from AEA.	Semi-Remote Recreation, Roadless #302	FS inv permit, studies	Studies	Studies	Draft LA	Final LA FERC EA
2. Lace River -- JRD, Green Power Development, LLC Kensington Mine	FERC issued prelim permit 09/15/2010	LUD II Roadless #301	----	FS inv permit, Studies	Draft LA	Final LA	FERC EA
3. Gastineau Channel Tidal --JRD, Natural Currents Energy Serv, Juneau – SE Intertie	FERC prelim permit 04/30/2010. Will probably not affect NFS lands/resources.	N/A	Studies	Studies	?	?	?
4. Sweetheart Lake -- JRD, Juneau Hydropower Inc. Juneau – SE Intertie	Applicant is developing study plans and Scoping Doc 1.	Semi-Remote Recreation Roadless #302	FS inv permit, studies	Studies	Draft LA	Final LA	FERC EA
5. Angoon Hydro/Thayer --ANM, Kootznoowoo Angoon	NEPA completed. (Non-FERC project)	Wilderness	Development plans, permits?	Plans, permits?	?	?	?
6. Killisnoo/Angoon Tidal -- ANM, Natural Currents Energy Serv, Angoon	FERC prelim permit app 08/2010. Will probably not affect NFS lands/resources.	N/A	Studies	Studies	?	?	?
7. Icy Passage Tidal -- HRD, Natural Currents Energy Serv, Hoonah	FERC prelim permit 04/30/2010. Will probably not affect NFS lands/resources.	N/A	Studies	Studies	?	?	?
8. Gartina Creek – HRD, Inside Passage Electrical Cooperative, Hoonah	FERC ruled that licensing is required. Project improvements on Sealaska land. Upper reaches of watershed on NFS lands.	N/A	?	?	?	?	?

US Forest Service

February 2011

Name - District – Applicant - Power destination	Comments	Forest Plan LUD, Roadless	2010	2011	2012	2013	2014
9. Port Frederick Tidal – --HRD Alaska Power & Tel Hoonah	Is a hydroelectric project, rather than hydrokinetic. FERC prelim permit 11/18/2009.	Old-Growth Habitat, Roadless #343	FS inv permit, studies ?	Studies ?	Studies ?	Draft LA ?	Final LA ?
10. Neka Geothermal – HRD Tongass Energy Company Unknown	Site nomination rec'd 8/30/2010. FS working with BLM. TNF minerals group has the lead. (Non-FERC)	Timber production	?	?	?	?	?
11. Upper Tenakee Geothermal – SRD, Tlingit Haida CC Unknown	No recent activity. TNF minerals group has the lead. (Non-FERC)	Semi-Remote Recreation, Roadless #311	?	?	?	?	?
12. Tenakee Sp/Indian River – SRD City of Tenakee Springs Tenakee Springs	Project is on State/City but will impact FS fishpass. Upper reaches of watershed on NFS lands. FERC determined licensing not needed 5/26/2010. (Non-FERC)	N/A	?	?	?	?	?
13. Blue Lake Modification -- SRD City & Borough of Sitka Sitka	Sitka applied to FERC to amend existing license and increase capacity. Would raise dam by 83 feet and inundate additional 362 ac of NFS lands.	Municipal Watershed, Roadless #331	Draft LA Final LA	FERC EA, License	Construct.	Construction	On-line
14. Takatz Lake -- SRD City & Borough of Sitka Sitka and SE Intertie	FERC prelim permit on 09/19/2008.	Semi-Remote Recreation and Remote Recreation, Roadless #330, 331	Studies	Draft LA	Final LA	FERC EA	License

Typical project activities and timeline:

Year 1: Applicant submits application to FERC and is issued a Preliminary Permit. This gives applicant exclusive right to study feasibility of a site and file a license application within 3 years. FS files as intervenor and submits comments. Applicant applies to FS for investigative studies permit. FS issues special use authorization for investigative studies.

Year 1-2: Pre-application document (PAD) is submitted by applicant to initiate public process and describe project thought to be feasible. FS provides comments. Study plans are developed in consultation with stakeholders. Field studies are conducted. FS provides comments.

Year 2-3: More studies. Applicant prepares Scoping Documents 1 and 2. Applicant prepares Draft License Application and submits to FERC. Includes detailed description of project and environmental analysis. FS comments and submits preliminary 4(e) terms and conditions.

Year 3-4: Applicant prepares/submits Final License Application to FERC, including responses and revisions based on DLA comments. FERC issues EA as final step.

Year 4-5: FERC issues license. Applicant completes required plans for construction, monitoring, etc. FS comments. Applicant submits application to FS for permit for the licensed project. FS issues decision and authorizes project to occupy NFS lands.

Year 5- ??: Construction of project. FS reviews, monitors, inspects.

Name - District – Applicant - Power destination	Comments	Forest Plan LUD, Roadless	2010	2011	2012	2013	2014
15. Baranof Chinook – SRD Hawken LLC Proposed salmon research facility	ADF&G and NSRAA not involved in salmon facility; appears to be private project. FERC determined licensing is required 6/2010.	Remote Recreation, Roadless #330	----	?	?	?	?
16. Little Port Walter/Osprey Lake -- SRD NOAA – NMFS Little Port Walter Marine Station	Federally-owned project. Non-FERC.	Remote Recreation, Roadless # 334	NEPA	NEPA, FS permit,	Construct.		
17. Cascade Creek -- PRD Cascade Creek LLC SE Intertie, BC, Lower 48	2 nd FERC prelim permit expired 1/31/2011. Applicant applied for new prelim permit on 2/1/2011. No decision yet by FERC. Draft license application and draft EA filing were expected at any time. Did not meet deadline.	Semi-Remote Recreation, Old Growth Habitat, Scenic Viewshed, Modified Landscape Roadless #202	Studies	Studies ? Draft EA,?	Final EA/LA ?	FERC EA ?	License ?
18. Ruth Lake -- PRD City of Angoon SE Intertie, BC, Lower 48	FERC prelim permit on 11/05/2009.	Old Growth Habitat, Roadless #202	Studies ?	FS inv permit ? Studies ?	?	?	?
19. Scenery Lake -- PRD City of Angoon SE Intertie, BC, Lower 48	FERC prelim permit on 10/01/2009	Semi- Remote Recreation, Roadless #202	Studies ?	FS inv permit ? Studies ?	?	?	?
20. Sunrise Lake – WRD City of Wrangell Unknown	Project is inactive. No FERC correspondence since 2008. City wishes to keep FS inv permit in	Scenic Viewshed, Roadless #231	--	--	--	--	--

	effect.						
Name - District – Applicant - Power destination	Comments	Forest Plan LUD, Roadless	2010	2011	2012	2013	2014
21. Neck Lake – TBRD Alaska Power & Tel Whale Pass	Project is on State land with FS road reservation. FERC determined licensing is required 11/04/2010.	N/A	Paperwork	?	?	?	?
22. Reynolds Creek – CRD Haida Corp. and AP&T Prince of Wales Island	Project is on private land and is not expected to affect NFS resources.	N/A	Financing, Plans	Plans, Construction	Construct		
23. Lake Shelokum – KMRD Alaska Power & Tel SE Intertie	FERC prelim permit 05/01/2009.	Special Interest Area, Roadless #529	----	FS inv permit, Studies	Studies	Draft LA	Final LA
24. Bell Island Geothermal – KMRD, Starkey Wilson Swan-Tyee Intertie	NEPA in progress. TNF minerals group has lead. (Non-FERC)	Semi-Remote Recreation, Roadless # 529	FS consent to BLM lease ?	NEPA to consider roadless.	?	?	?
25. Whitman Lake – KMRD Ketchikan Public Utilities Ketchikan, Swan-Tyee Intertie	Project was licensed in May 2009. Construction funding still pending.	Old-Growth Habitat, Roadless #524	Post-licensing required plans.	Post-licensing plans, FS sp use permit	Construct	Construction	
26. Mahoney Lake – KMRD Cape Fox Corp. and AP&T Swan-Tyee Intertie	Licensed, unconstructed. Stay of license since 2004. Project is on private land but planned access road might be on NF.	N/A	?	?	?	?	?
27. Soule River – KMRD Alaska Power & Telephone BC and Lower 48	2 nd FERC prelim permit 09/22/2009. Draft license application and draft EA filing with FERC imminent.	Remote Recreation, Roadless #530	Studies	Draft LA	Final LA	FERC EA ?	License ?

3/20/11

Shelly Wright, Director, SE Conference

MY TURN: THE PAST AND FUTURE OF THE TONGASS

By Dr. Walter Schiele II | Juneau Empire

When I was born in Killisnoo, in 1908, the Tongass National Forest had just celebrated its first birthday. President Theodore Roosevelt set aside this land and water when Killisnoo was a bustling, productive community which produced much wealth. We processed everything from herring to whales and used everything from blueberries to Sitka Spruce. Nearby Angoon provided labor to Killisnoo, to canneries in Hood Bay, Hawk Inlet and the mines in Juneau. A coal mine was worked in Angoon as trees were cut to provide for buildings, heating and docks. We utilized our resources.

President Roosevelt, the great conservationist, proclaimed:

"And now, first and foremost you can never forget for a moment what is the object of our forest policy. That is not to preserve the forests because they are beautiful, though that is good in itself, not because they are refuges for the wild creatures of the wilderness, though that too is good in of itself; but the primary object of our forest policy, as the land policy of the United States, is making of prosperous homes. It is part of the traditional policy of home making in our country. Every other consideration comes as secondary. You yourselves have got to keep this practical object before your minds; to remember that a forest which contributes nothing to the wealth, progress or safety of the country is of no interest to the government and should be of little interest to the forester. Your attention must be directed to the preservation of the forests, not an end in itself, but as a means of preserving and increasing the prosperity of the nation."

As we, the people and communities of the Tongass spent the next 50 years working together to share in this wealth with the United States, we mostly got along. Some newcomers were not friendly and brought bad manners with them and worse. Nonetheless, we welcomed them as we worked our fisheries, our timberlands and local mines while continuing our customary and traditional activities which have sustained us from the beginning. The economy prior to statehood offered the people of Southeast choices, something we no longer seem to have despite many advances in health care and many dollars spent on education.

With statehood, the Tongass and then I turned 50. The promise of a brighter future shone as we Alaskans would finally be "equal." The federal government invested in clean hydro-electric projects planned to power all our communities with affordable electricity. Alaskan Natives would be able to settle our claims for loss of aboriginal rights and for the first time stand side by side with Alaskans who homesteaded their lands. We understood from watching the treatment of our brothers and sisters in the Lower 48 that broken promises were the rule but we still believed this need not be so.

So, the Tongass just celebrated its 100th and Alaska is coming up on its 50th which is way too fast for my liking and I ask where we are today? Are we walking side by side with our fellow citizens, our fellow Alaskans? Do we have the opportunities that existed prior to Statehood? Are we able to utilize our lands and waters as a means to create energy, jobs and wealth for our families?

Our villages today suffer in a way I have never seen. Angoon fights for its survival. As a member of the Alaska Native Brotherhood and a witness to the work of the Lord, I have found the energy to share openly, firmly and with resolve the need to address the condition of our people with those who have come to live with us. Sadly, our work is not nearly done.

• Good Afternoon and Thank you for this opportunity to address the committee

My name is Shelly Wright and I am here on behalf of the communities in Southeast Alaska that rely on resource development for survival. I am the executive director for Southeast Conference.

The communities in Southeast Alaska are struggling to survive. Part of the struggle is a lack of jobs. There used to be a timber industry in our region that supported our communities.... people had wage earning jobs and financial support for our schools and infrastructure. We depended on this for security and for our future. Now our industry is almost gone....I have been told the timber industry is a thing of the past.....but recently I read an article in the Juneau Empire that gave me indications to the contrary....Seems the State of Alaska's retirement fund officials are looking at investing in a timber industry in the lower 48.....to make the Alaska State retirement fund more secure they are investing in Timber in the Southeastern states from Texas to the Carolinas.....While we sit on 17 million acres of the Tongass National Forest.

That tells me we are missing the mark here in our region.

This state forest will be a small way to stabilize our investments in the future of our communities. Allowing the State to have designated lands to manage for timber harvest will give our local mills a little more security and therefore maybe be able to employ a few more folks. We are down to one medium sized mill on Prince of Wales Island and 9 or 10 mom and pop mills throughout the region that rely on the bigger mills to stay in business. We are encouraged by the progress the state department of forestry has made with its industry development and with the partnership they have with the Federal Government However these efforts are almost unfortunately too little too late.....our region is in emergency mode now. We need this forest designation in order to survive.

The existence of a timber industry in Southeast Alaska depends on immediate action to provide a supply of economically viable sales. There has been a concerted effort by the State working with the Forest Service to improve the quantity and quality of the Forest Service timber sales. This effort continues but has not resulted in the improvement needed. There are 17 million acres in the Tongass National Forest.....this bill will secure 48,472 acres for timber harvest management by the Division of Forestry..... It is a very small amount of land in the big picture but it could go a long way in maintaining the stability of our people in Southeast Alaska.

As a representative of the logging communities in Southeast Alaska I urge you to support the expansion of the Alaska State Forest and support the passage of HB105. This

- designation will enable the Department of Natural Resources Division of Forestry to sustainably manage the timber, fisheries, wildlife, waters, recreation and other multiple benefits that will strengthen the local economy, provide jobs and improve quality of life of all Southeast Alaska communities. And I also encourage you.....as representatives for the state of Alaska and individually....to continue to look for ways to assist the Federal Government in implementing the Tongass Land Management Plan and open the Tongass National Forest to responsible resource development.

Thank you for your time and attention today

Rick Rogers
HB 105 Briefing
DNR, Division of Forestry
House Finance Committee

March 30, 2011

Introduction

Thank you Mr. Chairman and members of the Committee. My name is Rick Rogers, and I am the Forest Resource Program Manager for DNR Division of Forestry. Director Maisch regrets that he is not able to join us today, but he is meeting with staff at our spring Fire Operations meeting in preparation for the 2011 fire season.

Background and Purpose

I am pleased to speak in support of HB105. This bill is part of the state's effort to ensure that local timber processing continues to be a piece of the economy in Southeast Alaska. The majority of timber in SSE is on federal land, but federal timber sales have declined drastically. Local mills now depend heavily on state timber for survival. Demand for southeast timber for wood energy is also increasing, further raising the importance of securing a timber base in this region. (Cite example of Sealaska wood pellet boiler)

Pursuant to SCSHB 162(RES), the 25,291 acre Southeast State Forest was established in June 2010. HB105 would add an additional 23,181 acres of state lands to the Southeast State Forest from state lands currently available for timber harvest. The Division of Forestry would then be able to manage the combined acreage (48,472 acres) for a long-term supply of timber and retain these lands in state ownership for multiple uses. These forest lands will be managed as an integrated unit and according to a state forest management plan that will be developed via a public process within the next two years. While the lands were previously available for timber harvest before the State Forest was established, the State Forest designation ensures these productive forest lands will remain in state ownership and contribute to the long term viability of the timber based economy in southeast.

In 2009, the previous forest inventory was updated for all general use lands managed by the Department of Natural Resources (DNR) with forest management intent language per the regions Area Plans. This data provides the required supporting information on timber volume, acreage and allowable harvest for this request. The allowable harvest from these lands is approximately 8.3 million board feet. The DNR manages over 159,000 acres of uplands in southern southeast

Alaska. Timber management is allowed on approximately one third of this land; the State actively manages this timber base to supply wood to local processors. The remaining land is designated primarily for other uses including land sales, recreation, water resources, and fish and wildlife habitat, including over 65,073 acres of legislatively designated state marine parks and critical habitat areas. Adding lands to the State Forest will ensure that the State's most suitable lands in Southeast remain available to contribute to timber supply through the State's ongoing timber sale program. Much of the State owned timber land in southeast Alaska was inherited from the U.S. Forest Service and is comprised of young, second-growth stands. Actively-managed second-growth stands provide more timber volume per acre on shorter rotations and can result in improved deer browse than unmanaged stands. We can increase timber yield and associated timber supply from state land by thinning these stands. Thinning is a long-term investment and is only justified if the land will continue to be available for forest management.

Timber sales from these lands will be a mix of domestic and export and will be based on economic conditions and locations. As established by the 1984 Supreme Court Case of South Central Timber Development, Inc vs. Esther Wunnicke, Commissioner DNR, the state may not restrict round log exports due to the interpretation of the interstate commerce clause. In spite of these legal constraints the Division has done a good job encouraging local manufacturing of logs from State timber sales. Approximately 87% of the timber sold from state lands in southern southeast over the past six years has been processed by Alaska manufacturers.

The proposed additions to the Southeast State Forest include 23 parcels (see chart in the briefing paper). Approximately 21 percent of these lands are from five parcels that had previously been reserved pending legislative transfer to the University of Alaska. That legislation did not pass freeing these lands for long-term forest management in the State Forest. The legislation includes general use lands on Prince of Wales, Tuxekan, Gravina, Kosciusko, Revillagigedo, Wrangell, Suemez, Mitkof, Kuiu, Dall, and Zarembo Islands. Six of these parcels are adjacent or near existing State Forest parcels.

The Division of Forestry worked with the Division of Mining, Land, and Water (DML&W) to identify and exclude lands that are priorities for the state land disposal program. A consultation was also initiated with the University of Alaska

Statewide Office of Land Management and University senior officials. A key difference between a state forest designation and a transfer of lands as proposed by previous legislation is the continued long-term public ownership of these lands as opposed to other development uses. The Division also consulted with the Alaska Department of Fish and Game to ensure there was internal alignment on the list of proposed parcels, and there is. Several other parcels were considered as part of our internal due diligence process, but because of known concerns and or potential for high controversy were not included.

Fish habitat and water quality are key components of the Forest Resources and Practices Act (FRPA) which have a series of regulations that will apply to management of these parcels. Stream buffers have a no cut 100 foot minimum width on both anadromous and high value resident fish streams. The next 100 to 300 foot zone may allow timber harvest, but the activity must be consistent for both the maintenance of important fish and wildlife habitat. Area Plans also provide for coastal buffers of 300 to 500 feet with additional recommendations for specific parcels. During the development of the forest management plan, a key consideration for the Neets Bay parcel will be the maintenance of water quality and quantity for the fish hatchery operation at the head of the bay. Dialog with the Southern Southeast Regional Aquaculture Association (SSRAA) is ongoing concerning this legislation.

The Southeast State Forest would be managed as part of the State Forest System under AS 41.17.200-.230. Subsection (a) of Sec. 41.17.200 reads in part:

“The primary purpose in the establishment of state forests is timber management that provides for the production, utilization, and replenishment of timber resources while allowing other beneficial uses of public land and resources”.

In addition to timber management, State Forests are open for multiple uses, including wildlife habitat and harvest, mineral exploration and development, transportation, recreation and tourism. State Forest lands would be managed consistent with the management intent under the current Prince of Wales Island and Central Southeast area plans. Changes to management intent would require public and interagency review through adoption of a State Forest Management Plan under AS 41.17.230.

Municipal Entitlements

One of the other demands on state land in SSE is to fulfill land entitlements for new municipalities. To avoid conflicts with the Wrangell Borough entitlement, the Southeast State Forest bill specifies that the new Wrangell Borough may select State Forest land within the borough boundary. The Wrangell borough boundary encompasses three parcels in the existing state forest (Crittenden Creek and Bradfield Canal East and West), and four parcels in the proposed additions (Eastern Passage, Pat Creek, Pat Creek uplands and Earl West Cove).

If additional municipalities are incorporated before June 30, 2019, lands that were vacant, unappropriated, unreserved land before establishment of the State Forest would be included in the calculation of the municipal entitlement acreage, but may not be selected.

Outreach

DNR has briefed many statewide groups and entities across Southeast Alaska about this proposal, including the Board of Forestry, SE Conference, local governments, and the diverse groups participating in the Tongass Futures Roundtable. These discussions will continue and to date we have received letters in support from the following organizations:

- the City of Coffman Cove,
- the Resource Development Council,
- the Alaska Forest Association,
- The Alaska Chapter of the Society of American Foresters
- Southeast Conference
- Wrangell resident and forestry consultant, George Woodbury
- The Juneau Chamber of Commerce

Thank you Mr. Chair and members of the committee. I would be glad to answer questions.