

**ALASKA STATE LEGISLATURE  
HOUSE RESOURCES STANDING COMMITTEE**

April 27, 2001

1:12 p.m.

**MEMBERS PRESENT**

Representative Drew Scalzi, Co-Chair  
Representative Hugh Fate, Vice Chair  
Representative Joe Green  
Representative Mike Chenault  
Representative Lesil McGuire  
Representative Gary Stevens  
Representative Mary Kapsner

**MEMBERS ABSENT**

Representative Beverly Masek, Co-Chair  
Representative Beth Kerttula

**COMMITTEE CALENDAR**

CONFIRMATION HEARINGS

Board of Game (Continued)

Julie Maier - Fairbanks  
Ben Grussendorf - Sitka  
William H. "Chip" Dennerlein - Anchorage

- CONFIRMATIONS ADVANCED

Oil & Gas Conservation Commission

Julie Huesser - Anchorage

- CONFIRMATION ADVANCED

Dept of Natural Resources Commissioner

Pat Pourchot - Juneau

- CONFIRMATION ADVANCED

HOUSE BILL NO. 241

"An Act relating to a railroad utility corridor for extension of the Alaska Railroad to Canada and to extension of the Alaska Railroad to Whitehorse, Yukon Territory, Canada."

- MOVED CSHB 241(RES) OUT OF COMMITTEE

**PREVIOUS ACTION**

BILL: HB 241

SHORT TITLE:RAIL AND UTILITY CORRIDOR TO CANADA

SPONSOR(S): REPRESENTATIVE(S)JAMES

Jrn-Date	Jrn-Page		Action
04/10/01	0929	(H)	READ THE FIRST TIME - REFERRALS
04/10/01	0929	(H)	TRA, RES
04/24/01	1181	(H)	COSPONSOR(S): MCGUIRE, KOHRING, SCALZI,
04/24/01	1181	(H)	WILSON
04/24/01		(H)	TRA AT 1:00 PM CAPITOL 17
04/24/01		(H)	Moved Out of Committee
04/24/01		(H)	MINUTE(TRA)
04/25/01	1197	(H)	TRA RPT 3DP 1NR
04/25/01	1198	(H)	DP: WILSON, SCALZI, KOHRING; NR: MASEK
04/25/01	1198	(H)	FN1: ZERO(CED)
04/25/01		(H)	RES AT 1:00 PM CAPITOL 124
04/25/01		(H)	<Bill Postponed to Friday 4/27>
04/26/01	1257	(H)	COSPONSOR(S): FOSTER, WHITAKER
04/27/01		(H)	RES AT 1:00 PM CAPITOL 124

**WITNESS REGISTER**

NOEL WOODS

Matanuska Valley Sportsman

(No address provided)

POSITION STATEMENT: Testified in opposition to the confirmation of Dr. Maier, Mr. Grussendorf, and Mr. Dennerlein to the Board of Game.

JEAN WOODS

(No address provided)

POSITION STATEMENT: Testified in opposition to the confirmation of Dr. Maier, Mr. Grussendorf, and Mr. Dennerlein to the Board of Game.

PATTI BARBER

(No address provided)

POSITION STATEMENT: Testified in opposition to the confirmation of Dr. Maier, Mr. Grussendorf, and Mr. Dennerlein to the Board of Game.

DICK BISHOP

Alaska Outdoor Council

1555 Gus's Grind

Fairbanks, Alaska 99709

POSITION STATEMENT: Testified in opposition to the confirmation of Dr. Maier, Mr. Grussendorf, and Mr. Dennerlein to the Board of Game.

KENNY BARBER

(No address provided)

POSITION STATEMENT: Testified in opposition to the confirmation of Dr. Maier, Mr. Grussendorf, and Mr. Dennerlein.

JULIE HEUSSER, Appointee  
to the Oil & Gas Conservation Commission  
Anchorage, Alaska

POSITION STATEMENT: Testified as an appointee to the Oil & Gas Conservation Commission.

PAT POURCHOT, Commissioner  
Department of Natural Resources  
400 Willoughby Avenue, 5th floor  
Juneau, Alaska 99801-1724

POSITION STATEMENT: Testified as an appointee as the Commissioner of the Department of Natural Resources.

REPRESENTATIVE JEANETTE JAMES

Alaska State Legislature  
Capitol Building, Room 214  
Juneau, Alaska 99801

POSITION STATEMENT: Testified as sponsor of HB 241.

HAL COOPER

(No address provided)

POSITION STATEMENT: Testified in support of HB 241.

PAUL TAYLOR, Professional Engineer

(No address provided)

POSITION STATEMENT: Testified on HB 241.

DAVE BROADBENT (PH)  
Canadian Arctic Railway  
(No address provided)

POSITION STATEMENT: Testified on HB 241.

BILL BRITT, State Gas Pipeline Coordinator  
Office of the Commissioner  
Department of Natural Resources  
411 W 4th Avenue, 2nd floor  
Anchorage, Alaska 99501-2343

POSITION STATEMENT: Expressed concerns with HB 241.

### **ACTION NARRATIVE**

TAPE 01-44, SIDE A  
Number 0001

CO-CHAIR DREW SCALZI called the House Resources Standing Committee meeting to order at 1:12 p.m. Representatives Scalzi, Fate, McGuire, Stevens, and Kapsner were present at the call to order. Representatives Green and Chenault arrived as the meeting was in progress. Co-Chair Scalzi passed the gavel to Representative Fate, Vice Chair.

### CONFIRMATION HEARINGS

#### Board of Fisheries

VICE CHAIR FATE announced that the committee would continue the confirmation hearings on the Board of Game [that began on 4/25/01]. He noted that [at a prior hearing] the committee heard from Dr. Julie Maier, former Representative Ben Grussendorf, and Mr. "Chip" Dennerlein, appointees to the Board of Game. He then turned to [public] testimony.

Number 0205

NOEL WOODS, Matanuska Valley Sportsman, testified via teleconference in opposition to all three appointees to the Board of Game. After a survey of the actions of these appointees during the past Board of Game meeting, [the Matanuska Valley Sportsman] feels that they failed to recognize what is considered to be a severe game-predator problem. Their actions do provide [assurance that the Matanuska Valley Sportsman] would have confidence in these appointees as members of the Board of Game. [The Matanuska Valley Sportsman] feels quite strongly

that a sustained yield is more important than the predator-prey relationship for which they seem to have concern.

JEAN WOODS testified via teleconference and said she wanted to echo Mr. Woods' comments. Ms. Woods noted her particular opposition to the confirmation of Mr. Dennerlein based on his behavior at the last Board of Game meeting. Ms. Woods related her understanding that at the last Board of Game meeting, Mr. Dennerlein carried on phone conversations, was rude to testifiers, was inattentive during presentations, and was doing personal business on his laptop. Ms. Woods interpreted Mr. Dennerlein's actions to mean that he is too busy and too important to give the Board of Game the time it deserves.

Number 0485

PATTI BARBER testified via teleconference and noted that she is speaking on behalf of her husband, Kenny Barber, as well as herself. She informed the committee that she and her husband are opposed to the [confirmations] of all three appointees to the Board of Game. "After sitting in on the Board of Game meetings for eight days, we felt that these members were unable to use sound judgment concerning game issues," she charged. Furthermore, she didn't feel that the [appointees] listened to the concerns of the area biologist. Also, the board gave nonresidents a longer hunting season over residents of Alaska, which she and her husband felt was unfair. Therefore, Ms. Barber urged the committee not to confirm these appointees.

VICE CHAIR FATE asked if there were any further questions or comments regarding the three Board of Game appointees.

Number 0633

DICK BISHOP, Alaska Outdoor Council (AOC), informed the committee that during the council's statewide delegates meeting in March, it unanimously voted in opposition to the confirmation of Mr. Dennerlein, Mr. Grussendorf, and Dr. Maier to the Board of Game. Although it's the board's responsibility to establish management policy and approve management plans, last year the governor told the board that he wanted a "new era of wildlife management" with more protection for wolves, and more closed areas [designated by the governor] for viewing wolves and bears. Only after such would the governor consider management actions to increase big game numbers in important hunting areas. At that time the board had accomplished an intensive review of predator-prey situations and had developed an outstanding policy

on predator-prey scenarios. [The Board of Game] couldn't, in good conscious, accept this intrusion into their area of responsibility. [Therefore,] those board members whose terms expired weren't reappointed.

MR. BISHOP pointed out that the "new era of wildlife management" requested by the governor "boils down to" no management, less hunting, and more viewing. Such a situation undermines Alaska's traditional pursuits and lifestyles. "For justification, it relies on the popular myth that hunting and viewing are incompatible. This year the governor reappointed Board of Fish members based on the premise of seeking experience and continuity on the Board of Fisheries. However, that wasn't the policy with the Board of Game appointments where the policy seemed to systematically purge experience and continuity. Therefore, the committee is faced with the request to confirm a Board of Game that the governor hopes will implement his demands. Mr. Bishop said, "The governor has chosen well." He informed the committee that Mr. Dennerlein represents an environmental organization that has anti-hunting roots going back decades and continues to mislead the public about wildlife issues in Alaska. Although former Representative Grussendorf is a respected legislator, his record includes a bill to unnecessarily shut down an important brown bear hunting area, opposition to legislation that addresses the shortage of big game, as well as opposition to earlier Board of Game appointments. Furthermore, Dr. Maier, a well-educated wildlife biologist, lacks management experience as a framework in which to effectively apply her training to address the board's challenges.

MR. BISHOP concluded by urging the committee to not approve the governor's agenda. However, he suggested that if the committee approves of the governor's agenda, it should confirm the governor as a member of the Board of Game.

Number 0633

CO-CHAIR SCALZI agreed with Mr. Bishop's assessment of the governor's stance. He understood Mr. Bishop to merely be pointing out [the governor's stance rather than only arguing for continuity].

MR. BISHOP answered that [reappointment of a board member] is really dependent upon good judgment in regard to how well the board is performing its responsibilities in its arena. In AOC's opinion, the previous board was performing its responsibilities

in an outstanding manner. That board did an outstanding job in dealing with the difficult issue of predator-prey management as well as presenting the best written policy Mr. Bishop had ever seen. Mr. Bishop remarked that those board members who exercise fair-mindedness and good judgment illustrate that longevity and experience are extremely valuable. In the past some of the best boards were comprised of people who had been on the board for quite some time. For example, Sydney Huntington, an outstanding board member, served on the Board of Game for 20 years.

CO-CHAIR SCALZI related his understanding that the Alaska Department of Fish & Game (ADF&G) is very supportive of [AOC's] ideology for game management.

MR. BISHOP remarked that most departmental biologists who have worked on predator-prey management studies or are familiar with such would agree that predation on big game is the principal limiting factor on big game numbers in the state. Predation on big game accounts for about 85 percent of the annual mortality to most big game animals while hunter harvest accounts for about 2-7 percent, depending on the particular circumstances. There is also the small factor of accidents and diseases. He noted that [predation] doesn't apply with animals such as deer in Southeast Alaska.

CO-CHAIR SCALZI surmised then that in most cases, Mr. Bishop felt that the biologists are good stewards of information that depict how management regimes should proceed with regard to predation.

MR. BISHOP replied yes. In regard to whether ADF&G would be in agreement with AOC's views on predator management, he felt that while most of the biologist are in agreement with AOC's views on predator management, the department and the administration generally is not.

Number 1350

KENNY BARBER testified via teleconference and noted that he is an advisory board committee member, although he is speaking on his own behalf. Mr. Barber explained that he would ask the committee not to [confirm] the appointees because of his experience with these people involving trapping issues on trail systems.

Number 1483

GAIL BLUNDELL testified via teleconference. She noted that she holds a PhD in Wildlife Biology. Ms. Blundell recommended confirmation of Dr. Maier. She related her belief that the Board of Game should represent all factions of Alaska's citizenry in proportion to their currents in the population. Ms. Blundell remarked that although most board members represent only one viewpoint, Dr. Maier represents a balance between consumptive use - her family relies on wild game - and a scientific education. Dr. Maier was educated in Alaska and has conducted research in various ecosystems in Alaska and thus she has the ability to understand how various proposals may fit into the ecosystem as a short-term solution with its long-term implications.

VICE CHAIR FATE noted that there is a quorum present and the explained that the committee would need to have a motion to forward the names of the appointees to the joint session of both bodies for consideration of appointment to the Board of Game.

Number 1565

REPRESENTATIVE STEVENS moved that the committee forward Dr. Julie Maier's name to the joint session of the House and Senate for consideration of appointment to the Board of Game. There being no objection, it was so ordered.

CO-CHAIR SCALZI moved that the committee forward Mr. Ben Grussendorf's name to the joint session of the House and Senate for consideration of appointment to the Board of Game.

VICE CHAIR FATE objected.

A roll call vote was taken. Representatives Kapsner, Scalzi, McGuire, Chenault, and Stevens voted in favor of forwarding Mr. Ben Grussendorf's name to the joint session of the House and Senate for consideration of appointment to the Board of Game. Representative Fate voted against it. Therefore, Mr. Ben Grussendorf's name was forwarded by a vote of 5-1.

Number 1685

REPRESENTATIVE CHENAULT moved that the committee forward Mr. Chip Dennerlein's name to the joint session of the House and Senate for consideration of appointment to the Board of Game.

CO-CHAIR SCALZI objected.

A roll call vote was taken. Representatives Kapsner, McGuire, Chenault, and Stevens voted in favor of forwarding Mr. Chip Dennerlein's name to the joint session of the House and Senate for consideration of appointment to the Board of Game. Representatives Scalzi and Fate voted against it. Therefore, Mr. Ben Grussendorf's name was forwarded by a vote of 4-2.

#### Oil & Gas Conservation Commission

VICE CHAIR FATE turned to the confirmations for the Oil & Gas Conservation Commission [Alaska Oil & Gas Conservation Commission (AOGCC)].

Number 1785

JULIE HEUSSER, Appointee to the Oil & Gas Conservation Commission, testified via teleconference. Ms. Heusser, a life-long Alaskan, informed the committee that she is a degreed petroleum engineer. Ms. Heusser stated, "I'm very much committed to working at the AOGCC to carry out the legislatively mandated intent of Title 31, the Oil and Gas Conservation Act, as well as our regulations." She noted that she has been with the commission for more than five months and brings more than 20 years of practical "down-hole" experience in a variety of areas that seem applicable to the commission's work.

VICE CHAIR FATE inquired as to whether anyone wished to testify on this proposed appointment. There being no one, he indicated that he would entertain a motion.

Number 1874

REPRESENTATIVE MCGUIRE moved that the committee forward Ms. Julie Heusser's name to the joint session of the House and Senate for consideration of appointment to the Oil & Gas Conservation Commission. There being no objection, it was so ordered.

#### Dept of Natural Resources Commissioner

VICE CHAIR FATE moved on to the reappointment of the Department of Natural Resources Commissioner, Pat Pourchot.

Number 1921

PAT POURCHOT, Commissioner, Department of Natural Resources (DNR), noted that the committee packet should contain his

resume. Commissioner Pourchot informed the committee that he served four years in the State House and four years in the State Senate. For the past six years he has been the legislative director for Governor Knowles until his appointment last September as the Commissioner of DNR. Commissioner Pourchot said that he viewed his appointment as a great honor and privilege. He pointed out that DNR is charged with both developing and conserving the state's resources, and therefore is involved in a variety of functions that can collide. There is emphasis in obtaining the facts and hearing from the public as the department tries to make informed, intelligent, and fair decisions, which former Commissioner Shively started and Commissioner Pourchot hoped to follow.

REPRESENTATIVE McGUIRE noted that she has known Commissioner Pourchot for many years and she thought he would do a great job in this position. Representative McGuire referred to an email that she found disturbing. She explained that the email was forwarded to the Juneau Assembly by the mayor. The email was then brought to the attention of some legislators. Representative McGuire said that from the email it appears that Jim Stratton is confused whether he would have the ability to administratively withdraw land for creation of the Channel Park. She inquired as to Commissioner Pourchot's position on the Channel Park and the aforementioned administrative power.

Number 2145

COMMISSIONER POURCHOT remarked that this is the type of email from department staff that is not a good form of communication in which to engage. He noted that he wasn't familiar with the local political situation relating to this [park]. However, he turned to the Interagency Land Management Agreement (ILMA) issue. Commissioner Pourchot stated that [DNR] does have authority - under a recently revised statute - to administratively transfer management for park or recreation purposes. The area is limited in size to 640 acres a square mile and the department must report on any uses of that land annually to the legislature. Over the past several years, this has been used sparingly. The areas in which it has been used average 170-180 acres in size and most often stem from another locality or agency that requests DNR to set up this management system to be established for some special purpose. These are typically picnic sites or campground areas. However, this [can be sought] for other agencies. Commissioner Pourchot related his belief that [ILMAs] are good management tools. He noted that [DNR] would not unilaterally designate a small park area,

but would, in this case, result from borough action or city action and would need to proceed through a public process. He reiterated that he wasn't sure of the local feelings on this; however, this [email] seems to indicate that there has been a change in [city and borough] administration and perhaps now is the time to determine whether the local community wants the department to do something in regard to the Channel Islands.

REPRESENTATIVE MCGUIRE specified that she wasn't implying that the ILMA process isn't useful or appropriate in certain situations. However, she was disturbed by the commissioner's answer because it seemed to suggest that a land withdrawal of the size in the Channel Park area could simply occur by resolution of the borough stating that there is support within the borough. She pointed out that such action did occur in 1995 and thus she didn't have any misgivings that it could occur again. Therefore, she expressed concern as to where the legislature fits into this. In fact, one of the "Whereas" clauses in the 1995 borough resolution says, "Action by the Alaska Legislature is necessary to accomplish the land withdrawal and there is currently legislation pending, HB 91 and 34, that would accomplish the creation of the Juneau Channel Islands Marine Park." Representative McGuire said, "I would be troubled to see any one of us or, in this case, the department simply subverting the legislative process and using the ILMA process and simply a resolution by the borough to do something that is as controversial and as drastic, in my opinion." Therefore, she inquired as to the sideboards because there don't seem to be any in regard to the Channel Islands Park.

COMMISSIONER POURCHOT pointed out that the sideboards are in statute for the circumstances under which the department can do an administrative ILMA. Again, he noted his unfamiliarity with the specifics of the bill. However, he guessed that the reason for the statute was that it exceeded the acreage amount. The other good reason for legislation is the fiscal note that would ensure appropriations for a management regime that the legislature supported, which the department likes as well. He emphasized that he would definitely consider the controversy and the failure of past legislation before doing anything administratively. Typically, the department's ILMAs aren't subject to controversy or a separate piece of legislation.

REPRESENTATIVE MCGUIRE reiterated her belief that the ILMA process is important. She interpreted Commissioner Pourchot's comments to mean that "a statement by the borough is one thing,

a statement by the legislature is another thing." In this case, there are two potentially contradictory statements.

Number 2535

CO-CHAIR SCALZI noted his respect for Commissioner Pourchot. He then inquired as to the status of the Kodiak Island transfer.

COMMISSIONER POURCHOT said that the department is aware of this possible trade at Chirikoff Island. He noted that there are federal grazing leases, although the U.S. Fish & Wildlife Service isn't particularly keen on maintaining those grazing leases nor on the wildlife values of the island in general. There has been the suggestion that the state engage in a trade for another island such as Marmot Island. Commissioner Pourchot recalled that some DNR staff will be meeting with the U.S. Fish & Wildlife Service soon in order to explore this possibility.

COMMISSIONER POURCHOT noted that historically, land trades with the federal government have proven to be huge "sinks" of time and energy, and often haven't led to anything. However, the U.S. Fish & Wildlife Service seems to be interested in this "if not pushing it a little bit." Still, there are many regulations and procedures. Furthermore, Commissioner Pourchot expressed his hesitance in "going down their road" unless there's real value to the state. Therefore, he said he was cautious.

Number 2695

CO-CHAIR SCALZI turned to Sitkinak [Island] that houses a lighthouse. If Sitkinak is moved into state hands, he expressed the need for keeping the buildings and facilities on that island for hunters or those who may be shipwrecked. Co-Chair Scalzi suggested that the department defer to the Kodiak Island Borough to determine their wishes.

COMMISSIONER POURCHOT noted that the department has checked with the borough and he wasn't sure how enthusiastic they were.

CO-CHAIR SCALZI continued with the issue of critical habitat areas. For example, the [Alaska Department of Fish & Game] recently banned mariculture expansion and jet skis in Kachemak Bay. He asked if Commissioner Pourchot has any concerns that the critical habitat areas may not be doing what they intended, [that is to say] overregulating actions on some of these uses. He also asked what the commissioner saw with the revisitation of the critical habitat area issue.

COMMISSIONER POURCHOT pointed out that the land management of critical habitat areas was transferred to the Alaska Department of Fish & Game (ADF&G). The management decisions are the primary responsibilities of ADF&G. However, DNR did have involvement with the mariculture issue due to the leasing of the bed and the water column. Still, great deference was given to ADF&G in terms of the biology. He noted that DNR was concerned with continued public use of clam beaches, although it was a moderate position. Also, DNR was involved with the jet ski issue, but only as it related to Kachemak Bay State Park.

Number 2885

CO-CHAIR SCALZI turned to the power bill and the intertie to Fairbanks through Tanana Flats and inquired as to its status.

COMMISSIONER POURCHOT informed the committee that the decision to grant the right-of-way was taken under reconsideration, which is a formal process by the DNR commissioner. Several studies were done in order to examine some of the points that people raised and suggested needed further work. At the end of February, Commissioner Pourchot issued a final decision for the department to approve the right-of-way that would go from Healy to Fairbanks via the Tanana Flats.

TAPE 01-44, SIDE B

COMMISSIONER POURCHOT noted that in recent weeks there was a motion before the court to enjoin or obtain a restraining order for further work, which is being handled by the Department of Law. He recalled that motions were due this week. There will be some continuing effort. Commissioner Pourchot pointed out that the court action raised some issues that had not surfaced before. Commissioner Pourchot expressed confidence that the work would proceed and the project would move forward.

Number 2882

REPRESENTATIVE STEVENS inquired as to what Commissioner Pourchot would like to accomplish in the remaining two years if he is confirmed.

COMMISSIONER POURCHOT remarked that [in many areas] he would stay the course by continuing some of the things that were started. However, he noted that DNR has dealt with some very severe budget cuts over the last several years. One of the ways

DNR was able to handle those budget cuts and continue the work was through computer-based work. Work still remains in that area. He noted that the Senate recently approved DNR's budget item to complete some of that work. Commissioner Pourchot expressed his commitment to review how much more computer-based work can be put online, which would provide a two-fold benefit by better serving the public and DNR staff by having information available earlier.

COMMISSIONER POURCHOT addressed the park system, which he believes to be a fine system in terms of land and resource base. However, the park system is very strapped for its management capabilities. Furthermore, there are huge amounts of deferred maintenance for the state parks. Therefore, one of his goals is to make basic improvements in the state parks as well as to put a little more resources in that system in order to meet the deferred maintenance projects as well as some of the maintenance staff and rangers.

COMMISSIONER POURCHOT noted that the department has met the great growth in oil and gas leasing and related activities through help from the legislature. He noted that the department is meeting with the companies regarding next year's field season, which is winter. He expected another big year in terms of development plans, participating areas, and new units. That means a lot of work is going on, much of which is associated with developing new oil. New oil results in new revenue and new jobs. From the department's standpoint, it's quite a bit of work, which [resulted] in the department asking for and receiving additional resources from the legislature. Now, the department is left to create a solid, efficient system with better paid well-qualified people.

Number 2641

REPRESENTATIVE McGUIRE related her expectation that Commissioner Pourchot will be confirmed and noted how nice it is to discuss his vision. She then turned to the issue of aquatic farming. Representative McGuire mentioned that when talking with ADF&G, it views DNR as an equal partner in the development or nondevelopment of [aquatic farming]. She asked Commissioner Pourchot if he viewed aquatic farming as a viable economic development opportunity for the state. She noted that, on a casual basis, she has discussed ideas such as royalty, or leasing, or performance bonds.

COMMISSIONER POURCHOT framed his remarks by noting that DNR staff aren't biologists and thus there are disease considerations and limited use of nutrients in the water to which he is unable to comment. However, it seemed that Alaska's coastline and broad water resources provide opportunities to develop aquatic farms. The department views this issue from the realm of its constitutional charge of common use of resources and fair treatment of applicants or users. In DNR's view, aquatic farming is not that different from those who want to lease land for various things. Furthermore, it is similar in that there is limited water as there is limited land. Commissioner Pourchot said, "If there's ... jobs and economic opportunities and it can be done in a biologically sound manner, we work towards those goals and we think, in this case, that ... there are ... potentials that could ... continue to be explored and used. And ... we are prepared to, within those confines, make leases."

REPRESENTATIVE McGUIRE remarked that she would appreciate the commissioner and DNR staff spending time on this issue. She expressed concern that the current draft regulations would thwart a future in aquatic farming in Alaska. She noted that with other resources Alaska has been able to manage for common use as well as economic benefit.

Number 2430

VICE CHAIR FATE noted a perception in the state that DNR favors an environmental approach over that approach that might help develop the state's resources. He commented on the bureaucracy a small entrepreneur faces. Small entrepreneurs seem to be a thing of the past, although that is often what a good economy is founded on. Therefore, he inquired as to what Commissioner Pourchot [and the department] was going to do in an attempt to reverse that and help Alaska's economy.

COMMISSIONER POURCHOT pointed out that DNR has a number of [ongoing] programs such as oil and gas leasing that makes land available. For example, last November 713,000 acres of oil and gas land was sold. This last full year over 12,000 mining claims were entered into and for which permit fees were collected. Also, the department is again having regular, predictable, and substantial land sales to individuals. Therefore, he felt that the department is doing a lot in terms of development and making land available and useable. However, he agreed with Vice Chair Fate in regard to the complexities of

the process and the public's perception. That is, in part, due to the fairly complicated statutes provided by the legislature.

COMMISSIONER POURCHOT identified another aspect as the courts and the taking of shortcuts. For example, last fall [it was discovered] that the department, which had been renewing water rights and sending them out, needed a process with a public hearing and review. That court case has resulted in the department having a water bill in an attempt to correct some of the process. When things are pushed too far, too fast, and something or somebody is left out, it catches up with the department. The result is that the new process is built into the future process and things are fairly sluggish. Therefore, he has been reading the regulations and [having] briefings. Those briefings consider the burden to the user group and whether everything in the regulations are necessary.

VICE CHAIR FATE asked, "Will you do everything you can ,as commissioner, to help us ... do a good job of developing the resources in the state in a sound and, certainly, environmental manner?" Vice Chair Fate related his belief that [the state] could do more in developing its resources.

COMMISSIONER POURCHORT replied yes.

Number 2066

REPRESENTATIVE STEVENS moved that the committee forward Commissioner Pourchot's name to the joint session of the House and Senate for consideration of appointment to the Department of Natural Resources. There being no objection, it was so ordered.

The committee took an at-ease from 2:20 p.m. to 2:25 p.m.

#### HB 241-RAIL AND UTILITY CORRIDOR TO CANADA

VICE CHAIR FATE announced that the final order of business would be HOUSE BILL NO. 241, "An Act relating to a railroad utility corridor for extension of the Alaska Railroad to Canada and to extension of the Alaska Railroad to Whitehorse, Yukon Territory, Canada."

REPRESENTATIVE JEANETTE JAMES, Alaska State Legislature, testified as the sponsor of HB 241. She noted that she has been working on this issue for some time and filed HB 241 because she wanted to have a definite alignment of the rail corridor. Currently, there is a "center-line" survey from the air to

identify where the corridor would be located, which is along the highway. She related her belief that there are some gas rights-of-way along the highway. She explained that the rail corridor has two endings one of which extends to the Canadian border and the other proceeds north at Tetlin and comes down the Ladue River and continues through Carmacks and Faro to Watson Lake. Although that is a resource rich area, it seems unlikely that a railroad would be put through the Yukon Territory and connect with the British Columbia Rail without going through Whitehorse. Furthermore, although the Ladue River is state-owned land, it includes wetlands and habitat and thus it may be easier to proceed down the highway, an area that has already been disturbed. Therefore, HB 241 doesn't specify going through the Ladue River, it merely says that the rail would go to the Canadian border and on to Whitehorse. This legislation would authorize the railroad to do surveying of a 500 foot wide corridor to be utilized for railroad transportation and utilities. After the extensive survey has been prepared, the survey would be submitted to the State of Alaska who would then transfer the land within the corridor to the Alaska Railroad Corporation (ARRC). For the land that is not state land, there would be authorization to proceed in obtaining right-of-way permission. She said that she didn't know what had to be done once the corridor reaches the Canadian border; the corporation would have to deal with that. She pointed out that there is no financial help with this proposal and thus she assumed that ARRC would find its own funding for this.

REPRESENTATIVE JAMES informed the committee of the dispute she has with the State of Alaska, which would prefer to give the railroad a right-of-way. However, she felt that "they" need to own the right-of-way because ARRC is a state-owned corporation and all of the railroad's current rights-of-way belong to it save those passing through military bases. Therefore, the issue of giving [the right-of-way] to the railroad isn't realistic because it's transferring it. This situation would be the same as transferring land from the state to the Alaska Industrial Development and Export Authority (AIDEA). She also noted that there will be testimony regarding whether the gas line should be placed in the railroad corridor, an issue for which she didn't have an answer. However, she explained that one of the reasons for HB 241 is to avoid a situation in which a gas line is the road where the railroad is to be placed. She mentioned that she has had extensive conversations with the oil companies on this matter. The [difficulty] is who would receive the money from the oil companies for the gas line [if it were to be located in the railroad right-of-way]. The state would probably claim it

should receive that money. However, she suggested that if the gas line was in the railroad corridor and the industry paid the railroad, the railroad would build it because the railroad could bond for that future revenue.

REPRESENTATIVE JAMES acknowledged that there is much controversy surrounding the railroad as it was setup to operate as an almost private corporation owned by state funds. Furthermore, the legislature continually attempts to hamper the railroad's efforts to run like a private corporation. Representative James recognized that many would like to sell the railroad and she believes that someone will be interested in such a purchase in the not-so-distant future, especially if it looks as if the line is going to be connected to the Lower 48. She remarked that she would be willing to sell ARRC whenever someone wants to pay the state what it's worth.

Number 1485

HAL COOPER testified via teleconference saying that Representative James has requested that he speak in support of HB 241. He said that HB 241 is a very necessary first step in beginning the connection of the rail lines between Alaska and Canada and the Lower 48. He felt that this proposal is a very useful and necessary step to develop the railway and create the corridor.

PAUL TAYLOR, Professional Engineer, testified via teleconference. Mr. Taylor provided the following testimony:

A key component of the location and economic strategy of an Alaska to British Columbia railway corridor will be the location of the route through the Central Yukon. I believe the Yukon extension investigation should focus on Whitehorse as a major terminal on the main track. Route selection studies should give intense examination of the line of track leading from the Ladue River Valley of the Alaska-Yukon border through the vicinity of Carmacks, Yukon. Then the track corridor would generally follow the Klondike Highway down to Whitehorse. Reasons for this routing are numerous. With Carmacks established as a terminal on the Alaska to British Columbia Transcontinental main line, the immediate Carmacks region provides the potential for serious mineral development. What is more is that link either by a branch line or continued utilization of the Robert Gamble Highway provides

transportation to the Faro Roust (ph) River mineral sector, which adds even more freight potential to the Carmacks terminal. The railroad route from Carmacks to Whitehorse has been studied in detail in the past with the line of railroad shown to be superior in grade and alignment. Carmacks to Skagway route offers immense potential for tourism cruise trains.

The Central Yukon route and economic feasibility investigation must include every port framing the engineering considerations, a conversion plan, and the economic consequences to covert the White Pass and Yukon route to standard gauge in order for the transcontinental railroad to be linked to the Port of Skagway, the Yukon's gateway. Carmacks to Skagway interconnection will be vital to the economic integration of the Alaska to British Columbia Railway. The multimodal railroad corridor must, by its obvious benefits to the overall project, be included in any feasibility study of railroad construction in the Yukon. One could also argue that the Carmacks to Skagway corridor could be constructed independently, in advance of the Alaska Railroad extension to the Yukon.

Mr. Taylor concluded by noting that he would mail other remarks to the committee this afternoon.

Number 1223

DAVE BROADBENT (PH), Canadian Arctic Railway, testified via teleconference. He felt that HB 241 [provides the hope] that this railway will happen some day. He applauded Representative James' attempt, through HB 241, to promote the extension of the railway. He noted that once Canada gets going on this, it would headquarter any development in Canada out of Whitehorse.

Number 1069

JOHN PORTSCHELLER testified via teleconference. Mr. Portscheller remarked that the most recent (indisc.) papers provide excellent examples for the arguments in opposition to HB 241. Reviewing the proposal from the civil perspective, environmental questions would have to be addressed well before route selection is discussed. However, he didn't see even a vague recommendation to address those factors in the legislation. Mr. Portscheller informed the committee that the

area's fish and wildlife environmental organization representatives are staunchly opposed to this development. There are many reasons that support stepping back and taking a second look at such a proposal as this. He stated one reason: "If a large scale economic development like this is to go forward, it should stand the age-old litmus test of determining whether or not the private sector would push forward such a project." However, there seems to be little indication that the private sector in Alaska has the willingness or financial capability to take on such development. This seems to be a backward approach in that it essentially forces the project. Furthermore, Mr. Portscheller expressed the need to address environmental concerns and physical factors as well as considering the total privatization of such a project versus having the government take the lead.

Number 0899

REPRESENTATIVE JAMES noted that she has been working on this issue for nine years and has wondered when someone from the environmental community would object. She said that she hasn't had any objections before now. She expressed interest in meeting with Mr. Portscheller.

MR. PORTSCHELLER said "we" would be interested in meeting with Representative James. He noted that he isn't affiliated with the local environmental or fish and game organizations and is speaking only as a member of the community of Tok.

Number 0699

BILL BRITT, State Gas Pipeline Coordinator, Office of the Commissioner, Department of Natural Resources (DNR), testified via teleconference. Mr. Britt said that he has the following two concerns with HB 241:

The first is that the bill does not allow the Department of Natural Resources to protect valid existing land rights on land that DNR would be required to convey to the Alaska Railroad. These rights could well include the TAPS (Trans-Alaska Pipeline System) right-of-way. We may not wish to transfer portions of the TAPS right-of-way even as we are processing an application for renewal of that right-of-way. Secondly, the bill does not allow the commissioner of DNR to reject portions of the corridor where there might be a greater state interest involved

in the land such as a gas pipeline. The bill could, thus, complicate a gas pipeline project by: removing possible gas pipeline right-of-way from state ownership even as an application may be pending; removing possible construction material sites from state ownership; creating another landowner for portions of the right-of-way; and creating the possibility that the railroad would be granted condemnation authority over private lands that would be within a gas pipeline right-of-way. We may wish to retain as much control over the gas pipeline authorization process as possible at this stage in that project. And this bill appears, to me, to be contrary to that end.

My colleagues in the Division of Mining, Land, and Water have expressed several other concerns. ... The first being that expenses associated with the transfer are not made clear; who bears those expenses? The second is: there ... is no ability for the (indisc.) to retain sub-surface rights on the lands that would be conveyed. And the third is: there appears to be no upper limit on the amount of land that could be required to be transferred. The corridor is described in the bill as at least 500 feet wide, but no maximum amount is identified.

Number 0510

VICE CHAIR FATE asked if any thought had been given to a common corridor so that [the department] could facilitate a transportation facility for both gas and the railroad as well as any future considerations.

MR. BRITT answered that there is no prohibition against more than one use of a transportation corridor. The rights-of-way the [department] grants are nonexclusive rights-of-way and thus more than one use can occur within a right-of-way as long as the uses are compatible. Such occurs frequently.

Number 0444

REPRESENTATIVE JAMES indicated that [Mr. Britt's] testimony highlighted the reasons why the proposal won't work without any indication to help make it work. She said that she was willing to add any language to make this work. Furthermore, she assumed that the issues identified by Mr. Britt would be issues that the

railroad, who would survey this route, would be reviewing. She didn't expect the railroad to travel over an already existing right-of-way. Moreover, Representative James emphasized that this corridor was present before there was talk of a gas pipeline not to mention that the railroad corridor will probably be present after the gas pipeline is finished. She expressed her belief that it is important that this [corridor] be done now and there should be some coordination. She mentioned that NASA had flown over this corridor with high-resolution photography because the federal government wants this railroad corridor and thus there may be federal money. Representative James said, "I'm really serious about this issue and I want some cooperation from DNR and other agencies of the state to make this happen."

MR. BRITT clarified that he was commenting on HB 241 not the feasibility of an extension of the railroad. He said that he believes his aforementioned concerns have been communicated before, at least in the fiscal note. Therefore, there shouldn't be anything new in his testimony.

Number 0116

REPRESENTATIVE GREEN related his understanding that HB 241 requires condemnation rights and many other requirements, yet there is no fiscal note because the expectation is that the railroad will secure the financing.

REPRESENTATIVE JAMES agreed with that understanding.

REPRESENTATIVE GREEN inquired as to what the railroad must do. He asked if the railroad would have the ability to decline this.

REPRESENTATIVE JAMES interjected that [HB 241] merely authorizes the railroad to do this. In further response to Representative Green, Representative James confirmed that she has spoken with the railroad.

REPRESENTATIVE JAMES informed the committee that U.S. Senator Ted Stevens indicated to the railroad last year or so that he wanted the railroad to determine the cost to extend the railroad to Delta for a missile defense system. The railroad did determine the cost for such and some work had to be done for that, which she recalled was \$250 million ...

TAPE 01-45, SIDE A

REPRESENTATIVE JAMES said that when it comes to building a missile defense system, this proposed corridor would be advantageous in order to bring in the materials. Therefore, she suspected that there might be some federal money available for the corridor or perhaps some large railroad companies may be interested in this and may come to the table with money. She noted that there may also be some bonding possibilities. However, she clarified that she isn't present to do the financing.

Number 0098

REPRESENTATIVE GREEN expressed concern that in order to start this project the determination of where the line can go has to be made. Such work, as illustrated with the railroad's work on the Delta connection, is "no lean task." Therefore, a significant amount of money will be required to establish a feasible route or routes. Representative Green suggested that there are a sequence of events such as aerial photography to on the ground [surveys] to ownership that would take some time. Therefore, he indicated concern with the time it would take to do what is laid out in the bill.

REPRESENTATIVE JAMES turned to U.S. Senator Murkowski's legislation. She explained that the Rails to Resources legislation authorized a bilateral commission, 12 Americans and 12 Canadians. There was a \$6 million fiscal note on the US side to create this commission in order to perform a feasibility study in the next three years. At this point, "we" are waiting for the Canadians to pass the same legislation with a like fiscal note, after which the commission will be appointed and the feasibility study will be done. She estimated that it would probably cost about \$10-\$12 million to perform the feasibility study. However, Representative James pointed out that it will be difficult for the commission to perform a feasibility study if there is no authority to have any routes. Therefore, HB 241 is before the committee.

REPRESENTATIVE JAMES informed the committee that Dr. Paul Metz, University of Alaska, has made some grant applications to perform a complete geological study of the existing rail from Fairbanks to Seward as well as "this" line. She presumed that he would obtain that grant and work on it this year.

REPRESENTATIVE JAMES said that [the corridor] would provide room for all the different types of transportation and utility things that "we" want to go down the highway. This is the beginning in

that it determines where that is and what works. The gas pipeline wouldn't need the same type of topography that a rail would. The topography is critical for a railroad.

Number 0401

REPRESENTATIVE GREEN recalled [testimony] that there might be a commonality between the [gas] pipeline and the rail. He could see the commonality between the pipeline and the highway whereas the grades required for railroads aren't necessary for a pipeline or a highway.

REPRESENTATIVE JAMES agreed, but noted that she has been told that gas runs better when its flat.

REPRESENTATIVE GREEN noted that there are a myriad of pipelines that aren't flat. Representative Green expressed concern that HB 241 goes far beyond the feasibility aspect. He remarked on the need to do a feasibility study that would specify what type of land is where.

Number 0500

REPRESENTATIVE JAMES commented on things being "studied to death." Representative James said:

I want to have something that says we're going to go there. If you don't like the way the language is written, I'll fix it. ... I want to authorize, something on paper that authorizes the fact that there is an opportunity to have a rail corridor and a utility corridor going into Canada. And that's going to take something. If I can't get it out of the people who work for the state and I can't get it out of the legislature, there's no point in even talking about it. And we might as well tell Washington, D.C., we don't want any kind of industry, ... expansion, or ... economic activity in the state. You got to start some place. And I understand the biggest argument I have with people is where's the money going to come from. You know, if you have an ability to do something and there's an opportunity out there, somebody will come forward with the money. It just happens. ... I'm saying that you got to have an opportunity for people to ... see the opportunity before the money is going to come forward. ... There is nothing that cannot be accomplished if you really

want to do it and if the desire of getting to the end result is there; and that's where I'm at. If we don't have some economic activity in this state, we're going to dry up.

REPRESENTATIVE GREEN pointed out that the people who offer the money do feasibility studies. The feasibility study would include "can you get there," the environmental concerns, and the economics. He said that he wouldn't have a problem with such; however, he suggested that [HB 241] goes far beyond that and assumes that a railroad [corridor] will be built.

REPRESENTATIVE JAMES disagreed. In response to Vice Chair Fate, she announced that all references to "Whitehorse, Yukon Territory" in HB 241 should be changed to refer to "Whitehorse, Yukon."

Number 0839

CO-CHAIR SCALZI moved that the committee adopt the following amendment:

Page 1, line 2; page 3, lines 21, 22, and 25,  
Delete "Territory"

There being no objection, the amendment was adopted.

Number 0942

REPRESENTATIVE McGUIRE moved to report HB 241 as amended out of committee with individual recommendations and the accompanying fiscal note. There being no objection, CSHB 241(RES) was reported from the House Resources Standing Committee.

#### **ADJOURNMENT**

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 3:04 p.m.