

MINUTES
SENATE FINANCE COMMITTEE
February 20, 2001
9:03 AM

TAPES

SFC-01 # 18, Side A

CALL TO ORDER

Co-Chair Dave Donley convened the meeting at approximately 9:03 a.m.

PRESENT

Senator Dave Donley, Co-Chair
Senator Pete Kelly, Co-Chair
Senator Loren Leman
Senator Lyda Green
Senator Gary Wilken
Senator Alan Austerman
Senator Lyman Hoffman
Senator Donald Olson

Also Attending:

Attending via Teleconference: CAM TOOHEY, Executive Director,
Arctic Power

SUMMARY INFORMATION

SB 95 - APPROP: GRANT TO ARCTIC POWER FOR ANWR

The Committee heard testimony from Arctic Power and the bill was held in Committee.

#sb95

SENATE BILL NO. 95

"An Act making an appropriation for a grant to Arctic Power to promote the opening of the Arctic National Wildlife Refuge for oil and gas exploration and development; and providing for an effective date."

Co-Chair Donley indicated that this appropriation is also included

in the House version of the fast track supplemental, HB 117.

CAM TOOHEY, Executive Director, Arctic Power, testified via teleconference, indicated that the appropriation before them requests \$1.5 million in order to take advantage of the public interest and promote the Arctic National Wildlife Refuge (ANWR) as the solution to the future problems of the country. He explained that the funds would be used to educate members of Congress through tours, visits from Alaska's capitol hill, visits by Alaskans to other states across the country to educate their support groups and also to launch response media campaigns to keep the field level in an effort to educate people in national environmental groups.

Mr. Toohey further noted that while their efforts are coordinated between the Alaska delegation, the Alaska State Legislature and the Governor's Office, Senator Murkowski, who will be before the legislature tomorrow, will be able to give them details and assist them in their understanding of the situation.

Senator Leman asked for two things to be addressed: one, a work plan on how the \$1.5 million would be spent; second, this particular piece of legislation shows a lapse date of June 30, 2006. He wondered why the lapse date is five years out when it is in the supplemental for this year.

Mr. Toohey addressed the second question. He indicated that their intentions are to use the funds now, because it gives them more flexibility if all the funds are not used now they would be able to allocate the funds later. He noted that he has not spent a lot of time on the lapse date discussion. He referred to the first question with regards to a detailed work plan and indicated that he would be happy to go over that with Senator Leman.

Senator Leman replied that he wants to be sure that they are using their best efforts and are continuing to maximize coordination with other efforts that are ongoing.

Mr. Toohey agreed that it is definitely their goal. He noted that they intend to match the public funds with private contributions; therefore, they would be looking at an overall budget of \$4 million.

Senator Austerman wondered how long Arctic Power has been working on ANWR.

Mr. Toohey indicated that Arctic Power was formed in 1992, just after the Gulf War. He explained that it was the intention of the legislature, at the time, to form a group to respond to the

opportunities that might be presented to the state in the effort to open ANWR. He pointed out that like the Gulf War in 1992 they are faced with a similar opportunity today with American's interested in solving their long-term energy needs. He added that they have been receiving state funds since 1995.

Senator Austerman wondered how much they have received from the state since 1995.

Mr. Toohey indicated that the legislature has made available to them \$500,000 annually, which was determined to be the amount needed to keep the issue alive and to take advantage of opportunities as they arose. He explained that of the \$500,000 they have been expending approximately \$250,000 annually; therefore, coupled with their private funds the operation has been fairly small until the last two months when the issues reemerged.

Senator Austerman wondered why they need a fast track supplemental right now.

Mr. Toohey said that they are in a situation where the opportunities are presented to them immediately. He pointed out that legislation has already been introduced in the U.S. House, Congressman Young is working on getting a hearing for the bill and Senator Murkowski is introducing his legislation in the comprehensive energy package. He further noted that next week ANWR will be brought up and they have to educate members of Congress, as well as, deal with the media onslaught. He explained that they are receiving approximately seven to ten interviews a day and requests for media tours. They have over fifteen Congressional tours planned starting as early as March and going through the summer months. He pointed out that the amount of interest and work that is going to be required to keep the positive message of ANWR development in the national media and in Congress is tremendous. He said that people who have been working on this issue for 20 years have never seen this level of interest in the lower 48 with regards to ANWR.

Senator Austerman wondered if they expect the \$1.5 million to come in one lump sum or to be spread out over the five years.

Mr. Toohey indicated that this would be something they need in the next 30 days.

Senator Hoffman asked if there was a report on what has been accomplished in prior appropriations and if they could provide a brief breakdown of the composition of the membership of Arctic Power.

Mr. Toohey indicated that over the last four or five years they have been working to maintain and strengthen their support base in Congress. He noted that last year there was a budget resolution that passed the U.S. Senate that included ANWR. He indicated that the funds have predominately been used for ANWR tours, which they offer all members of Congress. They have continually maintained the Internet website. He believes that it is evident that the long-term investment has started to payoff.

Senator Hoffman reiterated his question, asking if there is a written report and what is the composition of the membership.

Mr. Toohey indicated that they do not have a written report of the expenditures, but it can be provided to the Committee members. He pointed out that they have provided the normal audits required for state funding and would be happy to go through those. He explained that the board is made up of 55 members, to date, mostly consisting of Alaskans from all over the state and a few people from Seattle.

Senator Wilken believes that it would be interesting to compare the differences in revenue structure between the National Petroleum Reserve - Alaska (NPRA) and ANWR, so that they could see which one would bring the most resources to the state. Subsequently they could decide which one they would like to develop. He pointed out that one of the problems when people talk to him about ANWR is that in their minds they are envisioning the drilling techniques of old, which creates fear in their eyes. He asserted that the changes in drilling technology over the last 20 years, because of Prudhoe Bay, have changed remarkably. He believes that Alaska is at the leading edge of drilling technology. He urged that Mr. Toohey work with the oil companies and formulate a 20-minute presentation on how they are going to drill in ANWR in an environmentally safe manner. He feels that they should be working on that today and it should be rolled out at every Rotary Club or PTA meeting and they should be talking to the voting public. He asserted that there is a necessity for the people of Alaska and America to know how to drill an oil well and how that reserve can be tapped without decimating it. He offered that to Mr. Toohey with the hope that Arctic Power would take some of the money and put that in place.

Senator Wilken further pointed out that there seems to be a perception of people that ANWR is just like Prudhoe Bay or on the other side that ANWR is totally different than Prudhoe Bay. He urged that the people who have not had a chance to visit Prudhoe Bay and ANWR have that opportunity; therefore, if a delegation from Washington, D.C. is going then Arctic Power should be sure if there is an extra seat on the plane that everyone in the Alaska State

Legislature has been there too, so they can counter those arguments or at least have some response to their constituents.

Senator Olson expressed that they understand the benefits and the reason for capitalizing on the interest shown by the public, because of the circumstances that they are under. He indicated that they would hate to lose any of that momentum during this time of energy need. He pointed out that they are using a fair amount of money for tours and the question for him is what solid evidence will they have in the future besides giving people a tour of ANWR.

Mr. Toohey responded that their objective is a successful vote in the U.S. House and Senate and it will be something that they can look back on and say that it was money well spent.

Senator Olson requested clarification that there were no funds going towards purchasing generators or slotted for the ANWR area specifically.

Mr. Toohey clarified that the funds would go predominately to educating members of Congress and to support the legislation that has been introduced in the House and Senate to open ANWR for oil and gas development. He indicated that it was strictly for helping fund the campaign to get the word out on ANWR and maintain their support in Congress.

Senator Wilken followed up on whether Mr. Toohey thought that his recommendation to use some of the funding for a drilling presentation and also to promote visits to ANWR were good ideas.

Mr. Toohey stated that the number one most effective program is tours; "seeing is believing". He indicated that whenever they have taken members to the coastal plain they are impressed with the technology, the care to the environment and the harshness of the climate in the area that they are trying to develop. He pointed out that the hardest part is getting people to take the tours. He said that they have seen the most interest this year, because the issue is gaining national attention. He explained that the advancements in the last 25 years in arctic development are tremendous. He said that when they show them the field of Prudhoe Bay with the larger footprint and then show them a field like Alpine or Badami, which is roadless and developed on less than 100 acres of land, it is very impressive. He noted that the national media; 60 minutes, NBC, New York Times and Scientific America, all concentrated on the technology. He added that the American people are interested in technology and also feel comfortable that ANWR can be developed without damaging the environment. He agreed that it would be an excellent idea to put together a presentation

designed toward supporting ANWR and also around the technology story.

Senator Lemman wondered how many dues paying members there are in Arctic Power.

Mr. Toohey responded that there are 9,000 individual and company members. He indicated that they are working to expand, because they need more members to support the organization and they need the funding to match the public funding appropriation.

Senator Lemman said that he has been thinking through various organizations in the state and cannot think of any other in the state with as broad a base as Arctic Power and wondered if Mr. Toohey could think of any other organization in the state.

Mr. Toohey replied that there is definitely no other single-issue organization with as large of a base.

Co-Chair Donley reiterated that SB 95 was going to be a part the consideration of the House fast track supplemental.

Senator Austerman commented that he believes that Arctic Power is a good organization, but as Mr. Toohey indicated Arctic Power has been receiving \$500,000 annually from the state and spending about \$250,000 of that and now they want the legislature to allocate another \$1.5 million in the next 30 days. He noted that there is no backup that indicates that the \$1.5 million is going to be matched. He voiced concern that there should be some backup as to where exactly the money is going to be spent. He added that when they get to the vote on the bill those would be his comments.

Co-Chair Donley agreed that there should have been a little more in the file, but knowing that it was not going to be the vehicle used it was prepared with the intent of including it in the House fast track supplemental.

Senator Austerman said that he would like some more backup information that shows exactly how the money is being spent.

Mr. Toohey indicated that he would be happy to work with Senator Austerman.

Co-Chair Donley summarized that the questions being asked were what kind of commitment there is for a match, how much money has been spent over the last five years, what is the appropriate lapse date and a plan of some kind for the utilization of this money.

Senator Austerman added that he also would like to know how it is being matched.

Mr. Toohy indicated that he would be happy to provide some general information, but it is very critical that they do not provide information that could be used against the state's efforts to open ANWR.

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ADJOURNMENT

Co-Chair Donley adjourned the meeting at 9:27 a.m.