

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

May 9, 2003
8:10 a.m.

MEMBERS PRESENT

Representative Hugh Fate, Chair
Representative Beverly Masek, Vice Chair
Representative Carl Gatto
Representative Cheryll Heinze
Representative Bob Lynn
Representative Carl Morgan
Representative Kelly Wolf
Representative Beth Kerttula
Representative Sharon Cissna
Representative David Guttenberg

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 277

"An Act relating to the powers of the Regulatory Commission of Alaska in regard to intrastate pipeline transportation services and pipeline facilities, to the rate of interest for funds to be paid by pipeline shippers or carriers at the end of a suspension of tariff filing, and to the prospective application of increased standards on regulated pipeline utilities; allowing the commission to accept rates set in conformity with a settlement agreement between the state and one or more pipeline carriers and to enforce the terms of a settlement agreement in regard to intrastate rates; and providing for an effective date."

- HEARD AND HELD

SENATE BILL NO. 147

"An Act relating to control of nuisance wild animals; and providing for an effective date."

- MOVED SB 147 OUT OF COMMITTEE

CS FOR SENATE BILL NO. 155(RES)

"An Act relating to predator control programs; and providing for an effective date."

- MOVED CSSB 155(RES) OUT OF COMMITTEE

HOUSE BILL NO. 246

"An Act relating to the limitation on upland acreage that a person may take or hold under oil and gas leases; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

SENATE BILL NO. 88

"An Act relating to standards for forest resources and practices; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

HOUSE BILL NO. 196

"An Act relating to carbon sequestration; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

PREVIOUS ACTION

BILL: HB 277

SHORT TITLE: PIPELINE UTILITIES REGULATION

SPONSOR(S): REPRESENTATIVE(S) DAHLSTROM

Jrn-Date	Jrn-Page		Action
04/17/03	1026	(H)	READ THE FIRST TIME - REFERRALS
04/17/03	1026	(H)	O&G, L&C
04/22/03		(H)	O&G AT 3:15 PM CAPITOL 124
04/22/03		(H)	-- Meeting Canceled --
04/23/03	1081	(H)	COSPONSOR(S): KOHRING
04/24/03	1108	(H)	RES REFERRAL ADDED AFTER O&G
04/24/03		(H)	O&G AT 3:15 PM CAPITOL 124
04/24/03		(H)	Heard & Held
04/24/03		(H)	MINUTE(O&G)
04/29/03		(H)	O&G AT 3:15 PM CAPITOL 124
04/29/03		(H)	Scheduled But Not Heard
05/01/03		(H)	O&G AT 3:15 PM CAPITOL 124
05/01/03		(H)	Moved CSHB 277(O&G) Out of Committee
05/01/03		(H)	MINUTE(O&G)

05/02/03		(H)	L&C AT 3:15 PM CAPITOL 17
05/02/03		(H)	Scheduled But Not Heard <Mtg. Postponed to 4:00 PM>
05/02/03		(H)	RES AT 1:00 PM CAPITOL 124
05/02/03		(H)	<Pending Referral> -- Meeting Canceled --
05/05/03	1316	(H)	O&G RPT CS(O&G) NT 1DP 6NR
05/05/03	1316	(H)	DP: KOHRING; NR: HOLM, ROKEBERG, FATE,
05/05/03	1316	(H)	KERTTULA, CRAWFORD, MCGUIRE
05/05/03	1317	(H)	FN(S): FORTHCOMING
05/06/03	1372	(H)	FN1: ZERO(REV) RECEIVED
05/06/03	1372	(H)	FN2: ZERO(DNR) RECEIVED
05/07/03		(H)	RES AT 8:00 AM CAPITOL 124
05/07/03		(H)	Bill Postponed 1:30 PM --
05/07/03		(H)	RES AT 1:30 PM CAPITOL 124
05/07/03		(H)	Heard & Held
05/07/03		(H)	MINUTE(RES)
05/09/03		(H)	L&C AT 3:15 PM CAPITOL 17
05/09/03		(H)	Scheduled But Not Heard
05/09/03		(H)	RES AT 8:00 AM CAPITOL 124

BILL: SB 147

SHORT TITLE: CONTROL OF NUISANCE WILD ANIMALS

SPONSOR(S): SENATOR(S) GREEN

Jrn-Date	Jrn-Page		Action
03/17/03	0517	(S)	READ THE FIRST TIME - REFERRALS
03/17/03	0517	(S)	RES, FIN
04/16/03		(S)	RES AT 3:30 PM BUTROVICH 205
04/16/03		(S)	Moved Out of Committee
04/16/03		(S)	MINUTE(RES)
04/17/03	0891	(S)	RES RPT 5DP 2NR
04/17/03	0891	(S)	DP: OGAN, SEEKINS, STEVENS B, WAGONER,
04/17/03	0891	(S)	DYSON; NR: LINCOLN, ELTON
04/17/03	0891	(S)	FN1: (DFG)
04/23/03		(S)	FIN AT 10:00 AM SENATE FINANCE 532
04/23/03		(S)	Heard & Held
04/23/03		(S)	MINUTE(FIN)
04/25/03	0966	(S)	FIN RPT 5DP 2NR
04/25/03	0966	(S)	DP: GREEN, WILKEN, TAYLOR, BUNDE;
04/25/03	0966	(S)	STEVENS B; NR: HOFFMAN, OLSON
04/25/03	0966	(S)	FN1: (DFG)

04/25/03	0976	(S)	COSPONSOR(S): WILKEN, TAYLOR, SEEKINS,
04/25/03	0976	(S)	WAGONER, DYSON, BUNDE, COWDERY, OGAN,
04/25/03	0976	(S)	OLSON, STEVENS B
04/25/03		(S)	FIN AT 9:00 AM SENATE FINANCE 532
04/25/03		(S)	Moved Out of Committee
04/25/03		(S)	MINUTE(FIN)
04/29/03	1027	(S)	RULES TO CALENDAR 4/29/2003
04/29/03	1027	(S)	READ THE SECOND TIME
04/29/03	1028	(S)	ADVANCED TO THIRD READING 4/30 CALENDAR
04/30/03	1051	(S)	READ THE THIRD TIME SB 147
04/30/03	1051	(S)	PASSED Y18 N- E1 A1
04/30/03	1051	(S)	EFFECTIVE DATE(S) SAME AS PASSAGE
04/30/03	1051	(S)	ELLIS NOTICE OF RECONSIDERATION
05/01/03	1091	(S)	RECONSIDERATION NOT TAKEN UP
05/01/03	1091	(S)	TRANSMITTED TO (H)
05/01/03	1091	(S)	VERSION: SB 147
05/02/03	1268	(H)	READ THE FIRST TIME - REFERRALS
05/02/03	1268	(H)	RES, FIN
05/09/03		(H)	RES AT 8:00 AM CAPITOL 124

BILL: SB 155

SHORT TITLE: PREDATOR CONTROL/AIRBORNE SHOOTING

SPONSOR(S): SENATOR(S) SEEKINS

Jrn-Date	Jrn-Page		Action
03/20/03	0551	(S)	READ THE FIRST TIME - REFERRALS
03/20/03	0551	(S)	JUD, RES
03/31/03		(S)	JUD AT 1:30 PM BELTZ 211
03/31/03		(S)	Heard & Held
03/31/03		(S)	MINUTE(JUD)
04/02/03		(H)	MINUTE(RES)
04/04/03		(S)	JUD AT 1:30 PM BELTZ 211
04/04/03		(S)	Heard & Held
04/04/03		(S)	MINUTE(JUD)
04/16/03		(S)	JUD AT 1:00 PM BELTZ 211
04/16/03		(S)	Moved CSSB 155(JUD) Out of Committee
04/16/03		(S)	MINUTE(JUD)
04/17/03	0892	(S)	JUD RPT CS 2DP 2DNP 1NR NEW

			TITLE
04/17/03	0892	(S)	DP: SEEKINS, THERRIAULT;
04/17/03	0892	(S)	DNP: FRENCH, ELLIS; NR: OGAN
04/17/03	0892	(S)	FN1: ZERO(DFG)
04/30/03		(S)	RES AT 3:30 PM BUTROVICH 205
04/30/03		(S)	Moved CSSB 155(RES) Out of Committee
04/30/03		(S)	MINUTE(RES)
05/01/03	1073	(S)	RES RPT CS 5DP 1DNP NEW TITLE
05/01/03	1074	(S)	DP: WAGONER, DYSON, LINCOLN, STEVENS B,
05/01/03	1074	(S)	SEEKINS; DNP: ELTON
05/01/03	1074	(S)	FN1: ZERO(DFG)
05/02/03	1105	(S)	RULES TO CALENDAR 5/2/2003
05/02/03	1105	(S)	READ THE SECOND TIME
05/02/03	1105	(S)	RES CS ADOPTED UNAN CONSENT
05/02/03	1106	(S)	ADVANCED TO THIRD READING 5/3 CALENDAR
05/02/03	1106	(S)	COSPONSOR(S): LINCOLN, OGAN, COWDERY,
05/02/03	1106	(S)	GREEN, DYSON, WAGONER, STEVENS B,
05/02/03	1106	(S)	THERRIAULT
05/03/03	1133	(S)	READ THE THIRD TIME CSSB 155(RES)
05/03/03	1133	(S)	COSPONSOR(S): HOFFMAN, WILKEN, TAYLOR
05/03/03	1133	(S)	PASSED Y14 N1 E5
05/03/03	1133	(S)	EFFECTIVE DATE(S) SAME AS PASSAGE
05/03/03	1133	(S)	ELTON NOTICE OF RECONSIDERATION
05/04/03	1147	(S)	RECONSIDERATION NOT TAKEN UP
05/04/03	1148	(S)	TRANSMITTED TO (H)
05/04/03	1148	(S)	VERSION: CSSB 155(RES)
05/05/03	1306	(H)	READ THE FIRST TIME - REFERRALS
05/05/03	1306	(H)	RES, CRA
05/08/03	1481	(H)	CROSS SPONSOR(S): MORGAN
05/09/03		(H)	RES AT 8:00 AM CAPITOL 124

WITNESS REGISTER

LARRY HOULE, General Manager
Alaska Support Industry Alliance
Anchorage, Alaska

POSITION STATEMENT: Testified in support of the proposed committee substitute (CS) for HB 277 dated 5/6/2003.

ROBIN O. BRENA, Attorney at Law
Brena, Bell & Clarkson, PC
Anchorage, Alaska

POSITION STATEMENT: On behalf of Tesoro Alaska Company and Anadarko Petroleum Corporation, expressed concerns about HB 277 and asked that it be held to more carefully consider its impacts.

BONNIE ROBSON, Deputy Director
Division of Oil & Gas
Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: Answered questions on HB 277.

JANICE GREGG LEVY, Assistant Attorney General
Oil, Gas & Mining Section
Civil Division (Juneau)
Department of Law
Juneau, Alaska

POSITION STATEMENT: Answered questions on HB 277.

DAVE HARBOUR, Commissioner, Chair
Regulatory Commission of Alaska
Department of Community & Economic Development (DCED)
Anchorage, Alaska

POSITION STATEMENT: Expressed concerns with HB 277 and the regulatory void it would leave.

AL BOLEA, President
BP Pipelines Alaska

POSITION STATEMENT: Answered questions relating to HB 277.

RANDAL BUCKENDORF, Counsel
Anchorage Legal Department
ConocoPhillips Alaska, Inc.
Anchorage, Alaska

POSITION STATEMENT: Answered questions relating to HB 277.

ROBERT DORAN
Wasilla, Alaska

POSITION STATEMENT: Testified in support of SB 147 as someone with a business that deals with problem wildlife or animal damage control.

JACQUELINE TUPOU, Staff
to Senator Lyda Green
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented SB 147 on behalf of Senator Green, sponsor, and answered questions.

MATT ROBUS, Director
Division of Wildlife Conservation
Alaska Department of Fish & Game
Juneau, Alaska

POSITION STATEMENT: Testified on SB 147 and answered questions; testified on SB 155, saying the administration finds CSSB 155(RES) unacceptable because the commissioner is entirely removed from the process, and proposing an amendment as a compromise between that and the original bill version.

KAREN DEATHERAGE
Defenders of Wildlife
Anchorage, Alaska

POSITION STATEMENT: Testified on SB 147, noting that she hadn't been aware of it; acknowledged it may be a positive bill, but related some questions and concerns.

SENATOR RALPH SEEKINS
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified as sponsor of SB 155, explaining changes in CSSB 155(RES) and answering questions.

JESSE VANDERZANDEN, Executive Director
Alaska Outdoor Council (AOC)
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 155.

DICK BISHOP
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 155.

PAUL JOSLIN, Conservation Biologist
Alaska Wildlife Alliance (AWA)
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to SB 155.

JENNA WHITE
Anchorage, Alaska

POSITION STATEMENT: Testified on SB 155, expressing concerns and countering figures given as reasons for the legislation.

VIC VANBALLENBERGHE

Anchorage, Alaska

POSITION STATEMENT: Expressed concerns about SB 155.

ROBERT FITHIAN, Executive Director

Alaska Professional Hunter Association

Tonsina, Alaska

POSITION STATEMENT: Testified in support of SB 155.

ACTION NARRATIVE

TAPE 03-40, SIDE A

Number 0001

CHAIR HUGH FATE called the previously recessed House Resources Standing Committee meeting of May 7, 2003, back to order at 8:10 a.m. Representatives Fate, Gatto, Heinze, Wolf, Guttenberg, and Kerttula were present at the call to order. Representatives Masek, Lynn, and Morgan arrived as the meeting was in progress.

The committee took a brief at-ease.

HB 277-PIPELINE UTILITIES REGULATION

Number 0108

CHAIR FATE announced that the first order of business would be HOUSE BILL NO. 277, "An Act relating to the powers of the Regulatory Commission of Alaska in regard to intrastate pipeline transportation services and pipeline facilities, to the rate of interest for funds to be paid by pipeline shippers or carriers at the end of a suspension of tariff filing, and to the prospective application of increased standards on regulated pipeline utilities; allowing the commission to accept rates set in conformity with a settlement agreement between the state and one or more pipeline carriers and to enforce the terms of a settlement agreement in regard to intrastate rates; and providing for an effective date."

[Before the committee, adopted as a work draft on May 7, 2003, was a proposed committee substitute (CS) labeled CSHB 277(RES) bil.doc, 5/6/2003.]

CHAIR FATE informed members of his intention to try to perform some cleanup based on testimony heard from both sides of the issue.

Number 0280

LARRY HOULE, General Manager, Alaska Support Industry Alliance ("the Alliance"), began by explaining that the Alliance is a statewide nonprofit trade association with chapters in Fairbanks, Anchorage, and Kenai. He paraphrased the following written testimony:

The Alliance trade association membership is comprised of 420 member companies that provide support services and products to Alaska's oil and gas industry. Our member companies employ over 25,000 Alaskans working in Alaska's oil patch. In short, Alliance member companies perform contract services and sell products to the entire oil patch from the exploration phase through to the refining industry.

Initially, my 21-member board of directors looked at HB 277 and reached no consensus in the position we should take. However, now that the original bill has been appropriately amended by the bill's sponsor, Representative Dahlstrom, and the administration has submitted their amendments, the 21-member board of the Alliance, by majority vote, has elected to support the amended version [Version CSHB 277(RES) bil.doc, 5/6/2003].

We believe the current CS provides clarity in the regulatory arena. This legislation defines the jurisdictional boundaries with regard to intrastate transportation that is long overdue. The role of DNR as the landowner is defined. The bill confirms the jurisdiction of the FERC over interstate matters and finally clarifies and defines the RCA's jurisdiction over intrastate services rendered by common carrier pipelines.

In summary, the bill tells us who the rule makers are. It defines the rule makers' jurisdiction, which brings the much needed certainty to the private sector, certainty that is essential when making the huge long-term capital investments required by oil and gas

companies to develop Alaska's natural resources for the benefit of Alaskans.

MR. HOULE concluded by asking the committee to move the bill forward.

Number 0643

ROBIN O. BRENA, Attorney at Law; Brena, Bell & Clarkson, PC, explained that he had been retained by both Tesoro Alaska Company ("Tesoro") and Anadarko Petroleum Corporation ("Anadarko") to assist them in reviewing HB 277. He began by respectfully disagreeing with most of the testimony from the proponents of HB 277. Mr. Brena said, "We are not here today because the Alaska Pipeline Act is broken; we are here today because the Alaska Pipeline Act worked exactly as it is supposed to work and they would like to change that now."

MR. BRENA told members that for the past 25 years there has been no economic regulation of the Trans-Alaska Pipeline System (TAPS) by any regulatory body. Furthermore, there hasn't been a just and reasonable rate on TAPS prior to the Regulatory Commission of Alaska's (RCA's) Order 151. It's the first time in 25 years that standard ratemaking practices and law have been applied to set a just and reasonable rate. He said RCA determined that in the past 25 years the TAPS owners have overcharged their ratepayers \$10 billion. The state's interest in those overcharges is 25 percent. To date, the state has forgone \$2.5 billion and will forgo an additional \$2.5 billion between now and 2011.

MR. BRENA pointed out that RCA lowered the rate from Pump Station No. 1 to Valdez by 70 percent, a large decline. Thus TAPS owners were allowed to recover 100 percent of their investment and every operating cost incurred, and earned a 14 percent return on their investment. Currently, the State of Alaska is losing \$120 million to 150 million a year due to excessive charges. Mr. Brena highlighted that the Alaska Pipeline Act is not about overlapping jurisdiction among state agencies or regulatory certainty; rather, it's about excessive rates. These are rates that the RCA has finally decided to set.

Number 1011

MR. BRENA noted that members' packets should contain his written remarks and a sectional analysis. He emphasized that limiting RCA's authority regarding intrastate matters isn't in the

[state's] interest. As the Act is currently written, there is seamless jurisdictional authority between the state and federal regulatory regimes. The Act currently says, "To the extent not preempted by federal law, the state has the authority to regulate." However, this legislation includes several provisions that intend to pull back that authority.

MR. BRENA drew attention to the last page of his written testimony, a chart entitled "Jurisdictional Gap." The top bar graph illustrates seamless jurisdiction under the existing Act. However, HB 277 redefines the RCA's authority to entail intrastate matters only. He explained that the Act was written to ensure proper resource development. The federal Acts don't have certification facilities or abandonment jurisdiction. Under the federal regime, [a state] with a pipeline in service is only told how much can be charged. Therefore, all of the things necessary for Alaska to control its future with regard to its transportation infrastructure would fall in that gap. Included in that gap are all interstate matters not subject to federal regulation, which encompasses a lot.

MR. BRENA posed a situation in which [a company] discovers oil in a new North Slope field and wants to transport it to the Lower 48 market, where over 90 percent of the oil goes today. He asked how [the company] would connect to the pipeline system, because it would have no right to connect to existing pipeline systems if HB 277 were passed. Under federal law, the Federal Energy Regulatory Commission (FERC) has no authority to require a connection. However, under existing state law, the RCA can require a connection. Under HB 277, however, RCA couldn't because it would be an interstate movement of oil, and HB 277 restricts the RCA's authority to intrastate matters only. Therefore, passing HB 277 would result in the state's forgoing the power to require common carriers to connect to new fields.

Number 1308

MR. BRENA discussed a situation in which a producer discovers oil but one of the common carriers needs to expand its capacity in order to efficiently develop the resource. The federal law doesn't require the carrier to expand capacity; under existing state law, however, the state, through the RCA, could require expanded capacity. Under HB 277, the state would forgo its authority to order a common carrier pipeline to expand its capacity to transport oil that's going to be transported out of Alaska, which is where most of Alaska's resources go.

MR. BRENA turned to efficiency improvement. He pointed out that RCA has the authority to require that the pipeline facilities operate efficiently and at the lowest cost. However, FERC doesn't have that authority. If HB 277 passes, the State of Alaska will be forgoing its jurisdictional authority to require a common carrier pipeline to operate efficiently.

MR. BRENA addressed abandonment. Under federal law, he said, the federal government could turn off the spigot on TAPS today and FERC would have no recourse. He emphasized that there is no federal abandonment authority. If RCA's authority is restricted to intrastate matters only, the state will be forgoing the ability to require them to continue to operate facilities that are necessary for interstate commerce.

Number 1421

MR. BRENA suggested HB 277 is really about money, specifically, DR&R [dismantlement, removal, and restoration] money. Herein lies the problem, he said; there hasn't been an explanation of why this legislation should start to delve into the jurisdictional limits of the RCA, and there hasn't been a single example of abuse.

MR. BRENA turned attention to the page of his testimony entitled "Jurisdictional Changes in HB 277." In the upper left box, a portion of the quoted material reads, "No federal law, federal regulation or federal order exists addressing post-collection treatment of interstate DR&R allowances on TAPS." He explained that DR&R funds will be overcollected. Originally, the life of TAPS was projected to be to 2011. On the \$1.6 billion collected to date, such an amount has been earned that by 2011 there will have been an overcollection for DR&R of \$30 billion. If the overcollections are refunded to ratepayers, the state should gain 25 percent of \$30 billion, which amounts to \$7.5 billion. The RCA's order said those funds could be required to be escrowed, which is why HB 277 is before the committee with all of its jurisdictional changes. "They" don't want the RCA to exercise its intended authority, he said, which is to protect the state's interest in the facilities, whether the oil flows in interstate or intrastate commerce. Again, the commission held that no federal regulation or order exists to address post-collection treatment, he noted.

MR. BRENA then fast-forwarded to 2011, when TAPS carriers will have collected \$40 billion and it will cost \$10 billion to clean up. The question becomes where the state is going to get the

refunds. He related his understanding that the state agrees overcollections are refundable. Furthermore, the state agrees that 25 percent of those overcollections would come into the state's treasury through additional royalty and severance taxes. If one assumes the above and assumes that \$7.5 billion is on the table, he questioned where the money would come from.

Number 1715

MR. BRENA asserted that this legislation eliminates what may be the only effective mechanism to ensure that the state has paid that money. The changes made by this legislation have a direct correlation [between the statutes]; rather than jurisdictional overlap, HB 277 has to do with excessive collections that TAPS carriers are trying to keep, while he is trying to obtain his clients' share.

MR. BRENA continued with the possibilities of where the money could come from. If RCA is taken out of the equation as specified under HB 277, the \$3.5-billion problem becomes a \$3.2-billion problem. He pointed out that FERC may or may not have regulatory authority to order refunds or order those refunds to be escrowed. The [RCA] held that there is no federal law, order, or regulation that addresses that issue.

MR. BRENA questioned how the refund would occur, even if FERC could order those refunds, because DR&R doesn't occur until after the pipeline is out of service. Before DR&R is complete, the pipeline is out of service for four years; therefore, the pipeline carriers have no money or reserves because they have been out of business for four years. Collecting from a company that has been out of business for a while doesn't work. Furthermore, the parent guarantees don't go to overcollection. He emphasized that there is no collection mechanism possible, that he is aware of, under federal law. If there is a collection mechanism, the state hasn't exercised it or made it clear. Therefore, Mr. Brena said he believes HB 277 will foreclose the only mechanism possible for the state to collect \$7.5 billion.

MR. BRENA pointed out that HB 277 changes the concept of retroactive ratemaking, the idea that rates can't be determined and applied backwards. Retroactive ratemaking is a very well established doctrine of law. This legislation changes the law such that one can't obtain any reparations from the point of the protest backwards. Mr. Brena requested, "If you're going to

change the rules of how to go back, please don't apply them going back, because you foreclose people's rights."

Number 2094

MR. BRENA directed the committee to Section 7 of the legislation, which correlates to page 11 of his written analysis. The new language under Section 7 is, "An order setting rates under this subsection may not affect rates in effect before the date the protest or complaint was filed, or the date of the commission action that initiated the investigation or hearing, whichever is earliest." The aforementioned is a redefinition of retroactive ratemaking. Mr. Brena posed a situation in which a company doesn't comply with its own tariff that specifies everyone will be charged \$1; however, the company charges affiliated shippers \$.50 and nonaffiliated shippers \$1.50. This practice goes on for five years, at which time the discovery of this noncompliance leads to an investigation.

MR. BRENA questioned whether the foregoing company should be able to keep the money if it had violated the terms of its own tariff. This legislation says yes, no matter how the money is obtained. Therefore, this legislation allows this company to keep the money from discriminatory practices until caught. He likened this to allowing a bank robber to keep all the money until caught.

MR. BRENA informed the committee that RCA has 40 pending cases. No one has analyzed the impact that Section 9 of HB 277, the applicability provision, would have on all of the pending cases. There are two problems, he said. If substantive rights of ratepayers are going to be changed, do it so that there is an opportunity to protect them. Hence he suggested that [changes be implemented for the future as opposed to retroactively]. Mr. Brena encouraged the committee to read through his written remarks. He informed the committee that [his clients] have problems with virtually every section of HB 277. This legislation is poorly drafted, he said. He requested that the committee not pass this legislation and hold it to more carefully consider its impacts.

[There was an announcement that the previously recessed meeting was adjourned and that the May 9 meeting was beginning; all members were present. However, these minutes treat it as one meeting, which is how it was scheduled.]

Number 2510

REPRESENTATIVE HEINZE explained that she is looking at the larger picture and the future of this state. She related her belief that the future of the [oil] industry could be riding on this. "It seems to me that we made a deal, and that we've broken that deal," she said. She suggested that a large "producer" thinking about building a pipeline in Alaska would have to wonder whether it would stay connected with the state or even engage in a pipeline. She asked if Mr. Brena's clients would have the \$20 billion to build a pipeline if one of the large producers didn't do so.

MR. BRENA agreed that the state made a deal. The deal agreed upon was that the state wouldn't contest a rate set at or below a ceiling rate. The deal also specified that ratepayers had the right to request that fair rates be set, and if that was done, the RCA would have the right to set a fair rate. Mr. Brena pointed out that his written remarks include a quotation from the TAPS carriers and the state, in which those two represented that the deal allowed that any ratepayer in the future could file a protest and have a just and reasonable rate set. By the terms of the agreement, it only applied to the signatory parties.

MR. BRENA said HB 277 breaks the deal because it changes the deal for the ratepayers. The only party that hasn't received the deal is the ratepayers, who were told that they could file a protest and receive a fair rate, a rate under the ceiling rate. Mr. Brena explained that he's asking the legislature to keep the deal made to the ratepayers when the deal between the state and TAPS owners was passed.

MR. BRENA noted that regulatory certainty is very important for everyone involved. Regulatory certainty is linked to the concept that rates will be just and reasonable, and will allow the collection of the investment and operating cost along with a fair return. The aforementioned is all the ratepayers have requested, and that's all RCA has done, he said. Mr. Brena added that the deal [proposed in HB 277] is structured such that it discourages investment in Alaska because it allows return on a per-barrel basis, rather than on actual investment. Mr. Brena concluded by requesting that the legislature honor the deal.

REPRESENTATIVE HEINZE requested clarification about the original deal.

Number 2753

BONNIE ROBSON, Deputy Director, Division of Oil & Gas, Department of Natural Resources, said the Department of Law would be a more appropriate agency to answer. However, she related her understanding that the original settlement agreement between the State of Alaska and the pipeline owners allowed for other parties that didn't participate in the settlement to, at a later time, raise an issue about whether the tariff rates were just and reasonable. She offered her understanding that this is what happened with Tesoro and Williams in the proceedings before the RCA.

MR. BRENA pointed out that committee packets contain eight pages of quotations from the TAPS carriers' briefs and presentations to the RCA.

Number 2833

JANICE GREGG LEVY, Assistant Attorney General; Oil, Gas & Mining Section; Civil Division (Juneau), Department of Law, responded to Representative Heinze's question. She said from the administration's standpoint, the representation that the state will get billions of dollars if HB 277 doesn't pass isn't accurate; the RCA isn't in a position to refund any money to the state. Furthermore, this legislation doesn't prohibit any shipper from seeking refunds from the RCA or the FERC for overcollections of DR&R. Therefore, Ms. Levy said she believes this is an attempt to shift the focus to another arena. She said nothing in this bill, from her legal standpoint and the policy standpoint, would preclude the determination of just and reasonable rates, which is what she believes the legislature created the RCA to do.

REPRESENTATIVE WOLF asked if there is a sunset date for this agreement.

MS. LEVY answered that the TAPS settlement agreement will expire by its own terms in 2011 if no party makes any changes. A provision allows the parties to begin to renegotiate after December 31, 2006.

TAPE 03-40, SIDE B

REPRESENTATIVE KERTTULA asked how, under the jurisdiction of both FERC and RCA, the [state] can ensure the ability to fairly allow access so as to ensure the [state's] independence while

maintaining a vital oil industry. She asked about the impacts of this legislation.

Number 2879

MR. BRENA explained that under existing state law, the state's power to regulate and manage facilities has two pillars: the inherent police power of the state to regulate common carriers, and the state's power to contract and develop its proprietary resources. Mr. Brena pointed out that this legislation eliminates the RCA's authority to exercise its power under the contract power of the state because it deletes the phrase "relating to leases". Furthermore, it eliminates all regulatory power of the state to ensure access, sufficient capacity, and nonpremature abandonment of the common carrier infrastructure that's necessary for the interstate transportation of oil, which is the vast majority of the oil today and into the future.

REPRESENTATIVE KERTTULA noted that the legislature doesn't have authority over FERC or the federal government, and therefore [HB 277] only affects the RCA. She inquired as to Tesoro's and Anadarko's rights because they'd be the entities going to FERC requesting access.

MR. BRENA replied, "None. The ... federal regulatory regime is extremely limited. It doesn't require certification." The federal regime is entirely silent on all of those infrastructure-related questions; it only says those entities that build a line have to charge a just and reasonable nondiscriminatory rate. The federal regime doesn't specify that the entity would have to provide capacity, allow connections, and so forth. He said this legislation limits the state's authority through the RCA to fill that regulatory gap because of the state's concern. He pointed out that the Act was drafted the way it was because the state was concerned with development of its natural resources, while the federal regime isn't at all concerned with that. Therefore, HB 277 would eliminate the state's ability, through the RCA.

MR. BRENA pointed out that no other regulatory agency addresses any of these issues to ensure sufficient infrastructure to transport oil in interstate commerce out of Alaska. He reiterated that the existing Act is seamless and says, "To the degree not preempted by federal law, or to the degree that federal law doesn't do it and preempt us, the state exercises its full authority." As soon as [the state] backs off from that, a gap is created that undermines the state's ability to

ensure that infrastructure is in place and adequate for the development of the state's own natural resources. Mr. Brena asked why one would delete the language which says that state authority goes all the way up to federal authority.

Number 2681

REPRESENTATIVE GUTTENBERG turned attention to the RCA Order 116 [docket P-977] and inquired as to the situation that brought this legislation to the table.

MR. BRENA answered that in 1977 Tesoro filed a protest requesting that the commission initiate an investigation into DR&R because it had been so dramatically overcollected. He pointed out that DR&R is unique as a rate element because it's collected today, but isn't spent for 40 or 50 years. Typically, the regulatory contract is such that the DR&R money is collected today and if there's money left over, it is returned to the ratepayers. In Tesoro's calculation, \$10 billion has been overcollected. Therefore, Tesoro would like the RCA to establish how much money has been collected and earned on what's collected; how much DR&R is going to cost; what the life of the line is; and if there are overcollections, how those are going to be refunded. Tesoro does not want to leave [open] those mechanisms until the last four years after the pipeline is out of business. "They just collected too much from us, and we want our money back," he concluded.

Number 2594

CHAIR FATE asked what RCA's Order 151 specified.

MR. BRENA explained that Order 151 determined how just and reasonable rates should be set on TAPS, and then set those rates for 1997 through 2000. Order 151 determined that the ceiling rate methodology that the TAPS carriers proposed for setting their rates, and had been charging, resulted in excessive rates. Therefore, the commission adopted a different methodology, set just and reasonable rates, and ordered refunds of the overcollections to the shippers.

Number 2520

REPRESENTATIVE KERTTULA related her understanding that [the state] can require DR&R, and hopefully obtain the overpayments, if there are any, at the end. She asked if [the state] can require that the interest [on those overpayments be repaid]. In

terms of the right-of-way agreements, it's more about the fact that everything gets cleaned up at the end [that is important], she suggested.

MR. BRENA first agreed [DR&R] and the right-of-way agreement have nothing whatsoever to do with the issue of overcollections; so that just specifies what needs to be cleaned up with regard to state lands, excluding Native lands, private lands, and federal lands.

MR. BRENA then pointed out that [the issue of overcollections] isn't addressed any other place. Furthermore, other pipelines do have escrow accounts and funds. If the escrow of funds is required, one can set them up so that there is no charge for taxes. Therefore, one can actually collect about 40 percent less from the ratepayers.

MR. BRENA related his belief that the correct calculation of DR&R collection should be how much was collected. If [DR&R collections] were escrowed, [then the calculation should be with regard] to how much was earned on those escrowed funds. If [DR&R collections] weren't escrowed, the internal rate of return on the capital for which it was used [should be included in the calculation].

MR. BRENA explained that in the case of TAPS, the internal rate of return for a 10-year period for the TAPS owners was 16.5 percent. He views DR&R as a fund of money that is the ratepayers' money until spent. If the [TAPS owners] use that money and earn 16.5 percent on it, those are the earnings for which they should ultimately be responsible because those earnings are based on the ratepayers' funds. Mr. Brena agreed that earnings on DR&R is a major issue.

Number 2362

REPRESENTATIVE KERTTULA turned to the issue of retroactivity and the impact it would have on the 40 pending cases. She asked if the concern is as follows: if the rules change, the change should be [effective] after those cases are finished; thus no one would enter the game and then have it changed midstream.

MR. BRENA replied yes. He specified that the concern is twofold: substantive and procedural. If this legislation passes as it stands, it would affect both the substantive and procedural rights of ratepayers and existing clients in existing

claims, and in some cases perhaps foreclose them altogether. Mr. Brena added:

If you're going to change the rules on people, or if you're going to change rights between stakeholders, it hurts regulatory certainty to go backwards and do that. It should only be done going forwards. And so it should only be done with regard to new matters that are filed before the commission.

MR. BRENA related that [retroactivity] goes to the constitutional bar on ex post facto laws. Agreeing with Representative Heinze that it isn't fair to change deals, he said, "If you pass House Bill 277, it not only changes the deals as they were represented to the commissions, but it also changes them going backwards, and ... that just isn't fair.

Number 2226

DAVE HARBOUR, Commissioner, Chair, Regulatory Commission of Alaska, Department of Community & Economic Development (DCED), highlighted that the RCA is virtually always the lone decision maker that bases decisions solely on the merits of the case, as the legislature specifies. Therefore, he characterized the RCA as more like the legislature's advisors and the governor's advisors than one of two sides of an issue.

MR. HARBOUR turned to concerns raised regarding Section 9, which addresses the applicability of pending matters. He related his belief that every single one of the pipeline dockets now before the RCA would be affected in either the DR&R, the interest rate, or the facility issues. He clarified that there are about 30 [open] dockets, not 40, because some dockets have been combined.

MR. HARBOUR pointed out that the predecessors of this legislature 30 years ago envisioned what has been discussed here today: state regulatory jurisdiction would flow out to meet the regulatory jurisdiction of the federal government, and thus there would be no regulatory void. However, this legislation creates a number of voids, specifically, at the end of Section 4 on page 5 of [the proposed CS dated 5/6/2003], the deletion of the language, "except to the extent they are preempted by federal law." He said the meaning is almost reversed. Although he acknowledged that the aforementioned is within the purview of the legislature to do, he suggested that the legislature would want to do this mindfully.

CHAIR FATE turned to an earlier statement that [the TAPS owners] have received a 14 percent return on investment. Recalling testimony from the industry that around 13 percent is not high because of the risk incurred by the companies, he inquired as to Mr. Bolea's thoughts.

Number 2008

AL BOLEA, President, BP Pipelines Alaska, explained that the rate of return when regulatory agencies review pipeline investments is a judgment of the amount of risk undertaken by the investor. He informed the committee that back in 1976, when the \$9-billion pipeline investment was being made, it was the single largest private investment in the history of the United States; furthermore, it was viewed as the highest-risk investment ever made in the United States. During the negotiations with the [Alaska] attorney general and the Department of Law, he said, the appropriate rate of return was a key issue. He explained that the TAPS [tariff] settlement methodology (TSM) was structured in such a way to generate a rate of return. He further explained that the rate of return was generated by all the investment being recovered in the front end. All costs [of the TAPS carriers], the \$9 billion for the pipeline, an estimate of DR&R, was all front-end-loaded. Furthermore, TAPS carriers earned a rate of return as a level amount over the entire life of the pipeline.

MR. BOLEA suggested that Mr. Brena is choosing a rate and applying it to an amount of the asset that hasn't been recovered. Moreover, the recovery in any year has declined. Mr. Bolea said one can't choose a single number in a year, take 14 percent, for example, multiply it times the remaining rate base, and say that's the appropriate amount of money TAPS carriers should be earning, given the TSM model. Rather, one must look over the entire life of the transaction and determine whether the rate of return was excessive or not. Furthermore, 14 percent as a rate of return over the entire life of TAPS falls within the range of reason relative to the risk, he opined. He said, "We would've argued back in 1976 that a higher rate of return was justified, and the state would've argued a lower rate of return. But a 14 percent rate of return, within the 14, 15, 16 range, would be reasonable."

Number 1820

CHAIR FATE turned to the issue of capacity and noted that the oil pipeline is running half full. He asked how big an issue

capacity is in the future, relative not only to filling the pipe, but also to the pump stations, the upgrading of the pipeline, and new technologies. He asked Mr. Bolea if he could foresee a situation in which the TAPS carriers could add capacity to the present TAPS pipeline. Although gas is another matter, one would begin to infringe on the Stranded Gas Act, which moves into the area of capacity, he suggested.

MR. BOLEA informed the committee that currently the pipeline's physical capacity is 2 million barrels a day. The pipeline is running at about a million barrels a day; in order to do this efficiently, many of the pump stations are shut down. The cost of maintaining shutdown pump stations is incredibly high. Therefore, [TAPS carriers] are incurring costs to hold capacity in place, and all those costs are bearing on the rate that everyone pays to move their barrels [of oil] through the line. Furthermore, these pump stations are effectively 30 years old. The opportunity to replace these old pump stations with new pump stations is being evaluated. Although the TAPS owners haven't decided what the right investment will be, they are generally committed to trying to make the pipeline more efficient and to last for a longer period of time.

MR. BOLEA said the intention of the TAPS owners is to use a technology that is more modular, with smaller electric motor units that can stack easily. For example, six units could be stacked next to each other and connected to a header, and there would be enough hydraulic capacity for 1.1 million to 1.3 million barrels a day, to four pump stations. If more capacity is needed, given that this technology is largely off the shelf, it's easy to order more pumping units and stack the units. The intention, he explained, is to leave the manifolds in place on the pump stations that are removed and have the flexibility within perhaps 36 months, if another Prudhoe Bay is discovered, to bring the pipeline capacity back up to 2 million barrels a day. "It's ... in our best interests to move as many barrels as possible. It's not in our intention to shut in barrels on the North Slope," he said.

Number 1646

RANDAL BUCKENDORF, Counsel, Anchorage Legal Department, ConocoPhillips Alaska, Inc., returned to Chair Fate's question regarding the 14 percent rate of return. Mr. Buckendorf said:

I presume that from portions of the testimony that I was not present at - but I have heard that figure

before - the number that's used is used very specifically, and it is a 14 percent return on equity, which is different than the average weighted return. You earn a different interest on equity versus debt, so there's a weighted average. So they use that very carefully. It's not the weighted average that was earned. There's a big difference.

MR. BUCKENDORF said the actual rate of return in the TAPS settlement agreement for those earlier years was 6.1 percent, which was negotiated carefully by the state and the justice department. Beyond those early years, an incentive-based return was negotiated. He said no guaranteed return was even in the settlement agreement; rather, as an incentive for the affiliates of the pipeline owners to explore for and produce more oil, there was essentially a zero return and an incentive-based per-barrel allowance.

MR. BUCKENDORF turned to the issue of capacity and recalled that Mr. Bolea has discussed "strategic reconfiguration," which will be going through review. He noted that there have been many meetings with the Joint Pipeline Office, including several meetings with RCA. That process is underway and will [be available] for approval in the near future, he said. However, Mr. Buckendorf said he wasn't sure how this legislation will come into play with that.

Number 1495

REPRESENTATIVE KERTTULA asked if this legislation keeps [smaller] companies like Tesoro and Williams from being able to connect or use the facilities or to use TAPS in the future.

MR. BOLEA replied, "It is not our intent and it is completely out of line with our economic interests to restrict access to the TAPS line. The more barrels flowing through the line, it averages down the cost, which benefits everybody."

MR. BUCKENDORF turned to the legal perspective. He said every pipeline on the North Slope is jointly regulated under federal and state law, and therefore subject to intra- and interstate regulation; every pipeline is subject to being a common carrier, since state and federal right-of-way leases require common carriage; and [TAPS owners] are required to accept, as long as there is capacity, every barrel that comes there. In the event a barrel cannot be accepted, regardless of who brings it, [TAPS] has to prorate every entity that's bringing those barrels.

MR. BUCKENDORF recalled that a lot of information has been given regarding what HB 277 will or will not do regarding the ability to force connections. Although Mr. Buckendorf said he hadn't had time to fully analyze all that, at first glance he disagreed with every statement. He related his understanding that Chair Fate intends to hold this bill until Monday, and he offered to go through the various statements made this morning. However, he said he doesn't believe HB 277 will impact the ability of anyone to connect to any of the pipelines in the state.

Number 1283

REPRESENTATIVE GATTO remarked that although Mr. Buckendorf mentioned that it's not in the best interest of [TAPS owners] to deny someone's putting oil in the pipeline, it wouldn't be in their best interest if it didn't produce more income than needed to make the bottom line. Therefore, Representative Gatto asked what would keep [TAPS owners] from gouging, since there are no other pipelines.

MR. BOLEA answered that it's against the law; [TAPS owners] aren't allowed to discriminate and every shipper must pay the same rate.

REPRESENTATIVE GATTO asked if this would be so even if the entity only had a hundred barrels a day. He asked if the entity would have to deliver it to the pipeline or just tell the pipeline that it had oil which [TAPS] should get and put into the big line from the little line.

MR. BOLEA explained that the system works in such a way that those who want to make a connection to TAPS, for example, have to meet the standards prescribed in the TAPS agreement: they have to meet certain pressure, temperature, safety, and integrity standards. He noted that those who want to connect to TAPS bear the cost to get connected to the line. Once connected, they pay the same rate as everyone else on the line. The common carrier can't discriminate in any way, shape, or form among the carriers.

Number 1137

REPRESENTATIVE KERTTULA returned to DR&R, the interest rate, and whether [the state] has the right to expect any certain rate of return.

MR. BOLEA said he was going to answer from the TSM methodology negotiated with the state. He explained that the state and TAPS carriers in 1976 had to develop a methodology to define how the costs and rate of return were going to be recovered, which is the TSM. The methodology is fixed; it's just a formula. Every year the actual numbers for the year or estimates for the subsequent year are loaded into the formula, and the product of that formula is the tariff.

MR. BOLEA said although the methodology is fixed, the tariff is a function of actual costs during a year. At the time of the settlement, no one knew what it was going to cost to dismantle, recover, and restore TAPS. Furthermore, no one knows that now. Although engineers do estimates, he said, "The reality is, what it's going to cost is an enormous risk." He noted that there isn't even a prescribed standard that the state and federal government will define, a standard that they want to recover at the time. Therefore, the TAPS owners have taken on the entire risk of what it's going to cost to abandon, recover, and restore TAPS. That is, as part of the negotiation, what the state wanted; the state wanted certainty because it wanted some predictable revenues.

MR. BOLEA said a fixed amount of money, \$1,549,000,000, is prescribed in the agreement; each year the TAPS owners were permitted to recover a piece of that \$1,549,000,000. He related his belief that the TAPS owners are one or two years away from recovering the balance of the \$1,549,000,000. "Subsequent to that, it is completely our risk," he said. Whatever happens with rates of return and rates of inflation, the actual scope of work is completely the TAPS owners' risk. Under the settlement agreement, there is no prescribed rate of return, and there are no refunds. "It was a settlement, deliberately, with the intent of ensuring that the state had no exposure," he added.

Number 0889

REPRESENTATIVE KERTTULA noted that the shippers have the right to challenge these rates. She asked if that's part of what's happening in docket [Order] 116.

MR. BUCKENDORF answered, "That is correct." Over the past month, a lot of the testimony here has focused on the TAPS settlement agreement and methodology, and what this legislation will or will not do. Mr. Buckendorf related his belief that needed clarifications are in the current CS. This legislation doesn't validate or invalidate that agreement, he asserted; all

those rights still exist. However, the TAPS owners will be dealing with Mr. Brena, on appeal or before the commission, for a long time in the future. With regard to the current docket on DR&R for the rates at issue in Order 151 for the years 1997-2000 and 2001 forward, that docket is in brief before the RCA.

MR. BUCKENDORF noted that a week ago Thursday the TAPS carriers agreed to forgo those intrastate rates for DR&R under the agreement for the years 1997 forward, simply to save the cost. Basically, the TAPS owners will spend more litigating this than they will collect. Yesterday the RCA requested further verification and briefing around those questions in order to determine whether or not that docket can be closed.

Number 0628

REPRESENTATIVE KERTTULA asked if Ms. Levy had anything to add.

MS. LEVY turned to access and capacity. She said the state would agree with the testimony of Mr. Buckendorf and Mr. Bolea that there is a mechanism already in place that requires the pipelines to have a certificate of public convenience and necessity to operate a pipeline in the state. The RCA issues that certificate, and one condition of the certificate is that the [pipeline] be a common carrier. Furthermore, [one condition is] to permit interconnections when another explorer or shipper desires to connect to the main line. There could be additional interconnection even with a feeder pipeline. Therefore, she didn't believe there would be a regulatory gap there, she said; furthermore, she didn't believe there would be any situation in which there would be the inability to ship the state's resources, which is what everyone here is concerned about.

REPRESENTATIVE KERTTULA directed attention to Section 5, page 5, of the proposed CS. She asked if that language is intended to support the right to go to the RCA in terms of not allowing the reduction of capacity or the reduction in transportation services. Or is it just to deal with DR&R instead?

MS. LEVY explained that the new language - "reduced capacity" and "reduction in transportation services" - was inserted to assure people that the deleted language - "discontinue use of all or any portion of a pipeline"- wouldn't permanently reduce capacity or transportation services. She explained that the deleted language is deleted to assure that the pipeline owner, whether it be TAPS or any other pipeline in the state, retains some flexibility in equipment used to provide efficient, cost-

effective transportation. This was addressed by Mr. Bolea during his testimony regarding the need to reconfigure in a circumstance where there is 30-year-old equipment, she noted.

Number 0330

REPRESENTATIVE GUTTENBERG drew attention to the new language, "or reduction of transportation services", and inquired as to the meaning of "services".

MS. LEVY answered that "services" isn't defined in the statute, although it's used regularly within the statutes and the regulations. Therefore, a definition certainly can be understood from the language that's there, she said. The transportation service is the function of the pipeline; it's to transport the resource.

MS. LEVY moved to the topic of interest rates. She pointed out that [the interest rates] are an issue that remains available for litigation before the RCA or the FERC, and she didn't believe the bill eliminated that concern. She recalled that Mr. Brena had a concern that the FERC might not have jurisdiction by the time the shipper got around to seeking refunds. However, she said the administration would submit that these are sophisticated entities that are already litigating that issue before the RCA. Furthermore, nothing stops them from going to the FERC today, next year, or in 10 years when TAPS is still in full swing, and discussing the issue of whether too much has been collected for DR&R. Therefore, she said, she didn't believe the legislation prohibited any such action or left a regulatory gap in that regard.

REPRESENTATIVE KERTTULA related her understanding that someone has to look at the life of the rates to be able to determine whether the 14 percent is correct. Yet protests must be filed within a certain amount of time. She asked how that can be done properly.

MS. LEVY remarked that DR&R is a unique subset of costs collected through the rates. As illustrated by decisions from FERC and RCA, she said DR&R costs are viewed a little differently from others. Thus it's always possible to go in and discuss that component for which nothing has yet been spent.

TAPE 03-41, SIDE A

Number 0001

REPRESENTATIVE KERTTULA turned to retroactivity. She asked, if this legislation will impact [30 RCA] cases, whether it would be better to specify that it's prospective only.

MS. LEVY characterized the issue of retroactivity as a policy question for the legislature to consider. From the administration's perspective, she said, one should keep in mind that rate proceedings go on for a long time. For example, there are open dockets dating back to 1986. Therefore, if someone wants to look prospectively, this action may not affect cases for another 20 years.

MS. LEVY pointed out that on a regular basis, the legislature passes laws that affect proceedings. She explained that the administration was concerned about the original legislation's having a retroactive provision with regard to the interest rate; there was concern that it would affect potential refunds if Order 151 were upheld by the courts. Although it wasn't improper from a legal perspective, she said, from a fairness standpoint the administration supported removing that retroactive provision. She characterized the remaining provisions as more "policy" because, in the administration's view, they don't change the course of anything, but clarify and provide guidance.

Number 0297

REPRESENTATIVE GUTTENBERG pointed out that page 7, line 25, seems to give the authority for tariffs and other things affecting the state to the attorney general. Therefore, he inquired as to how big a shift in policy that would be from the RCA to the attorney general.

MS. LEVY replied that this isn't a significant shift at all, but a clarification of what has been in practice ever since there have been pipelines in this state. Years ago, she said, the legislature made it clear in a pipeline Act that the attorney general - the Department of Law, as the agency - was to handle pipeline matters before the FERC. The aforementioned is also the intent with regard to pipeline matters before the RCA, although it's not as express, and this legislation would clarify that. Additionally, the administration would submit that, in any event, the authority over pipeline matters resides with the attorney general because there is a statute that specifies that when the authority isn't expressly given to other agencies, it falls to the most logical agency. In the case of pipeline

matters, this has been the Department of Law in conjunction with any of the affected agencies.

Number 0454

REPRESENTATIVE HEINZE asked if the language "just and reasonable" is a binding term.

MS. LEVY replied that it's a legal term of art defined through court decisions and the regulatory bodies. Nothing in this bill would change the RCA's ability to determine what just and reasonable rates are on the pipelines it regulates, she said.

Number 0515

CHAIR FATE, upon determining there were no other questions, closed public testimony.

CHAIR FATE indicated the committee would continue with HB 277 on [May 12, 2003]. He said the next meeting will be for questions only, and thus the Department of Law, the Division of Oil and Gas, the industry, the Alliance, and others with expertise in these matters may want to be available for questions. [HB 277 was held over.]

CHAIR FATE recessed the meeting at 9:56 a.m. [End of this tape.]

TAPE 03-42, SIDE A

Number 0001

CHAIR FATE called the meeting back to order at 1:10 p.m. Members present at the call to order were Representatives Fate, Masek, Gatto, Guttenberg, Heinze, Lynn, and Cissna. Representatives Morgan and Wolf arrived as the meeting was in progress.

CHAIR FATE welcomed new member Representative Cissna to the committee. [Committee assignments had changed during floor session. Representative Kerttula was no longer a member, having been assigned to the House Finance Committee.]

SB 147-CONTROL OF NUISANCE WILD ANIMALS

Number 0125

CHAIR FATE announced that the next order of business would be SENATE BILL NO. 147, "An Act relating to control of nuisance wild animals; and providing for an effective date."

Number 0224

ROBERT DORAN testified as follows:

We started a business approximately one year ago dealing with problem wildlife or ... animal damage control. And we would like to see this bill passed so that we can greatly serve the public in Southcentral Alaska.

We're seeing a tremendous amount of growth in this area. We're also seeing more and more residential and commercial developments constructed very near two prime wildlife habitats. And ... anyone who's traveled through Anchorage, I'm sure they can see that even despite these changes, many of the species of birds and animals continue using these developed areas for protection and foraging.

These factors, along with little or no hunting or trapping pressure, creates a potential for confrontations to arise between people and wildlife. And even if the location allowed for regular hunting or trapping, many of these problems occur when the regular season for several species of animals is closed. And a provision in Alaska state law that would allow a licensed individual specializing in the control of problem wildlife to control nuisance animals outside of the regular season would alleviate this problem.

If properly regulated, many people in the public service industry and different agencies would benefit. Based upon conversations that I have had with state, borough, and municipal agencies, including the Alaska Department of Fish & Game [ADF&G], Anchorage, and [Matanuska-Susitna] animal control shelters, as well as the Alaska State Troopers, Division of Wildlife Protection, I've found that these agencies often either don't have the time or the personnel or resources to ... adequately deal with these conflicts. And with them being able to refer problem wildlife calls to a licensed nuisance wildlife control operator

[NWC0], this would relieve these and other agencies from this responsibility.

Number 0395

MR. DORAN suggested local agencies also could benefit by gathering data from NWC0s to evaluate urban impacts on local wildlife populations and surrounding habitats. He said the evidence of these kinds of benefits can be seen in the Lower 48, where animal damage control companies work in cooperation with local game departments and offer a valuable service to the public. This is a relatively new business nationwide, and very new in Alaska. He emphasized that it is a "people service" dedicated to serving the general public.

MR. DORAN, in response to a question from Representative Cissna, explained that this business is similar to pest control. But rather than dealing with insects, it deals with various wildlife species. Examples are pigeons nesting atop a commercial building where the droppings can become a hazard through entering the building via the heating and/or air-conditioning systems, squirrels living in somebody's attic, or beavers causing problems by damming waterways and flooding highway rights-of-way. He said it's difficult to anticipate every situation, and situations he's responded to have been unique.

Number 0579

REPRESENTATIVE HEINZE alluded to the sponsor statement and asked how snow geese are a nuisance, other than perhaps to aircraft.

MR. DORAN answered that when first pursuing this he'd talked to Phil Cole (ph), at that time in charge of special permits for ADF&G, who'd suggested that Mr. Doran list every species he'd want to or be able to deal with. Reiterating that it's difficult to anticipate what types of calls would be received, he said the desire was to include "just about every species that is indigenous or migrates to the state of Alaska." He noted that one call he'd received from ADF&G was about an alligator, which he'd never thought he'd get a call about in Alaska.

Number 0751

JACQUELINE TUPOU, Staff to Senator Lyda Green, Alaska State Legislature, presented SB 147 on behalf of Senator Green, sponsor. She explained that it provides authority for the Board of Game to deal with nuisance wild animals, specifically, small

mammals and wild birds. It does this in two ways. First, it creates a professional license so people like Mr. Doran can offer this service. Second, it gives authority to ADF&G so that it can grant authority to people to deal with these animals in their own homes. Thus the animals are protected from persons who lack knowledge of their behavior patterns; people can call ADF&G and be referred to a list of persons such as Mr. Doran who offer this service.

MS. TUPOU informed members that the list of animals in the sponsor statement isn't definitive. One provision of the bill is that regulations don't go into effect until July 2004 [for Sections 2, 3, and 5 of the Act]; this provides the department ample time to determine what animals [should be included]. The list hasn't been created because the regulations haven't been written; that is something the department will do through its process. She noted that department representatives were available to testify.

Number 0900

REPRESENTATIVE GATTO asked about procedures to date for doing what this bill sets out for the future.

MS. TUPOU deferred to the department, which she said has different rules and regulations for big game, for example. She offered her understanding that this has been a loophole for which the department doesn't have the specific authority unless the animals are in season. Thus the department doesn't have a list of referrals if a private citizen is worried about a porcupine in the yard, for example.

Number 0979

REPRESENTATIVE HEINZE said she grew up with people calling the Cooperative Extension for answers to certain questions. She asked whether people could call the Board of Game for answers on to how to deal with bats in their homes, for example.

MS. TUPOU deferred to the department.

Number 1041

MATT ROBUS, Director, Division of Wildlife Conservation, Alaska Department of Fish & Game, addressing Representative Gatto's question about how these situations have been handled before, noted that it relates to testimony he was planning to give. He

said when [ADF&G's] permitting authorities were defined through various legislation, "nuisance" was specifically left out the last time. For example, ADF&G has authority to issue a permit for people to take wildlife if something escalates to the point of being a public safety problem or if it's for a scientific or educational purpose. However, there have been situations in which, when asked, the department has been unable to issue a permit to allow somebody to deal with a nuisance situation.

MR. ROBUS reported that the U.S. Fish and Wildlife Service has issued a permit, for instance, when a raven nest needed to be removed from a crane boom in the springtime; however, the department couldn't do so without somehow deeming it a public safety problem. With this legislation, [ADF&G] will be able to authorize commercial operators who get a license or individuals who have a nuisance problem to try to deal with that problem through one of the department's permits. Thus it adds a capability that the department hasn't had.

MR. ROBUS noted that for beaver, the department has the capability already to allow people to remove them under a "depredation permit" under a special regulation. He offered his belief that for porcupines, there are no limits, seasons, or restrictions, but said the department often is called for expertise on removal; he noted that a shovel and bag aren't as good as a garbage bucket and a piece of plywood.

Number 1237

REPRESENTATIVE GATTO posed a scenario in which a person wants to build a church and buys 20 acres of land, but there is a tree with an eagle's nest. He asked whether that's a "nuisance".

MR. ROBUS answered that both a federal Act and state regulations deal with that, but it wouldn't fall under the nuisance regulations [under the bill]. He added:

Any migratory bird is under the umbrella jurisdiction of the U.S. Fish and Wildlife Service under the Migratory Bird Treaty Act. And, therefore, we can only permit to the extent that the feds have already decided to permit, on any migratory bird. So, for instance, if we wanted to move a raven's nest or issue a nuisance permit to deal with some geese that were depredating somebody's grain field and that was considered a nuisance, rather than a public safety problem, we could go ahead and do it, but we could

only do it within the sideboards set by a federal permit that has already been issued. And ... we do lots of ... scientific educational permits under that very scenario.

Number 1336

MR. ROBUS returned to Representative Heinze's earlier question about seeking information similar to that from the Cooperative Extension. He said that hadn't been considered in analyzing the bill, but added, "If the Cooperative Extension had people who wanted to be authorized to do that type of thing, we would now have the authority to at least consider permitting doing that."

REPRESENTATIVE HEINZE asked whether citizens could call [ADF&G] for information about bats in the attic, for example.

MR. ROBUS answered:

One of the big jobs that our area management people throughout the state in our 23 offices do is field calls like that every year. ... I've been in that position, ... caught between wanting to be of service and wanting to get the rest of your work done. And so we often give a whole lot of advice over the phone. We try not to advise people to do things that we don't have the authority to do or they don't have the authority to do.

But yes, ... we issue a lot of Extension-type advice as the wildlife experts for the state, and I'm sure we'll always continue to do so. But now [with this legislation] we can actually tell somebody, "You may go ahead under this permit and take an animal." And take ... means a wide variety of things, anything from killing the animal to moving it to hazing it - scaring it away. You can't do any of that legally unless we authorize it. But now we'll be able to do that for nuisance animals.

MR. ROBUS pointed out that this isn't defense of life and property. When issuing these permits to private individuals and commercial operators, [ADF&G] generally would take the approach that nonlethal methods are preferable, escalating from there and eventually getting into lethal take, if necessary. He also noted that the effective date is a year from July 1 for the commercial part, but recalled that the noncommercial part takes

effect July 1 of this year, so [ADF&G] could immediately begin to issue permits to people who have problems with nuisance animals.

Number 1510

REPRESENTATIVE LYNN recalled reading about an Alaskan university where a [northern goshawk] attacked someone. He asked whether this bill would apply in such a case.

MR. ROBUS said yes, if it were judged a nuisance. It might already be judged a public safety problem, for example. He pointed out, however, that northern goshawks are uncommon enough that the department would look long and hard before disturbing the nesting situation.

Number 1578

REPRESENTATIVE CISSNA returned attention to Representative Gatto's hypothetical situation involving an eagle's nest. She asked what latitude [ADF&G] would have with this. She noted that protection of eagles falls under federal law.

MR. ROBUS answered that he isn't sure that falls under the scope of this Act and that he hadn't read up on the [federal Bald Eagle Protection Act] lately. He noted that [ADF&G] advises land-management agencies and other permitting agencies about what can and cannot be done.

MS. TUPOU offered her interpretation that the word "small" would preclude eagles' inclusion in the legislation.

Number 1669

MR. ROBUS, in response to a question from Representative Gatto about nests, said:

If it's an inactive nest, I think we'd determine that it's just a bunch of sticks. But if ... there has been activity in the nest and there's eggs in the nest or birds around the nest, then we'd probably treat that ... as a nuisance.

CHAIR FATE remarked that he believes this legislation fills a void in the statutes.

Number 1744

KAREN DEATHERAGE, Defenders of Wildlife, noting that she hadn't been aware of the bill, told members she'd served three years on the urban wildlife taskforce in Anchorage, which has clearly defined a lot of "nuisance animals," mostly exotic species but also some small mammals and birds like magpies. She said, "The department up here has got another person working with the area biologist to assist in some of these calls." Emphasizing the importance of wildlife to people living in Anchorage, she suggested the need for concern about any permitting system that might endanger what people consider valuable, whether it is a porcupine [or other animal].

MS. DEATHERAGE expressed concern, first, about whether the Board of Game will have jurisdiction over the department in allowing these permits; she offered her belief that any decision should come from the department. Second, she expressed concern about whether this will create a heavier burden for the department with regard to enforcement and ensuring there is no abuse of a permit system. She questioned whether this is a major issue out there and causing stress on the department now, except for calls relating to bears and moose. She told members:

I'm aware of bear calls and moose calls because I work closely with ADF&G up here in Anchorage. And one of the things we've done very successfully and cooperatively is educate the public. And that has created huge, huge differences in the number of calls and even the number of bears, for example, that have been killed as a result of being a nuisance, quite frankly.

MS. DEATHERAGE acknowledged that this may be a positive bill, but said she wanted to put forth those questions and concerns.

Number 1927

CHAIR FATE asked whether anyone else wished to testify. He then closed public testimony.

Number 1931

REPRESENTATIVE MASEK moved to report SB 147 out of committee with individual recommendations and the accompanying fiscal notes; she asked for unanimous consent.

REPRESENTATIVE CISSNA objected.

A roll call vote was taken. Representatives Heinze, Lynn, Morgan, Wolf, Masek, Gatto, and Fate voted in favor of reporting SB 147 from committee. Representative Cissna voted against it. Representative Guttenberg was absent for the vote. Therefore, SB 147 was reported out of the House Resources Standing Committee by a vote of 7-1.

SB 155-PREDATOR CONTROL/AIRBORNE SHOOTING

[Contains discussion of HB 208, the companion bill]

Number 2014

CHAIR FATE announced that the final order of business would be CS FOR SENATE BILL NO. 155(RES), "An Act relating to predator control programs; and providing for an effective date."

The committee took an at-ease from 1:40 p.m. to 1:45 p.m.

REPRESENTATIVE MASEK asked the sponsor to explain changes from the original bill version.

Number 2081

SENATOR RALPH SEEKINS, Alaska State Legislature, sponsor, explained that wolverine had been included again at the department's request. He told members, "We felt that it was important that wolverine, who can be cumbersome and probably be ... at threat in the wild from any kind of airborne hunting, should be protected."

SENATOR SEEKINS also said the process was changed around such that the Board of Game would get input from scientists in the division; would decide to make this an intensive management area under current statute; and then would authorize a predator control program that included airborne and same-day-airborne shooting. The board would have the prerogative to determine who the participants could be, and should establish the following: predator-reduction objectives, limits, methods and means; who is authorized to participate; and the conditions for participation of individuals in the program.

SENATOR SEEKINS said this basically eliminates "the second bite of the apple" by the commissioner. It is a Board of Game process with the best scientific input coming from the department. "And once the department provided that information,

it was not necessary for the commissioner to recertify the information that his staff had already brought to the board in order to make that decision," he explained. He opined that this decision [under the bill] will be as apolitical as it can be, done by the board members and based on sound science.

Number 2236

SENATOR SEEKINS elaborated in response to remarks from Representative Wolf:

What we're trying to do here is, we do have a statutorily appointed Board of Game. ... We, as trustees, the members of these bodies, the trustees of the resources of the state of Alaska, including wild game, ... have set up a statutory process in the Board of Game so that they can look at and have a public process to take a look at all of the reasons ... for having methods and means ... of harvest, et cetera, for wild game in the state of Alaska, to comply with our ... constitutional requirement to manage for sustained yield.

What we've said was, those decisions should be made based on the best available science, should not be made based on politics. We should be managing this resource scientifically. So what we have ... in our process today is testimony that comes to the Board of Game, including testimony from our own experts, our scientists that tell us population objectives, carrying capacities, bull-cow ratios - all these things that can come into play to determine, "Are we meeting the constitutional mandate for sustained yield or not; if there's a problem, then help us to identify the problem and show us" - and it has to be here - that the board shall have had to have determined, based on information provided by the department in regard to ... an identified big-game population, ... that they haven't met the objectives - that could be a harvest objective; that could be ... a population objective; it could be both on predators or on prey - and that a cause for the failure is predation.

Number 2368

SENATOR SEEKINS continued:

It has to be an identified cause, scientifically, and then that ... it's a reasonable expectation that ... a predator control program could aid in the achievement of those objectives that could get us there. ... Then they have to design how the best possible way ... to carry out that ... predator reduction would be. There's some control all the way through. And we've tried very hard to make sure, then, that the Board of Game understands they just can't say, "Well, we need to reduce predators here." They have to show why. And they have to show what the result will be. And then they have to establish how many. They have to establish the methods and means to be able to do it, because in different parts of the state, different types of methods and means can be effective or not effective. And then they have to determine who can participate and then, on top of that, the conditions for participation.

So we've said, "Along with you making this decision, you have some responsibility to the people of the state of Alaska to make sure you're doing it properly." And so we're ... kind of expanding not only the opportunity, but also the responsibility.

This does not preclude the department from being able to handle their own parallel (indisc.--coughing) if they so wish. This just allows them to say, "Here's a problem, here's a solution, here's a way it can be done," and to authorize private individuals ... to assist, as [Governor Murkowski] has said; he'd like local folks to be able to carry out ... the predator control ... programs as much as possible. And I think that this accomplishes that, and it ... keeps it out of the political arena. Yes, [Board of Game members] are somewhat-political appointees, but they're confirmed ... by these bodies, and so they ... now would have that decision-making authority.

Number 2474

REPRESENTATIVE GATTO asked about the effect of the bill on the bear population.

SENATOR SEEKINS answered, "If a bear is a predator, they have the responsibility and the right to determine ... how to control it. And I believe a bear is a predator. In fact, I think bears

have a greater effect in many areas on mortality rates for moose calves than wolves do."

Number 2502

REPRESENTATIVE HEINZE referred to page 2 [Section 2]. She asked whether the Board of Game will have authority over all this, including "who can shoot, who can fly," and what methods will be used.

SENATOR SEEKINS answered in the affirmative. He said that's consistent with [the board's] authority in statute now, and this is a reiteration of other rights and responsibilities it has in statute.

Number 2546

REPRESENTATIVE HEINZE asked Senator Seekins for clarification about the numbers relating to wolf and moose populations.

SENATOR SEEKINS offered an example from Game Management Unit 13. Pointing to an area on a wall map, he mentioned the Parks Highway, Denali Highway, Richardson Highway, and Glenn Highway, saying it's basically contained within that boundary between the two major population areas of Alaska. He said:

At one time in the late '80s, early '90s, the moose population - the reproductive base of that population - was about 27,000. Today it's less than 8,000. A number of years ago, the Board of Game said, "This is now an intensive management area," and authorized predator control programs. But under the last administration, for political reasons stated that way - not assumed - they decided not to do any kind of predator control program in there. ...

The harvest by humans has stayed below a thousand. Something's killing those animals. And the biologists say it's wolves and bears. ... And they say we need to have a predator control program. The wolf population is 900-plus roughly, depending on when you measure it. The ceiling that's been established by the board is around 200. The bear population exceeds 1,500-1,600 grizzly bears in that area. The population is way over the net.

SENATOR SEEKINS referred to charts of wolf and moose population trends for Unit 13. He indicated nothing has been done other than private hunting to meet the department's population objective of 200 wolves.

Number 2698

SENATOR SEEKINS expressed concern about failing in managing the resources that are Alaskans' public-trust assets. He said 80 percent or more of moose calves born in this area are dead before they're four weeks old. Highlighting the number of predators, he said they can't even be counted and can't be caught without a predator control program of some kind. He offered his belief that the Board of Game has to authorize this because the mandate is that the highest and best use, by statute, is for human consumption. He added:

I submit to you that ... if we were just to take one-third of what we could have produced out of there, we would triple the harvest of moose in the state of Alaska in the high years - triple it. And if those people from Anchorage and Fairbanks and the highly populated part of the state were able to have a reasonable opportunity to harvest close to home, they wouldn't be going to Ruby or to Rampart or other parts of the state to hunt. Not only do we solve the problem by controlling our populations of game close to -- the problem of managing for sustained yield, we take the pressure off the rural communities, which I think is a secondary benefit of equal importance. So give people a chance to harvest close to home - we'll solve some of the other issues of the state as well.

SENATOR SEEKINS said it's a real problem and that nobody will dispute these numbers from the department, which are taken from their own reports. He noted that for some, the trend has been "extended one year," but said they're straight-line trends, with no reason to believe it won't continue.

Number 2900

REPRESENTATIVE HEINZE asked about gestation periods for moose and wolves, and how many young are born a year.

SENATOR SEEKINS answered that there is a high twinning rate in moose, though he didn't have the figures, and said wolves can have three to six or more pups up to twice a year. In Unit 13,

"from myself and other people who do hunt and travel in Unit 13," he said it is rare to see a moose calf that survives into the fall.

TAPE 03-42, SIDE B

SENATOR SEEKINS said these populations are always either declining or increasing.

Number 2940

REPRESENTATIVE WOLF voiced wholehearted support for the bill. He said Alaska's constitution clearly states and explains the sustained yield principle for maximum benefit of the residents of Alaska. He remarked that this bill isn't a hunting opportunity, but a predator control program.

SENATOR SEEKINS said by telling the Board of Game it has the right to determine who participates, "we would believe that they would have the responsibility to make sure that the people who did it were responsible people, not just opening it up to anybody." He reported that he'd met the day before with two members of the department, another Senator, and a man from the U.S. Department of Agriculture (USDA). Senator Seekins said the USDA has a division or office that assists other states with predator control, and that the man is a certified aerial gunner who said other Western states use airborne-hunting predator control programs. Citing the idea of taking care of the problem efficiently, effectively, and humanely, Senator Seekins offered his belief that this can be done with [SB 155].

Number 2815

REPRESENTATIVE GUTTENBERG asked why the governor doesn't do this predator control now.

SENATOR SEEKINS answered that the current statute says predator control can only be based on the prey population objective, and then must be certified by the commissioner. This bill allows the Board of Game to use all population objectives, including harvest objectives. He explained:

You may have a population objective that's fairly stable, but you're not able to harvest anything for human use because it's being overharvested by predators. But under the current law, you could not do anything about that. The McGrath area, if you'll

recall, was (indisc.) down. It had ... a population objective of, let's say, a unit of three, and they reduced it to a unit of one so that they could meet the population objective. So now you couldn't do anything until you could show that the prey population didn't meet the objectives. So we want to roll back into that the ability to look at ... harvest objectives as well as predator population objectives. This now allows them to look at all their objectives and come up with ... a harmonious program.

And now, the governor himself, I don't know why the governor does not choose what he does not do. ... I have not heard anyone from the Department of Administration say that it was based on any kind of scientific principle. And so, to take that kind of political pressure off of any ... governor, no matter who it is that's in office or what party they're from in office, I think this should become an apolitical and science-based decision. By doing that, we don't put anyone in a position where they have to worry about the headline in the paper related to their activity; it's as this governor asked it to be, early, to be science-based, and as he's asked it to be, to be primarily carried out by people that live in the communities where it's necessary.

Nowhere else in statute, on any fish or game regulation, does a commissioner or a member of the administration have any kind of veto power ... on a program authorized by the board. And we're now making this part of the statute consistent with every other statute.

Number 2665

REPRESENTATIVE GATTO suggested there had been a thought that tourism tended to drive some decisions. He referred to a graph relating to predator populations and noted that there is a steady increase in the predator population in spite of a declining prey population. He asked whether that reflects that wolves can get along on other prey and wait.

SENATOR SEEKINS replied that if they're killing moose, they're also killing caribou and will "eat them down until they're gone, and then they'll start eating each other." He said 30 percent

of wolves killed in Alaska today are "killed by other wolves for dinner."

SENATOR SEEKINS offered an editorial from that day's Fairbanks Daily News-Miner, saying it gives a sense of how people from Interior Alaska support "science-based control."

REPRESENTATIVE WOLF recalled from high school that wolves are the only predators that will eat mud to survive, because of all the nutrients.

Number 2530

MATT ROBUS, Director, Division of Wildlife Conservation, Alaska Department of Fish & Game, reminded members that he'd testified on the original HB 208, companion bill to SB 155, and had said the language originally proposed was a technical tweak to the existing statute to overcome the issue that "high-centered" the department and the Board of Game in trying to implement a predation control program in the McGrath area this year. By contrast, [CSSB 155(RES)] is now a fairly substantial change to that statute. He offered the department's view of what it does.

MR. ROBUS addressed Section 1. He said it allows the Board of Game to establish a predation control program that utilizes nondepartment personnel. The existing statute has a fairly cumbersome process whereby the Board of Game listens to the department give its scientific information; crafts a draft program; then must request that the commissioner of ADF&G make a finding based on three criteria: whether predation is creating a decline in the ungulate population; whether reversing or reducing the predation will allow that ungulate population to improve; and whether aerial methods are necessary to reduce predation. Section 1 streamlines this process fairly significantly in that it takes the commissioner finding out of the process.

MR. ROBUS reported that much discussion and debate in Senate committees related to whether the executive branch retains authority to make decisions on whether programs are going to be implemented. He told members:

We believe that there is still a significant role in decision making within the department and the administration because this bill does not affect the fiscal authority of ... the commissioner to run the department. And also there is a federal airborne-

hunting Act that disallows people from conducting this type of activity unless the state issues a permit certifying that they are engaged in an activity to protect a wildlife population. So the state still will have a significant role, no matter what is done with this statute.

Number 2350

MR. ROBUS turned attention to Section 2, which also had received quite a bit of discussion. He said the Department of Law has advised [ADF&G] that the Board of Game already has the authorities listed in Section 2. He said:

We asked [Senator Seekins], the sponsor on the Senate side, to consider making the language more flexible in that we didn't feel it was wise to have the board mandated to establish all four of these things every time there's a predation control program. We thought that allowing some flexibility would make it more likely that a program would actually be implemented by the executive branch.

MR. ROBUS acknowledged that Senator Seekins and his staff had worked with [ADF&G] quite a bit on Sections 1 and 2. He offered the belief that some pretty significant improvements in the language have been achieved through the committee process to date.

Number 2306

MR. ROBUS advised members that the current version, on balance, because the commissioner is entirely removed from the process, is unacceptable to the administration. He noted that the original bill left the commissioner in the process. With the assistance of the Department of Law, therefore, [ADF&G] had worked up a possible amendment that is intended to be a "compromise position between those two poles"; he indicated this proposed language had been given to the committee.

MR. ROBUS explained the intent of the proposed amendment: after the Board of Game comes up with a predation control program and submits it to the department, the commissioner would have a finite, short period of time within which to justify why it should not be carried out; if no response was forthcoming in that short time, the program would go forward. He added, "We think this addresses the pocket-veto issue that Senator Seekins

... has voiced, and which, I think, based upon the way the statute's written, is a valid thing to be concerned about."

MR. ROBUS told members:

I want to emphasize that the situation at McGrath was purely a technical inability for the commissioner to make a finding, as requested by the Board of Game, because the population objective for that particular moose herd was reduced as part of a compromise during [an] adaptive wildlife management team process that was underway out there several years ago, in an attempt to get some sort of redress for the wildlife management situation in Unit 19D East, where the moose population is at low levels and not recovering and we judge the predation as a significant reason for it.

CHAIR FATE asked that questions be held if possible and that testifiers speak for two minutes only.

Number 2175

JESSE VANDERZANDEN, Executive Director, Alaska Outdoor Council (AOC), began by saying AOC represents about 50 outdoor clubs - approximately 12,000 hunters, fishers, trappers, and public access advocates. Testifying in support of SB 155, one of AOC's top priorities this session, he said the bill isn't about fair chase or ethics, providing trophy moose hunters with bigger moose racks, eliminating wolves, or being against predators. He opined that these are myths perpetuated by people who seek to "put wolves on a pedestal" and thereby create sympathy for them at the expense of other wildlife species; he said this undermines the integrity of wildlife management and every Alaskan who wishes to utilize wild food for sustenance.

MR. VANDERZANDEN offered that the bill is about asserting the state's right to manage wildlife in a scientific manner for the benefit of its citizenry; helping the state meet its statutory and constitutional obligations to manage wildlife for sustained yield; and putting wildlife management "back into the hands of professional managers who know it best - people in the field, ... close to the ground, who know what's going on day to day, year in and year out." He cited population levels, predation impacts, habitat conditions, other conditions, use patterns, and "a myriad of factors that must be accounted for in managing wildlife for sustained yield."

MR. VANDERZANDEN said the narrowly focused bill limits airborne or same-day-airborne predation management to only areas where big-game populations are depressed and predation has conclusively been determined to be a factor; it requires Board of Game authorization to conduct airborne or same-day-airborne management within the context of an approved wildlife management plan founded upon the recommendations of professional managers. He said these plans are regularly scrutinized and commented on by the public "in one of the most open and deliberative public processes in the nation."

MR. VANDERZANDEN indicated this practice is available in most states, and should be available in Alaska, given its challenging topography. He said it ties predation management to population objectives, which seek to establish how many moose and predators exist in a long-term sustainable manner in a certain area. He told members that predators are part of the management equation - conserved for, accounted for, and managed for. They are not managed against. It's not a question of how wolves are managed, but how wildlife is managed. Noting that population objectives also account for human harvest, he concluded, "We urge you to put Alaskans who utilize wild food for sustenance, who share a strong conservation ethic for nature's predators and prey, and [who] rely on individual responsibility, back into the management equation by passing this bill today."

Number 1958

DICK BISHOP testified on his own behalf in support of SB 155, which he said makes clear, when allocating big-game prey for various uses, that the buck stops at the Board of Game. The board is bound by the same sideboards as ADF&G: wildlife must be managed on the sustained yield or self-perpetuating principle, and sustained yield includes hunting and trapping. He said the board and department are obligated by law to provide for "continued, important hunting opportunities"; the board is obligated to make allocations among various uses, and relies on the department's data and professional advice regarding the condition of the particular population and what sort of management would enable the board to meet its obligations.

MR. BISHOP said SB 155 provides authority for the board to use more of the available management methods to fulfill its responsibilities. Its decisions still must be based on information and interpretation provided by the department; implementation of predator-prey management through the use of aircraft also requires ADF&G's cooperation in order to meet

conditions of the federal airborne-hunting Act. He said the paradox in predator-prey management is that while Alaska is huge, only 10-20 percent is available for active management of predator-prey systems or even of habitat. He explained:

Federal nonmanagement on 50 to 60 percent of the state, state-closed areas, urban areas, and barren lands combined make up 80 to 90 percent of the state lands. But then the 20 percent of Alaska where management can be done has become critically important to those who pursue the Alaskan tradition of hunting, whether for food, for cultural values such as my own, or as guides who make a living serving the interests of our visitors.

MR. BISHOP concluded by saying SB 155 will help the state fulfill its constitutional mandate of managing on the sustained yield principle, subject to preferences among beneficial uses, for the maximum benefit of the people.

Number 1808

PAUL JOSLIN, Conservation Biologist, Alaska Wildlife Alliance, expressed concern that SB 155 would allow members of the public who can afford it to again be able to play "cowboys in the sky, chasing wolves across the landscape." He said it is barbaric; raises public safety issues; and is inexcusable, even if done in the name of predator control. Noting that proponents of same-day-airborne hunting of wolves argue that it's necessary, he said the opposite is true. He told members:

We are now killing more wolves than ever. And I have provided each of you with copies of the Alaska Department of Fish & Game harvest summary records on wolf take in Alaska over the past 25 years. From these records, you can see for yourself that it has been steadily increasing, from about 600 wolves a year to now over 1,500 wolves a year, which is a whopping increase of nearly 150 percent.

This trend appears to be continuing. In the winter of 2001-2002, 1,741 wolves were listed as killed. The increase has come about largely because hunters have better equipment in the way of semi-automatic weapons and fast, reliable snow machines that can outpursue any wolf on open ground. I attend a lot of Board of Game meetings. And having personally heard the

testimony of many snowmachiners talking about the number of wolves they take, I'm especially concerned. In one individual case I'll never forget, ... the fellow bragged about how he single-handedly chased after and shot some 18 wolves. Pursuing wolves on a snow machine is now legal on about 20 percent of state land.

MR. JOSLIN said enacting legislation that returns Alaska to a time in the past when there were "cowboys in the sky" is wrong. If anything, legislation should be enacted to stop the legalized but unfair chasing of wolves on the ground and the steady increase of killing of wolves in Alaska until more is known about its impact on Alaska's natural ecosystems.

MR. JOSLIN contended that this isn't about logic and science, but about dealing with entrenched attitudes about wolves by people in power. He disagreed that wolves reproduce twice a year, and he said wolves aren't vermin. "The voters of Alaska know that, and they have told you twice that they are not about to support you when it comes to allowing the public to use aircraft when it comes to killing them," he said. "Why isn't that message getting through?"

MR. JOSLIN said Alaska has lost its preeminent position as the wild-frontier state with the highest density of wolves in America because of the antiquated attacks on predators. He told members that Minnesota, for example, proudly proclaims that its hunting industry is able to coexist with a population of wolves that is 2.5 times Alaska's per square mile. He asked that more wolf-related education and a whole lot less killing be done.

Number 1537

JENNA WHITE testified as follows:

The failure of a democratic government, when representatives of the people vote in favor of regulations that are in opposition to the will of the people that elected them: the public already clearly voted to disallow the practice of aerial and land-and-shoot hunting of wolves by the public. One cannot be an expert on all subjects, and the breadth of information in the world today is overwhelming. And the systems have been devised so that the most qualified individuals make decisions pertinent to their area of expertise.

Establishment of regulations that can have tremendous impact on wildlife populations should be administered by biological professionals. Nonetheless, certain [legislators] and Board of Game members ... will acquire personal gain by acting as wildlife management professionals. These same individuals are active members of a group which tells that [moose] numbers are plummeting by astronomical accounts. For example, it has been claimed in Unit 13 [that] the moose population has dropped from 27,000 to 7,000 in a decade, and that in Unit 19D the moose density has fallen from 3 to 4 per square mile to 1 per square mile, a 75 percent reduction.

It has further been stated that this is not a fair-chase issue, but a scientific management issue. And this is exactly the point: that science is being manipulated to suit their own desires. The scientific reality is that the true population estimates for moose and many species are not known in most parts of the state because these surveys are expensive and time-demanding.

Previous high estimates of moose numbers in the 1980s are pure speculation based on no scientific data, and were the result of long-term state- and privately sponsored wolf bounties, extensive aerial and land-and-shoot killing, and poisoning. For example, in the previously mentioned Unit 13, where intensive predator control has been adopted, ADF&G biologists do not know the extent of the moose population because this area is very large and encompasses much topographical variation. And the area simply has not been censused.

Number 1390

MS. WHITE continued:

But in a recent ADF&G discussion item concerning the review of predator-prey status in Unit 13, it was stated that, quote, there are about 22,000 moose in Unit 13 and an overall density of 0.9 moose per square mile, or a density of 1.4 moose per square [mile in areas] below 4,000-foot ... elevation. And this is considered a relatively high-density moose population for Interior habitats.

This number certainly is not written in stone. But it is nowhere near the "7,000" number purported by supporters of this bill. The report goes on to state that moose populations now appear comparable to levels observed in the early 1980s. Simultaneously, the most recent study showed that the wolf population has decreased by some 27 percent in Unit 13, due to extensive hunting and trapping. ...

The real problem is, ... localized hunting overhunting has reduced bull ratios to as low as 9 bulls ... per 100 moose in certain areas. And this has reduced the resiliency ... of the herd and the overall availability of moose to take.

MS. WHITE concluded that overall, this is a scientific issue that needs to be resolved by professionals who have integrity and are looking out for the welfare of wildlife and habitat, instead of "playing politics."

Number 1279

VIC VANBALLENBERGHE told the committee he is a former member of the Board of Game appointed in 1985 by Governor Sheffield and in 1996 and 2002 by Governor Knowles. First discussing the public's using airplanes to take wolves, he said that while he was on the Board of Game in 1985-87, the board began to address problems related to this issue; the board acted first in 1986 to restrict land-and-shoot hunting because the practice had numerous problems in relation to hunters' shooting directly from the air or hazing and harassing wolves, both of which were illegal under state and federal law. He said that led to a series of well-publicized court cases in Alaska and public outrage over the practice.

MR. VANBALLENBERGHE offered his belief that whether or not land-and-shoot or same-day-airborne hunting is done as predator control, it is a bad practice that the public still strongly opposes. Highlighting the 1996 initiative and 2000 referendum dealing with this issue, he said they demonstrated the strength of that opposition. He opined that passage of this [SB 155] may result in yet another referendum vote to overturn the legislature's action.

MR. VANBALLENBERGHE said, second, the bill cuts the commissioner, and hence the governor, out of decision making on

wolf control. Emphasizing that the Board of Game isn't an elected body, he said only the governor, who is elected, can see the broad public policy issues involved in controversial issues like wolf control and can make the ultimate decision, through the commissioner of ADF&G, as to whether these practices should proceed.

MR. VANBALLENBERGHE referred to Mr. Robus's testimony and said there is a legal problem in that Public Law 92-159, the airborne-hunting Act passed by Congress, requires state fish and game agencies, rather than boards of game, to issue permits for aerial control. Thus [SB 155], by overriding that process, generates some serious and perhaps intractable problems that need to be rectified.

Number 1031

ROBERT FITHIAN, Executive Director, Alaska Professional Hunter Association (APHA), who is a master guide and "eco-tour" operator, said APHA represents Alaska's oldest tourism-related industry, the guided sport-hunting industry, which contributes more than \$120 million "new" dollars to Alaska each year and contributes to ADF&G's annual wildlife conservation budget. Referring to the state constitution, Article I, Section 1, and Article VIII, Sections 3 and 4, he told members:

During the past decade we have seen a steady and continual decline in the cow moose populations in Alaska of at least 55 percent. The annual calf-survival rate is under 7 percent. Only 3.5 percent of the surviving calves are female, and fewer of that percentage are living to be of recruitment age to replenish the declining populations.

The average annual harvest rate of moose statewide currently is as follows: 86 percent die by predation, 10 percent die of natural mortality, and 4 percent by human harvest. What these facts prove is that if we stopped all human harvest of moose today, a year from now we will still have fewer moose. Hunting and human harvest is having no significant effect on the state's moose population.

Let me advise you on another commonly overlooked fact here. If the facts were known regarding our Dall sheep and, in many areas, our caribou populations, and they had ... an important role throughout the main

river corridor communities of Alaska as meat-and-subsistence species, you would find that their plight is as bad as our moose. It's a terrible representation of the stewardship of these resources.

It's important for you to note that during the past 10 years the nonresident sportsman has lost opportunity to hunt on over 50 million acres of public lands that are open to sport hunting, due to the continual reducing numbers of Alaska's moose, sheep, and caribou populations and the mandate's of the state's subsistence law.

Only two times in the history of our state have we seen such detriment dealt to our precious wildlife populations as we have in the past 15 years. These two instances were the near-extinction of the sea otter by the Russians and the demise of Alaska's wild salmon during the territorial years. ...

Number 0846

MR. FITHIAN concluded:

The APHA warrants that what Alaska will gain by passage of Senate Bill 155 and the administration's mandates of management of Alaska's wildlife populations for abundance will do far more benefit for Alaska's tourism industries and ... the vision that the world has of Alaska than any boycott can do us harm. It's time for us to stand up for Alaska and the vision that the world has of our state, a vision of incomparable wildlands and bountiful populations of wildlife. Our civil, constitutional, and moral stewardship requirements need to be adhered to. The APHA urges you, for the sake of our precious wildlife resources and the people of rural Alaska, to support this bill.

CHAIR FATE asked people on teleconference who had written testimony to provide it to the committee.

Number 0772

REPRESENTATIVE CISSNA pointed out that she didn't have the handout Mr. Joslin said he'd provided.

Number 0750

CHAIR FATE closed public testimony, asking people to stay on teleconference for questions. He announced his intention of moving the bill from committee this day.

REPRESENTATIVE MASEK asked Mr. Robus to address a topic raised in a letter in committee packets from Jenny Pursell [in opposition to SB 155, dated May 8, 2003] that says under SB 155, aerial predator control can be declared by the Board of Game without the backing of ADF&G.

MR. ROBUS responded:

Our reading - and one thing that may not be clear - is that under the existing statute, let alone what's before you, the public can be involved in predation control programs ... involving same-day-airborne or airborne hunting if this complicated process is gone through that I mentioned before.

The ... Board of Game, under the language in ... SB 155, would be able to go ahead and put together a predation control program and hand it to the executive branch without the involvement of the commissioner. But, as I said before, in two ways the department still would have some authority and some say in whether or not a program went forward. And one is that the board does not have any fiscal authority over the department, and the commissioner still controls the purse strings for what happens and, therefore, can direct that something either be done or not done.

And then, secondly, the provisions of the airborne-hunting Act means that ... if nondepartment people are involved in predation control activities involving aerial methods, the state must, as we read it, issue a permit to protect people from federal prosecution ... under that law. People can be made legal if there's a state permit that says that they're participating in a program to protect a wildlife population. And in this case it would either be moose or caribou or one of the ungulate populations identified under the intensive-management law.

MR. ROBUS added that he hadn't read the letter, but thought he'd answered Representative Masek's question.

Number 0522

REPRESENTATIVE MASEK reiterated that the letter says the board can declare aerial predator control without the backing of ADF&G.

MR. ROBUS replied, "I think that's true. But, again, the department and the administration would still retain the final say as to whether or not to implement that program."

REPRESENTATIVE MASEK referred to oral testimony and to written testimony to the Board of Game from the board's March 6 meeting [in packets]. She paraphrased from a letter from Lewis F. Egrass of McGrath that says [original punctuation provided]: "Just last night March 5th on Alaska State news, Paul Joslin stated that their survey showed that 75% of rural Alaskans opposed predator control. I have contacted all the villages in this area and none of them have any knowledge of this survey." Representative Masek said she just wanted to put that on record.

Number 0362

CHAIR FATE asked about the allegation that the moose count isn't accurate and has no scientific basis.

MR. ROBUS responded:

It's true that there's a lot of art in the science of wildlife management. And it's true that these surveys are expensive. And we have to try to hopscotch around the state, and there are a lot of areas that we don't survey every year. But we try to keep hopping around and checking up on places from time to time. And the department is among the leaders in the world in developing aerial survey techniques, and we have done what we can to try to develop ways to do the best job we can of estimating - not directly counting every last one, but estimating moose populations and other wildlife populations in the state.

CHAIR FATE asked whether the figures are valid.

MR. ROBUS replied:

I believe they are, Mr. Chairman, although ... depending on where you're looking specifically, we may

have less scientific data than in other places. But in places where we've got significant management problems, we try to allocate our resources so that we do fly high-quality surveys and do the best job we can under the conditions. ... We can still be foiled by weather conditions or other anomalies, but we have, we believe, valid results and estimates that are as good as you can get under the circumstances.

Number 0187

REPRESENTATIVE GUTTENBERG referred to one of the graphs in the packet. He said some game management biologists and resource managers have mentioned that the 1988 number was an anomaly, that taking out the bottom and top numbers would give more of an average, and that shooting for an all-time high isn't feasible.

MR. ROBUS responded:

You make a good point, and the department is on record repeatedly as trying to make sure that population and harvest objectives that are established are reasonable and ... achievable. ... There's no doubt and no argument from the department that we don't have a management problem for ungulates in Unit 13 and Unit 19D and several other places. But in trying to correct those problems, we need to be careful that we aim towards objectives that can be sustained, and ... don't create more problems when we get there.

Anybody who knows the history of the Nelchina caribou herd knows that populations do fluctuate the way ... Senator Seekins mentioned. And we have to be careful, when trends are going up, not to stimulate something that gets so high that it creates damage.

TAPE 03-43, SIDE A

Number 0001

MR. ROBUS noted that [the graph] has some error associated with it; it's an estimate. He explained:

If you draw the type of error bars that we have around our estimates, you might find that that line is a lot less lumpy than it appears here. And if we had no snow on the ground that winter, it would be very hard to find moose during a survey anyway, so we'd get a

low estimate. So I think what you need to look at - and what wildlife biologists get used to doing - is instead of worrying too much about the absolute place where that point is, you look at the general line. And that general trend for moose in [Unit] 13 is definitely down over the long term, and we agree that we've got some serious management concerns there that need to be addressed.

Number 0071

REPRESENTATIVE CISSNA recalled that the environments in which moose live must be specifically beneficial for them; they need to be able to reach what they forage on, for example, and a growing forest can actually outgrow the range which moose can reach. She asked whether there has been any kind of change in the environment [in the game management units being discussed].

MR. ROBUS replied:

One thing that is often forgotten is ... that the habitat is constantly changing everywhere in the state. And numbers of animals in the woods or tundra or wherever are also constantly changing. And the challenge of wildlife management is to try to keep things in balance and at adequate levels so that people can use the wildlife in the various ways they do.

And, yes, our area biologists ... become very familiar with the areas, and we know that there are situations where habitat is the primary problem for ungulates. But there's a whole variety of factors ... that affect ungulate populations or any wildlife population, predation being one of them, habitat quality and quantity another, disease, parasites - you can on and on; weather is a big one for moose.

And so that's why the current statute and the ... bill in front of you talks about ... the board having to making the judgment that predation is a significant cause for a depressed ungulate population, because it doesn't do any good to remove predation or reduce predation if that's not what's causing the depressed moose herd or caribou herd. So, obviously, we need to look at make sure that predation is a problem, and ... not something else controlling the situation.

Number 0329

REPRESENTATIVE GUTTENBERG said this bill seems to want to take authority from the governor and the commissioner, and give it to the board. He asked whether that is a real situation, since the governor, in the end, controls the purse strings of the board or even the department. He surmised that if a governor didn't want predator control, it wouldn't happen, regardless of this bill.

MR. ROBUS offered his belief that [Governor Murkowski] has stated repeatedly that he's in favor of predator control; has voiced a policy that certain techniques will not be employed at this time; and is very interested in having predator-management problems addressed by local people, as opposed to department staff, in part because of the cost to the state involved in a staff effort. In further reply, he reiterated that the administration presently finds the bill unacceptable because of the commissioner's diminished role in Section 1, which is the process whereby the board produces the predation-control plan.

CHAIR FATE recalled that the governor, in a speech to the joint session, had talked about active management, which Chair Fate said connotes "active management including, if needed, predator control."

REPRESENTATIVE MASEK commented that almost everyone in the Senate had voted for this bill and urged moving it forward to the House floor.

Number 0562

REPRESENTATIVE MORGAN told members he is from the Unit 19 area and is very familiar with Unit 19D; he's been involved in predator control since 1998 and pushed legislation at that time for predator control. He said the moose population is going down. Representative Morgan told how bears change their eating habits as they become more expert, going from eating the entire carcass in the spring to only eating the fattest parts. Similarly, he said, elders have told him that wolves become very persistent and expert at catching [moose], and know what parts to eat. He recounted being told by someone that he'd run into four moose [carcasses] for which the only parts eaten were the nose; tongue, which has a lot of fat; heart and kidneys, which have a lot of fat; and rump. Then they move on.

Number 0727

REPRESENTATIVE LYNN emphasized the responsibility of legislators to be responsible stewards of the natural resources, including animal populations. He said these [wolves] aren't mythical Disneyland animals, but a "four-legged natural resource that needs to be managed with the best scientific knowledge that we have, in the most practical, commonsense way to do it, for the benefit of all of us." He said he believes that active management is required and that he will support the bill.

Number 0815

REPRESENTATIVE HEINZE moved to report CSSB 155(RES) out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE GUTTENBERG objected for discussion purposes. He told members he believes in predator control, but said on this issue he's been troubled because both sides seem to get stymied in rhetoric and locked into positions. He said he looks for good, scientific data and hears conflicting information from both sides. Referring to the top of page 2, he indicated concern that it seems to amend statute with regard to the philosophy of predator control for objectives. He also expressed concern about taking authority away from the governor in theory in the bill, when the governor actually has it in the end. He indicated that whether one agrees with a governor or not, there are larger public policy issues involved in a lot of what the legislature does.

REPRESENTATIVE GUTTENBERG also noted that two ballot issues which passed [relating to same-day-airborne hunting] were big public policy calls. Indicating the need to further educate the public, he said that all he's hearing is "bears and wolves versus moose." Referring to Representative Cissna's discussion of habitat issues, he said there are water issues and [effects from fires] as well, and yet he never seems to hear dialogue about what is happening out there on the ground. He explained that he hasn't been satisfied that an answer has come forward, and said he doesn't think [this bill] does it.

Number 1051

CHAIR FATE said he didn't presume to be an expert, but offered his belief that ADF&G has ample evidence that in some areas - though it may not be the total cause of diminution of the ungulate population - "it has been the balance that has caused

the decrease." He said he knows of times when a deep snow coupled with cold has probably been much more devastating than wolves to the game population; however, wolves on top of that can just about devastate an entire moose population in an area. He agreed in part with Representative Guttenberg, but offered his assessment that in some areas it really is predation that has caused the diminution of the herd.

CHAIR FATE stressed the desire for active management, saying there has been too much passive management where people have just said to let nature take its course. He recalled hearing from elders that there have been times of starvation as well as times of plenty. "We're trying to keep away from those times of starvation," he concluded.

Number 1171

REPRESENTATIVE CISSNA said she'd talked to people in her area and believes they understand that in some areas it's important to have predator control, even though they'd voted strongly in favor of banning aerial wolf control. However, they'd told her it should be professional. She also expressed concern that she hadn't seen the proposed amendment [mentioned by Mr. Robus], and said she'd like to hear debate over the problem that the administration has with the current version.

Number 1268

REPRESENTATIVE GUTTENBERG withdrew his objection.

CHAIR FATE asked whether there was any further objection. There being no objection, CSSB 155(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 3:07 p.m.