

ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE

January 26, 2005

3:37 p.m.

MEMBERS PRESENT

Senator Thomas Wagoner, Chair
Senator Ralph Seekins, Vice Chair
Senator Ben Stevens
Senator Fred Dyson
Senator Bert Stedman
Senator Kim Elton
Senator Gretchen Guess

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 32

"An Act permitting grants to certain regulated public utilities for water quality enhancement projects and water supply and wastewater systems."

MOVED CSSB 32(RES) OUT OF COMMITTEE

SENATE JOINT RESOLUTION NO. 2

Urging the United States Congress to pass legislation to open the coastal plain of the Arctic National Wildlife Refuge, Alaska, to oil and gas exploration, development, and production.

MOVED SJR 2 OUT OF COMMITTEE

SENATE BILL NO. 69

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

HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 32

SHORT TITLE: WATER/SEWER/WASTE GRANTS TO UTILITIES

SPONSOR(s): SENATOR(s) THERRIAULT

01/11/05 (S) PREFILE RELEASED 12/30/04
01/11/05 (S) READ THE FIRST TIME - REFERRALS
01/11/05 (S) RES, FIN
01/26/05 (S) RES AT 3:30 PM BUTROVICH 205

BILL: SJR 2

SHORT TITLE: ENDORSING ANWR LEASING
SPONSOR(s): RESOURCES

01/11/05 (S) READ THE FIRST TIME - REFERRALS
01/11/05 (S) RES
01/26/05 (S) RES AT 3:30 PM BUTROVICH 205

BILL: SB 69

SHORT TITLE: APPROP: GRANT TO ARCTIC POWER FOR ANWR
SPONSOR(s): RESOURCES

01/21/05 (S) READ THE FIRST TIME - REFERRALS
01/21/05 (S) RES, FIN
01/26/05 (S) RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

Senator Gene Therriault
Alaska State Capitol
Juneau, AK 99801-1182
POSITION STATEMENT: Sponsor of SB 32.

Commissioner Jim Strandberg
Regulatory Commission of Alaska
701 W Eighth Ave Ste 300
Anchorage, AK 99501
POSITION STATEMENT: Commented on SB 32.

Ms. Kara Moriarty, President and CEO
Fairbanks Greater Chamber of Commerce
Fairbanks, AK 99707
POSITION STATEMENT: Supports SB 32.

Ms. Mary Jackson
Staff to Senator Wagoner
Alaska State Capitol
Juneau, AK 99801-1182
POSITION STATEMENT: Commented on SJR 2 and SB 69 for the sponsor.

Ms. Debbie Miller
Fairbanks AK

POSITION STATEMENT: Opposes SJR 2 and SB 69.

Mr. Fran Mauer
Fairbanks AK

POSITION STATEMENT: Opposes SJR 2 and SB 69.

Ms. Luci Beach, Executive Director
Gwichen Steering Committee
Fairbanks AK

POSITION STATEMENT: Opposes SJR 2 and SB 69.

Mr. Al Adams, former Alaska State Senator
Volunteer, Arctic Power
Anchorage AK

POSITION STATEMENT: Supports SJR 2.

Mr. Mike Navarre
Arctic Power Board
Fairbanks AK

POSITION STATEMENT: Supports SB 69.

Mr. Joe Mathis
Montana Creek Campground
Anchorage AK

POSITION STATEMENT: Supports SB 69.

Mr. Matt Fagnani
NANA Development Corporation
Anchorage AK

POSITION STATEMENT: Supports SB 69.

ACTION NARRATIVE

CHAIR THOMAS WAGONER called the Senate Resources Standing Committee meeting to order at [3:37:50 PM](#). Present were Senators Elton, Dyson, Ben Stevens, Stedman and Chair Wagoner. The first order of business to come before the committee was SB 32.

SB 32-WATER/SEWER/WASTE GRANTS TO UTILITIES

SENATOR THERRIAULT, sponsor of SB 32, said it was introduced to correct a problem that manifested itself with the sale of the Fairbanks Municipal Water System.

He said The State of Alaska provides a water system grant program specifically to keep water utility rates affordable and explained:

The program is authorized through AS 46.03.030 and available funds are accessible through grant applications. However, because of changing patterns of ownership, not all state regulated public utilities under the Regulatory Commission of Alaska (RCA) are now eligible for those state grants. The Fairbanks water utility became ineligible to apply for these grants when it was sold to a private entity. SB 32 amends current law to accommodate the growing trend of publicly regulated, privately-owned, utility systems while remaining consistent with the law's original intent of keeping safe water affordable to the public. With the changes to AS 46.03.030 made in SB 32, all public utilities subject to the burdens and associated costs imposed by the state RCA regulations will now be eligible to apply for grants as currently established under AS 46.03.

[3:39:13 PM](#)

SENATOR SEEKINS arrived.

[3:39:24 PM](#)

SENATOR THERRIAULT iterated that the Fairbanks water utility sale into private ownership made the City of Fairbanks ineligible to apply for the grants.

The policy question for us as legislators is if the federal government makes money available to assure that the broadest number of people possible have a safe and affordable source of drinking water, then should the ownership structure of the utility determine whether the people can apply for those grants or not. My contention to you is that the ownership structure shouldn't automatically make that group of citizens in the State of Alaska ineligible.

[3:40:15 PM](#)

I know there is some question with regard to 'Well, if a privately held entity is able to seek a grant, get a grant, expand facilities or update equipment, should

that private entity be able to enrich the pocketbooks of its owners through the future sale of the entity, then, to somebody else?' But the way that the rate structure looks, RCA would not allow a rate that would allow a new owner to recoup the cost of buying that transparent asset. So, when a grant is given and the money is invested into the system that is placed on the books as a transparent asset. If the utility is then sold to somebody else, the buyer is only going to pay a price that he can then charge a rate to recoup his money. If RCA does not allow you to charge a rate for that part of the infrastructure that was put in place through a grant, then the owner's not going to pay that price. He is only going to pay for that portion of the assets that he can actually charge a rate for to recoup his purchase prices.

SENATOR THERRIAULT noted correspondence from Nan Thompson, former RCA chairperson, that supported his statement.

CHAIR WAGONER asked how that would be tracked.

SENATOR THERRIAULT replied that he wasn't sure. Department of Environmental Conservation (DEC) might be able to answer how utilities indicate equity ownership on the books.

[3:42:54 PM](#)

He said an inadvertent problem with the wording was created for the City of Ketchikan and that proposed Amendment 1 addresses it.

[3:43:12 PM](#)

SENATOR SEEKINS asked if there was an accounting when the Fairbanks utilities were sold to a private entity that said it couldn't sell the assets that were granted to it.

SENATOR THERRIAULT replied that he didn't know, but the rate the purchasing entity applied for couldn't include repayment for any money it used to buy the grant portion of the asset.

SENATOR SEEKINS mused, "So, if it goes from public to private, they couldn't do it. So, we can assume that going from private to public they couldn't, as well."

[3:44:44 PM](#)

SENATOR THERRIAULT replied he understands that as ownership of transparent assets float along, no one can put together a rate that recoups money for infrastructure that has been paid for by a grant.

[3:45:07 PM](#)

SENATOR SEEKINS responded that the grants are for the benefit of the end users, the citizens of the state. He asked if Power Equalization Program funds are channeled through private utilities for the benefit of the end user.

SENATOR THERRIAULT replied that he didn't know how those grants work.

SENATOR SEEKINS said it appears to him that the intent is to try to lower the cost for the end user whether it is a public or a private utility.

[3:45:47 PM](#)

SENATOR STEDMAN offered Amendment 1.

24-LS0290\A.1
Craver
3/3/05

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR THERRIAULT

TO: SB 32

Page 1, line 1:

Delete "**regulated**"

Page 2, line 17, following "if":

Insert "(1)"

Page 2, line 18, following "AS 42.05":

Insert "; or

(2) the utility is owned and operated by a political subdivision of the state that is a municipality"

He explained that it doesn't modify the ability that municipalities currently have from entering this program, but keeps the playing field level by including private utilities that were once public and then sold into the private sector.

[3:47:19 PM](#)

SENATOR ELTON objected to ask more about the Ketchikan situation. He also asked if deleting "regulated" from the title expanded the pool of potential applicants for the grant program.

[3:48:06 PM](#)

SENATOR STEDMAN responded that Ketchikan is included with other municipalities that have enterprise funds. This bill would allow a lot more communities to become eligible to apply for grants. He thought Juneau has an enterprise fund for its utilities.

[3:48:53 PM](#)

SENATOR THERRIAULT said he understands that the problem comes up with the word "regulated" and asked if that meant just regulation by the RCA. Ketchikan is regulated by its own separate public utility board. He didn't intend for it to be precluded and this legislation clarifies that.

[3:49:40 PM](#)

SENATOR ELTON asked if deleting "regulated" expands the pool of new applicants who want access to the grant funds.

[3:50:20 PM](#)

SENATOR THERRIAULT replied yes, the group that requests regulation could expand, but this amendment was structured to specifically take care of those entities that have their own public utility board. Presently there are 23 water and wastewater utilities in the state. That number could go up to 170, but he didn't expect that many real small utilities would apply.

[3:51:28 PM](#)

SENATOR ELTON asked if adopting Amendment 1 would change the fiscal note.

[3:51:53 PM](#)

SENATOR THERRIAULT replied that Amendment 1 doesn't solve the department's potential fiscal problem of having a flood of new grant applications. He was willing to work with the administration to control the fiscal impact.

[3:52:34 PM](#)

SENATOR ELTON asked how much money has been available through the grant program over the years?

[3:53:02 PM](#)

SENATOR THERRIAULT replied that the FY'06 budget appropriates \$11 million to the grant program. The bill doesn't guarantee qualification for the funds, but it allows entities to turn in an application, to have it scored and be evaluated with all other applicants.

[3:53:28 PM](#)

SENATOR ELTON said the pie doesn't increase, but "You're going to cut it into more slices is the likely result."

SENATOR THERRIAULT agreed that was correct.

[3:53:59 PM](#)

CHAIR WAGONER asked if there was further discussion on Amendment 1. There were no further objections and Amendment 1 was adopted.

[3:54:14 PM](#)

SENATOR GUESS asked if there might be unintended consequences by having one utility that serves multiple areas getting a different reimbursement rate than if it was getting a grant for one of its specific areas - in reference to language on page 2, line 4.

[3:54:53 PM](#)

SENATOR THERRIAULT said he didn't think a grant application could be put in for a specific area - neither could he think of a utility that would fall into the category of serving separate and distinct areas.

[3:55:07 PM](#)

SENATOR GUESS asked if there was a reason language on page 1, line 13, refers to municipalities and public utilities, but on page 2, lines 4-11 "municipalities with" is deleted so that language refers only to utilities. She was wondering if "municipality or" should be deleted in (e) to be consistent with language on page 2.

SENATOR THERRIAULT explained that language "municipality with" means any ownership that was non-municipal would be excluded.

[3:56:43 PM](#)

SENATOR SEEKINS moved CSSB 32(RES) from committee with attached fiscal notes and individual recommendations.

SENATOR ELTON objected to note that the city manager of Petersburg, who has some experience with the program, opposes the bill. He would be more comfortable with some kind of communication from the Alaska Municipal League (AML) or a group that recognizes organized municipalities on what the net effect may be for them. He especially thought about the potential diminishment of grants - their number and size - that may occur across the board.

[3:58:12 PM](#)

CHAIR WAGONER responded that he discussed that letter with Senator Therriault, but not with Senator Stedman, who represents Petersburg. He pointed out that this bill goes to the Finance Committee next and Senator Stedman has a seat on that committee. The question could be asked there.

[3:58:41 PM](#)

SENATOR THERRIAULT commented that he understands Petersburg's concerns, which are twofold. One is whether a private entity could make a profit at the state's expense by having access to these grants; but the RCA has assured the Legislature it would not allow a rate for an entity to repay itself for something that was constructed using grant fund money.

The second issue is more entities will potentially be in the pool to compete for the same size pie. He is proposing to just go back to the kind of participants that existed a few years ago. He feels if government money (mostly federal) is available to make a safe and affordable source of drinking water, the ownership structure shouldn't preclude some people from qualifying and some not.

[4:00:53 PM](#)

CHAIR WAGONER recognized that James Keen, RCA, was on line to answer questions.

[4:01:06 PM](#)

SENATOR ELTON said he understands adding the Fairbanks utility back, but the fiscal note says there are 193 other potential applicants. "Did they have access to the grant fund in the past?"

[4:01:38 PM](#)

SENATOR THERRIAULT answered that the total pool of applicants would be larger under the new structure. However, he seriously questioned whether every small trailer park would want to live under RCA regulation on the off-chance that it might get a grant.

[4:02:19 PM](#)

SENATOR ELTON said he didn't have the comfort level to support the bill at this point.

[4:02:56 PM](#)

SENATOR STEDMAN said that the fiscal note would come under scrutiny in the Finance Committee and the AML would have time to have some input. He thought it would be impossible for entities to profiteer off of the grants.

[4:03:32 PM](#)

CHAIR WAGONER asked how transactions are accounted for and how that cost would be avoided being passed on to the user of the utility system at a future date.

[4:04:27 PM](#)

COMMISSIONER JIM STRANDBERG, RCA, replied sale of a utility is a commercial agreement between two entities. The regulators will only allow the new owner to have a rate at a certain level based on the depreciated book value of the infrastructure, less contributions in AIDA construction. If the entity that purchased the utility wanted it bad enough and paid a lot more than what the book value was, that's its business. That would not be allowed in the rate to be charged to the future ratepayer.

[4:06:40 PM](#)

SENATOR SEEKINS commented that he would vote for this bill because it appears that people from 96 additional utilities, public or private, will benefit without discrimination in getting public funding for safe water. If the goal is to get safe water to as many people in Alaska as possible, that's a good public purpose.

[4:07:46 PM](#)

MS. KARA MORIARTY, President and CEO, Fairbanks Greater Chamber of Commerce, supported SB 32 and the concept that all utilities should be on the same playing field and be eligible to receive state grant funds.

Currently, the only utilities that are eligible for the grants are publicly owned and are primarily used for infrastructure development and upgrades. Based on regulations set forward by the Regulatory Commission of Alaska, the shareholders and privately owned utilities cannot generate a return on investment or receive depreciation expense credits for any grant funds they receive. Because of those regulations, the only beneficiaries, then, of a privately-owned utility to receive these grants would be the ratepayers, the citizens of a community.

All utilities in Fairbanks are either owned privately or by a cooperative. In essence, Fairbanks businesses and residents are at a disadvantage compared to other Alaska residents. One of the first questions we often field at the Chamber from perspective businesses that want to locate to Fairbanks or even those businesses that are here and want to expand, is what is the cost of doing business and utility costs are certainly a major component of a business's operating costs....

She concluded by urging the committee to allow privately owned utilities to be eligible for grants like other utilities across the state.

[4:10:53 PM](#)

SENATOR SEEKINS renewed his motion to pass CSSB 32(RES) from committee with individual recommendations and attached fiscal note. Senators Stedman, Stevens, Dyson, Seekins and Chair Wagoner voted yea; and Senator Elton voted nay. CSSB 32(RES) moved from committee.

[4:11:53 PM](#) - [4:13:56 PM](#) Recess

SJR 2-ENDORSING ANWR LEASING

CHAIR WAGONER announced SJR 2 to be up for consideration.

MS. MARY JACKSON, Staff to Senator Wagoner, said SJR 2 has a companion bill in the House adding that opening ANWR has been discussed for many years. She held up a commemorative metal sculpture indicating support for ANWR opening this year.

[4:15:56 PM](#)

MS. DEBBIE MILLER, Fairbanks resident, said she has explored and written about the Arctic National Wildlife Refuge (ANWR) and even helped conduct a wilderness assessment of the 1002 area in the 1980s. She said it is scenic and the wildlife values are extraordinary. It is the only area in Alaska that is protected for its wildlife while there is already a lot of oil development in the central Arctic region and in the National Petroleum Reserve Alaska (NPRA). "We have no business going into this conservation area.... It was not established for oil and gas development."

[4:17:45 PM](#)

MS. MILLER proposed amending line 6 by inserting "or not permit" after "to permit" further oil and gas exploration.

[4:18:43 PM](#)

She also suggested inserting "some" before "residents" of the North Slope Borough support development on page 1, line 14, because some do not support development. The entire Gwichen Nation is against opening up the Arctic Refuge for development. Nearly half of Alaskans and Americans oppose it. The state should not promote development on federally protected wildlife refuges because "They were not set aside for that purpose." Since 1964, there has been no new oil and gas drilling or leasing on any wildlife refuge in the country.

[4:20:55 PM](#)

On page 2, she urged the committee to delete lines 1 - 4, because they are not accurate. The estimated 3.2 billion barrels of economically recoverable oil in the Arctic Refuge would not

significantly reduce our nations future need for imported oil or increase oil or security.

[4:21:46 PM](#)

MS. MILLER suggested deleting "giant" on page 2, line 16, because the United States Geological Survey (USGS) ruled out the possibility of any super giant fields in the Arctic Refuge.

[4:22:25 PM](#)

Finally, she suggested deleting "2,000 to 7,000 acres" from line 23 saying that Congressman Don Young introduced a bill (HR 39) that states 200,000 acres would be up for lease. She surmised that the infrastructure would not be limited to just 2,000 to 7,000 acres and that pipelines would be all over the place.

[4:23:54 PM](#)

MR. FRAN MAUER, Fairbanks resident, said he worked for 24 years as a wildlife biologist on ANWR and opposed SJR 2 or any effort to open that area to drilling and development. He thinks it is inappropriate for any state to pursue development that would jeopardize the integrity of a national conservation area.

[4:25:16 PM](#)

He pointed out the inaccuracy in lines 27 through 29 where it says that oil and gas activities can be conducted safely and without adversely affecting the environment or wildlife population saying, "This is largely not true."

The Environmental Impact Statement (EIS) prepared for leasing in the 1002 area found a strong probability that development would have major effects on caribou, polar bears, musk ox, wilderness and subsistence.

[4:26:10 PM](#)

MR. MAUER also said that page 2, lines 30 through 32, say the state will ensure the continued health of Porcupine Caribou herd and that is not true. Concentrations of calving caribou have been displaced during the calving season in the Prudhoe Bay area. Fortunately, those caribou have a broader coastal plain that accommodates their displacement. The Porcupine herd in the Arctic Refuge has five times as many caribou using one-fifth as

much area for calving. The consequences of displacement are far greater.

[4:27:33 PM](#)

MS. LUCI BEACH, Executive Director, Gwichen Steering Committee, opposed SJR 2. She also objected to language on page 2, line 30, saying that protection of the herd and land is not possible. The Coastal Plain is known as the Sacred Place Where Life Begins. She explained that the Central Arctic Caribou herd has a range of 100 miles from the Beaufort Sea to the foothills of the Brooks Range, so it has some place to go. The Porcupine Caribou herd has only a 40-mile range up to the foothills of the Brooks Range and that's where predators live.

[4:30:22 PM](#)

MR. AL ADAMS, former Alaska State Senator, said he represents Arctic Power that advocates opening ANWR. It would bring jobs to Alaskans and energy for Americans.

People need to understand as far as the land is concerned there is about 18.5 million acres of land in ANWR. We do not want to touch 8 million acres of wilderness or the 9 million acres of the Refuge. The only area we're talking about is the 1.5 million acres that is designated right here for oil and gas development. You hear things that we're going to go there and ruin the wilderness or the Refuge. You're not touching any of those.... Basically, on that 1.5 million acres we will be touching areas 64% less than Prudhoe Bay is. The footprint will be much smaller; the technology for oil and gas development has changed.... We're talking about maybe 2,000 acres in this particular area.

You know, the oil operations of the North Slope is probably the most regulated - efficient - and uses the highest of technology....

We have caribou in the state of Alaska. We have over 1 million caribou. One of the largest western herds is 450,000 animals. The Porcupine herd is 129,000 animals. If you want to talk about polar bears, there's 2,700 polar bear up in the district - bowheads - over 9,000 animals up there. So, animals and wildlife get along with that.

Somebody mentioned Prudhoe Bay. When we finally finished that in 1979, we only had 3,000 animals there. In Prudhoe Bay today - caribou - we have 32,000. So, the caribou with oil development is flourishing.

MR. ADAMS said he understands the Gwichen Nation's concern about caribou, but in 1984, it leased all of its land - 1.8 million acres for \$1.8 million. "Where was their concern in 1984 for their caribou and the sacred land? We, the Alaskans, both Inupiat people and Alaskans, would like to see that opened."

He said that 75% of Alaskans support the opening of ANWR; 78% of Kaktovik supports it. He point out a small purple area on a map of the area that indicates private land holdings of about 92,160 acres. He said development would bring money to the general fund from royalties and bonuses; it will provide jobs in Alaska and the U.S.

MR. ADAMS offered one amendment - to give the Native Village and Kaktovik \$50,000 a piece for one of the sections on their property.

[4:31:02 PM](#)

CHAIR WAGONER asked if the Gwichen lease was for oil and gas exploration.

[4:35:26 PM](#)

MR. ADAMS replied yes. The consultant at the time was Donald R. Wright. He offered to show the contract to the committee and read the names of some people who signed it.

[4:36:21 PM](#)

CHAIR WAGONER asked if the Arctic Slope Corporation is precluded from development of oil or is the oil stranded.

[4:36:41 PM](#)

MR. ADAMS replied that under federal law, congressional approval is needed before anything can be done in that section.

[4:37:05 PM](#)

SENATOR SEEKINS asked how close the Gwichens live to the 1002 area.

MR. ADAMS replied that they live approximately 150 miles away from that particular area.

USGA estimates between 5.7 billion and 16 billion barrels in that particular section. Remember when we first estimated Prudhoe Bay? We estimated there would only be 10 billion barrels coming from Prudhoe Bay and as of last year we have already shipped through 14 billion. So, we estimate there's going to be a large amount of oil in that particular section.

[4:38:08 PM](#)

SENATOR SEEKINS asked if he is intimating there may be some economic reason for the Gwichen people to keep the Inupiat lands closed to oil exploration.

[4:38:28 PM](#)

MR. ADAMS replied no; each tribe has a right to its own opinion.

[4:39:00 PM](#)

SENATOR SEEKINS moved to pass SJR 2 from committee with individual recommendations and attached \$0 fiscal note. Senators Stevens, Dyson, Seekins, Stedman and Chair Wagoner voted yea; and Senator Elton voted nay. SJR 2 moved from committee.

[4:40:24 PM](#) - [4:43:02 PM](#) Recess

SB 69-APPROP: GRANT TO ARCTIC POWER FOR ANWR

CHAIR WAGONER announced SB 69 to be up for consideration.

MS. MARY JACKSON, staff to Senator Wagoner, sponsor of SB 69, said that the House has a similar bill, HB 101, but the funding was for \$1.3 million. Funding in SB 69 is for \$1.2 million; \$1.1 million of which goes to Arctic Power. The remaining \$100,000 goes to the Native Village of Kaktovik.

MS. JACKSON explained that Arctic Power is a private non-profit entity that has been coordinating the effort on ANWR for many years. Historically, the funding for promoting the opening of ANWR is in the supplemental budget.

[4:45:36 PM](#)

MR. MIKE NAVARRE, Executive Board member, Arctic Power, urged quick passage of SB 69. He said the opposition has tremendous resources that it applies in many ways, like taking things out of context and leaving out important information. Arctic Power has done an extraordinary job of putting educational materials together to help educate Congress, editorial boards, interest groups and the general public.

[4:46:56 PM](#)

MR. NAVARRE said Arctic Power would like to coordinate with the congressional delegation since they are the experts on the ground regarding the efforts to be made. He said this can be considered a long-term investment for the state and that some of the members of Arctic Power have dropped out for a variety of reasons, but not because they don't support it.

[4:48:12 PM](#)

He gave examples of the misinformation that has been propagated - like the six months supply of gas.

It's ludicrous, but it continues to be used. In all of their testimony, there is a failure to acknowledge the Inupiat's from the village of Kaktovik that live within the Refuge. They talk about the Gwichens who live outside the Refuge, but not about the indigenous people who live within the Refuge.... I believe that we do oil development in Alaska better than any place in the world and we need to carry that message to the United States and to Congress....

He noted that regulations would be passed this year that would need to be bird-dogged over the course; so, the lapse date is appropriate.

[4:49:59 PM](#)

MR. JOE MATHIS, Montana Creek Campground in Anchorage, said he is on the Arctic Power Board. He has personally traveled to ANWR and agreed totally with Mr. Navarre's comments that SJR 2 needs to have a speedy passage. He said that the Legislature should look at its investment in Arctic Power as part of Alaska's long-term fiscal plan.

[4:51:49 PM](#)

MR. MATT FAGNANI, NANA Development Corporation, said he has been an active member of the Arctic Power Board of Directors since it began. Each year it gets closer to meeting the goal of opening the Coastal Plain to responsible oil and gas exploration. On the expected lease sale, the state could earn \$2 billion according to a U.S. Department of Interior forecast. That represents a 222% return on investment, which would occur within 22 months after signing of the bill. He said that Arctic Power's webpage is receiving over 1 million hits a month. He thought it was happening because of two constants - one is because President Bush continues to make the opening of ANWR part of the solution in addressing the nation's decline in oil. The second is Arctic Power educating Congress and the public at large.

[4:55:08 PM](#)

MS. DEBBIE MILLER, testified again noting that all the people who have testified in favor of Arctic Power are on its Board or affiliated with it. She is a private citizen and thinks funding Arctic Power is a misappropriation of state money and reiterated that she would rather see alternative sources of energy promoted.

[4:57:54 PM](#)

MR. FRAN MAUER opposed funding Arctic Power. Many other people do not support Arctic Power. He said two of the major oil companies that are active on the North Slope no longer support Arctic Power and perhaps they know something that the state does not. He thought Arctic Power funds would be better used by investing them in alternative energy projects like wind generators for remote villages.

[4:59:10 PM](#)

MS. LUCI BEACH, Executive Director, Gwichen Steering Committee, also opposed SB 69. The Gwichen Nation has never opposed all oil development, just some. Her suggestions for using Arctic Power money to fund other worthwhile programs included assistance to senior citizens who were adversely effected by elimination of the Longevity Bonus Program, Village Contamination Cleanup Fund, funding for Alaska Scholars Program and funding to the University to enhance distance education so remote site students can have better access.

[5:02:07 PM](#)

CHAIR WAGONER thanked her for her testimony and said that SB 69 would not be passed out of committee today.

[5:02:36 PM](#)

SENATOR ELTON requested having the annual Arctic Power reports added to the committee's packets. Chair Wagoner acknowledged that would happen. There being no further business to come before the committee, he adjourned the meeting [5:03:07 PM](#).