

HOUSE FINANCE COMMITTEE
April 12, 2007
1:45 P.M.

CALL TO ORDER

Co-Chair Meyer called the House Finance Committee meeting to order at [1:45:04 PM](#).

MEMBERS PRESENT

Representative Mike Chenault, Co-Chair
Representative Kevin Meyer, Co-Chair
Representative Bill Stoltze, Vice-Chair
Representative Harry Crawford
Representative Richard Foster
Representative Les Gara
Representative Mike Hawker
Representative Mike Kelly
Representative Mary Nelson
Representative Bill Thomas Jr.

MEMBERS ABSENT

Representative Reggie Joule

ALSO PRESENT

Representative Jay Ramras; Barbara Cotting, Staff,
Representative Jay Ramras; Doug Letch, Staff, Senator Gary
Stevens; Patrick Gamble, President & CEO, Alaska Railroad
Corporation; Mark Johnson, Chair, Regulatory Commission of
Alaska; Lisa Parker, Government Relations Manager, Agrium;
David Scott, Staff, Representative Kyle Johansen

PRESENT VIA TELECONFERENCE

Richard Gazaway, Hearing Examiner, Regulatory Commission of
Alaska, Anchorage; Duane Bannock, Director, Division of
Motor Vehicles, Department of Administration, Anchorage;
Christopher Constant, Vice Chair, Alaska Statehood
Celebration Commission, Anchorage; Bill O'Leary, Vice
President, Finance, Alaska Railroad Corporation, Anchorage;
Scott Hamann, Kenai; Jeff Mills, Kenai

SUMMARY

HB 28 An Act requiring retail suppliers of electricity
to disclose sources of electricity to consumers.

HB 28 was HEARD & HELD in Committee for further
consideration.

#HB152

HB 152 An Act establishing a renewable energy fund and describing its uses and purposes.

HB 152 was SCHEDULED but NOT HEARD.

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HB 229 An Act authorizing the Alaska Railroad Corporation to participate in a project consisting of the acquisition, construction, improvement, maintenance, equipping, or operation of real and personal property, including facilities and equipment, for the Kenai gasification project, authorizing the corporation to issue bonds to finance all or a portion of the project, and identifying these as bonds for an essential public and governmental purpose; and providing for an effective date.

HB 229 was HEARD & HELD in Committee for further consideration.

CS SB 49(STA) An Act relating to commemorative license plates celebrating Alaska's 50th anniversary as a state; and providing for an effective date.

HCS CS SB 49 (TRA) was reported out of Committee with a "do pass" recommendation and with fiscal note #2 by the Department of Administration.

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#HB28

HOUSE BILL NO. 28

An Act requiring retail suppliers of electricity to disclose sources of electricity to consumers.

REPRESENTATIVE JAY RAMRAS, SPONSOR, stated that there is a need for more public awareness of fuels used by electricity sold to Alaskan consumers. Many of Alaska's electricity providers are using innovative alternative methods for generating electricity or buying power from companies that do. If residents statewide become more aware of it, they could in turn become more aware of the need to conserve decreasing supply of traditional fuels. HB 28 requires all retail suppliers of electricity in Alaska to annually disclose fuel sources to all consumers, raising awareness of how power is generated and the existence of alternatives to fossil fuels. The simple once-a-year report would also help explain increases in costs per kw/hr and help answer consumers questions.

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Vice Chair Stoltze asked if it was possible to find out the cost per kilowatt hour (kw/hr). He wanted to guarantee that the State would not be buying into something more expensive than currently used. Representative Ramras explained that the idea is that regular citizens would be offered an opportunity to understand the kilowatt costs that they personally use. He added that Alaskan citizens should address alternative energy and that HB 28 provides a "modest step" toward that direction.

Vice Chair Stoltze worried that it was an expensive decision made for utilities; he hoped to see the bill made better. Representative Ramras replied he would support any action to make it better; he only wanted to see discussion begin regarding portfolio of kilowatt costs.

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Vice Chair Stoltze noted that the utility that represents his area is a customer within a larger utility. As the bill is written, who assumes the responsibility for mailing the insert. Representative Ramras requested that the Regulatory Commission of Alaska would be better qualified to respond to that query. He added that the expense burden would not be exorbitant.

Vice Chair Stoltze inquired if wind generation maintenance costs could be quantified. Representative Ramras responded that the bill addresses only existing used kilowatt hours. He listed the four sources of kilowatts:

- Coal
- Natural gas
- Fuel oil
- Hydro

The only intention of the bill is to create a dialogue regarding current kw/hr costs & the sources of those kilowatts.

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Vice Chair Stoltze inquired how to sequester & achieve a consumer preference. Representative Ramras stated he wanted to see more & cheap energy.

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Representative Gara commented on amending language, which could provide information to the consumers. Representative Ramras recommended that consideration be discussed with the RCA.

Representative Gara noted the main concerns with renewable energy:

- Power source
- Level of green house emissions going into the atmosphere

Representative Gara asked if the sources of the power were a fair estimate of how much carbon dioxide comes from those sources. He inquired if the sponsor was amenable to including that information. Representative Ramras offered to consider it in 2008.

Representative Gara hoped to add reasonable language to the proposed bill. Representative Ramras noted it was the first time the idea had come forward; he preferred to handle projects incrementally. He was not interested in adding the language as it brings an element of "science" to the bill.

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Representative Gara stated that he wanted to work on responsible language to let people know the kinds of green house emissions occurring from their power sources.

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RICHARD GAZAWAY, (TESTIFIED VIA TELECONFERENCE), HEARING EXAMINER, REGULATORY COMMISSION OF ALASKA, ANCHORAGE, offered to answer questions of the Committee.

Vice Chair Stoltze asked about the relationship with his consumer utilities.

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Representative Ramras explained that there had been testimony in the House Labor and Commerce Committee regarding Vice Chair Stoltze's concern. The utilities were amenable to providing the "stuffers"; they do not see it as an additional cost.

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Representative Nelson questioned which utilities had been contacted. Representative Ramras stated that the smaller utilities were contacted. He asked that RCA testify regarding the size be excused.

Representative Nelson pointed out that the source of utility in rural Alaska was diesel energy and did not imagine they would need "stuffers". The companies do not offer annual

reports. Representative Ramras guaranteed that the legislation would not be a burden to the small communities.

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Co-Chair Chenault asked for a list of which utilities would be affected. Representative Ramras explained it was addressed through exclusion of the small power generating utilities - there is no list. There has been a lot of discussion on the dollar amount separating the smaller from the larger utilities.

Co-Chair Chenault inquired if single-source utilities would be exempt. Representative Ramras responded that the legislation goes with the dollar amount of how many kilowatts are generated, which abides by RCA dialogue, in the House Labor & Commerce Committee.

Co-Chair Chenault noted that Juneau was fully hydro and that for them to implement the program, there would be a small cost passed to the consumers, which he thought was be a waste. Representative Ramras agreed, however, pointed out that it could be a way to bring information to consumer's attention.

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Representative Hawker voiced confusion regarding disclosure of source and cost, pointing out that the bill only requires source disclosure.

Representative Nelson pointed out language on Page 2, Line 23, indicating an electric utility that does not gross \$500 thousand annually, may elect to be exempt. Representative Hawker advised that the following language: "Provision other than", would change that. Representative Ramras requested an amendment to address that correction, the intention is to exclude small utilities.

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Representative Gara pointed out that \$500 thousand dollars annually amounted to approximately 250 customers. He worried how that would affect small & rural areas. Representative Ramras indicated the number was determined during discussion in the House Labor and Commerce Committee.

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MARK JOHNSON, CHAIR, REGULATORY COMMISSION OF ALASKA (RCA), ANCHORAGE, clarified that the \$500 thousand dollar amount is the amount in current law and it is not amended by the proposed legislation. He recommended a threshold could be further discussed.

Representative Gara encouraged that it be applied to utilities that serve at least a 1,000 consumers or more. Representative Ramras liked that idea for big utilities & encouraged whatever language change needs to happen to tighten it up.

Co-Chair Meyer asked Representative Hawker to consider a conceptual amendment addressing the issue. Representative Hawker recommended tabling the bill.

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PUBLIC TESTIMONY CLOSED

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Vice Chair Stoltze inquired about the obligations providing for consumers. Mr. Johnson pointed out that current wording places an obligation to conduct rule-making in order to conduct things such as exemptions on the Regulatory Commission of Alaska.

Vice Chair Stoltze referenced his community utility newsletter and asked if that would be a good place to insert the information. He thought the goal was to have little or no costs passed on to the consumers.

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Co-Chair Meyer noted that the bill needs work, and he recommended that a couple conceptual amendments be written and then considered.

HB 28 was HELD in Committee for further consideration.

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#SB49

CS FOR SENATE BILL NO. 49(STA)

An Act relating to commemorative license plates celebrating Alaska's 50th anniversary as a state; and providing for an effective date.

DOUG LETCH, STAFF, SENATOR GARY STEVENS, explained that in 2009, Alaska will celebrate its 50th anniversary as the 49th State. To mark the occasion, the 23rd Legislature created the Alaska Statehood Celebration Commission to organize, plan and administer all official State activities leading up to the anniversary. The Commission has recommended that the State issue a commemorative license plate.

SB 49 provides the Division of Motor Vehicles (DMV) statutory authority to issue a special license plate

commemorating the anniversary. The Division has determined the design and color of the plate. DMV will begin to issue the plate on January 1, 2008.

Mr. Letch noted that SB 49 was amended by the House Transportation Committee to allow DMV to issue special registration plates to recipients of the Medal of Honor. The bill also waives any registration or plate fees for the person receiving the Medal of Honor and removes the \$30 dollars fee for Purple Heart recipients. He urged support.

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Vice Chair Stoltze asked about the title change. Mr. Letch replied that the title was changed as a result of action taken in the House Transportation Committee.

Representative Thomas inquired if the plates could be purchased without using them on a vehicle. Mr. Letch thought that was an option & that they would be available for collectors.

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DUANE BANNOCK, (TESTIFIED VIA TELECONFERENCE), DIRECTOR, DIVISION OF MOTOR VEHICLES (DMV), DEPARTMENT OF ADMINISTRATION, ANCHORAGE, testified in support of the bill, adding that the plates could be purchased as replacement plates or as a sample plate available for collectors.

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CHRISTOPHER CONSTANT, (TESTIFIED VIA TELECONFERENCE), VICE CHAIR, ALASKA STATEHOOD CELEBRATION COMMISSION, ANCHORAGE, noted that the Commission had worked on the plates for the past couple years and urged that the bill pass from Committee.

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Representative Thomas commented that a bill previously passed the "metal of honor" plate & thought a free license plate would be a nice action for that group. He added encouragement to provide the license to those families.

Co-Chair Meyer pointed out the fiscal revenue loss in the amount of \$2,000 dollars.

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DAVID SCOTT, STAFF, REPRESENTATIVE KYLE JOHANSEN, explained that language added during the House Transportation Committee did create a Metal of Honor license plate and would waive the license plate and registration fee for the

Metal of Honor recipients as well as deletes the \$30 dollar fee for Purple Heart recipients.

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Representative Foster MOVED to REPORT HCS CS SB 49 (TRA) out of Committee with individual recommendations and with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HCS CS SB 49 (TRA) was reported out of Committee with a "do pass" recommendation and with fiscal note #2 by the Department of Administration.

2:31:50 PM

#HB229

HOUSE BILL NO. 229

An Act authorizing the Alaska Railroad Corporation to participate in a project consisting of the acquisition, construction, improvement, maintenance, equipping, or operation of real and personal property, including facilities and equipment, for the Kenai gasification project, authorizing the corporation to issue bonds to finance all or a portion of the project, and identifying these as bonds for an essential public and governmental purpose; and providing for an effective date.

REPRESENTATIVE MIKE CHENAULT, SPONSOR, noted that Agrium U.S., Inc. currently owns and operates an ammonia and urea complex in Kenai, which is in danger of being permanently shut down due to a lack of adequate natural gas feedstock. Such a closing would have a harmful effect on the State through loss of jobs and tax base. The Agrium Kenai Gasification Project (the Project) addresses the issue by bringing coal from Healy to Kenai where low emission coal gasification and electricity generation plants would be constructed, allowing Agrium to continue to operate the fertilizer plants at optimal capacity.

Co-Chair Chenault pointed out that HB 29 authorizes the Alaska Railroad Corporation (ARRC) to issue up to \$2.6 billion dollars in tax-exempt bonds to finance a portion of the Project which includes:

- Facilities & equipment for the transportation of coal from Healy to Kenai; and
- Facilities & equipment for coal gasification & electrical power generation adjacent to the Agrium fertilizer plant located in Kenai.

Lower-cost debt for the Project would enhance the Project's economics, increasing the feasibility. Payment of debt service allocable to facilities and equipment that would not be owned by ARRC would be provided through a long-term contract or other agreement between ARRC and the Project's owner or operator. Payment of debt services for rolling stock, locomotives, track, facilities and other infrastructure owned by ARRC would be paid for by ARRC funds. Per AS 42.40.690, in no event would the general credit of the State be pledged for the repayment of the bonds.

Co-Chair Chenault continued, ARRC is uniquely suited to participate in the Project by virtue of its ability to issue tax-exempt debt as authorized by the federal Alaska Railroad Transfer Act. A viable Project could mean significant incremental revenues to ARRC through movement of up to an additional 3 million metric tons of coal annually. The Project would also generate compatibly priced surplus electricity for the regional power grid, generate excess carbon dioxide that could be used to enhance oil recovery from the wells in Cook Inlet and continue to supply Alaska business & organizations with fertilizer.

ARRC would have the flexibility to issue the bonds in a single issuance or in several issuances. The ARRC Board of Directors would be required to approve each bond issuance.

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PATRICK GAMBLE, PRESIDENT & CEO, ALASKA RAILROAD CORPORATION, ANCHORAGE, advised that ARRC has never sold tax free bonds before. This would be a conduit financing with no liability or recourse to the State. It is a tool provided to the ARRC transfer that is unique to the U.S. tax code. It contains provisions reviewed by more than one law firm, to determine the applicability of certain attributes that in the 1986 tax code had been left unedited, suggesting that the intent of Congress was straightforward in the way that the tool could be used as economic development for the State of Alaska. The mission of AARC is economic development. ARRC sees the opportunity with Agrium as the first time to put it to work for the benefit of the State & as such, ARRC would become the conduit financiers. ARRC is involved operationally in the moving of coal. Part of the \$2.6 billion dollar request would be the purchase of additional equipment to support the project.

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LISA PARKER, GOVERNMENT RELATIONS MANAGER, AGRIMUM U.S., INC., reiterated that Agrium is committed to the Kenai facility in keeping it operational. The current gas contracts will expire in October 2007. She noted that they

are in negotiation for additional supply. She discussed the declining supplies of natural gas in the Cook Inlet area. If the decision is made to continue working on the issue, it is estimated the project would come on line in five to six years, but will need additional natural gas contracts to keep the project on line in the mean time.

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Co-Chair Meyer clarified that the amount of bonding would be approximately \$2.6 billion dollars. Mr. Gamble observed that there would probably be more than one bond release. He reiterated that the State will not be at risk.

Representative Crawford spoke in support of the legislation, while asking about assurance during the process with regard to mitigating issues & cost factors.

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Ms. Parker explained that Agrium had met with environmental firms being considered to address permitting. With regard to the CO2 and coal dust are the issues to be addressed during the permitting process. Agrium is also in discussion with the Port of Anchorage and the Railroad. Nikiski plant would have covered storage for the coal. The CO2 is used for making urea; Agrium is committed into looking at ways of capturing unused CO2. The Department of Energy has identified about 300 million barrels of oil that could be recovered in the Cook Inlet. If it can not be used for enhanced oil recovery, there are other methods to capture the CO2. Excess CO2 will be addressed during phase 2(b).

Representative Crawford asked when the State would know that an assurance had been met. Ms. Parker observed that permitting requires enclosed facilities.

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Vice Chair Stoltze asked the dollar amount for the improvements. Mr. Gamble replied that \$2 billion would go to Agrium and \$600 million to the Railroad, including contingency and inflation for the capital costs.

Vice Chair Stoltze questioned if the proposed location was the best choice. Mr. Gamble responded that timing is an issue. As a preferred site, the ability to guarantee that Agrium and the Alaska Railroad are ready to operate is the issue. He added that additional spurs could be prepared for implementation.

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Vice Chair Stoltze noted, the proposed statute addresses specifically the route. He thought that the planning process could be averted if it did not go through Anchorage.

Co-Chair Chenault asked if there were reasons that it would not be advantageous to the Railroad, to look at both options. Mr. Gamble explained that would not have significance on the bonding side or the ability to move the coal. The significant impact would be for Agrium's development plan. With the most certainty, the better the market takes the risk & pre-approved is most advantageous. Any doubts regarding a spur to Port McKenzie would have an impact on bonds and timing.

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Ms. Parker added that putting together the business plan, there is an existing coal mine at Healy & it is known that there is a Railroad that can deliver product to the Port of Anchorage. Point McKenzie has open space and does not have a spur line or an environmental impact statement. Additionally, they do not know how a spur line would be financed. It is better to move forward on certainty than to speculate on what might happen and when it might occur.

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Vice Chair Stoltze pointed out the uncertainty operating through downtown Anchorage. Mr. Gamble replied that to work with the Agrium project, Port McKenzie would have to be ready to move in the above mentioned timeframe.

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Representative Gara summarized his concerns. He worried that the intent was to sequester the carbon emissions underground. Coal produces twice as much carbon emissions than natural gas. He asked for further assurance that the majority of the emissions would be contained, pointing out that there is nothing in the RCA rules that allows sanctions based on the emissions.

Ms. Parker responded that based on the engineering of the project, the difference for current and projected CO2 is an increase of about 10 percent. Agrium is committed to minimizing and sequestering the CO2 emissions. She pointed out that Agrium has a track record; there exists a similar situation in a small Agrium facility in Texas and they sell the sequestered CO2.

Representative Gara indicated that if the Legislature provides the bonding now, they would have no control over what happens in Phase 2. He knew that Agrium was between a "rock and a hard place". He commented on the number of

variables, however, stressed the importance of addressing the excess carbon emissions. Ms. Parker noted that over the past 5 years, there has been a decline to the industry and a loss of jobs and that the only way to restore those jobs is to move ahead with the project. The hope is to have no CO2 emissions.

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Representative Gara asked if Agrium would support language addressing that intent. Ms. Parker could not commit until the drafted language was before the corporation.

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Representative Hawker questioned the advantage to Agrium to use the Railroad for financing as opposed to the commercial market.

BILL O'LEARY, (TESTIFIED VIA TELECONFERENCE), CHIEF FINANCIAL OFFICER, ALASKA RAILROAD CORPORATION, ANCHORAGE, stated that tax exempt financing bonds through the Alaska Railroad Corporation would have a significant impact & benefit, dependant on the market conditions at the time.

Representative Hawker asked if the essential government purpose test must be met [for bonding]. Mr. O'Leary observed that the transfer language included provisions regarding tax exempt debt, which appear to exempt the Alaska Railroad Corporation from the federal tax rules. He felt that the Agrium project would fit into that category, resulting in a federal exemption.

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Representative Hawker inquired which exemption that would fit under. Mr. O'Leary noted that rules regarding tax exempt debt were changed in 1996 with the rewrite of the tax code, curtailing the use of industrial development bonds. Limits on the amount of bonds issued for private activity uses were added. Mr. O'Leary stated he has worked with a number of bonding companies, reiterating that the project would be tax exempt debt.

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Representative Hawker referenced Section 4, putting a requirement on the State that the bonds issued would be an essential government purpose. He asked if that would be a conflict in intent. Mr. O'Leary did not think so, stating that the more strength to the argument taken to the Internal Revenue Service (IRS), the better it would be. Supporting the project using the Railroad's tax exempt debt furthers the benefit to the project and ARRC.

Representative Hawker advised that productive assets would be acquired for Agrium with the \$2 billion dollar funding amount and the Alaska Railroad Corporation receiving \$600 million dollars.

Representative Hawker stipulated that the bill provides conduit authority. He asked if the State of Alaska would be compensated for that benefit to the company. Mr. O'Leary stressed that the public benefit would be generated through the Kenai by support of the continuance and operation of a large employer in that area. The coal access would have a significant benefit to the Railroad and the Railroad then returns benefits to the State. ARRC would be compensated for hauling the coal from Healy. A fee could be negotiated for the use of the bonding with Agrium. Mr. O'Leary did not think language regarding a fee needed to be added to the bill, but rather would be part of the negotiation between the Alaska Railroad and Agrium in the fee structure.

Ms. Parker added that Agrium would not object to assurance that a fee would be paid for the issuance of the bonds. Mr. Gamble pointed to language on Page 3, Line 21, relating to fees, noting that additional language could be added to address Representative Hawker's concern. Representative Hawker did not see the State receiving any compensation other than a reimbursement to the Railroad. Mr. Gamble acknowledged that language could be adjusted in that Section.

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Representative Hawker referred to the argument that compensation to the State would be the increased compensation to ARRC, again benefiting the State. He questioned if the magnitude of the transaction would move the Railroad toward solvency, providing a dividend to the State of Alaska. Mr. Gamble stated that revenue earned by the Railroad should remain with the Railroad. The federal law clearly indicates that. However, there comes a time within development and within the law that there needs to be a way discussed to address projects within the State that have a Railroad purpose and that the State would intend to fund such projects within the Department of Transportation & Public Facilities without violating the Transfer Act.

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Representative Hawker asked if the intent would be to enter the market as a competitive or negotiated bond sell. Mr. O'Leary clarified that different conditions would be reviewed, but he envisioned a negotiated sell.

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In response to a question by Vice Chair Stoltze, Mr. Gamble explained that federal law was reviewed and language tightened to clarify what was meant in the Transfer Act.

Representative Kelly questioned the amount of risk assumed by the Railroad. Mr. Gamble responded that there would be a risk assessment in determining the interest rates, which amounts to the full faith and credit of Agrium's wholeness. The Railroad's faith and credit as a conduit financier would be at risk, but they would not be responsible in a default situation.

In response to a question by Representative Kelly, Mr. Gamble reiterated that the nature of the Railroad allows them to bond, since they do not fall under the State cap. ARRC will have to meet the IRS test for this. When considering the provisions in the relationship with Agrium, the key phrase is "for Railroad purposes"; that is important. If it proves successful, then the tool can be used for economic development.

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Representative Kelly asked how large a company Agrium is. Ms. Parker replied that Agrium sales in 2006 were \$4.2 billion dollars; in the proposed project, Agrium would assume other partners.

Representative Kelly noted for the record, previous discussion regarding non-statutory pollution requirements. He stated that Alaska has stringent federal and State requirements regarding pollution controls. He did not see anything imposed upon Agrium that is not by statute or by law required.

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Representative Kelly asked about the economics of the project. Ms. Parker responded that Agrium is close to getting a business plan together, making their decision by July 2007. If the funds are not lined up, the project will be dropped. If it does not work with the Railroad to issue the tax free bonds, Agrium will look at other options.

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Representative Gara revisited the emissions issue. He advised that coal burns "dirty" compared to natural gas. Alaska is a high producing carbon dioxide state, listed as #13 in the Nation. He questioned about re-injecting carbon dioxide and the portion of left over emissions. Ms. Parker recalled that about 42% of the CO2 was used in the urea

process, but she offered to clarify the number & get back to Representative Gara.

Representative Gara remembered that coal produces twice as much CO2 as the natural gas. He asked if the re-injection part would result in something comparable to a natural gas plant. Ms. Parker replied that based on current technology, the use of coal today has changed drastically. Depending on the use of excess CO2, Agrium would hope to have less CO2 emissions than currently generated.

Representative Kelly pointed out that the State is running out of gas in the Cook Inlet; he wanted to guarantee that the coal industry would be able to build a power plant. He stressed that the Alaska coal is low sulphur.

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Representative Hawker said he was supportive of the bill, pointing out that it does provide for financing. He requested that the State Debt Manager from the Department of Revenue be present to respond to questioning on the entire proposal, providing professional counsel on what would be a commercially reasonable fee structure for a significant economic advantage to a corporate enterprise. Co-Chair Meyer agreed.

Representative Kelly pointed out that anything with a significant capital expansion often requires payment up front. He asked if something bad happened, would the Railroad assume the \$600 million dollars.

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Mr. O'Leary responded that there are two components of the legislation. Agrium would be responsible for the debt and that there would be no-recourse to the Alaska Railroad; the other piece is in regard to the assets owned by ARRC and that the Alaska Railroad would be responsible for repayment of debt to those assets. AARC would be responsible for facility and infrastructure and any financing related to the assets & debt repayments.

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SCOTT HAMANN, (TESTIFIED VIA TELECONFERENCE), KENAI, testified in support of the bill. He thought it would be a win-win opportunity for the entire Kenai Peninsula and ultimately, the entire State of Alaska by providing great infrastructure. He urged support of the legislation.

JEFF MILLS, (TESTIFIED VIA TELECONFERENCE), KENAI, testified in support of the bill. He noted that it would help move energy and feed stock down the Kenai Peninsula in order to

expand the energy base. He also voiced support for the Port MacKenzie option. He noted concern that AARC would serve as the conduit for Agrium. He proposed an alternative scenario, where AARC and Agrium work together to build a gas plant to provide feed stock for a variety of industries, summarizing that if the State is going to spend \$2 billion dollars, it should support a variety of industries.

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PUBLIC TESTIMONY CLOSED

HB 229 was HELD in Committee for further consideration.

#

ADJOURNMENT

The meeting was adjourned at 3:45 P.M.