

**ALASKA STATE LEGISLATURE  
HOUSE TRANSPORTATION STANDING COMMITTEE**

February 14, 2008

1:07 p.m.

**MEMBERS PRESENT**

Representative Kyle Johansen, Chair  
Representative Anna Fairclough  
Representative Craig Johnson  
Representative Wes Keller  
Representative Mike Doogan

**MEMBERS ABSENT**

Representative Mark Neuman, Vice Chair  
Representative Woodie Salmon

**COMMITTEE CALENDAR**

OVERVIEWS: ALASKA TRUCKERS ASSOCIATION; GASLINE PREPAREDNESS

- HEARD

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

AVES THOMPSON, Executive Director  
Alaska Trucking Association, Inc. (ATA)  
Anchorage, Alaska

**POSITION STATEMENT:** Presented an overview and answered questions about the Alaska trucking industry.

HARRY McDONALD, President  
Carlile Transportation Systems  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions on the Alaska trucking industry.

JIM JANSEN  
Lynden Transport  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions about the Alaska trucking industry.

EDDIE WALTON  
Horizon Lines  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions about the Alaska trucking industry.

JOHN REEVES, Special Assistant to the Commissioner  
Office of the Commissioner  
Department of Transportation & Public Facilities  
Juneau, Alaska

**POSITION STATEMENT:** Presented an overview and answered questions on the statewide infrastructure needs to support Alaska gas pipeline construction.

MARY SIROKY, Legislative Liaison  
Office of the Commissioner  
Department of Transportation & Public Facilities  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions on the statewide infrastructure to support the Alaska Gas Pipeline.

FRANK RICHARDS, Deputy Commissioner of Highways & Public Facilities  
Office of the Commissioner  
Department of Transportation & Public Facilities  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions on the statewide infrastructure to support the Alaska Gas Pipeline.

#### **ACTION NARRATIVE**

**CHAIR KYLE JOHANSEN** called the House Transportation Standing Committee meeting to order at [1:07:00 PM](#). Representatives Johansen, Doogan, Fairclough, Johnson, and Keller were present at the call to order.

#### **OVERVIEW: ALASKA TRUCKERS ASSOCIATION**

CHAIR JOHANSEN announced that the first order of business would be an overview from the executive director of the Alaska Truckers Association and, second, the committee would hear a presentation on how the state is readying itself for the gas line.

AVES THOMPSON, Executive Director, Alaska Trucking Association, Inc. (ATA), gave the following presentation:

Thank you Mr. Chairman. My name is Aves Thompson - that's A-V-E-S. I am the executive director of the Alaska Trucking Association. With me today are three members of our trucking association, three of our more than 200 member companies that are represented by the association. As you can see on the slide there we're celebrating 50 years of service. This is our 50<sup>th</sup> anniversary. It's an exciting year for us and we're pleased to have the opportunity today to talk a little bit about trucking and what trucking does in Alaska, kind of the impacts it has, and help you to understand some of the issues. As I said, with me today is the president of our trucking association this year, Mr. Eddie Walton, who is with Horizon Lines. I'd like him to come up here. This is Mr. Walton. Also with us today is Mr. Harry McDonald of Carlile Transportation Systems and Mr. Jim Jansen of Lynden Incorporated.

What I'd like to do with your blessing, Mr. Chairman, is to start through this PowerPoint presentation and keep it as informal as possible. If there are questions of us or me, I'd deflect them to our guests here who can help us understand, from a business perspective, what trucking is all about in Alaska.

CHAIR JOHANSEN asked the members of the group to identify themselves for the record.

[The individual group members identified themselves.]

MR. THOMPSON continued:

The mission of the Trucking Association is to foster and promote the interests of the trucking industry in Alaska and we do that in a number of ways. You can read that - I don't need to go through that. We'd like to say good stuff - trucks bring it. If you wear it, dribble it, play it, trucks bring it. It is just as simple as that. At some point or another, everything that you have has been on a truck. We have a lot of different modes of operation within our organization. We haul freight, we haul fuel. This is one of our member companies. This is one of our member companies. We haul freight in short doubles. We haul freight in long doubles. We haul big stuff and heavy stuff. This is in support of oil fields at the North Slope and other places and some of the heavy

transformer equipment that has gone into the electrical generating plants here and there.

So if you look at the national freight forecast, you can see that tonnage will be up over the next 12 years and this is a couple of years old, but at the same time you can see that there's an upward trend of freight moving nationally. Of course as we look at freight, air freight will grow the fastest and it's estimated in this study that by the year 2015, 64 percent of all freight will move by truck. Just a couple of weeks ago the American Trucking Association announced that in the year 2006, 69 percent of all freight had been moved by truck. So there's a significant increase in truck traffic.

This is a Federal Highway Administration [FHA] chart that was developed in the year 2000, 2001, so it is a little bit old but it helps to demonstrate how freight flows on the water from Alaska to the Lower 48. You'll see that the long blue line from Southcentral there down to California ports is typically oil. That's moving South and the freight originated here in the Puget Sound area. Some spills off into Southeast Alaska and a good portion comes into the Port of Anchorage.

Some overland routes where the trucks operate - and you can see this is the Alaska Highway coming up through Edmonton, I think that's Fort Nelson. Here's the Haines Highway coming on to Alaska. Some of it is going straight up to the North Slope and to the west of the Deadhorse area.

In that same freight analysis shows the average annual daily truck traffic counts. As you can see, the high traffic counts are in urban areas of Southcentral. Here's the urban area of Juneau. Truck counts are high and, of course, the freight corridors along the Parks Highway and also down to Delta Junction - some of that is military traffic moving down that way. Then you can see it also goes on up to Prudhoe Bay.

Now this was the traffic counts in 1998. You'll see that the volume there was 10 million tons with a value of \$8 billion dollars. That study estimated by the year 2020, the volume would more than double to \$21

million and the value of that freight would more than triple.

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MR. THOMPSON continued:

So you can see the lines get heavier, the traffic is heavier and even the traffic on up to the North Slope is heavier. So it gives you kind of an idea of some growth patterns and where this is headed.

Some economic factors. Fuel prices. Our tonnage has increased and profit margins continue to be low. Truck sales have slowed down a little bit. I think we have a driver and technician shortage that we're trying to address. The association's been working with a couple of coalitions in Anchorage to help with some vocational training and trying to reach out and let people know that there are good jobs available in the transportation and, particularly, the trucking industry. Insurance premiums are still rising and new laws and regulations have dramatically increased costs, and we see that in engine specifications and fuel requirements. Changes in fuel and a number of other things have contributed to that.

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CHAIR JOHANSEN asked if most of the laws and regulations that have increased costs are federally driven or whether the state has contributed to the problem.

MR. THOMPSON replied most of the laws and regulations are federally driven and pertain to emissions and controls.

MR. McDONALD added that a lot of new security and license requirements have been established. A bill in Congress is an attempt to diminish some of those requirements. U.S. Senator Murkowski may co-sponsor the bill in the Senate.

MR. THOMPSON said new driver training requirements are being considered at the federal level. The trucking association and industry do not oppose driver training, but they are looking at the requirements to make sure they are not overkill.

CHAIR JOHANSEN asked whether training opportunities exist in Anchorage and Fairbanks that directly employ people in Alaska's transportation companies.

MR. McDONALD said the Teamsters run a school and another school is located in Palmer. Many companies do in-house training.

CHAIR JOHANSEN asked if ATA believes the training opportunities are adequate.

MR. McDONALD said the ATA has seen a severe shortage of trained workers in the last few years; the same thing is happening in the continental U.S.

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MR. THOMPSON told members he is a trained economist and that his reading shows that freight is very flat right now.

MR. JANSEN reported that Lynden's volume is off 25 percent this year, predominantly on the North Slope.

REPRESENTATIVE DOOGAN said members have heard a lot about increased activity and how the oil patch has driven prices up. He asked whether the downturn is the result of coming off of an upsurge.

MR. JANSEN said 2007 was a big year so Lynden's freight level is still above 2006.

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MR. THOMPSON continued his presentation:

Some facts about trucking in Alaska. Thirty-eight percent of the manufactured freight commodities are transported by truck. As with many parts of the United States, many communities in Alaska are served exclusively by truck and we've talked about the multiplier effect. It is calculated that trucking has that multiplier effect in Alaska three to four times.

Eighty-five percent of Alaska's freight enters through the Port of Anchorage. Trucks deliver more than 90 percent of that freight. Trucking means jobs. Trucking employs over 21,000 people, one out of every 14 civilian jobs, workers. Trucking pays more than

\$900 million in wages annually. Trucking consists of several thousand family owned and corporate trucking businesses, most of which have fewer than 10 employees, a lot of Mom and Pop operations. So it's not just the large companies that we're talking about. We're talking about small, medium, and even a little larger companies that make their living in trucking. They pay their drivers, they pay their administrative help. They pay their warehouse people and it generally makes a contribution to the economy of the state.

The average annual trucking wage, and this comes from the Alaska Department of Labor and Workforce Development, in 2006 the trucking industry wage average was \$45,792, which is about 10 percent higher than the state's average annual wage so we're proud of the work that we do and we're happy that we can pay the wages that we do.

Speaking of jobs, about the mid-90s the decisions were made to construct "truckable" oil field modules in Anchorage. The Alaska Department of Transportation, industry, and the designers of the oil field modules from the oil companies got together and sat down to say okay, if we're going to build them here, how are we going to move them. So we worked our way through it, set the limits, set the general parameters, worked with the bridge design folks so that we weren't tearing out the bridges. As you can see, this one is probably - this is one of Harry's. You want to tell them what that one is about?

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MR. McDONALD told members they were looking at a 105 ton oil module at 46 Mile of the Elliot Highway. Many improvements have been made on that highway.

MR. THOMPSON continued:

But you can see, in order to get up the hill you'd need some help. All of those tractors are pushing and, in some cases, as you go downhill they're in front of them, aren't they?

MR. McDONALD said they tie one back.

MR. THOMPSON continued:

It's an example of how industry and government were able to work together to create virtually thousands of jobs. It would be fair to say, I believe, that there are hundreds and hundreds of modules that have moved in the last 15 years - thousands perhaps.

MR. McDONALD commented the number is definitely in the hundreds.

MR. THOMPSON said it has been a good source of employment for Alaskans and continued his presentation:

In 2004 Alaska had a little over 14,000 miles of public roads and all the motors used have traveled 5 billion miles on these roads and trucking traveled about 10 percent of that. We look at the taxes in relation to - truckers paid more than \$90 million in overall state and federal highway taxes and fees, and while trucks only constitute 10 percent of the traffic, truck taxes and fees constitute over 49 percent of all state highway user fees. This is to demonstrate that we think that we're making our contribution through the tax regimes and that there is a fair relationship there.

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REPRESENTATIVE DOOGAN asked if the ATA's statistics only include long haul outfits.

MR. THOMPSON said the statistics cover all commercial vehicles.

MR. McDONALD remarked that 50 percent of its work is local.

MR. WALTON noted that the volume of Horizon Lines going north to Fairbanks is about 2 percent of the volume that comes into the Railbelt. Another 2 or 3 percent is trucked south to Kenai, Soldotna and Homer.

MR. THOMPSON continued his presentation:

An example of the cost of doing business is that you decide you're going to buy a new tractor and this number is probably a little bit old now with the purchase price of \$140,000. And, before you even turn

the key, we need to pay a 12 percent federal excise tax. We need to pay the federal heavy use tax and Alaska registration fees and some other state fees. And before you even get the vehicle out the door you've got nearly \$160,000 in it. These folks are making huge investments in their companies and they are making investments to provide jobs for drivers, jobs for mechanics, warehouse and generally to move the freight.

Nationally, truck safety is good and getting better. The crash rates have reduced over the past - since 1988 by almost 50 percent. Federal statistics show that truck fatalities have fallen for each of the past four years. Nationally, they are about almost 5,000 commercial vehicle involved fatalities annually and that is about 10 percent of the total so we still have some carnage on our highways and we're trying to do our part to reduce that.

So if we look at Alaska we find that, on a national basis, of all fatal crashes involving a commercial vehicle at the national level, the percentage is 100 percent. In Alaska that number is 6.4 so we're pretty proud of that number. The fatality rate in Alaska is lower than the national average. If we look at all crashes nationally, commercial vehicles are involved in 5 percent of the total crashes. In Alaska that number drops to 2 percent so probably that number is low, Mr. Chairman.

CHAIR JOHANSEN asked why the number of accidents has declined.

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MR. McDONALD related his belief that has occurred because trucks are safer and easier to drive, improved roadways, and because of more company training. Carlile's trucks are all electronically controlled for speed. They are monitored by satellite, which allows Carlile to address any driver problems it observes. Alaska's safety statistics are better than the national average, he noted. Drivers are under more scrutiny in Alaska because the volume of trucks is lower so they are more visible.

MR. WALTON said Horizon Lines drivers are employees but owner operators. They are electronically governed for speed. Horizon has training and safety meetings to remind employees of the

importance of safety. Every incident that occurs reflects on the company. Horizon Lines started a C-Vision program with federal money. In conjunction with that, DOT&PF received seed money. The level of inspections has also increased, which has forced companies to step up their safety programs.

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CHAIR JOHANSEN said the legislature passed legislation on safety zones. He asked whether ATA has identified any particularly dangerous areas and whether ATA interacts with DOT&PF.

MR. McDONALD said the most dangerous area he is aware of is the Cooper Landing area. That is a very scenic, narrow and windy road with a lot of traffic congestion, especially during the summer. A by-pass for commercial traffic should be a high priority in the near future.

MR. THOMPSON continued his presentation:

Mr. Chairman, I think part of - I don't want to call it a problem but part of our current situation is that we're asking for multi-use for our highways, particularly the Seward Highway as you go south. We're trying to run line-haul freight down that major freight corridor and we're competing with the tourists, we're competing with the sheep, we're competing with the folks that are walking back and forth across the highway and it's a pretty scary thing because you come around the corner and if you're not prepared for that, why the results could be catastrophic. There are a number of places like that.

We are asking a lot of our highways. Cooper Landing is a good example. If we had a bypass ... the tourists who are going to Homer can get there, folks who are going with freight to Kenai and Soldotna and Homer can get there but yet the folks who want to stop in and have a Cooper Landing experience can still do that. Mt. McKinley Park, Litter Gulch, for example, are other good examples. At some point in our future, we're going to have to address those kinds of issues.

I went to a meeting - there's a little piece of the Seward Highway through [indisc.]. They're trying to make some design plans and some changes there and the community residents, of course, don't want to change

much and they don't want widening, they don't want unlimited access. Everybody wants access to their driveway onto the Seward Highway and that creates some potential conflicts that are just scary. So those are the issues that we continue to talk with DOT about and they're generally responsive. They recognize those and they're doing I think what they can within the limits of their ability as well.

We talked about truck inspections. They've increased dramatically. The out-of-service rates have decreased and an out-of-service condition is where an enforcement officer has determined that it's unsafe to move that vehicle until it is fixed or towed away with a proper towing vehicle so that's the definition of out-of-service so we've seen that rate go down.

REPRESENTATIVE DOOGAN commented that DOT&PF has talked about addressing the Cooper Landing situation for many years but every time DOT&PF devises a plan, it blows up. He opined that the last proposed route ran north of the river, but DOT&PF ran into landownership problems.

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MR. THOMPSON said he thought DOT&PF bumped into federal agency problems, such as with the Park Service.

REPRESENTATIVE DOOGAN jested that he thought "land ownership" was good code for federal agencies.

MR. THOMPSON continued his presentation:

This is kind of a busy slide but the bars are the number of inspections and the blue line is the number of violations per inspection. So the only point I want to make with this is back in 1997, if you stopped a truck to inspect it you would expect, on average, to find five violations. In 2006 if you stopped a truck for an inspection, you would expect on average to find 1.3 violations, so that's a pretty dramatic improvement.

We have some issues and some concerns. Of course our biggest concern is the gas pipeline. That's number one on our list. The National Highway System is near and dear to our hearts. That's our workplace. That's

where our drivers go to work everyday and we're interested in it being a safe, modern, efficient highway where we can operate safely and efficiently. It doesn't do us any good to operate efficiently if we're unsafe because if we operate unsafely, we're going to end up out of business.

Weight restrictions are an issue. I just plucked this out of a file. It's a weight restriction review chart from the Department of Transportation. It identifies all of those areas and the fine print in the lower right hand corner identifies each of the little stretch in the milepost and everything. What's been happening on the Parks Highway is that over the last six to eight years, there were about 60 to 80 miles of substandard highway and the Department of Transportation has been whittling that down. Our objective here is to bring all of that highway up to a standard where it will not be necessary to impose weight restrictions because weight restrictions is that phenomena that occurs each spring during seasonal freeze and thaw. The roadbed for the highway becomes much more susceptible to damage and so therefore DOT reduces the amount of weight that can be carried on the truck and it costs money and it costs the consumer money. People still need groceries in Fairbanks and, if we have a 10 or 15 mile or 30 mile stretch of road that is restricted effectively, that limits the whole length of the route. We can't carry a full load up to that point and then ferry it through and then move it on. You lose all the efficiency so one of our large objectives is to bring that Parks Highway up to standard so that we can eliminate the need for weight restrictions. It just recaps what I just said.

CHAIR JOHANSEN said when the committee met in Ketchikan, a shipper commented on the weight restrictions of the transfer bridges to the Alaska Marine Highways. The shipper said the load level on the highway has increased yet the infrastructure has not kept up. He asked if that is a concern and whether ATA has discussed the structure of transfer bridges with the Alaska Marine Highway folks.

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MR. JANSEN thought the general feeling in the trucking industry is that bridges and roadways need continued improvement to

accommodate larger trucks. The only way the trucking industry can control costs is to get bigger payloads.

CHAIR JOHANSEN thought that was the shipper's point and asked whether ATA has worked with DOT&PF on that issue.

MR. McDONALD replied that philosophically it is similar to going to Ketchikan. A truck can haul a full load within one mile of a dock but a small portion at the end may have a 50 or 75 percent restriction, so the full load cannot be legally moved the last mile. The same situation exists on the Parks Highway. It has a small stretch of substandard road, maybe 50 miles, with no available bypass so it restricts the process. Substandard roads at the docks in Southeast also restrict full loads from being delivered.

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CHAIR JOHANSEN asked if the ATA has identified the restricted areas and is attempting to get them opened up.

MR. McDONALD said ATA has worked with DOT&PF during the last year and has made some progress.

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MR. JANSEN said two components of that situation have to be considered. The first is the improvement of the physical structure of road building so that weight restrictions are unnecessary. The second component is for DOT&PF to find a balanced, common sense approach. He pointed out that after a tug and barge travel 800 miles from Seattle to Petersburg, an employee might decide to impose a 75 percent weight restriction so a customer one-quarter mile away cannot pick up his freight. He noted the shipper/DOT&PF relationship has improved over the past two years so those issues are now worked out more easily.

CHAIR JOHANSEN remarked that is good to hear.

MR. THOMPSON continued his presentation:

Maintenance and operations - it's the key itself, safe and productive highways and so ... there are times it can mean the difference between life and death. Maintenance will extend the service life of the highways and ensure a safe workplace for our drivers.

We've advocated state general funded capital projects programs the last few years. We continue to advocate that. We do see there's a transportation endowment fund bill. It looks like it might be a great start. I don't know if the details are going to allow it to work. The thing that was so, sort of, attractive to us is that that might be a mechanism whereby you could provide a stable and reliable funding source for a state capital projects program.

There are some highway projects listed in the general obligations bond bill that we feel need to be funded. We take no position on whether it should be bonded or whether it should be general fund financed, but we just feel that the projects are important. We also noted just recently a bill has been introduced in the Senate that would provide some \$25 million for bridge repairs and replacement and we think that is a step in the right direction. All of these things kind of - they're multipurpose or multi-benefit - I guess is the way I'd say that. We talk about weight restrictions, we talk about safe highways, we talk about pipeline preparedness, and we talk about any other mega-projects. It's going to require the movement of large amounts of freight and equipment. Our highways need to be in shape to handle those kinds of projects and so as we do these things, as we propose and advocate for them, we're not doing it just for the weight restrictions or just for this or just for that. We feel it will be a benefit to all of the citizens of Alaska.

Some other issues - congestion. We talked a little bit about the Seward Highway and Anchorage and Wasilla. That's an interesting dynamic. In the morning and the evening there's a lot of traffic that moves back and forth between Wasilla and the Valley so to speak, and Anchorage. Denali Park - that's the Glitter Gulch mentioned, and then Seward Highway and, of course, access in our urban areas, truck routes, city streets and shopping malls.

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REPRESENTATIVE DOOGAN noted that changes were made in the roadway at Denali Park. Turn lanes were constructed in an

attempt to allow through traffic a safer route. He asked if that has benefited the trucking industry.

MR. McDONALD said the main highway has stoplights, which isn't the ideal situation. However, it is better than nothing, though an overpass for the park traffic would be better.

REPRESENTATIVE DOOGAN asked if ideally the ATA would like to see separate roadways through that section.

MR. McDONALD said yes, or an overpass to eliminate the traffic lights on the main highway.

MR. WALTON indicated that a tremendous number of tourists cross that highway going to and from [Denali] Park. Getting those people and cars off of the highway and on to a pedestrian bridge and overpass would be much safer.

REPRESENTATIVE DOOGAN said several government agencies went through a lengthy process before any changes were made. He asked whether any government effort is currently underway to address those issues.

MR. THOMPSON replied he is not aware of any.

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REPRESENTATIVE KELLER acknowledged that drivers traveling from Anchorage to Fairbanks must be very frustrated with the Wasilla area.

MR. THOMPSON agreed that the Wasilla area is a problem. Over time, more and more traffic signals have been installed, which increasingly slows travel time. Understandably, all neighborhoods want access to the highway. Again, the problem is the expectation of being able to use that highway for multiple uses.

CHAIR JOHANSEN questioned whether the bypass for the railroad is intended to funnel commercial traffic through the Wasilla area.

REPRESENTATIVE KELLER thought that DOT&PF anticipated the need to expand the highway to eight lanes through Wasilla to accommodate all traffic unless a bypass was built.

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CHAIR JOHANSEN acknowledged that project is on the radar.

MR. THOMPSON said the ATA would support a bypass to get through that area. He then continued his presentation.

Highway safety, we would propose to continue to create and construct those physical safety improvements. One of the things that has happened over the last several years is the ... railroad crossings so that you separate the grade crossing from the rail and the highway. We think that is a good physical safety improvement and, as those projects come, we would encourage that those kinds of things be built into that. And, as Harry pointed out, an elevated crossing at Denali Park to separate the local traffic from the through traffic - those kinds of things would be helpful.

Improvements in terms of straightening out some curves, or making them not quite as sharp and giving you a little better line of sight, and that sort of thing - we're interested in increasing safety awareness for all motorists. The state and the federal DOTs tell us that somewhere between 60 and 70 percent of all commercial vehicle-involved crashes are caused by the other driver so we, the Alaska Trucking Association, the American Trucking Association, and the Federal Motor Carrier Safety Administration, have programs like "Share the Road." We have America's road team to stay out of the no zone. The no zone is where the truck driver is looking into his or her mirrors, there are spots where they can't see. They are blind spots so stay out of those no zones. They are effective and we think that there needs to - the Highway Safety Office in DOT does a pretty good job of that and we encourage the continuation of that.

In conjunction with that, we would support increased traffic enforcement and correct some behavioral problems perhaps. Technological vehicle safety improvements are coming. They are at this point quite expensive and things like alarms and following too close or things like that, all of these whiz bang things you can put on your truck but they are costly and we'd encourage that there may be some way to incentivize that to say here, try it out, let's see if that works.

We talked about driver shortages. Fuel prices continue to be of concern. This is just a chart to illustrate the volatility of fuel prices. One other point there is that fuel can be 25 percent of the operating expenses for a truck. Is that a reasonable number Harry?

[1:50:55 PM](#)

MR. THOMPSON continued:

And currently fuel supplies seem to be adequate but there's only one refinery. We were talking this morning with some other supplier that might be coming on line - the ultra low sulfur diesel.

MR. McDONALD said he was unsure of the situation with another fuel supplier. He pointed out that one issue with ultra low sulfur diesel versus low sulfur diesel is that the Petro-Star Refinery has an exemption to continue to sell low sulfur fuel, so as new trucks are phased in, trucks built after 2007 can only burn low sulfur. The older trucks can continue to burn any fuel. Drivers must be careful about choosing the correct fuel. That has been a problem in Prudhoe Bay but next year Prudhoe Bay will use 100 percent ultra low sulfur diesel. Fairbanks will continue to have the 500 part fuel available until 2010.

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MR. JANSEN added that when the ultra low diesel regulation was promulgated, the cost of fuel for trucks increased substantially because only one supplier is available in Alaska. Simultaneously consumption went down.

MR. WALTON clarified that consumption increased. He said the spot price last week was \$3.32. The least refined diesel is the most expensive fuel at the pumps. Fuel costs have increased substantially, especially for users of diesel number 1 fuel because the efficiency is low and the price is high.

MR. THOMPSON said for the sake of comparing changes in engine and fuel specifications, it would take 60 clean diesel trucks to equal the soot emissions of 1 truck sold in 1988. Over the last 15 years, engine emissions have been reduced by 98 percent but that has come at a high price. He said his point is that the

trucking industry has made a contribution to emission reductions. He continued his presentation:

We want a highway system that encourages development. We want to maintain and enhance the truck size, weight, and permitting productivity gains that have been achieved over the last 20 years. We have some of the best, I believe, size and weight laws, and some of the best permitting practices perhaps in the nation. It allows for the movement of heavy equipment under controlled conditions. Both the state and the industry are meeting their responsibilities in terms of protecting the infrastructure, as well as the motoring public.

And then, of course, we need to be sure to identify necessary transportation improvements for freight movement. As we look at new projects we want to be sure that the movement of freight is given consideration in the planning for that project or that change.

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MR. THOMPSON continued:

We're here, we're proposing to use the transportation fund to fund the capital projects program, fund the projects listed in the [general obligation] GO bond bill, improve maintenance and focus our federal funds on the National Highway System. Finally, we'd like to say if you've got it, the truck brought it. This is just about the only thing not delivered by a truck.

[1:55:44 PM](#)

CHAIR JOHANSEN asked if members had any questions and wished Mr. Thompson a happy 50<sup>th</sup> anniversary on behalf of the committee. He then commented that the House Transportation Committee sponsored legislation last year for the truckers related to licensing and asked if the change has been beneficial.

MR. THOMPSON said it has. He recalled the bill dealt with commercial driver's license issues and updated penalties and sanctions. It also brought the Division of Motor Vehicles (DMV) and commercial driver's license (CDL) program into compliance with the federal motor carrier safety requirements. It has

called attention to the severe sanctions associated with commercial driver's license violations. A number of those require license suspension for 60 days upon a first conviction, suspension for 120 days upon a second conviction, and denial of the commercial driver's license upon the third conviction. The ATA notified companies and drivers. No problems have occurred because of the change.

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CHAIR JOHANSEN asked Mr. Thompson to let the committee know if any unintended consequences arise.

[1:58:43 PM](#)

The committee took an at-ease from 1:58 p.m. to 2:02 p.m.

Overview: Gas Line Preparedness

[2:02:21 PM](#)

CHAIR JOHANSEN announced that the final order of business would be an overview of gas line preparedness.

[2:02:35 PM](#)

JOHN REEVES, Gas Pipeline Transportation Coordinator, Office of the Commissioner, Department of Transportation & Public Facilities, thanked the committee for inviting him to give a presentation. He introduced Frank Richards, Deputy Commissioner, and Mary Siroky, of DOT&PF. He told members he would discuss what DOT&PF is doing to prepare for the gas pipeline. He noted he would refer to the RISE report, which was included in his handout. He began his presentation:

So far the state's planning has included developing a list of needed infrastructure. The RISE Report that I'm referring to was done in 2005. It was done when the last gas line was being proposed by Governor Murkowski. Since that time, since I came on board, we've taken that report to try to glean out of it what those projects are that we actually do need. In 2005, 2006, DOT and the producers in [Department of Natural Resources] DNR met to talk about those needs. They had a highway use agreement, which ended after the primary. It discussed work on identifying the infrastructure that is needed. They understood, or

came to an understanding, of the logistics plan for the gas pipeline: the ports of entry, the routes and models of transport, the size, weight and number of the loads, and the major staging areas.

The RISE evaluation approach was to keep all of the alternatives in mind and to look at all of the modes - the ports, the airports, the roads and highways and rail. They were considering both pre and post construction needs and what does the pipeline construction need: what impacts the system, what will construction cause and who is going to pay for the upfront work and who is going to pay for the aftermath?

The basic transportation issues are that this gas line will be different than the TAPS. The entire thing will be buried. That means there is going to be more earth work and more truck loads. The pipe is heavier. The oil pipeline is about 5/8 inch. I've heard anything from .5 inch to 1.25 inches, schedule 75 to schedule 80 pipe for the gas line. That's because it's a higher pressure line. There's going to be greater use of large modules, more ports of entry, higher background traffic, more pavement at risk because there just is more pavement now than we had back during the pipeline.

[2:05:27 PM](#)

MR. REEVES continued:

And there's going to be a just-in-time delivery approach. In other words, we should have had this yesterday.

There's a picture in there of - the planning to date has been route neutral. One thing we have come to [conclude] is that the gas line will go from Prudhoe to at least Fairbanks. After that, it's anybody's guess. It's probably going to rest on your shoulders to decide where that's going to be.

You can see the ports of entry are - the main ports are going to be the Seward and Valdez and Haines entries.

2:06:10 PM

REPRESENTATIVE FAIRCLOUGH asked why Mr. Reeves stated that most of the pipeline will be buried.

MR. REEVES related his understanding that is what the producers have said.

REPRESENTATIVE DOOGAN commented that during the AGIA meeting process last year, the testimony was that more of this line could be buried, which is preferable, because it would not defrost the ground.

REPRESENTATIVE FAIRCLOUGH expressed concern that corrosion is detected when a leak occurs but that will be more difficult to see below ground.

2:07:13 PM

REPRESENTATIVE DOOGAN said maybe the owners will use the pigs this time.

MR. REEVES continued:

So far to date, and I started working in November, I'm the transportation coordinator. My job is to go through the almost \$7 billion of projects that were included in the RISE Report and figure out which ones are really needed. It's like a pile-up on a playground and there are different levels of need. There's a - do we need it for the oil pipeline? Do we really need it for this pipeline? Included in that RISE Report was an addition for the railroad to go to Canada for \$2 billion. Do we need that for the gas line? I don't know. In my review I don't think it's necessary. I'm here to build a gas line. I'm not here to build a railroad.

The need again - like if my wife needs a dishwasher or if my kids need to download some music off of the Internet, I think that there's a way that we can both work something out. But I better make sure that my wife gets what she needs. We need some things done more than we need other things done and so my job is to prioritize those projects and figure out which ones aren't really necessary. To do that, we're going to

have to look at the routes. We need to know how big the pipe is, where it's going.

We've done a lot of the key work on bridges and passing lanes. You've seen that if you've been up along the Parks Highway between Delta on the [Richardson]. Delta Junction North, Delta Junction East, everything in common to the pipeline alternatives is the bridges. I think most of the bridges, it's my understanding, on the Parks Highway have now been rebuilt. We're looking good on the Parks Highway. What the guys were talking about earlier about the overweight, that rings a bell with me because I was in the freight business during the last pipeline and specifically in the air freight business and handled pretty much almost all of the air freight that went north of the Alaska Range. What I'm seeing here is that trend is going to increase in terms of air freight.

The bridges are going to be replaced. A lot of them have been replaced. The highway work - we've done some things around Fairbanks and I'm sure that you've seen a lot of things done around the Anchorage area that's being done. Richardson Highway - we put some passing lanes in and last year the North Pole interchange is done. There's still some more work to be done. There's a question here about the weigh station at Fox and [indisc.] verify they have the new, latest inroad scale things installed around the Fox area, much to the delight of the truckers.

[2:10:10 PM](#)

MR. REEVES continued:

Visible progress. The Elliot Highway. There's some pictures there of the new realignment in the Washington Creek bridge that was just replaced. The Dalton Highway is always being worked on. It's the main industrial artery for the state. There are some bridges that need to be rebuilt. The Tanana River bridge bids in 2008. The Johnson River bridge - we still don't know when that is going to be bid out. Several Alaska Highway segments need to be rehabilitated and a new weigh station at Tok in 2008. There's a picture of the Robertson River bridge on the

Alaska Highway. When you see some of those loads that - the previous presenter showed you that some of those loads just can't get across a bridge like this. Other highways - the Parks Highway, major logistics route from Cook Inlet ports, module fabrication - they talked mostly about the weight restrictions. That needs to be addressed. Several bridges that have recently been rehabilitated - like I said earlier most of the Parks Highway bridges are done. There is some work being bid in Haines and the environmental work is being done right now.

Some key chokepoints [are] Atigan Pass, Fairbanks, North Pole, Delta Junction, the Alaska Range and Thompson Pass, Haines and Haines Highway and then, of course, Anchorage to Wasilla. There's an issue of financial responsibility but who is going to pay. There's a note here that FERC ruled in 1980 the pipeline traffic is part of the ordinary highway use so that you can't penalize or treat the pipeline any differently than you would anybody else. And then the Pass tells us that pavements in a project like this will be obliterated. There has been some talk of okay, rather than rebuild a road now, go ahead and get the gas line built and then rebuild it afterwards. That's not a bad way to think of things sometimes. Will we have to wait for an EIS to decide what's going to happen?

The [Statewide Transportation Improvement Program] STIP funds are tapped out. Funding levels decline in 2009. New earmarks are less likely. Urban and other needs are great. STIP money cannot be converted to the gas pipeline on a wholesale basis. The state general fund has been sought for the Washington Creek bridge, the Shaw (ph) Creek bridge, the Richardson Highway passing lanes. The Parks Highway sees no closure relief and the Dalton Highway five-year plan.

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MR. REEVES continued:

Financial responsibility - issues to be discussed or major activity sites access, such as turn lanes, camps, pipe staging yards, weigh station bypass technology. It may improve state and carriers'

efficiencies. Safety features needed - truck pullouts to allow more passing, module movements, [indisc.] bridges and more passing lanes.

There are some other issues. The size and weight issues - extra maintenance and operations support during construction, safety and law enforcement, and then the aviation needs north of the Yukon River. There's a picture of them there of - it's probably the same module that they had a picture of only farther up the road heading north.

I'd like to thank you for having me and I'd be delighted to answer any questions you guys might have.

2:14:09 PM

REPRESENTATIVE FAIRCLOUGH asked if the committee requested a copy of the Reis report.

CHAIRMAN JOHANSEN said he believes so.

MARY SIROKY, Legislative Liaison, Office of the Commissioner, Department of Transportation & Public Facilities, told members she will bring copies to committee members tomorrow morning. She apologized for the delay.

REPRESENTATIVE FAIRCLOUGH asked Mr. Reeves whether the consultant that put together the plan of needs prioritized those needs.

MR. REEVES said the plan contains three levels of priorities. All of the projects are needed but some are not as important as others.

2:15:55 PM

REPRESENTATIVE FAIRCLOUGH asked Mr. Reeves if, in his review of the Reis Report, it accurately reflects the most important needs in Priority 1.

MR. REEVES replied if the decision was his, he might reprioritize some of the projects in Priority 1. For example, the railroad to Canada was a Priority 1 project. That reflects "the pile up on the playground," meaning the attitude could be that every desired project should be thrown into the pipeline plan. He said everything is in the plan already.

REPRESENTATIVE FAIRCLOUGH stated her belief in the need for roads and infrastructure improvements. She asked whether the committee would look at a funding source or whether DOT&PF would do it. She furthered:

I mean \$500 million doesn't get us anywhere and I had to smile about an appropriation in the Senate for bridges in the \$20 million because that is a drop in the bucket to fix anything. I say that tongue in cheek. Bridges cost - you can't even get an overpass for under \$1 million.

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MR. REEVES opined that the costs are ridiculous.

REPRESENTATIVE FAIRCLOUGH said she appreciates the governor's look at the need to create an endowment or permanent fund for infrastructure; however she believes \$500 million is inadequate. She questioned whether this committee should form a subcommittee to further investigate funding possibilities or whether DOT&PF is doing that.

MR. REEVES maintained that \$500 million is a lot of money, but it will cost a lot more than that. The work on the main corridor on the Dalton Highway from Prudhoe to the border will cost well over \$500 million.

REPRESENTATIVE FAIRCLOUGH said, in general, 5 miles of highway work, depending on the terrain, costs \$5 million plus. She said her interest is in finding a way for legislators to look at that budget increment and determine how to plan for all of the needs.

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MR. REEVES deferred to Mr. Richards for an answer.

FRANK RICHARDS, Deputy Commissioner of Highways & Public Facilities, Office of the Commissioner, Department of Transportation & Public Facilities, told committee members the Administration is determining the overall needs through Mr. Reeves' work and then will look at possible funding mechanisms. The goal will be to have the transportation infrastructure ready for a pipeline project. The window of opportunity to complete that work is fairly small if the deadline is 2015 or 2016.

REPRESENTATIVE FAIRCLOUGH noted that with fuel costs at \$6 per gallon in rural areas, this is not the time to consider a gas tax increase. However, it continues to haunt her that Alaska's gas tax has not been addressed for many years and, under current structure, the state gets a \$1 to \$5 or \$6 return on that investment at the pumps. She noted the governor is also considering taking away tire taxes, among other things. She said she looks forward to hearing DOT&PF's potential solution.

REPRESENTATIVE DOOGAN referred to the infrastructure map and said some of the work is justifiable because of normal traffic wear and tear. DOT&PF could safely look at those projects before a route is chosen. He pointed out the project from Delta south is more problematic because if the all-Alaska route is chosen for the gas line, improvements will not be necessary on that part of the highway. He asked whether Mr. Reeves is saying that if the committee must decide which projects should be funded now, it should focus on the truly route-neutral projects.

[2:23:07 PM](#)

MR. REEVES said his personal opinion is that the pipeline will go from Prudhoe to Fairbanks so, with limited pipeline funds, he would concentrate on the projects on the Haul Road.

MR. RICHARDS related his agreement with Mr. Reeves' statement and noted the truckers just identified the Parks Highway as an existing corridor that provides freight movement into the interior of Alaska and the oil fields. He said from his perspective that is an existing highway corridor that should be upgraded, especially since that would eliminate the weight restrictions. Carlile, Lynden and Horizon would like DOT&PF to meet that level of standard so that a roadway embankment that would not be impacted by heavy weight pipe would be in place. He advised that if Port MacKenzie is used as a port of entry, no existing road network is capable of handling the freight loads. The Knik-Goose Bay Road in Wasilla is already over capacity. He explained, "So if we look potentially on an alignment similar to what the railroad is looking at from Willow on down to Port Mackenzie for their expansion, there might be a need for a road corridor through that as well.

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REPRESENTATIVE DOOGAN said he asked because the construction materials will need to be distributed throughout the length of

that route. That will start at Valdez, Anchorage, or Seward or another port. He questioned if one assumes DOT&PF is not going to concentrate on the Dalton Highway and wants to spend the funds so that it gets "a double barrel bang for the buck," at what point either one of those highways might be overbuilt.

MR. RICHARDS clarified that the Parks Highway north of Wasilla is one of the highest accident areas with a high number of fatalities. The build-out of that road to National Highway System (NHS) standards with four lanes would cost about \$100 million. To get trucks through there as a two-lane road, DOT&PF would have to mill off existing pavement, improve the embankment and resurface the road. The difference would be doing rehabilitation work to allow for freight traffic but not doing other safety improvements DOT&PF would want to do.

REPRESENTATIVE DOOGAN asked about the price tag for the [bigger project].

MR. RICHARDS estimated about \$18 to \$20 million based on a cost of \$1.5 million per mile for 12 miles.

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REPRESENTATIVE DOOGAN asked whether work on the highway system between a port and Fairbanks would be done that would otherwise be unnecessary without the new pipeline construction.

MR. REEVES said yes and repeated that once the corridor is established, many answers will become obvious. He said when he referred to the Haul Road as being an obvious answer right now, he was considering the steel pipe that will be transported. If that comes into Seward, it will most likely be transported by rail to Fairbanks. If Port Mackenzie was in play, transport by rail would be even better. Also, trucking the pipe north from Port Mackenzie would involve a lot of congestion. He said millions of tons of steel will be freighted to build the gas line. In response to Representative Doogan's question, he explained the Glenn Highway between the Richardson and Parks Highways is in the Reis Report because of a possible spur line. If the spur line is not built, those projects are still great projects. He pointed out that when he spoke about the Haul Road, he was speaking about the section between the Yukon River and Fairbanks, which he believes is the most dangerous part of that road.

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REPRESENTATIVE DOOGAN expressed concern that the price tag will be high and that even with the high oil revenue, the state will not be able to pay for all of it. He said he has no certainty of a gas pipeline and especially no certainty as to the timing. When he sees DOT&PF's request for construction money, he wants to be able to determine whether funds are being allocated reasonably despite the pipeline.

REPRESENTATIVE JOHNSON asked how much freight will enter through Haines. He pointed to a bid for work on the Haines Highway in 2008 and asked how much of that is related to the pipeline strategic plan.

MR. REEVES explained that all ports of entry were considered in the report.

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MR. RICHARDS pointed out the Haines Highway is part of the National Highway System so that work was previously scheduled. Haines and Skagway provide the only port access between Alberta and from Tok eastward.

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REPRESENTATIVE JOHNSON asked if the Alaska portion is 77 miles from Haines to the Canadian border.

MR. RICHARDS said that is correct.

REPRESENTATIVE JOHNSON asked whether the Canadians are doing any preparation work between Beaver Creek and the border and whether coordination with the Canadians has taken place.

MR. REEVES reiterated that the pipeline route remains uncertain and that he believes the Haines project was included in 2005 when the producers' pipeline was proposed. Haines was one of three ports of entry. He pointed out that a lot of the freight could be barged directly to Prudhoe Bay during certain months of the year. He said that will be up to the builder and that many of these decisions can be made once a commitment to make the pipeline has been made.

MR. RICHARDS said he had a teleconference scheduled this afternoon with his Yukon Territory counterpart to discuss the highway system and future development for a pipeline.

REPRESENTATIVE JOHNSON said he was wondering if the Canadians are planning for alternate routes as well. He said he just does not see Haines as an important part of a strategic plan. He wants to be cautious about not including projects that pipeline readiness will not require. He expressed concern about spending billions of dollars for a pipeline that may not get built.

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REPRESENTATIVE KELLER asked Mr. Richards if the number he provided to upgrade the road from Wasilla to Big Lake is for a two-lane road and whether he said the cost would be \$90 million.

MR. RICHARDS clarified he was talking about upgrading to a four-lane road with frontage roads. The upgrade to NHS standards with the higher traffic volumes would require larger dollar amounts. In his response to Representative Doogan, he was trying to articulate the bare minimum necessary for the truckers to legally drive over the existing roads with the existing capacity, which is a two-lane road. He noted the pipe freight will weight more than a legal load. To transport the pipeline freight, the roadways need to be able to handle more than the existing legal load requirements.

REPRESENTATIVE KELLER questioned why the railroad idea is not being considered. He thought extending Alaska's railroad to the Canadian system was a fantastic idea, especially when looking at oversized loads.

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MR. REEVES said when he received the report he was tasked with determining which projects are absolutely necessary for the gas line. The goal was to bring a \$7 billion work product down to a more manageable amount. The railroad extension cost is \$1.2 billion in 2005 dollars plus another \$500 million to go from Fairbanks to Fort Greeley. The Priority 1 projects add up to \$3.9 billion so he was able to almost halve that number by removing the railroad projects. He said he has dismissed the railroad project as necessary because his assumption is the goal is to build a gas line. That project will require almost all of the workers in the state and more. Building the railroad at the same time cannot be done. He said he would like to have a railroad extension from Fairbanks to Canada but that will require rail cars to haul freight everyday. Other industries need to be opened up to do that. He related his understanding

that the purpose of the railroad extension was to move the pipe. That can be done in other ways.

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REPRESENTATIVE KELLER asked if the right-of-way costs are not included in the \$1.2 billion.

MR. REEVES answered that is correct. He said he likes the idea of improving Port MacKenzie to tie into the railroad. That would require a short spur from Port MacKenzie to Willow and would prevent adding more congestion to the Ship Creek area.

REPRESENTATIVE DOOGAN said keeping Port MacKenzie open will require dredging.

MR. RICHARDS clarified that the costs cited by Mr. Reeves would only extend the railroad to the border; an extension from the border south could cost another \$6 billion.

REPRESENTATIVE FAIRCLOUGH asked whether a strategy has been developed to prioritize the projects outside of a pipeline proposal being successful first.

MR. RICHARDS said the only funds DOT&PF is sure of at this time are the STIP dollars, and that applies through 2009. When looking at the gas line preparedness projects, DOT&PF is looking at the projects that are currently STIP funded and then at future projects with no secure funding sources. The fund source is to be determined. The reauthorization has not been set yet so the only other funds available to DOT&PF are bonds, general funds or a new mechanism. He concluded:

The baseline question is yes, we're looking at what are the transportation priority projects that we currently have and show as needs for Alaskans to improve our transportation and rehabilitate our existing transportation assets and then looking at those above and beyond that we would need to put into play for gas line construction.

[2:45:24 PM](#)

REPRESENTATIVE FAIRCLOUGH responded:

... I know that I'm a freshman and so please, just correct me kindly if you could, but we are the

transportation committee and we are the appropriation arm of the House in making recommendations and it seems to me if we do have a study and we have an individual at DOT who is trying to make those recommendations, that we might have a few recommendations of our own in a time of increased cash flow from oil to help us transition. Maybe that's our, in one of the proposals that we listen to in our sessions, the bridge to help us get there and I'm wondering why or if it is possible, Mr. Chairman, if we got together as a group and analyzed the projects and looked for set aside money, not spending it but setting aside in some way an appropriate amount of money in addition to the governor's proposed \$500 million to indeed have a plan ready to go to fill a 10-year proposal on infrastructure for Alaska. Infrastructure for the gas pipeline is not the only thing that is suffering in our state right now. We have Representative Salmon, who is not in his seat right now but would speak about access in more remote areas and we had Emmonak on the floor talking about the need for an increased runway out in their community. It seems like this committee could, and I don't mean to joke about a subcommittee, or maybe it's the full committee to talk about what are the priorities. If we're going to have a healthy ferry system, what do we need to invest so that we give the right boards the right boundaries for DOT to look at that ferry system? What are the right boundaries to reinvest in our infrastructure and bring those up so that they're not in a deteriorating mode across the state so that people can access food supplies and transportation and public safety? So, I just throw it out for the chairman to talk about as DOT goes through their recommendations and their process with the Administration. In the end it comes to us to make a recommendation yea or nay and I would like to roll up my sleeves and get to work on some good fiscal strategies on how we might approach a looming dollar [shortage] - we're not going to have the dollars to do that if we don't plan now. There's a bubble coming and I don't want to be on the other side of the bubble saying we should have, we could have and we didn't. Thank you Mr. Chairman.

[2:47:59 PM](#)

CHAIR JOHANSEN noted not only Representative Fairclough but all committee members are freshmen. The committee is open to discuss fiscal strategies and those discussions could be dovetailed into both the endowment bill and the bonding bill. He said whatever this committee does will go straight to the Finance Committee. He said he looks forward to the fiscal strategy discussions. He thought everyone would be in agreement that delving deeper into the topic would be beneficial.

REPRESENTATIVE FAIRCLOUGH noted with the oil pipeline and potentially with the gas pipeline, prices get driven up with pre-planning. The market gets overheated. If the market gets too hot, the cost of Alaska's infrastructure needs will double or triple. Therefore, aside from waiting for the need, legislators need to plan the timing so that Alaskans are put to work.

REPRESENTATIVE JOHNSON said a Pacific Northwest Economic Region (PNWER) executive committee was aggressively pursuing the railroad during its visit to Juneau. He asked:

So I would like to think about if we spend \$2 billion on a railroad, how much of the \$3 billion that we have extra would we not need to spend if we could carry lighter loads or - I mean if we spend \$2 and we can save \$1 or a number on the other end, instead of doing all of this up to pipeline standards, has that ever been looked at? I mean it's an algebraic equation and if you spend the \$2 on the railroad and the Canadians come through, then there's certainly money out of the \$3 that we don't have to spend. So has anyone looked at that aspect of it at all? I don't think taking the railroad off of the table is a good idea.

MR. REEVES said he took the railroad out of the equation because his task was to look at the needs for the gas pipeline. He has not heard a justification for extending the railroad so that the gas line can be built. He said it could be necessary but he is not sure of that. The road from Prudhoe to Fairbanks is very important, no matter which route the gas line takes. The legislature will soon know whether an applicant will be issued a license, possibly by April 1. He expressed concern that the pipeline builder can pull out at any time during the first five years. If that happened, the state would not want to "have a whole bunch of, I'll say, Valdez grain silos sitting around." He sees the railroad extension as competing with the gas line project given a limited workforce. He would be happy to see the

gas line built first and a railroad afterward. He pointed out if the gas line provides low cost energy, jobs, and value-added industries, then the railroad would have more to carry.

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REPRESENTATIVE JOHNSON pointed out that license issuance does not mean that a gas pipeline will be built. He cautioned about anticipating low cost energy because the gas pipeline will not be a low-cost project. Energy will be abundant but not low-cost.

MR. REEVES said he used that phrase tongue in cheek because people were saying Alaska would have the cheapest gasoline in the nation when the oil pipeline was built. He noted that he hopes the state negotiates a better deal this time.

REPRESENTATIVE KELLER said one focus of the Pacific Northwest Economic Region is to improve the north-south infrastructure. He emphasized the importance of the need to keep working with the Canadians.

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CHAIR JOHANSEN thanked the speakers for their presentations.

[2:56:07 PM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 2:56 p.m.