

**ALASKA STATE LEGISLATURE**  
**SENATE RESOURCES STANDING COMMITTEE**

April 30, 2007

3:52 p.m.

**MEMBERS PRESENT**

Senator Charlie Huggins, Chair  
Senator Lyda Green  
Senator Gary Stevens  
Senator Lesil McGuire  
Senator Bill Wielechowski  
Senator Thomas Wagoner

**MEMBERS ABSENT**

Senator Bert Stedman, Vice Chair

**COMMITTEE CALENDAR**

HOUSE BILL NO. 229 am

"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 and Port MacKenzie rail link, 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."

MOVED HB 229 am OUT OF COMMITTEE

SENATE JOINT RESOLUTION NO. 6

Urging the United States Congress to defeat House Resolution 39, titled "To preserve the Arctic coastal plain of the Arctic National Wildlife Refuge, Alaska, as wilderness in recognition of its extraordinary natural ecosystems and for the permanent good of present and future generations of Americans."

MOVED CSSJR 6(RES) OUT OF COMMITTEE

CS FOR HOUSE BILL NO. 152(FIN)

"An Act establishing a renewable energy project account and a renewable energy fund and describing their uses and purposes."

MOVED SCS CSHB 152(RES) OUT OF COMMITTEE

CS FOR HOUSE BILL NO. 220(JUD)

"An Act prohibiting computer-assisted remote hunting."

HEARD AND HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 229

SHORT TITLE: KENAI GASIFICATION PROJECT; RAILROAD BOND

SPONSOR(S): REPRESENTATIVE(S) CHENAULT

03/29/07 (H) READ THE FIRST TIME - REFERRALS  
03/29/07 (H) FIN  
04/12/07 (H) FIN AT 1:30 PM HOUSE FINANCE 519  
04/12/07 (H) Heard & Held  
04/12/07 (H) MINUTE(FIN)  
04/13/07 (H) FIN AT 1:30 PM HOUSE FINANCE 519  
04/13/07 (H) Moved Out of Committee  
04/13/07 (H) MINUTE(FIN)  
04/16/07 (H) FIN RPT 2DP 4NR 1AM  
04/16/07 (H) DP: THOMAS, MEYER  
04/16/07 (H) NR: HAWKER, NELSON, CRAWFORD, KELLY  
04/16/07 (H) AM: STOLTZE  
04/25/07 (H) BEFORE THE HOUSE  
04/25/07 (H) ENGROSSED  
04/26/07 (H) TRANSMITTED TO (S)  
04/26/07 (H) VERSION: HB 229 AM  
04/27/07 (S) READ THE FIRST TIME - REFERRALS  
04/27/07 (S) RES  
04/30/07 (S) RES AT 3:30 PM BUTROVICH 205

BILL: SJR 6

SHORT TITLE: OPPOSE WILDERNESS DESIGNATION FOR ANWR

SPONSOR(S): RESOURCES

04/25/07 (S) READ THE FIRST TIME - REFERRALS  
04/25/07 (S) RES  
04/30/07 (S) RES AT 3:30 PM BUTROVICH 205

BILL: HB 152

SHORT TITLE: ESTABLISH RENEWABLE ENERGY FUND/ACCOUNT

SPONSOR(S): REPRESENTATIVE(S) HARRIS

02/26/07 (H) READ THE FIRST TIME - REFERRALS  
02/26/07 (H) CRA, FIN  
03/06/07 (H) CRA AT 8:00 AM BARNES 124  
03/06/07 (H) Heard & Held  
03/06/07 (H) MINUTE(CRA)  
03/20/07 (H) CRA AT 8:00 AM BARNES 124  
03/20/07 (H) Heard & Held

03/20/07 (H) MINUTE(CRA)  
 03/22/07 (H) CRA AT 8:00 AM BARNES 124  
 03/22/07 (H) Moved CSHB 152(CRA) Out of Committee  
 03/22/07 (H) MINUTE(CRA)  
 03/27/07 (H) CRA RPT CS(CRA) NT 7DP  
 03/27/07 (H) DP: CISSNA, DAHLSTROM, NEUMAN, SALMON,  
 OLSON, FAIRCLOUGH, LEDOUX  
 04/12/07 (H) FIN AT 1:30 PM HOUSE FINANCE 519  
 04/12/07 (H) Scheduled But Not Heard  
 04/13/07 (H) FIN AT 1:30 PM HOUSE FINANCE 519  
 04/13/07 (H) Moved CSHB 152(FIN) Out of Committee  
 04/13/07 (H) MINUTE(FIN)  
 04/16/07 (H) FIN RPT CS(FIN) NT 5DP 3NR  
 04/16/07 (H) DP: GARA, CRAWFORD, NELSON, THOMAS,  
 MEYER  
 04/16/07 (H) NR: HAWKER, STOLTZE, KELLY  
 04/19/07 (H) TRANSMITTED TO (S)  
 04/19/07 (H) VERSION: CSHB 152(FIN)  
 04/20/07 (S) READ THE FIRST TIME - REFERRALS  
 04/20/07 (S) RES, FIN  
 04/25/07 (S) RES AT 3:30 PM BUTROVICH 205  
 04/25/07 (S) -- MEETING CANCELED --  
 04/30/07 (S) RES AT 3:30 PM BUTROVICH 205

BILL: HB 220

SHORT TITLE: BAN COMPUTER-ASSISTED REMOTE HUNTING

SPONSOR(S): REPRESENTATIVE(S) BUCH

03/26/07 (H) READ THE FIRST TIME - REFERRALS  
 03/26/07 (H) RES, JUD, FIN  
 04/02/07 (H) RES AT 1:00 PM BARNES 124  
 04/02/07 (H) Moved CSHB 220(RES) Out of Committee  
 04/02/07 (H) MINUTE(RES)  
 04/03/07 (H) RES RPT CS(RES) 6DP 3NR  
 04/03/07 (H) DP: ROSES, WILSON, GUTTENBERG, EDGMON,  
 SEATON, GATTO  
 04/03/07 (H) NR: KAWASAKI, KOHRING, JOHNSON  
 04/13/07 (H) JUD AT 1:00 PM CAPITOL 120  
 04/13/07 (H) Moved CSHB 220(JUD) Out of Committee  
 04/13/07 (H) MINUTE(JUD)  
 04/16/07 (H) JUD RPT CS(JUD) 5DP  
 04/16/07 (H) DP: GRUENBERG, LYNN, SAMUELS, HOLMES,  
 RAMRAS  
 04/18/07 (H) FIN REFERRAL WAIVED  
 04/20/07 (H) TRANSMITTED TO (S)  
 04/20/07 (H) VERSION: CSHB 220(JUD)  
 04/23/07 (S) READ THE FIRST TIME - REFERRALS

04/23/07 (S) RES  
04/30/07 (S) RES AT 3:30 PM BUTROVICH 205

**WITNESS REGISTER**

LALANYA SNYDER

Staff to Representative Chenault  
Alaska State Capitol  
Juneau, AK 99801-1182

**POSITION STATEMENT:** Commented on HB 229 for the sponsor.

LISA PARKER, Manager  
Government Relations  
Agrium

Kenai AK

**POSITION STATEMENT:** Supported HB 229 am.

PAT GAMBELL, President and CEO  
Alaska Railroad Corporation (ARRC)  
Anchorage AK

**POSITION STATEMENT:** Supported HB 229 am.

BILL LEARY, Chief Financial Officer  
Alaska Railroad Corporation (ARRC)  
Anchorage AK

**POSITION STATEMENT:** Supported HB 229 am.

DAVE HANSEN, Director  
Economic Development  
Mat-Su Borough  
Anchorage AK

**POSITION STATEMENT:** Strongly supported HB 229 am.

SCOTT HAMANN  
Kenai AK

**POSITION STATEMENT:** Supported HB 229 am.

PAUL KENDALL  
Anchorage AK

**POSITION STATEMENT:** Neutral position on HB 229 am, but supported development of hydrogen.

JODY SIMPSON

Staff to Senator Huggins  
Alaska State Capitol  
Juneau, AK 99801-1182

**POSITION STATEMENT:** Introduced SJR 6 for the sponsor.

FRAN MAUER  
Alaska Outdoor Council  
Fairbanks AK  
**POSITION STATEMENT:** Opposed SJR 6.

PAMELA MILLER, Arctic Coordinator  
Northern Alaska Environmental Center  
Fairbanks AK  
**POSITION STATEMENT:** Opposed SJR 6.

MATTHEW GILBERT  
Venetie Tribal Government  
Venetie AK  
**POSITION STATEMENT:** Opposed SJR 6 and supported HB 152.

REPRESENTATIVE BILL THOMAS  
Alaska State Capitol  
Juneau, AK 99801-1182  
**POSITION STATEMENT:** Sponsor of HB 152.

CHERRISSE MILLETT  
Staff to Representative Harris  
Alaska State Capitol  
Juneau, AK 99801-1182  
**POSITION STATEMENT:** Presented sectional analysis of HB 152.

PETER CRIMP  
Alaska Energy Authority (AEA)  
Anchorage AK  
**POSITION STATEMENT:** Available to answer questions on HB 152.

CAITLIN HIGGENS, Acting Executive Director  
Alaska Conservation Alliance  
Anchorage AK  
**POSITION STATEMENT:** Supported HB 152.

WILLIAM PUTNAM, Acting Forestry Director  
Tanana Chiefs Conference  
Fairbanks AK  
**POSITION STATEMENT:** Supported HB 152.

SARA FISHER-GOAD, Deputy Director of Operations  
Alaska Energy Authority  
Anchorage AK  
**POSITION STATEMENT:** Prepared an amendment for HB 152.

REPRESENTATIVE BUCH  
Alaska State Capitol  
Juneau, AK 99801-1182

**POSITION STATEMENT:** Sponsor of HB 220.

MATT ROBUS, Director  
Division of Wildlife Conservation  
Alaska Department of Fish and Game (ADF&G)  
Juneau AK

**POSITION STATEMENT:** Suggested working out language on HB 220 at a Board of Game meeting.

#### **ACTION NARRATIVE**

**CHAIR CHARLIE HUGGINS** called the Senate Resources Standing Committee meeting to order at [3:52:56 PM](#). Present at the call to order were Senators Wagoner, Wielechowski, Stevens and Huggins.

#### **HB 229am-KENAI GASIFICATION PROJECT; RAILROAD BOND**

[3:53:36 PM](#)

CHAIR HUGGINS announced HB 229 am to be up for consideration.

LALANYA SNYDER, staff to Representative Chenault, sponsor of HB 229, explained that Agrium owns and operates an ammonia and urea complex in the Kenai area that has been at risk for a number of years of being shut down permanently because of the lack of feed stock. So, the Agrium Kenai gasification project has been in development. This project would bring coal from Healy to Kenai where low-emission coal gasification and electricity generation plants would be built.

HB 229 authorizes the Alaska Railroad Corporation (ARRC) to issue up to \$2.9 billion in tax exempt bonds to finance a portion of the project. The project will also help generate electricity for Southcentral Alaska and generate excess carbon dioxide that could be used to improve oil recovery from the wells in Cook Inlet and as well as continue to supply fertilizer to Alaska.

[3:54:44 PM](#)

MS. SNYDER explained that payment of the debt service for 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. There would be no fiscal impact to the state.

CHAIR HUGGINS asked if they had heard of any resistance to the project or the bonding implications thus far.

MS. SNYDER replied that she hadn't heard of any.

CHAIR HUGGINS asked Ms. Parker of Agrium to further explain the concept.

3:55:42 PM

LISA PARKER, Manager, Government Relations, Agrium U.S., said she supported HB 229 am. The concept that is imbedded from Agrium's standpoint with coal gasification is that coal would be transported from Healy to a port facility and barged to Agrium's facility where the coal would be gasified. Part of the 3 million tons of coal per year would be used for creating the hydrogen Agrium needs to make anhydrous ammonia and the rest would be used for generating power. The complex they are envisioning would generate 190 megawatts of power - 120 megawatts would be used at their facility for the gasifier air separation unit (ASU) and 70 megawatts would be put into the grid without having to upgrade the existing transmission lines. Homer Electric Association is taking the lead on the power generation-side.

3:56:17 PM

SENATORS GREEN AND MCGUIRE joined the committee.

MS. PARKER explained that Agrium's plant has been operating at 50 percent capacity for half of the year and they want to bring it back to full operation.

3:58:30 PM

SENATOR WAGONER asked if Agrium could get its funding somewhere else if this bill doesn't pass.

MS. PARKER replied they would be able to look for other avenues.

SENATOR WAGONER said that this wasn't a bail out, but rather one method of financing.

MS. PARKER replied that this mechanism was established 20 years ago as a funding mechanism by the federal government to allow the ARRC to issue tax free bonds for economic development projects in Alaska. From the state's standpoint, there is no state involvement. It is not a bail out.

[3:59:59 PM](#)

SENATOR WIELECHOWSKI asked who pays if there is a default.

MS. PARKER replied if the legislature gives the ARRC authority to seek tax-free bonds, it then has to get permission from its board of directors to seek those bonds. In seeking those bonds, they go to the bond market which will thoroughly investigate the Railroad, Agrium and its equity partners in this process. If the market does not feel that they have the resources to pay for those bonds, they would not issue them.

[4:00:47 PM](#)

SENATOR WIELECHOWSKI asked if the ARRC could lose many of its assets if there was a default.

[4:01:01 PM](#)

PAT GAMBELL, President and CEO, Alaska Railroad Corporation (ARRC), said the Railroad would be responsible for any portion of the bonding that would be used to purchase assets on its own - in terms of locomotives and coal cars. But for the vast majority of the dollars they are talking about in this particular project, there is no recourse to the state or to the ARRC.

MR. GAMBELL said the ARRC's participation is in two parts. One is the operational part, which would be the movement of the coal to an offload point. Two points are being looked at right now and they are looking at moving in the neighborhood of 3 million tons a year, which is significantly more than it has moved in the past. So, therefore, part of the tax-free issuance would go to purchase around 200 railcars and probably 9 or 10 locomotives that would go into service full-time to move the product to the chosen port.

He said the second interest in this project is to use this tool for the economic development that Ms. Parker described. He also wanted to reinforce the idea that this is absolutely not a bailout and it is simply a tool and one that simply has not been used up to this point in time.

[4:04:12 PM](#)

SENATOR WIELECHOWSKI wanted to clarify that there is absolutely no state liability if there is a default.

MR. GAMBELL replied that that was true as well as unique in terms of the U.S. tax code. The Alaska Railroad properties were left untouched in the tax rewrite of 1986.

[4:05:00 PM](#)

SENATOR WIELECHOWSKI said he wanted to hear more about how it's possible for the state or the Railroad to have zero liability if there's a default. And he wanted to hear it from a tax expert.

MS. PARKER explained that the \$2.9 billion bond has three components or partners. Agrium's portion would be \$2 billion; \$600 million is designated for the Railroad; and \$300 million is designated for a spur line through the Mat-Su Borough. She deferred the tax question to ARRC tax expert, Bill Leary.

[4:05:51 PM](#)

BILL LEARY, Chief Financial Officer, ARRC, explained this is a very big deal to the ARRC - in that it is moving 3 million incremental tons of coal. With regard to the specific question about recourse to the state or to the Railroad, he said this bill is only an authorization to issue up to \$2.9 billion worth of bonds. The actual mechanics of who would be responsible for repayment of the debt would be: first it would need to be approved by Railroad management, then by the Railroad Board of Directors, but the ultimate control would come from the marketplace.

He assured them that the ARRC's balance sheet would not support the issuance of anything with even a \$1 billion sign on it. As a result, the market would dictate how much could be issued and what the repayment source would be. So, in this case, a small amount in the grand scheme of things would have the Railroad as its backstop - for things like the railcars, locomotives and infrastructure improvements that would be needed to support this project, but the vast majority would be supported by Agrium or a combination of Agrium and its partners. That's who would be responsible for repaying that debt and those terms would be drawn up in the bond documents themselves.

SENATOR WIELECHOWSKI asked if the bond could be used to build a spur line from the North Slope down to Southcentral.

[4:08:30 PM](#)

MR. LEARY replied that this unique authority that the Railroad has, based on language in the Transfer Act, needs to be tied directly to the Railroad and to rail service. That is why this

is such a good project as it's proposed with the Agrium initiative.

[4:09:24 PM](#)

SENATOR WIELECHOWSKI asked if the bond could be used to bring a line to Southcentral.

MR. LEARY recalled how in 2004 the Legislature approved \$17 billion worth of railroad bond authorizations related to financing the natural gas pipeline.

CHAIR HUGGINS said that Senator Wielechowski was referring to the authorization in the event that the spur line existed that pipe and other logistical support requirements for a pipeline construction could be reverse-hauled north on it.

MR. GAMBELL responded absolutely - the reverse haul potential would be excellent from Port MacKenzie into the Interior. He hoped the state would consider that in the engineering of the pipeline.

CHAIR HUGGINS said that is one of the underpinnings that makes this attractive to him.

[4:11:03 PM](#)

DAVE HANSEN, Director, Economic Development, Mat-Su Borough, strongly supported HB 229 am. They feel that an extension from the main line down to Port Mackenzie would not only greatly enhance the Agrium gasification project for a coal transportation port, but also would provide extensive statewide benefits - such as making the development of numerous strategic mineral deposits in the Interior more cost effective and feasible. One study says Port Mackenzie would be the best port for this purpose. It would also reduce the need to invest up to \$150 million in rail crossing improvements in the Wasilla to Anchorage rail corridor and should save Agrium rail transport money in its rail freight costs.

[4:13:30 PM](#)

SENATOR STEVENS asked if this project would have the ability to provide electricity beyond the needs of the Agrium plant.

MR. HANSEN replied that answer would have two parts. Lisa Parker would have to answer the one about the actual electric generation at the Agrium plant that is part of the gasification. But he could answer that by putting a rail line to Port Mackenzie you make the possibility of electric generation

through the use of coal as a fuel very feasible and that could be put on the main line system, the grid.

4:14:41 PM

MS. PARKER added that Agrium's current design for the power plant is for 190 megawatts of power. Agrium would purchase 120 percent of that and the remaining 70 megawatts would be available for distribution on the grid.

4:15:14 PM

SCOTT HAMANN, Kenai resident, said this is a great bill and it is good for the whole state. This is just a win/win situation.

CHAIR HUGGINS asked Ms. Snyder to give them an overview of the issues that were raised in the other body on the bonding concept and Agrium's viability.

4:17:15 PM

MS. SNYDER responded that Representative Hawker had some concerns with the size of the bonding, but those were cleared up by the Department of Revenue. Representative Gara brought up the issue of emissions and he offered an amendment on the floor that did not pass.

CHAIR HUGGINS asked Ms. Parker to review the decision points Agrium has.

MS. PARKER replied on July 1 Agrium will have to decide whether to go forward on this project or not. It was started in October 2004. That decision will be based on the financials from an engineering standpoint, for one thing, and the engineering has been done. They are continuing to work on the engineering, but it has been found to be feasible. The initial work on permitting did not identify any show-stoppers and they will be announcing the selection of the environmental firm later this week. After July, if the decision is made by management and equity partners to continue the project, the next gate would be in the fall of 2008. That would be as to whether or not Agrium goes into detailed engineering and start procurement on things that would need a long lead-time. She said if all gates open, this project would be on line by 2011/2012.

SENATOR WAGONER reminded them that some people have said using CO2 in a field such as Swanson River and Cook Inlet that an additional 300 million barrels of oil could be recovered. When you start calculating what the state gets out of that at the current price of oil per barrel, that's a big prize.

4:20:06 PM

SENATOR WIELECHOWSKI asked if Agrium preferred to fuel its plant with natural gas.

MS. PARKER replied yes, but the supply of natural gas is declining. The plant was closed for six months because it was unable to get feed stock and is operating at 25 percent capacity on average.

MS. PARKER said that two other facilities were impacted by the same lack in Southcentral as was a company that delivers natural gas to Fairbanks - but the company Fairbanks was able to work out an arrangement to get the natural gas from Enstar.

She said they are looking at a five-year time frame of trying to keep their plant operating while this gasification project comes online. Senior management doesn't see North Slope natural gas coming on line in the next 10 years and doesn't foresee being able to keep the facility operating for that time at 50 percent capacity.

SENATOR WIELECHOWSKI asked how soon they expected to be gasifying coal under this proposal.

MS. PARKER replied by 2011/12. And management hopes to be able to get gas to operate at least half of their plant for half of the year during the construction time.

4:22:17 PM

SENATOR WIELECHOWSKI again voiced his concern that he raised when the legislature received this presentation earlier along with one by Enstar that proposed a bullet gasline from the North Slope down to Southcentral, which would cost almost the same as this project.

His concern was if you want \$2.9 billion worth of to get a bullet gasline to Southcentral, you would need a big anchor tenant to pay for it and Agrium is the ideal anchor tenant. So, if they go ahead with this project, it hurts the state's ability to bring a natural gas pipeline from the North Slope, because they loose Agrium as an anchor tenant - and if the state has this opportunity to bond, he would like to see it go towards building a bullet gasline from the North Slope and incorporating the Railroad into the building of a spur line. "That way we get you your gas, but we also get gas for the hundreds of thousands, the 71 percent of Southcentral in Fairbanks and Kenai residents

who use natural gas, whose rates have doubled in the last five years...."

SENATOR WAGONER responded that he didn't think that concept would fit the Railroad bonding capabilities.

[4:23:55 PM](#)

MR. GAMBELL said that was an interesting concept, but the issue is timing and Agrium's timing is urgent. The Railroad's bonding capacity is not capped and it could look at another project like a bullet line in the future. In fact, it has discussed projects with numerous other companies and he said:

It's certainly feasible. The devil is in the details in terms of making arrangements much as we have with Agrium to satisfy the requirement that the project is for railroad purposes. So therefore, property or right-of-way, or some sort of support, or a combination of all the above may very well prove to be the right formula at some point in the future. That point, however, is certainly farther down the road than the current concern that Agrium has for its inability to put capacity out of its plant.

We'd be very happy to talk with the state or look at that initiative as well, and we can, because as a conduit financier and with this capability we have we would not be capped and in fact could look at something like that.

[4:25:27 PM](#)

PAUL KENDALL, Anchorage resident, said he was not endorsing this project, but he wanted to suggest that the future lies in hydrogen.

SENATOR STEVENS moved to pass HB 229 am from committee with individual recommendations and attached fiscal note.

SENATOR WIELECHOWSKI objected saying he wanted HB 229 to get a Finance Committee referral for his previously mentioned reasons. It is not a bad project, but it is only one project and he preferred to see the bonding go towards a gas pipeline from the North Slope to Southcentral that would provide natural gas energy for Agrium along with energy for the many residents all up and down the Railbelt.

CHAIR HUGGINS said they could not discount the value of being able to reverse hauling to the North in logistical support of any pipeline and secondly that the LNG plant can be viewed as a potential anchor for a large natural gas supply. And he didn't think they were mutually exclusive.

A roll call vote was taken: Senators Stevens, Wagoner, Green and Huggins voted yea; Senator Wielechowski voted nay; and HB 229 am moved from committee.

[4:29:03 PM](#) at ease [4:31:07 PM](#)

**SJR 6-OPPOSE WILDERNESS DESIGNATION FOR ANWR**

[4:31:53 PM](#)

CHAIR HUGGINS announced SJR 6 to be up for consideration.

JODY SIMPSON, staff to Senator Huggins, explained that in January 2007, Representatives Edward J. Markey of Massachusetts and Jim Ramstad of Minnesota introduced HR 39 as an extension of the Udall/Eisenhower Arctic Wilderness Act and it was referred to the U.S. House Resources Committee. A copy of HR 39 was in their packets. She said that SJR 6 addresses that resolution.

[4:32:31 PM](#)

She said further:

Oil and gas exploration and development of the Arctic Coastal Plain could result in discoveries that would reduce our nation's future need on imported oil, help balance the nation's trade deficit and significantly increase the nation's security. You have paperwork in your packet that speaks to the vast economic potential for this project.

In 1980 the Alaska National Interest Lands Conservation Act (ANILCA) Congress reserved the right to permit further activities within the Coastal Plain. At this time, 8.9 million of the 19 million acres of the Refuge have already been set aside as wilderness. Current enhancements in technology can be used in a manner that minimizes the area within the Refuge that is used for exploration and development while providing the nation with a needed supply of oil and gas. This resolution before you, if adopted, urges the U.S. Congress to defeat HR 39 and, therefore, allow additional activities within the Coastal Plain.

MS. SIMPSON said she worked with Daniel Kish who works on the House Committee on Resources in Washington, D.C. to draft this language and she pointed out a series of amendments that our drafters provided that are mostly housekeeping measures.

[4:34:18 PM](#)

FRAN MAUER, Alaska Outdoor Council, said he is a 36 year resident of Alaska and a graduate of the University of Alaska Fairbanks. During his time in the state he has had the opportunity to work with the wildlife biologists on the Arctic Refuge Coastal Plain and he has made many personal trips there as well. He opposed SJR 6 because the Coastal Plain of the Arctic Refuge is the most essential area of an international eco-system that is unparalleled in the entire circumpolar region for its wildlife and its wilderness values.

He asserted, "Indeed, designation of this area as wilderness by the U.S. Congress is actually the right thing to do" especially with the ever-growing implications of human-induced global warming. Now is the time for Alaska to show leadership in the development of clean renewable energy resources such as wind, geothermal and tidal and not to continue as the supplier of oil.

[4:36:36 PM](#)

PAMELA MILLER, Arctic Coordinator, Northern Alaska Environmental Center, urged that the United State and Alaska move toward getting off of fossil fuels. She said the Interior Department's environmental statement that the congressional drilling bills rely on state that oil and gas development would damage the wilderness character of the Coastal Plain and that it would be irretrievably lost as a result.

She asked if the state's citizens should really trust Exxon, BP, and ConocoPhillips after what happened last year with the largest crude oil spill ever in the North Slope caused by negligent corrosion. Industry has not demonstrated that it can be trusted on environmental health and safety. She said the National Research Council in 2003 found that cumulative impacts from North Slope development harmed the land, birds, caribou, endangered bowhead whale migration and other wildlife and Alaska Native culture.

She opposed SJR 6 saying that even Gene Iacocca, former CEO of Chrysler Corporation, said we need to think about our future use of fossil fuels.

SENATOR WAGONER asked who funds her group.

MS. MILLER replied that is funded by its members and by grants.

[4:41:11 PM](#)

MATTHEW GILBERT, Venetie Tribal Government, said he is Gwichen Athabaskan. He opposed SJR 6 because oil and gas development would detrimentally harm the Porcupine caribou herd on which Gwichens critically rely on for food, subsistence and cultural ways. They have been fighting this issue for 25 years. He stated:

I believe it is beating a dead horse because the country has voted again and again in support of us and it's been defeated in Congress over and over. I think this is just distracting us from a real true economic policy, which is renewable energy because our fossil fuels are running out. It's worsening global warming....

MR. GILBERT also said that he supported HB 152.

[4:44:42 PM](#)

SENATOR GREEN moved Amendment 1 that consisted of housekeeping issues.

25-LS0869\A.1  
Bullock

AMENDMENT 1

OFFERED IN THE HOUSE

Page 1, line 1:  
Delete "**House Resolution**"  
Insert "**H.R.**"

Page 1, line 6:  
Delete "House Resolution"  
Insert "H.R."

Page 2, line 4:  
Delete "ANCILA"  
Insert "ANILCA"

Page 2, line 17:  
Delete "House Resolution"  
Insert "H.R."

There were no objections and Amendment 1 was adopted.

SENATOR STEVENS moved to pass SCS SJR 6(RES) with individual recommendations. There were no objections and it was so ordered.

[4:45:31 PM](#) at ease [4:47:00 PM](#)

**CSHB 152(FIN)-ESTABLISH RENEWABLE ENERGY FUND/ACCOUNT**

[4:47:07 PM](#)

CHAIR HUGGINS announced CSHB 152(FIN) to be up for consideration.

REPRESENTATIVE BILL THOMAS, sponsor of HB 152, said in 2003 the Alaska Task Force recommended that the state increase development of renewable resources. Further, with the high cost of fuel in Alaska it has been very difficult for rural Alaskans to prosper and many have to decide if they want to heat, have heat, fuel or health care. He said the time has come to seriously explore other renewable sources of energy such as wind, geothermal, solar and hydro. Many communities have already been researching ways to secure cleaner and more cost efficient energy and they need funding to help harness these renewable sources of power.

REPRESENTATIVE THOMAS said that HB 152 establishes a renewable energy fund which will be administrated by the Alaska Energy Authority (AEA). AEA would take advice from an advisory committee with members appointed by the governor from various utilities, environmental businesses, and Native stakeholder groups. The fund will offer both loan and grant options for Alaskans to develop renewable energy projects throughout the state.

[4:49:42 PM](#)

CHERRISSE MILLETT, staff to Representative Harris, presented the sectional analysis. She highlighted that grants are eligible for new projects only and can use a renewable energy resource or natural gas. Natural gas is used as a last resort for those communities in rural Alaska that don't have renewable energy sources. Any natural gas project has to benefit a community with a population of 10,000 or less.

She said that the loan fund is revolving so it doesn't deplete itself and the grant fund was designed as a percentage of market value making it sustainable once the money is appropriated.

[4:52:48 PM](#)

PETER CRIMP, Alaska Energy Authority (AEA), said he was available to answer questions.

[4:53:15 PM](#)

CAITLIN HIGGENS, Acting Executive Director, Alaska Conservation Alliance, strongly supported HB 152. She said, "Blessed with unparalleled renewable energy resources, Alaska has the opportunity to lead American and the world in the development of clean renewable energy resources...."

[4:54:46 PM](#)

WILLIAM PUTNAM, Acting Forestry Director, Tanana Chiefs Conference, said the Conference is a non-profit Native corporation which provides a variety of services to about 40 villages scattered around Interior Alaska and as such its primary clients are the village and tribal governments. Many of the programs the Tanana Chiefs direct try to improve the economic and social sustainability of those communities. The increasing cost of using fossil fuels has made it imperative to develop renewable alternative resources for energy. He fully supported HB 152 saying that many of the villages lack the resources to pursue some of these options themselves and many of them are interested in bio-energy and bio-mass resource development in achieving self sufficiency.

SARA FISHER-GOAD, Deputy Director of Operations, Alaska Energy Authority, said she had prepared an amendment.

CHAIR HUGGINS moved to adopt Amendment 1 as follows:

On page 1, line 11: delete the comma after "river."

On page 3, line 9: insert "..., which shall be the fiduciary of the fund under AS 37.10.071." after "Revenue," (requested by the Department of Revenue)

On page 3, lines 7 & 8, delete the first instance of "energy" and insert "electricity," and delete "run on" and insert "use hydrogen from"

On page 3, lines 9 & 10: delete (D) in its entirety because it is covered in (E)

On page 5, line 21: delete the comma after "river"

[4:57:30 PM](#)

MS. MILLETT said that the changes in Amendment 1 were all minor.

SENATOR STEVENS asked for the rationale used to make the eligibility for 10,000 people or less.

[4:59:28 PM](#)

REPRESENTATIVE THOMAS explained that they followed the gas pipeline from Prudhoe Bay to Fairbanks, took a left and came down the Highway. There are no communities in between and he didn't want to encourage people to use natural gas since that is the last option. That area also has no river, no wind and no hydro energy. He wanted to keep some communities from using all the natural gas the state is trying to sell down south as well as encourage alternative energy sources.

CHAIR HUGGINS found no further objections and Amendment 1 was adopted.

[4:59:51 PM](#)[4:59:51 PM](#)

CHAIR HUGGINS asked if HB 152 had met any resistance.

REPRESENTATIVE THOMAS responded that he found no resistance and has rather received compliments; he pointed out that the Denali Commission is also one of the designees.

[5:00:54 PM](#)

SENATOR STEVENS moved to pass SCS HB 152(RES) with attached fiscal note and individual recommendations. There were no objections and it was so ordered.

**CSHB 220(JUD)-BAN COMPUTER-ASSISTED REMOTE HUNTING**

[5:02:14 PM](#)

CHAIR HUGGINS announced CSHB 220(JUD) to be up for consideration.

REPRESENTATIVE BUCH, sponsor of HB 220, related that 26 states have already banned computer-assisted remote hunting and others are in the process of it. When he first heard about this type of hunting, he thought it was a joke, but then he found out it was not.

He said that Internet hunting is when a person anywhere in the world can shoot animals from their living rooms by hooking up their computers to a rifle through Internet. They are able to control the aiming and firing of the rifle from the computer keypad and to make a kill with the click of the mouse. This

practice began in Texas in 2005 when an entrepreneur offered people the ability to shoot big game on his land via remote control technology. The Texas legislature shut him down. Since then, 26 states have passed legislation to ban this practice and legislation in 8 other states is currently pending. HB 122 would prohibit this despicable practice in Alaska.

REPRESENTATIVE BUCH concluded, "As everyone knows, we have some of the best big game in the world in Alaska. We need to ban this practice before it hits. I want to make sure the guys who are doing this don't come here."

He said that HB 122 prohibits individuals from engaging in Internet hunting in Alaska. It also prohibits anyone from providing services or operating facilities to enable computerized hunting activities.

[5:04:47 PM](#)

MATT ROBUS, Director, Division of Wildlife Conservation, Alaska Department of Fish and Game (ADF&G), said he wanted to specifically address section (b), which addresses people with disabilities and the Americans with Disabilities Act. He was supportive of it, but said today he became aware of the existence of an idea to add an amendment that would prohibit another type of hunting activating using remote TV cameras for something called "electronic patterning."

He related how he had a discussion with the executive director of the Alaska Outdoor Council (AOC) and the Department of Law before coming to the meeting to figure out language, but the consensus was that language to prohibit that type of activity is not simple and has a lot of nuances. It's the type of activity that is usually prohibited through 5 AAC 92.080, which prohibits the use of cell phones, radios, pits, and fires and things like that for the taking of wildlife. Electronic patterning seems to be the type of activity that might fit into that and if so, the Board of Game has a statewide regulatory meeting scheduled for January 2008 in which that particular section of the code is open. So he thought that type of language could be hammered out there through the public proposal process better than here. He said that Rod Arno, Executive Director, AOC, expressed an interest in going in that direction.

CHAIR HUGGINS thanked him and said HB 220 would be held for further coordination and passed out on Wednesday. There being no further business to come before the committee, he adjourned the meeting at [5:08:11 PM](#).

