

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

April 8, 2009

1:04 p.m.

MEMBERS PRESENT

Representative Craig Johnson, Co-Chair
Representative Mark Neuman, Co-Chair
Representative Bryce Edgmon
Representative Kurt Olson
Representative Paul Seaton
Representative Peggy Wilson
Representative David Guttenberg
Representative Scott Kawasaki
Representative Chris Tuck

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 210

"An Act designating Kinzarof Lagoon as part of the Izembek State Game Refuge; authorizing a land exchange with the federal government in which state land adjacent to the Izembek National Wildlife Refuge and within the Alaska Peninsula National Wildlife Refuge is exchanged for federal land to serve as a road corridor through the Izembek National Wildlife Refuge and federal land located on Sitkinak Island; and providing for an effective date."

- MOVED CSHB 210(RES) OUT OF COMMITTEE

HOUSE BILL NO. 162

"An Act establishing the Southeast State Forest and relating to the Southeast State Forest; and providing for an effective date."

- MOVED HB 162 OUT OF COMMITTEE

HOUSE JOINT RESOLUTION NO. 25

Urging the United States Congress to classify hydroelectric power as a renewable and alternative energy source.

- MOVED CSHJR 25(ENE) OUT OF COMMITTEE

HOUSE CONCURRENT RESOLUTION NO. 12

Requesting that the governor and the attorney general review and reevaluate the license issued to TransCanada Alaska Company, LLC, and Foothills Pipe Lines Ltd., jointly as licensee, under the Alaska Gasline Inducement Act to determine whether the project proposed by the licensee sufficiently maximizes the benefits to the people of the state and merits continuing the license, taking into consideration economic changes affecting project financing, the availability of liquefied natural gas and natural gas from nonconventional sources, the state's risk of paying treble damages associated with an in-state gas pipeline, and the expected budget deficit; and requesting that the governor and the attorney general report the outcome of the review and reevaluation within six months.

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

BILL: HB 210

SHORT TITLE: IZEMBEK STATE GAME REFUGE LAND EXCHANGE

SPONSOR(s): REPRESENTATIVE(s) EDGMON

04/01/09 (H) READ THE FIRST TIME - REFERRALS
04/01/09 (H) RES
04/08/09 (H) RES AT 1:00 PM BARNES 124

BILL: HB 162

SHORT TITLE: SOUTHEAST STATE FOREST

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

03/02/09 (H) READ THE FIRST TIME - REFERRALS
03/02/09 (H) RES, FIN
04/08/09 (H) RES AT 1:00 PM BARNES 124

BILL: HJR 25

SHORT TITLE: HYDROELECTRIC POWER; RENEWABLE ENERGY

SPONSOR(s): REPRESENTATIVE(s) THOMAS

03/13/09 (H) READ THE FIRST TIME - REFERRALS
03/13/09 (H) ENE, RES
03/24/09 (H) ENE AT 3:00 PM BARNES 124
03/24/09 (H) Moved CSHJR 25(ENE) Out of Committee
03/24/09 (H) MINUTE(ENE)
03/25/09 (H) ENE RPT CS(ENE) 5DP

03/25/09 (H) DP: RAMRAS, DAHLSTROM, TUCK, JOHANSEN,
MILLETT
04/08/09 (H) RES AT 1:00 PM BARNES 124

WITNESS REGISTER

Timothy Clark, Staff
Representative Bryce Edgmon
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: During the hearing on HB 210, explained the sponsor's reason for offering Amendment 1.

DICK MYLIUS, Director
Division of Mining, Land and Water
Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: During the hearing on HB 210, answered questions,

STANLEY MACK, Mayor
Aleutians East Borough
Sand Point, Alaska

POSITION STATEMENT: Supported HB 210.

ERNEST WEISS, Mayor
City of King Cove
King Cove, Alaska

POSITION STATEMENT: Supported HB 210.

DELLA TRUMBLE
King Cove Corporation
King Cove, Alaska

POSITION STATEMENT: Supported HB 210.

RANDALL HAGENSTEIN, Executive Director
Alaska Chapter, The Nature Conservancy
Anchorage, Alaska

POSITION STATEMENT: Suggested an enhancement to HB 210.

GARY HENNIGH, City Administrator
City of King Cove
King Cove, Alaska

POSITION STATEMENT: Supported HB 210.

MARTHA WELBOURN-FREEMAN, Forest Resources Program Manager
Division of Forestry

Department of Natural Resources
Anchorage, Alaska
POSITION STATEMENT: Supported HB 162.

KACI SCHROEDER-HOTCH, Staff
Representative Bill Thomas
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the sponsor statement on behalf of Representative Thomas.

TIM MCLEOD, President and General Manager
Alaska Electric Light and Power
Juneau, Alaska
POSITION STATEMENT: Supported HJR 25.

ACTION NARRATIVE

[1:04:36 PM](#)

CO-CHAIR NEUMAN called the House Resources Standing Committee meeting to order at 1:04 p.m. Representatives Neuman, Kawasaki, Edgmon, Seaton, Wilson, and Tuck were present at the call to order. Representatives Olson, Guttenberg, and Johnson arrived as the meeting was in progress.

HB 210-IZEMBEK STATE GAME REFUGE LAND EXCHANGE

[1:06:27 PM](#)

CO-CHAIR NEUMAN announced that the first order of business would be HOUSE BILL NO. 210, "An Act designating Kinzarof Lagoon as part of the Izembek State Game Refuge; authorizing a land exchange with the federal government in which state land adjacent to the Izembek National Wildlife Refuge and within the Alaska Peninsula National Wildlife Refuge is exchanged for federal land to serve as a road corridor through the Izembek National Wildlife Refuge and federal land located on Sitkinak Island; and providing for an effective date."

[1:06:38 PM](#)

REPRESENTATIVE EDGMON, sponsor of HB 210, paraphrased from the following written sponsor statement [original punctuation provided]:

On March 30th President Obama signed the Omnibus Public Lands Management Act of 2009. This act includes Congressional approval for a land exchange between the State of Alaska and the federal government to allow a single-lane, unpaved road through the Izembek National Wildlife Refuge, connecting the village of King Cove to the Cold Bay airport.

HB 210 will grant state authorization for that exchange.

However, it is important to note that at the federal level there are still two major processes that need to be completed before this transaction is final. These are the completion of an environmental impact statement and a finding by the Secretary of the Interior determining that the land exchange is in the public interest.

HB 210 therefore does more than execute at state level the transaction endorsed by Congress; it also provides compelling evidence to the Secretary of the Interior that the State of Alaska approves of this agreement to establish dependable access for King Cove residents to the Cold Bay airport primarily for health and safety purposes.

In the agreement, the State will transfer approximately 43,000 acres of land in the Alaska Peninsula National Wildlife Refuge to the federal government in exchange for approximately 206 acres for the road corridor. The legislation also agrees to the receipt of 1600 acres of federal land located on Sitkinak Island to the State and provides for the designation of Kinzarof Lagoon as part of the Izembek State Game Refuge.

The residents of King Cove and Aleutians East Borough have strived toward this goal for more than a decade. The King Cove Corporation has agreed to provide approximately 19,000 acres of its ANCSA land to the federal government, at no cost, as part of this exchange. The Alaska Department of Natural Resources supports the transaction. Senator Murkowski, Congressman Young, and former Senator Stevens have

championed this endeavor at the federal level over many years. Senator Begich also backs the plan.

It is now the State of Alaska's role to take this next important step. I respectfully ask for your support in concluding this agreement while also sending an important message to the Secretary of the Interior that Alaska endorses this exchange and all that it entails for the improved safety and quality of life for citizens in Southwestern Alaska.

[1:09:30 PM](#)

REPRESENTATIVE EDGMON called attention to the maps included in the committee packets. He explained that the parcels labeled one and two are the 43,000 acres of state land that would be transferred to the U.S. Fish & Wildlife Service to become part of the Izembek National Wildlife Refuge. He further explained that to the left of where it says "hovercraft site" on the map is a tidal area that would also be transferred to the federal government because of its habitat importance to birds.

REPRESENTATIVE EDGMON noted that HB 210 has a zero fiscal note and an immediate effective date. He also pointed out that if the federal government stumbles and does not complete the land exchange, HB 210 provides that all of the aforementioned actions would become null and void and land ownership would be returned to what it is today.

[1:12:38 PM](#)

REPRESENTATIVE SEATON inquired whether parcels three, four, and five on the map would also be added to the refuge in exchange for the road corridor.

REPRESENTATIVE EDGMON replied that these parcels are part of the overall exchange package but are not addressed by HB 210 because there is no need to have the state involved in the land transaction. For example, parcels four and five, totaling about 10,000 acres and belonging to the King Cove Corporation, would become part of the Izembek National Wildlife Refuge, but the transaction is between the corporation and the U.S. Fish and Wildlife Service.

CO-CHAIR NEUMAN announced that there is a video on this issue available for people to watch.

[1:15:08 PM](#)

REPRESENTATIVE EDGMON moved to adopt Amendment 1, which read [original punctuation provided]:

Page 5, Lines 8 and 9:

Delete: "constructing a single-lane road"

Insert: "a corridor for the construction and operation of a road"

Page 5, line 9:

After "Cold Bay, Alaska,"

Insert: "in accordance with the Omnibus Public Land Management Act of 2009, H.R. 146, 111th Cong. (2009) (enacted),"

Thus, page 5, lines 8 and 9, would read:

within the Izembek National Wildlife Refuge for the purpose of a corridor for the construction and operation of a road between the communities of King Cove and Cold Bay, Alaska, in accordance with the Omnibus Public Land Management Act of 2009, H.R. 146, 111th Cong. (2009) (enacted), described as follows:

REPRESENTATIVE KAWASAKI objected.

REPRESENTATIVE SEATON objected for discussion purposes.

[1:15:21 PM](#)

Timothy Clark, Staff, Representative Bryce Edgmon, Alaska State Legislature, explained that Amendment 1 is a conforming amendment that would make the language in HB 210 track more closely with federal act which clarifies that the state receives a corridor that allows the construction and operation of a road. This would remove any ambiguity, he said.

[1:16:11 PM](#)

REPRESENTATIVE GUTTENBERG asked whether a description of the road is defined anywhere, given that the difference between constructing a single lane road and a corridor is considerable.

MR. CLARK answered that a decision on where the road is actually located will be partly determined on the federal level by the environmental impact statement (EIS). He said the federal act details the features that will be allowed, such as corridor

width and safety pullouts, and Amendment 1 is therefore generalized to some extent. In further response to Representative Guttenberg, Mr. Clark reiterated that the road features are detailed in the federal act.

[1:17:57 PM](#)

REPRESENTATIVE KAWASAKI inquired whether a copy of the federal act is available.

MR. CLARK said he would provide a photocopy.

REPRESENTATIVE KAWASAKI asked Mr. Dick Mylius for further explanation of why Amendment 1 is necessary.

DICK MYLIUS, Director, Division of Mining, Land and Water, Department of Natural Resources, responded that he does not have the amendment before him, but he does have testimony that elaborates on why the legislation is needed.

[1:19:23 PM](#)

CO-CHAIR NEUMAN requested Mr. Mylius to present his testimony and address the federal act in relation to Representative Kawasaki's question.

MR. MYLIUS stated that under AS 38.50 the Department of Natural Resources (DNR) is responsible for conducting land exchanges. There are two reasons why HB 210 is before the committee, he continued. First, Alaska's statutes allow the department to do land exchanges if they are equal appraised value; however, the department does not believe this to be an equal exchange and therefore needs the legislature's approval. Second, a provision in the proposed exchange would add certain state-owned tidelands and submerged lands to the Izembek State Game Refuge, which is part of the deal that the department negotiated with the federal government.

[1:20:37 PM](#)

MR. MYLIUS explained that several years ago the Aleutians East Borough, City of King Cove, and King Cove Village Corporation requested the governor's office and DNR to pursue a land exchange to enable construction of the road because the current situation of using a hovercraft does not provide a safe, economical, long-term solution to King Cove's access needs. The exchange before the committee was developed through discussions

between the U.S. Fish and Wildlife Service, DNR, and the corporation, city, and borough. It was recognized that both state and federal legislation would be needed, but the biggest hurdle was getting approval through the U.S. Congress. The land exchange was originally separate legislation introduced in 2007 by Senator [Lisa] Murkowski and Representative Young. Governor Palin wrote letters in support of the legislation and the state testified in support of the bill before the U.S. House Committee on Natural Resources. In late 2008, the land exchange bill was rolled into the federal omnibus bill which was passed by Congress and then signed by President Obama in March [2009].

[1:22:06 PM](#)

MR. MYLIUS further explained:

In putting together the exchange it was clear that because of the unique wildlife and wilderness values of the refuge that were being crossed by the road, a simple fair market value land exchange would not adequately address the wilderness values, the public's concern over those values, as well as the public safety concerns of residents of King Cove and Cold Bay. And as a result what we have is an unequal value land exchange that requires your approval. In terms of the parcels of land ... that require approval, the state is proposing to acquire 206 acres in the road corridor and 1600 acres of land on Sitkinak Island, an island located south of Kodiak, which ... is primarily state land and borough land, but has a federal inholding which is what the ... legislation would allow us to acquire through the exchange.

[1:22:45 PM](#)

MR. MYLIUS said there are also some Native corporation lands that would be part of the package going to the U.S. Fish and Wildlife Service, but these do not need the legislature's approval. The state would be trading to the U.S. Fish and Wildlife Service about two townships of land that are on the flanks of Pavlof Volcano adjacent to the wildlife refuge and which have high wildlife values, particularly for caribou and brown bear. Additions to the state game refuge are also being proposed, he continued. These additions are lands in the Kinzarof Lagoon area at the head of Cold Bay which have resource values similar to Izembek Lagoon, including valuable eelgrass

beds that are critical to waterfowl that migrate through the area and live in the area.

MR. MYLIUS specified that the two actions the legislature is being asked to approve are the unequal-value land exchange where the two townships of state land would be traded to get the road corridor and land on Sitkinak Island, and the designation of about 4,000 acres of state land as part of the Izembek State Game Refuge.

[1:24:05 PM](#)

CO-CHAIR NEUMAN reminded members that Amendment 1 is before the committee.

REPRESENTATIVE SEATON understood that inserting "a corridor for the construction and operation of a road" would allow for turnouts and passing which would not violate the federal standards of a single lane road.

MR. MYLIUS agreed, saying the department understands that Amendment 1 does not conflict with the federal requirement that it be a one-lane road.

REPRESENTATIVE SEATON withdrew his objection to Amendment 1. [Representative Kawasaki's objection was treated as withdrawn.] There being no further objection, Amendment 1 was passed.

CO-CHAIR NEUMAN opened public testimony.

[1:26:22 PM](#)

STANLEY MACK, Mayor, Aleutians East Borough, pointed out that one of his primary responsibilities as mayor is to help improve the quality of life for the 2700 residents of the Aleutians East Borough, and safe and dependable transportation access is one of the most important of these qualities. He supported HB 210 and thanked the state for its steadfast support and assistance with the land exchange so that a single lane road can be constructed to connect the village of King Cove with the Cold Bay airport.

MAYOR MACK stated that having been born and raised in King Cove, he has firsthand knowledge of the difficulties of getting to Cold Bay. He explained that King Cove's hope for access to the Cold Bay airport was dashed 35 years ago when a portion of the Izembek National Wildlife Refuge between the two communities was declared Wilderness without consultation with the indigenous

residents. He said this proposed land exchange provides optimism that a road link can now occur after decades of long, hard work.

[1:28:49 PM](#)

CO-CHAIR NEUMAN inquired whether people's lives are on the line if HB 210 is not passed this year.

MAYOR MACK replied, "Every day." He explained that the airport in King Cove cannot be improved safety-wise because it is subject to high prevailing winds from the northwest and southeast. A local carrier, Peninsula Airways, has a standing order that no planes can come in when winds are above 35 miles per hour. When this happens the only other option is to take a boat to Cold Bay which is a very uncomfortable trip in such weather. He said that while working in Cold Bay he once watched a medivac in a 110-foot crab boat that could not make it to the dock in Cold Bay because of weather conditions and the patient was unable to be evacuated until the next day. Eleven fatalities have occurred en route by plane to Cold Bay, plus many that never made it out of King Cove because of the weather conditions.

[1:32:10 PM](#)

REPRESENTATIVE KAWASAKI asked how many people live in King Cove and Cold Bay.

MAYOR MACK responded that Cold Bay varies from time to time because it is a transient community, but right now there are about 60 people. He said he believes there are about 800-900 permanent residents in King Cove with an increase to 1500 or more during the cannery season.

REPRESENTATIVE KAWASAKI inquired why the triangular-shaped area [North Creek Unit] adjacent to parcels one and two is not included as part of the exchange.

MAYOR MACK answered that he does not know but the state would know.

[1:33:45 PM](#)

REPRESENTATIVE KAWASAKI asked whether any people lived in the [North Creek Unit].

MAYOR MACK replied no, the area is perfect wilderness. However, he continued, that is not the case further east because the military was there and created a network of roads throughout the wilderness and the refuge. In further response, he clarified that by "further east" he meant parcels one and two.

[1:34:36 PM](#)

CO-CHAIR JOHNSON inquired as to how much land is being traded for the road.

MAYOR MACK responded that he thinks the total amount is about 64,000 acres. In further response, he clarified that the state is trading 22,498 acres in parcel one and 22,498 acres in parcel two for a total of about 44,000 acres, and the rest is coming from the King Cove Corporation.

[1:35:37 PM](#)

CO-CHAIR JOHNSON commented that "someone is getting a really good deal."

MAYOR MACK agreed.

CO-CHAIR JOHNSON further commented that King Cove Corporation and the state are making a tremendous sacrifice for public safety and such a lopsided trade is a travesty.

MAYOR MACK concurred. He said Mr. Dale Hall of the U.S. Fish and Wildlife Service was a very strong negotiator. He explained that parcel three [Mortensen's Lagoon] was the crown jewel and the turning point in getting the federal government to accept the land exchange for the road corridor. The corporation had to do whatever it took to make this happen.

CO-CHAIR JOHNSON clarified that he is not opposing what Mr. Mack has done and is applauding him for the sacrifice being made for the citizens of his community.

[1:38:02 PM](#)

REPRESENTATIVE EDGMON added that when the Alaska National Interest Lands Conservation Act (ANILCA) passed in 1980, it was envisioned that there would be transportation routes at some point in time. He agreed with Co-Chair Johnson that the state and King Cove Corporation are paying an extremely high price for a sliver of land through a refuge area that already has

approximately 35 miles of existing roads from the World War II era. Active hunting and transport are already taking place in a good part of the refuge, he added.

MAYOR MACK agreed.

CO-CHAIR NEUMAN asked whether Mr. Mack felt the state worked with him in a cooperative manner.

MAYOR MACK responded that he took office as mayor seven years ago and this was a prior, ongoing issue. He understood that when U.S. Senator Frank Murkowski became governor, he contacted people in King Cove and told them more work needed to be done to get the issue accomplished.

[1:40:59 PM](#)

CO-CHAIR JOHNSON stated that if this were not a life and safety issue, he would fight the lopsidedness and unfairness of the exchange. He said he does not want this to be misconstrued as any concession on the part of the state in giving up state rights in regard to right-of-ways.

CO-CHAIR NEUMAN agreed and proffered that there was some question as to whether DNR listens to the needs of state residents, but that this would be addressed on another day.

[1:42:42 PM](#)

ERNEST WEISS, Mayor, City of King Cove, stated that there is a major problem with safe and predictable transportation access between his community and the Cold Bay airport, which is served daily from Anchorage. He said he supports HB 210 in part to help solve his community's access problem to the Cold Bay airport. During his 25 years of living in King Cove he has witnessed the fear and frustration that results from not having a safe, dependable, and predictable means to get to the Cold Bay airport. He explained that in about 30-40 percent of the times he has tried to get to the Cold Bay airport, he has either not gotten there or not arrived in a timely or routine manner. On behalf of King Cove's 800 residents, he thanked the State of Alaska for its continuing support on this issue.

[Co-Chair Neuman passed the gavel to Co-Chair Johnson.]

[1:44:53 PM](#)

REPRESENTATIVE TUCK inquired how long the land-swap negotiations have been going on.

MAYOR WEISS replied that "Round One" ended in compromise legislation in 1998 in which the solution was the hovercraft that does not work. After that, Frank Murkowski, as both U.S. senator and governor, worked with the two townships and it has been ongoing ever since. The Department of Natural Resources has been very cooperative, he continued, and the State of Alaska has been very helpful under Governor Murkowski and Governor Palin.

[Co-Chair Johnson returned the gavel to Co-Chair Neuman.]

REPRESENTATIVE EDGMON commented that he has had the challenge of travelling this area and it can be a terrifying flight.

CO-CHAIR JOHNSON asked where opposition to the exchange has come from.

MAYOR WEISS answered that this proposed road would go through designated Wilderness and opposition has come from environmental groups that believe the road will disrupt the flight patterns of Black Brandt. "We believe that is not true," he said.

[1:47:21 PM](#)

DELLA TRUMBLE, King Cove Corporation, noted that she is not at the hearing in person because she was unable to get out of King Cove last Friday. She introduced the numerous people present in the room with her: representatives from the King Cove Corporation and King Cove City Council, as well as elders and others from the community. She said she has been working on this issue for over 25 years and will not quit until there is a safe road link to the Cold Bay airport. Ms. Trumble supported HB 210. Having lived in King Cove since birth, she said she knows firsthand about the challenges in reaching the Cold Bay airport due to weather and the precarious location of the King Cove airstrip, a situation that has brought countless times of misery and hardship to residents.

MS. TRUMBLE stated that giving up approximately 20 percent of King Cove Corporation's aboriginal lands to the federal government was a very difficult decision, but it was reluctantly accepted as the price for having a modest road to the Cold Bay airport through the Izembek refuge. She said the federal government and others have ignored the fact that her Aleut

ancestors have lived in this area for 4,000 years, long before the refuge even had a name. However, she continued, it is time to move forward into the future and road access to the Cold Bay airport will greatly enhance personal safety and quality of life.

[1:51:32 PM](#)

RANDALL HAGENSTEIN, Executive Director, Alaska Chapter, The Nature Conservancy, pointed out that the refuge area is a globally important wetland complex that is recognized by its codification as a federal wildlife refuge and a state game refuge. He said there are a number of small state-owned properties within Izembek Lagoon, Morzhovoi Bay, and Bechevin Bay with high value for waterfowl that were inadvertently left out of the original bill that created the state game refuge. Addition of these lands to the state game refuge would not bring HB 210 out of compliance with the federal omnibus bill and would not require a change in land ownership, he continued. This would create a stronger conservation component to the bill and would improve the protection of globally significant waterfowl habitat.

[1:53:37 PM](#)

CO-CHAIR NEUMAN understood that Mr. Hagenstein would like to add more land in addition to the land that is already being exchanged.

MR. HAGENSTEIN responded that his suggestion would not require any change in land ownership as it is existing state land that would remain state land. The land would just be moved into management under the state game refuge.

[1:54:00 PM](#)

CO-CHAIR NEUMAN surmised that under laws governing refuge management this would prevent development and other uses by community members.

MR. HAGENSTEIN explained that these areas are already being managed for fish and wildlife under the current state management plan, and this management would just be codified by including these lands in the state game refuge.

REPRESENTATIVE EDGMON recounted that this issue has been batted back and forth with no action taken throughout his 20 years of

working in the legislature. By any measure it is a lopsided transaction, he continued. Given that the people of these communities have spent all these years trying to make construction of this road happen, he cannot support changing HB 210, he said.

[1:56:17 PM](#)

REPRESENTATIVE KAWASAKI requested Mr. Hagenstein to point out where these areas are on a map.

MR. HAGENSTEIN walked to the large map posted on the wall and pointed out the areas.

REPRESENTATIVE KAWASAKI asked Mr. Hagenstein to describe the areas in parcels one and two. He also requested a description of the North Creek Unit, located west of parcels one and two, and asked why it was not included in the exchange.

MR. HAGENSTEIN answered that he does not know why the [North Creek Unit] was left out of the exchange as he was not involved with that. He said he has flown over the area and guesses it is general upland tundra pockmarked with lakes and wetlands, which is good bear and caribou habitat.

CO-CHAIR NEUMAN stated that the King Cove city administrator has flown to Juneau for this hearing and will be able to answer Representative Kawasaki's question.

REPRESENTATIVE KAWASAKI inquired whether Mr. Hagenstein believes this exchange is a fair trade given the unequal land values.

MR. HAGENSTEIN replied that the habitat values are very different and the land designation is different in those two areas, and politics being the art of the possible suggests that sometimes that sort of transaction needs to take place to meet the art of the possible.

[2:00:57 PM](#)

GARY HENNIGH, City Administrator, City of King Cove, noted that he has been King Cove's city administrator for about 20 years. He said Mayor Mack correctly described parcels one and two, the original tracts that the state put on the table to start the process. There is no human habitation there now and never will be, he continued, except for the military intrusion during World

War II. The areas meet the textbook definition of wilderness where man passes through but has no business of staying.

MR. HENNIGH noted that over the past few years Mayor Mack, Mayor Weiss, Ms. Trumble, and he have spent half their lives in Washington, DC, putting together this deal. What was given up is unfair, he said, but it is the political price for something that should never have been taken away in the first place. The Alaska Delegation, Governor Murkowski, and Governor Palin have helped over the past 10 years to further the cause of making life a little bit easier for the 800 residents of King Cove by having this access to the Cold Bay airport. This is the right thing for the people of King Cove, the federal government, and the King Cove Corporation, he stressed, and it is the right thing for the State of Alaska to endorse despite the inequity.

CO-CHAIR NEUMAN commented that it is frustrating to have congressional members from other states figuring out what is best for Alaskan communities like King Cove.

[2:04:36 PM](#)

REPRESENTATIVE TUCK asked whether Mr. Hennigh could answer Representative Kawasaki's question about why the [North Creek Unit] was left out of the exchange.

MR. HENNIGH said he does not recollect why that particular parcel of land was not part of the original offer, but that Mr. Mylius might know. Upon becoming governor, Frank Murkowski told the city, borough, and corporation that he was going to revisit the issue by having the state put together a land proposal to take to the U.S. Department of the Interior. [Parcels one and two] constituted the proposal that Governor Murkowski brought forward in 2003 or 2004. During discussions on this proposal, the [North Creek Unit] never came up as an issue. Mr. Hennigh added that it is all special land because it is wilderness, but that he is not personally aware of anything so special about the [North Creek Unit] that it could not have been part of this deal had someone wanted it to be part of the deal.

CO-CHAIR NEUMAN announced that maps will be e-mailed to members.

[2:06:49 PM](#)

REPRESENTATIVE KAWASAKI understood that the North Creek Unit is uninhabited and has no recreational cabins.

MR. HENNIGH shook his head in agreement.

REPRESENTATIVE KAWASAKI said his preference would be to have a contiguous area added to the refuge by including the [North Creek Unit] in the exchange.

REPRESENTATIVE EDGMON offered his belief that the land is already in protected status. He said the member's question could be turned around by asking why it is not 20,000 or 10,000 acres instead of 43,000. He pointed out that most of the land is mountainous, uninhabitable, and inaccessible even with a four-wheeler.

MR. HENNIGH agreed that there is no human habitation in the [North Creek Unit]. He suggested that Mr. Mylius be allowed to address this question.

[2:10:15 PM](#)

REPRESENTATIVE KAWASAKI reiterated his question to Mr. Mylius regarding parcels one and two and the North Creek Unit to the west of them that was not included in the exchange.

MR. MYLIEUS replied that the [North Creek Unit] belongs to the Alaska Peninsula National Wildlife Refuge. The area immediately east of the two parcels is also Alaska Peninsula National Wildlife Refuge, he said, and one of the reasons the two townships were picked is because they are surrounded on three sides by refuge lands.

[2:11:41 PM](#)

REPRESENTATIVE KAWASAKI surmised that the two townships are state-owned lands.

MR. MYLIEUS responded correct.

REPRESENTATIVE KAWASAKI asked whether any studies were done on the value of those lands and whether they have oil or gas since that would make the state wish it had kept those lands.

MR. MYLIEUS answered that no specific studies were done, but there were consultations with his division's mining folks, the Division of Geological & Geophysical Surveys, the Division of Oil & Gas, and the Alaska Department of Fish & Game, and no values were identified. Potential offshore oil and gas basins dip very quickly offshore just north of this area, he explained,

and no one ever bid on this parcel when it was offered in several previous sales. He related that, according to geologists, interest in oil and gas is on the lands further to the north because the geology of parcels one and two is not conducive to oil and gas.

[2:13:37 PM](#)

REPRESENTATIVE KAWASAKI, in regard to Mr. Hagenstein's suggestion to include other state lands, asked whether it would be better to have those areas be contiguous within the refuge.

MR. MYLIEUS said he has not seen the specific areas that The Nature Conservancy is requesting, but he does know there are some lands that in the past the Alaska Department of Fish & Game has expressed interest in for adding to the refuge. However, he continued, those were not part of the division's discussions with the U.S. Fish and Wildlife Service, so the commitment in terms of the land exchange and dealing with the federal government was just to add Kinzarof Lagoon to the Izembek National Wildlife Refuge. Other parcels that may be housekeeping measures that need to get done at some point in the future were not part of the discussions.

[2:14:55 PM](#)

REPRESENTATIVE KAWASAKI reiterated his question about whether Mr. Mylius would prefer to have the lands suggested by Mr. Hagenstein be part of the contiguous refuge as opposed to parcel one.

MR. MYLIEUS responded that he thinks the lands Representative Kawasaki is talking about are already state lands that are just not in the state game refuge. He said the parcels are in Izembek Lagoon itself and are such relatively small tracts that he cannot envision any uses that would be incompatible with either the state game refuge or the federal wildlife refuge.

CO-CHAIR JOHNSON opined that there are certain groups that would like to have a continuous park stretching over the state from Ketchikan to Barrow and it offends him to even talk about giving up more state land.

[2:16:34 PM](#)

REPRESENTATIVE TUCK understood that the North Creek Unit and the Pavlof Unit are part of the Alaska Peninsula National Wildlife

Refuge, but that the two tracts in between are not part of the national wildlife refuge.

MR. MYLIEUS answered correct, the two tracts in between are state-owned lands that stick into the [Alaska Peninsula] National Wildlife Refuge. The North Creek and Pavlof units are not designated Wilderness, he specified, but they are part of the [Alaska Peninsula] National Wildlife Refuge. To the southwest is part of the Izembek National Wildlife Refuge which is designated Wilderness.

2:17:38 PM

REPRESENTATIVE SEATON pointed out that before the committee is a deal that has been negotiated between the state and the federal government to secure life and safety issues for a community. Some of these other issues are about changing state land from one designation to another designation of state land, which has nothing to do with the negotiated deal. He urged that these two issues be dealt with separately.

CO-CHAIR NEUMAN agreed. He closed public testimony on HB 210.

REPRESENTATIVE KAWASAKI stated that he is not a "greenie" and does not mean to offend the co-chairman from Anchorage. However, he continued, it just seems practical to get the best possible deal for state lands that are managed like state game refuge but are not part of the game refuge. He urged that this be considered whether as part of HB 210 or another act. He asked whether the land north of tract one is state land.

MR. MYLIEUS replied yes.

2:21:28 PM

REPRESENTATIVE EDGMON agreed with Representative Seaton. There may be a legitimate need for what Representative Kawasaki is suggesting in regard to designated status, he said, but it should be taken up as a separate issue. The bill before the committee is the end product of 20 years of fighting by the community of King Cove.

REPRESENTATIVE KAWASAKI said he will object if HB 210 is moved out of committee because he did not receive the information until recently and the maps until earlier this afternoon.

CO-CHAIR NEUMAN responded that HB 210 has been noticed for more than a week.

[2:23:18 PM](#)

CO-CHAIR JOHNSON moved to report HB 210, as amended, out of committee with any individual recommendations and the attached [zero] fiscal note.

REPRESENTATIVE KAWASAKI objected.

A roll call vote was taken. Representatives Wilson, Olson, Seaton, Edgmon, Guttenberg, Tuck, Neuman, and Johnson voted in favor of reporting HB 210 out of committee. Representative Kawasaki voted against it. Therefore, HB 210 was reported out of the House Resources Standing Committee by a vote of 8-1.

The committee took an at-ease from 2:24 P.M. to 2:27 P.M.

HB 162-SOUTHEAST STATE FOREST

[2:27:42 PM](#)

CO-CHAIR NEUMAN announced that the next order of business would be HOUSE BILL NO. 162, "An Act establishing the Southeast State Forest and relating to the Southeast State Forest; and providing for an effective date."

[2:27:55 PM](#)

MARTHA WELBOURN-FREEMAN, Forest Resources Program Manager, Division of Forestry, Department of Natural Resources, spoke in support of HB 162 by paraphrasing from the following prepared statement [with some grammatical editing]:

I. Introduction. Thank you Mr. Chairman and members of the Committee. My name is Marty Freeman, and I am the Forest Resources Program Manager for the DNR Division of Forestry.

II. Background and purpose

I am pleased to speak in support of HB 162. This bill is part of the state's effort to ensure that local timber processing continues to be a piece of the economy in Southeast Alaska. The majority of timber in [southern Southeast] is on federal land, but federal timber sales have declined drastically. Local

mills now depend heavily on state timber for survival. Demand for southeast timber for wood energy is also increasing, further raising the importance of securing a timber base in this region.

The State Forest proposal is built on the land use designations in the [Prince of Wales Island] and [Central Southeast] Area Plans. DNR manages approximately 156,000 acres of land in these planning areas. About 31% of that land -- 49,000 acres - is presently part of the state timber base, and managed for a combination of timber production and other public uses. However, there is no assurance that these lands will remain in state ownership and continue to be available for harvesting in the future. HB 162 helps secure a long-term wood supply from state land by designating approximately half of the timber base -25,000 acres (16%)-- as the **Southeast State Forest**, retaining it in state ownership for timber harvesting and multiple use management.

One of the benefits of a State Forest designation is that it provides the secure land tenure necessary to support pre-commercial thinning of second-growth timber. Thinning increases the harvestable timber volume per acre, shortens rotations between harvests, and benefits wildlife habitat. There is broad support for shifting timber harvesting in SE Alaska from old growth to second-growth stands where feasible. We can accelerate the shift to second-growth harvesting and increase timber volume on state land by thinning these stands. However, thinning is a long-term investment, and is only justified if the land will continue to be available for forest management. Legislatively designating a State Forest would ensure that some land will remain available for long-term forest management.

The proposed Southeast State Forest consists of 20 parcels that are classified as "General Use" land on Prince of Wales, Tuxekan, Kosciusko, Heceta, Revilla, and Gravina islands, and on the mainland at Crittenden Creek. A regional overview map and maps of the individual parcels are in the Committee's briefing packet. The Division of Forestry worked with the Division of Mining, Land, and Water Management to

identify and exclude lands that are priorities for the state land disposal program.

The Southeast State Forest would be managed as part of the State Forest System under AS 41.17.200-.230. In addition to timber management, State Forests are open for multiple uses, including wildlife habitat and harvest, mining, transportation, recreation and tourism. State Forest lands would be managed consistent with the management intent under the current Prince of Wales Island and Central Southeast area plans. Changes to management intent would require public and interagency review through adoption of a State Forest Management Plan under AS 41.17.230.

Municipal Entitlements. One of the other demands on state land in [southern Southeast] is to fulfill land entitlements for new municipalities. To avoid conflicts with the Wrangell Borough entitlement, the Southeast State Forest bill specifies that the new Wrangell Borough may select State Forest land within the borough boundary. The Wrangell borough boundary encompasses three parcels in the proposed state forest (Crittenden Creek and Bradfield Canal East and West).

If additional municipalities are incorporated before June 30, 2019, lands that were vacant, unappropriated, unreserved land before establishment of the State Forest would be included in the calculation of the municipal entitlement acreage, but may not be selected.

Broad support. DNR has briefed many statewide groups and entities across Southeast Alaska about this proposal, including the SE Conference, local governments, and the diverse groups participating in the Tongass Futures Roundtable. We have received letters in support of the bill from the Southeast Conference, the City of Coffman Cove, the Resource Development Council, and the Alaska Forest Association. In addition, the state Board of Forestry passed a unanimous resolution in support of this bill. The Board includes representatives of the timber and fishing industries, Native corporations, mining, environmental, and recreational organizations, a professional forester, and a fish and wildlife biologist. Finally, the companion bill, SB 127 passed

out of the Senate Community and Regional Affairs Committee without opposition.

[2:32:32 PM](#)

REPRESENTATIVE KAWASAKI asked whether anyone else would be testifying on HB 162.

CO-CHAIR NEUMAN replied that no one else was signed up to testify.

REPRESENTATIVE EDGMON surmised that the impetus for HB 162 is to allow for harvesting old-growth trees.

MS. WELBOURN-FREEMAN responded that the division wants to make sure that harvesting can continue. The concern is making sure the division has the long-term ability to manage by thinning the second-growth timber to increase the productivity and provide habitat benefits, and to continue harvesting old-growth timber which will support timber processors in southern Southeast Alaska.

[2:33:49 PM](#)

REPRESENTATIVE EDGMON inquired whether there has been opposition to HB 162.

MS. WELBOURN-FREEMAN answered that there has been no opposition to this point. She said she has met with representatives from the Southeast Alaska Conservation Council (SEACC) who asked whether multiple use would be allowed in this area. The legislation, she continued, makes it very clear that multiple use occurs on state forests and restricting other uses would require a finding of incompatibility.

REPRESENTATIVE WILSON commented that this is very important for her region because of the difficulty in getting timber from federal lands for a long period of time as there is no guarantee of supply. However, she said, the state is willing to work with people in order to have a year-round, careful harvest. In response to Co-Chair Neuman, Representative Wilson noted that over the past several years the timber industry has come to a standstill and the sawmill in Wrangell shut down last October. She said people have had to move away and the economy of Wrangell has been greatly impacted.

CO-CHAIR NEUMAN thanked Representative Wilson for her work on this issue.

[2:36:39 PM](#)

REPRESENTATIVE KAWASAKI asked whether designating these lands as state forest is compatible with the intent of multiple-use land.

MS. WELBOURN-FREEMAN replied that these lands are very clearly multiple-use lands. The statute, which is part of the state Forest Practices Act, has standards for the state forest system that say the primary purpose is to have active timber management while allowing for other uses. The statute also says that when undertaking a state forest management plan, other uses, such as habitat, recreation, and mining, must be specifically allowed. The plan must have a finding of incompatibility in order to restrict the other uses.

[2:37:45 PM](#)

REPRESENTATIVE KAWASAKI inquired whether it is the state or the businesses wanting to log that suggest which lands to harvest.

MS. WELBOURN-FREEMAN explained that the starting point is the area plan which is part of the regional land-use plan for DNR lands. She said DNR manages about 156,000 acres in this area and that here is an extensive public and inter-agency process to identify the main uses of those lands. Of that 156,000 acres, about 49,000 were designated for this mix of timber and other multiple uses and those lands are the current timber base. The Division of Forestry needed some security for its investment in thinning and second-growth management, so it reviewed the 49,000 acres with the Division of Mining, Land and Water to identify which of these lands could be kept in long-term state ownership without adverse impacts on the state land disposal program. This review arrived at the 25,000-acre package.

[2:39:14 PM](#)

REPRESENTATIVE KAWASAKI asked whether mining is considered a multiple use.

MS. WELBOURN-FREEMAN responded yes, mining is part of the list of things that are specifically recognized as multiple uses within state forests.

REPRESENTATIVE KAWASAKI inquired whether a state forest designation would hamper the ability to do mining or transportation routes in addition to timber harvest.

MS. WELBOURN-FREEMAN answered no, transportation routes are specifically provided for under state statutes and mining is listed as a use that is protected unless there is a specific finding of incompatibility. That finding must be for a specific site and a specific time period.

[2:40:31 PM](#)

REPRESENTATIVE KAWASAKI asked whether fishing, recreation, or commercial tourism near state forest land would be considered incompatible.

MS. WELBOURN-FREEMAN responded that tourism and recreation are two of the multiple uses specifically allowed in the state forest statutes.

REPRESENTATIVE SEATON inquired whether state forest designation would diminish, prohibit, or restrict the use of logging roads after they are no longer used for logging.

MS. WELBOURN-FREEMAN replied that there is nothing in state forest statute or HB 162 that would restrict those types of uses. The division would have to make a decision for each road as to whether to continue its maintenance or to pull out the culverts and bridges, but the use of the road would continue to be open.

[2:42:24 PM](#)

REPRESENTATIVE TUCK asked which uses get eliminated when an area is designated as state forest.

MS. WELBOURN-FREEMAN answered that the main change is that the land is committed to stay in state ownership in perpetuity and would therefore not be available for land sales. Mining is allowed within a state forest, she added.

REPRESENTATIVE TUCK inquired whether, along with the timber harvest, there is any guarantee that there will be processing jobs for Alaskans in order to help the local economy.

CO-CHAIR NEUMAN interjected that it is called the economies of scale to make more land available for harvesting timber.

MS. WELBOURN-FREEMAN responded that there are some restrictions due to interstate commerce clauses on what can be required. However, she continued, the division tailors its sales to the local market because that is its niche. With rare exceptions, such as the clearing of utility right-of-ways where the timber has been allowed to be exported, the timber from these sales goes to local mills.

[2:44:21 PM](#)

CO-CHAIR NEUMAN noted that this same question was asked at a forestry presentation last week and all the mills have all the access to ensure that they have all they can get.

REPRESENTATIVE WILSON added that when the economy is as bad as it is, each area wants to make as many jobs as possible for local people; thus, each town is promoting this.

CO-CHAIR NEUMAN closed public testimony on HB 162.

REPRESENTATIVE SEATON said it is important to have long-term management for state forests without the worry of land disposals. He offered his appreciation for HB 162.

[2:45:55 PM](#)

REPRESENTATIVE WILSON moved to report HB 162 out of committee with any individual recommendations and the attached zero fiscal note.

REPRESENTATIVE TUCK objected, saying he would like some intent language stating that the timber harvesting is for the purposes of providing jobs and building the local economy.

CO-CHAIR NEUMAN noted that HB 162 will be going to the House Finance Committee, then the House floor, and then to the Senate side.

REPRESENTATIVE KAWASAKI agreed with Representative Tuck. He suggested putting the language under Section 2 as a conceptual amendment.

The committee took an at-ease from 2:48 P.M. to 2:49 P.M.

[2:49:14 PM](#)

CO-CHAIR JOHNSON offered his belief that the public record of this meeting makes it clear that the intent is to provide jobs and putting such language into the bill would be duplicative.

REPRESENTATIVE EDGMON agreed with Representative Wilson's comments and noted that DNR has a multiple-use policy. He said he therefore believes that intent language is unnecessary.

CO-CHAIR NEUMAN reminded members that the motion on the table is to report HB 162 from committee.

REPRESENTATIVE TUCK withdrew his objection. There being no further objection, HB 162 was reported from the House Resources Standing Committee.

The committee took an at-ease from 2:51 P.M. to 2:52 P.M.

HJR 25-HYDROELECTRIC POWER; RENEWABLE ENERGY

[2:52:11 PM](#)

CO-CHAIR NEUMAN announced that the final order of business would be HOUSE JOINT RESOLUTION NO. 25, Urging the United States Congress to classify hydroelectric power as a renewable and alternative energy source. [Before the committee was CSHB 25(ENE).]

[2:52:31 PM](#)

KACI SCHROEDER-HOTCH, Staff, Representative Bill Thomas, Alaska State Legislature, in response to Co-Chair Neuman, clarified that the bill version before the committee is labeled 26-LS0740\S (Version S). She paraphrased from the following written sponsor statement [original punctuation provided]:

One of the most readily available sources of renewable energy in Alaska is hydroelectric power. Alaska has a vast amount of high elevation lakes and run-of-the-river systems which have the potential, in many areas, to completely displace diesel generated power with little to no environmental impact. Hydroelectric power is so abundant in Alaska that most areas of the state can make use of it in some form or another.

With such a plentiful source of non-diesel generated power, it is unfortunate that the Federal Government does not have a working definition of renewable or

alternative that includes hydroelectric power. This effectively cuts hydroelectric power projects off from many potential sources of federal funding, and therefore, hinders Alaska's efforts to displace diesel generated power.

HJR 25 asks Congress to develop a working definition of renewable and alternative which includes hydropower so that reliable renewable energy policy can be developed, and valuable projects receive adequate support.

I urge your support of HJR 25.

[2:53:28 PM](#)

REPRESENTATIVE KAWASAKI asked what the federal government considers hydroelectric power to be if not renewable or alternative.

MS. SCHROEDER-HOTCH responded, "Not renewable." In further response, she said hydroelectric is considered a means of power that is not renewable under federal law.

REPRESENTATIVE SEATON understood that to qualify for renewable grants the power source must be classified as renewable; therefore, the problem is that grants for hydroelectric power cannot be applied for.

MS. SCHROEDER-HOTCH answered correct.

[2:54:51 PM](#)

REPRESENTATIVE KAWASAKI inquired whether this classification for hydroelectric power would include wave generation, tidal, and everything in between.

MS. SCHROEDER-HOTCH replied that the resolution does not delineate, it only says hydroelectric. "So, that would include dams, run-of-the-river, everything," she continued.

REPRESENTATIVE EDGMON added that the irony is that 8.4 percent of all power in the U.S. is renewable, and of the 8.4 percent, 6.2 percent comes from hydroelectric. He supported moving the resolution out of committee.

CO-CHAIR NEUMAN opened public testimony.

[2:56:19 PM](#)

TIM MCLEOD, President and General Manager, Alaska Electric Light and Power, stated that he has worked with Jodi Mitchell of Inside Passage Electric Association on developing energy solutions for Southeast Alaska. Because Ms. Mitchell had a meeting conflict, he conveyed the Inside Passage Electric Association's support for HJR 25. He stated that hydroelectric is a renewable, environmentally friendly resource, but that it was deliberately excluded from the list by the federal government. He said Alaska Electric Light and Power supports HJR 25. Juneau has been served by hydropower since 1893, he continued, and there is no reason to believe that the current hydro units will not still be running in another 100 years from now.

MR. MCLEOD noted that there is tremendous potential for hydro projects throughout the state, of which he personally knows of 12 good projects that could be developed. However, there is a lack of funding through the federal government because of hydropower's nonrenewable classification. He expressed his concern that communities served by hydropower could experience further penalties because they will be unable to meet renewable energy portfolio standards that the federal government imposes in the future, despite Southeast Alaska having some of the greenest, cleanest energy in the world. It is important to get this resolution passed this session, he said.

[2:59:18 PM](#)

CO-CHAIR NEUMAN assured Mr. McLeod that the legislature will be doing so.

REPRESENTATIVE KAWASAKI agreed. He noted that when he thinks of renewable energy he thinks of solar panels first, wind second, and hydroelectric dams third. He said he therefore remains confused as to why hydroelectric is not classified as renewable.

MR. MCLEOD responded that the federal government has just not classified hydroelectric as renewable energy for funding purposes or tax credit purposes. He said he believes it was deliberately not classified as renewable because of issues with some of the dams that have been constructed.

[3:00:20 PM](#)

CO-CHAIR NEUMAN pointed out that the resolution asks that hydroelectric be considered renewable and alternative.

MR. MCLEOD, in reference to Representative Kawasaki's list of three renewable energy sources, said he would put hydroelectric power as number one because it would take dozens and dozens of wind generators in a very windy area to match the Snettisham project alone.

CO-CHAIR NEUMAN closed public testimony.

REPRESENTATIVE TUCK said he will be offering an amendment on the floor and will work with the sponsor in this regard.

CO-CHAIR JOHNSON moved to report CSHJR 25(ENE) out of committee with any individual recommendations and the attached zero fiscal note. There being no objection, CSHJR 25(ENE) was reported from the House Resources Standing Committee.

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 3:02 p.m.