

**ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE**

March 27, 2009

3:42 p.m.

MEMBERS PRESENT

Senator Lesil McGuire, Co-Chair
Senator Bill Wielechowski, Co-Chair
Senator Charlie Huggins, Vice Chair
Senator Hollis French
Senator Gary Stevens

MEMBERS ABSENT

Senator Bert Stedman
Senator Thomas Wagoner

COMMITTEE CALENDAR

SENATE JOINT RESOLUTION NO. 13

Urging the United States Senate to ratify the United Nations Convention on the Law of the Sea (the Law of the Sea Treaty).

SCHEDULED BUT NOT HEARD

SENATE BILL NO. 54

"An Act making sales of and offers to sell certain energy resources by a refiner at prices that are exorbitant or excessive an unlawful act or practice under the Alaska Unfair Trade Practices and Consumer Protection Act."

MOVED CSSB 54(RES) OUT OF COMMITTEE

SENATE JOINT RESOLUTION NO. 16

Expressing support for environmentally sound and culturally sensitive development of the oil and gas resources in federal waters offshore of Alaska's coast as a means to ensure energy independence, security for the nation, and jobs for Alaskans; and urging the United States Congress to provide a means for consistently sharing with all coastal energy-producing states, on an ongoing basis, revenue generated from oil and gas development on the outer continental shelf, to ensure that those states develop, support, and maintain necessary infrastructure and preserve environmental integrity.

MOVED CSSJR 16(RES) OUT OF COMMITTEE

CS FOR HOUSE CONCURRENT RESOLUTION NO. 2(RES) am

Requesting the governor to provide energy security for all Alaskans first by pursuing development of a natural gas bullet pipeline from the North Slope to the Cook Inlet region; and requesting the governor to identify and negotiate where appropriate with one or more persons capable of producing natural gas from the Gubik area, and other areas on the North Slope if necessary, in sufficient quantities to support the energy needs of Alaskans and a bullet pipeline project.

MOVED SCS CSHCR 2(RES) OUT OF COMMITTEE

HOUSE CONCURRENT RESOLUTION NO. 3 am

Requesting the governor to provide energy security for all Alaskans by taking and encouraging all action that would support a natural gas bullet pipeline from the North Slope to the Cook Inlet region, including initiating any necessary negotiations to reopen the Agrium plant in Kenai.

HEARD AND HELD

HOUSE CONCURRENT RESOLUTION NO. 4 am

Requesting the governor to provide energy security for Alaskans by taking and encouraging all appropriate action to support development of a natural gas bullet pipeline from the North Slope to the Cook Inlet region including advocating an increase in the amount of natural gas that may be exported under authority granted by the United States Department of Energy.

HEARD AND HELD

HOUSE JOINT RESOLUTION NO. 5

Proposing amendments to the Constitution of the State of Alaska relating to the budget reserve fund, and to appropriations to and transfers from the fund; and dedicating a portion of the petroleum production tax to the fund.

HEARD AND HELD

SENATE BILL NO. 71

"An Act relating to alternative energy systems for public works."

MOVED CSSB 71(RES) OUT OF COMMITTEE

SENATE BILL NO. 108

"An Act creating the Stampede State Recreation Area."

HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 54

SHORT TITLE: PRICE GOUGING INVOLVING ENERGY RESOURCES

SPONSOR(s): SENATOR(s) WIELECHOWSKI, ELLIS, FRENCH

01/21/09 (S) PREFILE RELEASED 1/16/09
01/21/09 (S) READ THE FIRST TIME - REFERRALS
01/21/09 (S) ENE, RES, JUD
02/12/09 (S) ENE AT 11:00 AM BUTROVICH 205
02/12/09 (S) Heard & Held
02/12/09 (S) MINUTE(ENE)
03/13/09 (S) ENE AT 11:00 AM BUTROVICH 205
03/13/09 (S) Moved CSSB 54(ENE) Out of Committee
03/13/09 (S) MINUTE(ENE)
03/16/09 (S) ENE RPT CS 1DP 3NR SAME TITLE
03/16/09 (S) DP: WIELECHOWSKI
03/16/09 (S) NR: MCGUIRE, KOOKESH, STEDMAN
03/16/09 (S) FIN REFERRAL ADDED
03/18/09 (S) RES AT 3:30 PM BUTROVICH 205
03/18/09 (S) Heard & Held
03/18/09 (S) MINUTE(RES)
03/27/09 (S) RES AT 3:30 PM BUTROVICH 205

BILL: SJR 16

SHORT TITLE: OFFSHORE OIL & GAS REVENUE

SPONSOR(s): SENATOR(s) WIELECHOWSKI

03/20/09 (S) READ THE FIRST TIME - REFERRALS
03/20/09 (S) RES
03/25/09 (S) RES AT 3:30 PM BUTROVICH 205
03/25/09 (S) Heard & Held
03/25/09 (S) MINUTE(RES)
03/27/09 (S) RES AT 3:30 PM BUTROVICH 205

BILL: HCR 2

SHORT TITLE: IN-STATE GAS PIPELINE

SPONSOR(s): REPRESENTATIVE(s) RAMRAS

01/21/09 (H) READ THE FIRST TIME - REFERRALS
01/21/09 (H) ENE, RES
02/03/09 (H) ENE AT 3:00 PM BARNES 124
02/03/09 (H) Moved Out of Committee
02/03/09 (H) MINUTE(ENE)
02/04/09 (H) DP: RAMRAS, PETERSEN, DAHLSTROM, TUCK,
EDGMON, MILLETT
02/04/09 (H) NR: JOHANSEN
02/04/09 (H) ENE RPT 6DP 1NR
02/04/09 (H) RES AT 1:00 PM BARNES 124
02/04/09 (H) Moved CSHCR 2(RES) Out of Committee
02/04/09 (H) MINUTE(RES)

02/06/09 (H) RES RPT CS(RES) NT 4DP 1NR 2AM
 02/06/09 (H) AM: TUCK, KAWASAKI
 02/06/09 (H) DP: OLSON, GUTTENBERG, JOHNSON, NEUMAN
 02/06/09 (H) NR: WILSON
 02/09/09 (H) VERSION: CSHCR 2(RES) AM
 02/09/09 (H) TRANSMITTED TO (S)
 02/11/09 (S) READ THE FIRST TIME - REFERRALS
 02/11/09 (S) ENE, RES
 02/19/09 (S) FIN REFERRAL ADDED AFTER RES
 02/27/09 (S) ENE AT 11:00 AM BELTZ 211
 02/27/09 (S) Moved CSHCR 2(RES) am Out of Committee
 02/27/09 (S) MINUTE(ENE)
 03/02/09 (S) ENE RPT 1DP 2NR
 03/02/09 (S) DP: MCGUIRE
 03/02/09 (S) NR: WIELECHOWSKI, STEDMAN
 03/20/09 (S) RES AT 3:30 PM BUTROVICH 205
 03/20/09 (S) IN-STATE GAS PIPELINE
 03/27/09 (S) RES AT 3:30 PM BUTROVICH 205

BILL: HCR 3

SHORT TITLE: IN-STATE GAS PIPELINE

SPONSOR(S): REPRESENTATIVE(S) RAMRAS

01/21/09 (H) READ THE FIRST TIME - REFERRALS
 01/21/09 (H) ENE, RES
 02/03/09 (H) ENE AT 3:00 PM BARNES 124
 02/03/09 (H) Moved Out of Committee
 02/03/09 (H) MINUTE(ENE)
 02/04/09 (H) DP: PETERSEN, DAHLSTROM, RAMRAS, TUCK,
 EDGMON, MILLETT
 02/04/09 (H) NR: JOHANSEN
 02/04/09 (H) ENE RPT 6DP 1NR
 02/04/09 (H) RES AT 1:00 PM BARNES 124
 02/04/09 (H) Moved Out of Committee
 02/04/09 (H) MINUTE(RES)
 02/06/09 (H) RES RPT 4DP 1NR 1AM
 02/06/09 (H) AM: KAWASAKI
 02/06/09 (H) DP: OLSON, TUCK, JOHNSON, NEUMAN
 02/06/09 (H) NR: WILSON
 02/09/09 (H) VERSION: HCR 3 AM
 02/09/09 (H) TRANSMITTED TO (S)
 02/11/09 (S) READ THE FIRST TIME - REFERRALS
 02/11/09 (S) ENE, RES
 02/19/09 (S) FIN REFERRAL ADDED
 02/27/09 (S) ENE AT 11:00 AM BELTZ 211
 02/27/09 (S) Moved HCR 3 am Out of Committee
 02/27/09 (S) MINUTE(ENE)

03/02/09 (S) ENE RPT 1DP 2NR
03/02/09 (S) DP: MCGUIRE
03/02/09 (S) NR: WIELECHOWSKI, STEDMAN
03/20/09 (S) RES AT 3:30 PM BUTROVICH 205
03/20/09 (S) IN-STATE GAS PIPELINE
03/27/09 (S) RES AT 3:30 PM BUTROVICH 205

BILL: HCR 4

SHORT TITLE: IN-STATE GAS PIPELINE

SPONSOR(s): REPRESENTATIVE(s) RAMRAS

01/21/09 (H) READ THE FIRST TIME - REFERRALS
01/21/09 (H) ENE, RES
02/03/09 (H) ENE AT 3:00 PM BARNES 124
02/03/09 (H) Moved Out of Committee
02/03/09 (H) MINUTE(ENE)
02/04/09 (H) NR: JOHANSEN
02/04/09 (H) ENE RPT 6DP 1NR
02/04/09 (H) DP: TUCK, DAHLSTROM, PETERSEN, RAMRAS,
MILLETT, EDGMON
02/04/09 (H) RES AT 1:00 PM BARNES 124
02/04/09 (H) Moved Out of Committee
02/04/09 (H) MINUTE(RES)
02/06/09 (H) DP: TUCK, JOHNSON, NEUMAN
02/06/09 (H) AM: KAWASAKI
02/06/09 (H) RES RPT 3DP 2NR 1AM
02/06/09 (H) NR: OLSON, WILSON
02/09/09 (H) TRANSMITTED TO (S)
02/09/09 (H) VERSION: HCR 4 AM
02/11/09 (S) ENE, RES
02/11/09 (S) READ THE FIRST TIME - REFERRALS
02/19/09 (S) FIN REFERRAL ADDED
02/27/09 (S) ENE AT 11:00 AM BELTZ 211
02/27/09 (S) Moved HCR 4 am Out of Committee
02/27/09 (S) MINUTE(ENE)
03/02/09 (S) ENE RPT 1DP 2NR
03/02/09 (S) DP: MCGUIRE
03/02/09 (S) NR: WIELECHOWSKI, STEDMAN
03/20/09 (S) RES AT 3:30 PM BUTROVICH 205
03/20/09 (S) IN-STATE GAS PIPELINE
03/27/09 (S) RES AT 3:30 PM BUTROVICH 205

BILL: HCR 5

SHORT TITLE: IN-STATE GAS PIPELINE

SPONSOR(s): REPRESENTATIVE(s) RAMRAS

01/21/09 (H) READ THE FIRST TIME - REFERRALS

01/21/09 (H) ENE, RES
 02/03/09 (H) ENE AT 3:00 PM BARNES 124
 02/03/09 (H) Moved Out of Committee
 02/03/09 (H) MINUTE(ENE)
 02/04/09 (H) DP: TUCK, PETERSEN, DAHLSTROM, RAMRAS,
 MILLETT, EDGMON
 02/04/09 (H) NR: JOHANSEN
 02/04/09 (H) ENE RPT 6DP 1NR
 02/04/09 (H) RES AT 1:00 PM BARNES 124
 02/04/09 (H) Moved Out of Committee
 02/04/09 (H) MINUTE(RES)
 02/06/09 (H) RES RPT 4DP 1NR 1AM
 02/06/09 (H) AM: KAWASAKI
 02/06/09 (H) DP: OLSON, TUCK, JOHNSON, NEUMAN
 02/06/09 (H) NR: WILSON
 02/09/09 (H) VERSION: HCR 5 AM
 02/09/09 (H) TRANSMITTED TO (S)
 02/11/09 (S) READ THE FIRST TIME - REFERRALS
 02/11/09 (S) ENE, RES
 02/19/09 (S) FIN REFERRAL ADDED
 02/27/09 (S) ENE AT 11:00 AM BELTZ 211
 02/27/09 (S) Moved HCR 5 am Out of Committee
 02/27/09 (S) MINUTE(ENE)
 03/02/09 (S) ENE RPT 1DP 2NR
 03/02/09 (S) DP: MCGUIRE
 03/02/09 (S) NR: WIELECHOWSKI, STEDMAN
 03/20/09 (S) RES AT 3:30 PM BUTROVICH 205
 03/20/09 (S) IN-STATE GAS PIPELINE
 03/27/09 (S) RES AT 3:30 PM BUTROVICH 205

BILL: SB 71

SHORT TITLE: ALTERNATIVE ENERGY FOR PUBLIC WORKS
 SPONSOR(s): SENATOR(s) THERRIAULT

01/21/09 (S) READ THE FIRST TIME - REFERRALS
 01/21/09 (S) ENE, RES, FIN
 03/13/09 (S) ENE AT 11:00 AM BUTROVICH 205
 03/13/09 (S) Moved SB 71 Out of Committee
 03/13/09 (S) MINUTE(ENE)
 03/16/09 (S) ENE RPT 2DP 1AM
 03/16/09 (S) DP: MCGUIRE, KOOKESH
 03/16/09 (S) AM: WIELECHOWSKI
 03/27/09 (S) RES AT 3:30 PM BUTROVICH 205

BILL: SB 108

SHORT TITLE: STAMPEDE STATE RECREATION AREA
 SPONSOR(s): SENATOR(s) THOMAS

02/17/09 (S) READ THE FIRST TIME - REFERRALS
02/17/09 (S) RES, FIN
03/20/09 (S) RES AT 3:30 PM BUTROVICH 205
03/20/09 (S) IN-STATE GAS PIPELINE
03/27/09 (S) RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

MICHELLE SYDEMAN, Staff
to Senator Wielechowski
Alaska Capitol Building
Juneau, AK

POSITION STATEMENT: Explained changes made to SJR 16.

REPRESENTATIVE JAY RAMRAS
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Sponsor of HCR 2, HCR 3, HCR 4, and HCR 5.

PAUL KENDALL, representing himself

POSITION STATEMENT: Commented on HCR 2 and SB 71.

DAVID STANCLIFF, Staff
to Senator Therriault
Alaska Capitol Building
Juneau, AK

POSITION STATEMENT: Introduced SB 71 on behalf of the sponsor.

JOEL St AUBIN, Engineer/Architect
Department of Transportation and Public Facilities (DOTPF) said
POSITION STATEMENT: Was available to answer questions on SB 71.

SENATOR JOE THOMAS
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Sponsor of SB 108.

JOE HARDENBROOK, Staff
to Senator Joe Thomas
Alaska Capitol Building

POSITION STATEMENT: Provided information related to SB 108.

DAVE TALIRICO, Mayor
Denali Borough
Healy, AK

POSITION STATEMENT: Testified in support of SB 108.

SUSAN BRAUN, representing herself
Denali Borough

POSITION STATEMENT: Testified in support of SB 108.

BROOKS LUDWIG, Superintendent
Northern Area
Division of Parks & Outdoor Recreation
Department of Natural Resources (DNR)
Fairbanks, AK

POSITION STATEMENT: Testified in support of SB 108.

STEWART CUBLEY, representing himself
Denali Borough

POSITION STATEMENT: Testified in support of SB 108.

JULIA POTTER, representing herself
Denali Borough

POSITION STATEMENT: Testified in support of SB 108.

HANNAH RAGLAND, representing herself
Denali Borough

POSITION STATEMENT: Testified in support of SB 108.

CHARLIE LOEB, representing himself

POSITION STATEMENT: Testified in support of SB 108.

MARY SIROKI, Legislative Liaison
Department of Transportation and Public Facilities (DOTPF),
Juneau, AK

POSITION STATEMENT: Testified that DOTPF has amending language to SB 108 to provide a transportation and utility corridor through the proposed recreation area.

JAMES KING, Director
Division of Parks and Outdoor Recreation
Department of Natural Resources (DNR)
Anchorage, AK

POSITION STATEMENT: Testified that SB 108 does not preclude a road in the proposed state recreation area in the future.

ACTION NARRATIVE

[3:42:18 PM](#)

CO-CHAIR BILL WIELECHOWSKI called the Senate Resources Standing Committee meeting to order at 3:42 p.m. Senators French,

Stevens, Huggins, McGuire, and Wielechowski were present at the call to order.

SB 54-PRICE GOUGING INVOLVING ENERGY RESOURCES

[3:42:54 PM](#)

CO-CHAIR WIELECHOWSKI announced the consideration of SB 54. He noted that the bill was heard previously and has two more committees of referral.

SENATOR FRENCH moved to adopt the work draft committee substitute (CS) to SB 54, labeled 26-LS0209\T, as the working document. There being no objection, version T was before the committee.

SENATOR HUGGINS observed that there have been multiple modifications to the bill and a subsequent committee might make more. For example, on page 2, line 25, it might be appropriate to address amortization of exorbitant and excessive prices. The other topic to look at is whether to place a cap on the civil penalty on page 2, line 9, instead of the current "10 times the economic benefit" penalty. He is concerned that refineries might decide that the best choice is to shut down.

[3:44:52 PM](#)

CHAIR WIELECHOWSKI said the sole intent of the bill is to get some relief for Alaska consumers. He agrees with the suggestion about amortization; there is no intent to penalize a refiner who charges a higher price for a period of time to make up for previous lower prices. In future committees he would be willing to entertain suggestions about a cap.

[3:45:59 PM](#)

SENATOR FRENCH moved to report CS to SB 54 from committee with individual recommendations and attached fiscal note(s). There being no objection, CSSB 54(RES) moved from the Senate Resources Standing Committee.

SJR 16-OFFSHORE OIL & GAS REVENUE

[3:46:51 PM](#)

CHAIR WIELECHOWSKI announced the consideration of SJR 16. He asked Ms. Sydeman to explain the changes in the proposed committee substitute.

MICHELLE SYDEMAN, Staff, to Senator Wielechowski, Alaska State Legislature explained that the first change is to delete the phrase "environmentally sound and culturally sensitive" and

insert the word "responsible" in three places: page 1, line 1; page 1, line 14; and page 2, line 30. The second change is to delete the word "production" and insert the phrase "lease sales" on page 2, line 26, to clarify that lease sales have generated millions of dollars in revenue.

[3:48:37 PM](#)

SENATOR HUGGINS moved to adopt CS to SJR 16, labeled 26-LS0753\S, as the working document. There being no objection, version S was before the committee.

CO-CHAIR MCGUIRE moved to report CS to SJR 16 from committee with individual recommendations and attached fiscal note(s). There being no objection, CSSJR 16(RES) moved from the Senate Resources Standing Committee.

HCR 2-IN-STATE GAS PIPELINE
HCR 3-IN-STATE GAS PIPELINE
HCR 4-IN-STATE GAS PIPELINE
HCR 5-IN-STATE GAS PIPELINE

[3:49:39 PM](#)

CHAIR WIELECHOWSKI announced the consideration of HCR 2, HCR 3, HCR 4, and HCR 5. He thanked the sponsor for working with his office and Senator McGuire's office on the language and to consolidate the four resolutions into one.

REPRESENTATIVE JAY RAMRAS, Alaska State Legislature, said the Senate committee substitute (CS) [to HCR 2] contains language that articulates how to go about building an instate gas pipeline.

SENATOR HUGGINS asked if the CS represents the original intent of the four concurrent resolutions.

REPRESENTATIVE RAMRAS replied the Senate CS has a little more economy of language than he might care for, but he is reasonably satisfied.

[3:52:36 PM](#)

CHAIR WIELECHOWSKI said there wasn't any intention to change any intent. Consolidating the resolutions made logistical sense in the interest of moving the concept forward.

REPRESENTATIVE RAMRAS said he doesn't want to dilute the expression to the executive branch to make every effort to move this along as expediently as possible. He applauds hiring Harry

Noah as coordinator of an instate gas pipeline and appreciates that the first thing he will do is to determine if an instate line is superior to further exploration of Cook Inlet. To that end, a notable change is on page 4, line 17, where the date is changed from November 2010 to June 2011. This is the date by which Mr. Noah wants this finished. The Senate CS dilutes the explicit instructions to the executive branch, but he is satisfied with the compromise. This will create an attainable legacy for the governor.

[3:55:28 PM](#)

SENATOR FRENCH referenced the whereas clause on page 3, line 16, and asked who is asserting that "the collective demand for natural gas in the Interior and Southcentral is anticipated to expand from 200,000,000 cubic feet a day to approximately 700,000,000 cubic feet a day during the period 2010 to 2025."

REPRESENTATIVE RAMRAS replied that came from an Enstar presentation to the House Resources Committee.

SENATOR FRENCH referenced the further resolved clause on page 4, line 5, which talks about volume in terms of cubic feet per year and asked what that roughly translates to per day.

[3:56:41 PM](#)

REPRESENTATIVE RAMRAS replied a 500 mcf per day line translates to about 180 bcf per year. The residential and light commercial use in the Railbelt would be about 60 bcf per year, Agrium is anticipated to be about 60 bcf per year if it comes back on line, and potential expansion from the USDS would be another 60 bcf per year. That would fill the line and provide the lowest tariff for the users.

SENATOR FRENCH asked if that was the impetus for selecting 500 mcf per day usage from an instate bullet line.

REPRESENTATIVE RAMRAS said yes.

SENATOR FRENCH observed that the new June 1, 2011 date for taking action bridges from one administration to the next. He asked the thought process for that selection.

[3:58:08 PM](#)

REPRESENTATIVE RAMRAS said he struggled with that policy issue. The House maintained that a November 2010 date was critical because of the election cycle and the open season for Denali and TransCanada, but June 1 2011 is the date Harry Noah spoke of.

The change was an accommodation to Mr. Noah, but November 1, 2010 is probably more relevant. I would be open to an amendment changing the date back to November 1, 2010, he said.

SENATOR FRENCH said he'd leave that suggestion in the hands of the chair. He asked if the administration has provided further input regarding how it will respond to this request.

REPRESENTATIVE RAMRAS replied he appreciates that it is easier to move one consolidated resolution through the Legislature, but a benefit of the four distinct resolutions is that they offered an incremental and explicit point of view to the executive branch for building an instate gas pipeline.

[4:01:11 PM](#)

CO-CHAIR MCGUIRE observed that to up the timeline by nine months might set the administration up for failure. This is the most important thing we can do for Alaskans and these instructions provide direction and continuity if there is a new governor, she said. Should the committee desire, there could be an accompanying letter to echo the Senate support and the incremental and instructive methodology that Representative Ramras envisioned, she added.

CO-CHAIR WIELECHOWSKI said he'd be happy to work with her on that.

SENATOR HUGGINS said the topic of instate gas generates lots of interest, but it's tricky. The fact that Harry Noah is working on this is good because people think he can make it happen. The essence of the discussion today is that the economics of the bullet line project have to work. What is more, we'll get a good look at Cook Inlet.

[4:05:17 PM](#)

SENATOR HUGGINS said he heard .5 bcf mentioned, but he's certain that Alaskans will say to move as much gas as it takes to make the pipeline work because all they want is gas that's economical. For that reason he doesn't feel constrained by that number, regardless of what AGIA says. Another thing to keep in mind is that Mr. Noah is also working on statewide distribution, not just gas for those who live in the Railbelt. Then there are the wild cards including gas to liquids and a place for the petrochemical industry along the railbelt. Finally, he agrees that it is important that this vision extends beyond the current governor. This is meaningful to all Alaskans, he said.

REPRESENTATIVE RAMRAS said what is not included in this resolution is any mention of the tremendous capability for small ships to move large quantities of LNG to small communities in Southeast, Kodiak and Dillingham. Doug Ward [of Alaska Ship and Dry Dock in Ketchikan] will be making a presentation here next week about the potential for using small ships to deliver LNG to gasify clusters of industrial users in these small communities, he said.

PAUL KENDALL, representing himself, said he and the people who think like he does don't want to be subjugated to natural gas and they don't want to pay for it. They want equal funding to develop Cook Inlet, Knik Arm and Turnigan into a world-renowned research site for renewable energy.

[4:14:53 PM](#)

CO-CHAIR MCGUIRE moved to adopt the Senate committee substitute (CS) for HCR 2. There being no objection, version T was before the committee.

CO-CHAIR MCGUIRE moved to report the Senate CS for CSHCR 2 from committee with individual recommendations and attached fiscal note(s). There being no objection, SCS CSHCR 2(RES) moved from the Senate Resources Standing Committee.

SB 71-ALTERNATIVE ENERGY FOR PUBLIC WORKS

[4:15:52 PM](#)

CHAIR WIELECHOWSKI announced the consideration of SB 71.

DAVID STANCLIFF, Staff, to Senator Therriault, Alaska State Legislature, said SB 71 is an attempt to prepare for alternative energy systems in public facilities. For example, the school in Tok is about to become the first school to derive its heat from wood biomass. The bill does not bind designers to any particular course of action, but it recommends that they consider alternative resources and incorporate them in the design if they are available.

[4:18:41 PM](#)

MR. STANCLIFF said that the Department of Transportation and Public Facilities (DOTPF) asked the sponsor to add two words. On page one, line 15, after "fire system to" insert the words "purchase, install,". Senator Therriault concurs with that assessment.

MR. STANCLIFF noted that the bill makes it clear that an alternative energy system is one that is non-fossil fuel fired so it's not necessary to include the phrase "renewable energy" in the bill.

CHAIR WIELECHOWSKI asked where that definition comes from.

MR. STANCLIFF replied it came from legislative legal.

JOEL St AUBIN, Engineer/Architect, Department of Transportation and Public Facilities (DOTPF) said he is available to answer questions.

[4:20:34 PM](#)

PAUL KENDALL, representing himself, said he is concerned about the things that no one is addressing. Many of us feel that the local economy may collapse and that the outside may have unexpected unknowns, he said. Therefore, we think that we should move our money into Cook Inlet to develop renewable electric projects. He mentioned and offered suggestions regarding the water body adjacent to Galena, channeling water, remote communities becoming all electric, photo technology, generator manufactures, and electric vehicles. There's no reason that within six years we couldn't be world leaders in renewable energy, he said.

[4:24:52 PM](#)

CO-CHAIR MCGUIRE moved to adopt the committee substitute (CS) for SB 71, labeled 26-LS0343\E, as the working document. There being no objection, version E was before the committee.

CO-CHAIR MCGUIRE moved to report CS for SB 71 from committee with individual recommendations and attached fiscal note(s). There being no objection, CSSB 71(RES) moved from the Senate Resources Standing Committee.

SB 108-STAMPEDE STATE RECREATION AREA

CO-CHAIR WIELECHOWSKI announced the consideration of SB 108.

SENATOR JOE THOMAS, Alaska State Legislature, sponsor of SB 108 read the following:

SB 108 will preserve the traditional uses of this area by creating the Stampede Recreation Area within the stampede corridor. Several years ago former Governor

Murkowski proposed to build a road through this area. The planned road was vehemently opposed by borough residents as well as the recreational and traditional user groups who had an interest in keeping things the way they are.

In an effort to preserve the area for use by residents and visitors, the Denali Borough Assembly passed a resolution calling on the Alaska Legislature to designate the corridor as the Stampede State Recreation Area with a strong emphasis on self determination by the residents and users of the area.

Current use of the area includes off road and all terrain vehicle use, watercraft use, snow machining, horseback riding, hiking, bicycling, dog sledding, cross country skiing, ski journeying, camping, hunting, fishing, wildlife viewing, and photography. All these activities would be protected and preserved under this proposed legislation. Recreational users of the area come from the Denali Borough, Fairbanks, MatSu, and Anchorage. Tourist and adventurers travel to the area from across the globe. The area supports several tourism related businesses including several lodges and road touring companies that rent all terrain vehicles for use on the more primitive sections of the trail.

The bill is supported by the Denali Borough Assembly, the Denali Chamber of Commerce, the...neighborhood associated with homes located along the Stampede Road, and the Denali Citizens Council. Additionally, my staff and I have hosted several constituent meetings on the proposed legislation in Fairbanks and the Denali Borough. By and large, the proposed area is supported by local residents and trail users. The main impetus behind the legislation is to protect the area for continued traditional use.

4:28:30 PM

SENATOR FRENCH noted that the area is quite large.

JOE HARDENBROOK, Staff, to Senator Joe Thomas, said the proposed recreation area is roughly ten miles north to south and 35-40 miles east to west.

MR. HARDENBROOK noted that there is a draft committee substitute (CS) that makes a technical correction. The original bill incorrectly included reference to Sec. 41.21.407 and the draft CS corrects the reference to Sec. 41.21.405.

DAVE TALIRICO, Mayor, Denali Borough, thanked Senator Thomas and said that the borough assembly supports SB 108. The area is heavily used by local and distant residents year round.

[4:31:39 PM](#)

SUSAN BRAUN, representing herself, said she owns land on the Savage River in the proposed recreation area. She supports SB 108 because it will let people use the land as they have for the past 30 years. The constituent meetings showed there is tremendous support for this from the community. People want traditional uses to be recognized as important. That is why they live in Alaska.

[4:33:05 PM](#)

BROOKS LUDWIG, Superintendent, Northern Area, Division of Parks & Outdoor Recreation, Department of Natural Resources (DNR), Fairbanks, said he's been involved in a grassroots effort. There is a lot of public support for the area and traditional uses. He is committed to involving locals in the public process so that the recreation area meets their demands.

STEWART CUBLEY, landowner, said he is a potential inholder within the proposed recreation area. He supports SB 108 as an important step in preserving traditional uses. In his 30-year residency he has traveled the area by dog team, skis, snow machine, and helicopter. It is best for the land and the inhabitants to pass this bill.

[4:35:05 PM](#)

JULIA POTTER, representing herself, said she is a resident of the Denali Borough. She volunteers in the community and is employed by the Denali Citizens Council. As a resident, she wants her way of life protected. Part of that is having access the Stampede area for recreation. She uses the area for a wide variety of recreational activities and she knows that SB 108 will support those traditional uses. She noted that the Denali Chamber of Commerce also supports the legislation. Several members own tourism services and it's well known that the Denali Borough depends on tourism. Creating the Stampede State Recreation Area will allow visitors to experience the Alaska way of life while supporting the economy of the borough. The Parks Highway Community Partnership recognizes the importance of

creating the proposed recreation area. It will stimulate the local economy. The Denali Citizens Council initiated an online petition asking members and local citizens to show support for SB 108. To date they have received 110 signatures.

4:38:09 PM

HANNAH RAGLAND, representing herself, said she supports SB 108. She owns 13 dogs and regularly uses the proposed recreation area both with her dogs and without on a year round basis. The overwhelming sentiment in the neighborhood is to see the area unchanged, which means that the land needs to be managed responsibly. She asked that the state consider including Eight Mile Lake in future legislation. It is a main access point and would make management easier for the state. She would like to see the state manage use in the area and she would also like the community to be involved in the process.

4:41:11 PM

CHARLIE LOEB, representing himself, said he owns property adjacent to the proposed recreation area and he uses the area for a wide variety of activities. He is extremely supportive of the legislation because it will protect existing uses. Interest in the area is growing and management is needed. A recreational area designation will provide the opportunity to develop a management plan that will accommodate this increased use. The area has the potential to be a real asset to the state because of its proximity to Denali National Park and the scenic byway, but it will only be realized with good management. He encouraged the committee to amend the bill to including the Eight Mile Lake area because it is the gateway to the recreation area. He reiterated his support for SB 108.

4:45:20 PM

MARY SIROKI, Legislative Liaison, Department of Transportation and Public Facilities (DOTPF), Juneau, said the administration believes it is in the best interest of the state to reserve a transportation and utility corridor through the proposed recreation area. In 1998 the Legislature passed legislation relating to rights-of-way for RS 2477 trails reserving, among other areas, the Stampede Trail. Although there are no specific plans for a road or utility now or in the near future, it makes sense to reserve the option for future generations. Doing so should not impact how the recreation area is managed.

DOTPF issues permits for activities and rights-of-way as standard practice and will work with DNR to find the best locations for facilities that may be constructed including:

outhouses, campgrounds, benches, and pullouts. DOTPF would do the same for a private entity upon request from DNR. If in the future a road is constructed, DOTPF will avoid those improvements or it will move them.

MS. SIROKY said it's good to remember that reservation of a transportation and utility right-of-way does not eliminate DOTPF's responsibility to work with a community to determine what is in the best interest of that community and neighboring communities. DOTPF respects that some in the Denali Borough do not want a Stampede Road, and wants it understood that this is not a backdoor attempt to build a road.

[4:48:10 PM](#)

SENATOR FRENCH asked if SB 108 reserves a right-of-way through the proposed recreation area.

MS. SIROKI said no.

CO-CHAIR MCGUIRE asked if she has an amendment to accomplish that goal.

MS. SIROKI said she has some language requesting 500 feet on either side of the center line of the RS 2477 trail. That will provide room to put a road where it makes most sense. "So we can straighten out the trail where it makes sense to straighten out the trail or we can avoid wetlands or historic areas." It doesn't mean 1,000 feet are needed once a road is constructed, or should it be constructed.

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SENATOR FRENCH said the last time the road idea came up he challenged the commissioner of DOTPF to look at it, "and we did." That experience showed him the deep opposition to that idea from the community and the extraordinary costs the state would incur if it decided to build a road. He said he doesn't know how serious the committee is in granting the department a 1,000-foot wide easement. He observed that it's not quite a quarter of a mile, but it's close.

CO-CHAIR WIELECHOWSKI said it is probably enough for an 8-lane highway.

SENATOR HUGGINS said with traditional trails and rights-of-way, it exists whether it is designated or not.

[4:50:47 PM](#)

MS. SIROKI said there is what's called the 4-F section in federal legislation that requires DOTPF to achieve a very high bar should federal dollars be used for any road. Without the reservation of a right-of-way it would be very difficult to put in a road. It is important to realize that DOTPF is asking for a reservation for planning purposes down the line. "We recognize that currently there is no desire to put a road in, but we're reserving it for the future and for utilities... We don't know that 30 or 40 years from now it won't make sense to make a loop come through Denali Park." That is certainly not part of anyone's plan now, but DOTPF doesn't want to preclude it.

SENATOR FRENCH said the suggestion that someday there may be a loop is not outlandish. However, this has been a most remarkable hearing given the one-sided nature of the testimony. There are many tourism people who focus on this part of the world, and he expected to see diverse views with people asking not to lock up more of Alaska. "I didn't hear a single person ask for that." That speaks volumes about what the community wants.

[4:52:54 PM](#)

MS. SIROKI said she believes that communities did speak about access, and DOTPF's proposal doesn't prohibit citizens from having the traditional access they want.

CO-CHAIR WIELECHOWSKI asked the sponsor to comment on the administration's proposal.

SENATOR THOMAS said it is a rather wide right-of-way, and it has been opposed. Over time there may be some need for the right-of-way, but this bill doesn't preclude that. He is willing to talk to the administration about its needs, but the public is not in favor of what DOTPF is proposing.

SENATOR FRENCH suggested the sponsor ask legislative legal if this bill will preclude a road forever more.

MR. HARDENBROOK directed attention to a map showing the Stampede Road and Trail and Eight Mile Lake, which is the extent of a passable road by standard car. The Department of Natural Resources (DNR) said the purpose of an established recreation area is to maintain recreational access and use, as determined by the commissioner. After the creation of the recreation area, the commissioner of DNR would determine whether a road would fit with the stated purpose of the designated area.

[4:56:50 PM](#)

JAMES KING, Director, Division of Parks and Outdoor Recreation, Department of Natural Resources (DNR) said Mr. Hardenbrook explained it correctly. A state recreation area designation doesn't preclude a road; the important thing is that there would be a planning process to come up with a management plan. If the community and Alaskans and the park all said it would make sense to build a loop road through the national park that comes out through the Stampede Recreation Area it would be an allowable use. If the road is for a recreational or a transportation purpose, it can be allowed. SB 108 will not preclude that. Joe HARDENBROOK was right in saying it is a decision that a commissioner can make. The Division of Parks and Outdoor Recreation doesn't see a road as a necessarily bad thing, and it could be a legitimate use if the public wants it.

[4:58:28 PM](#)

CHAIR WIELECHOWSKI asked if he is saying that the state doesn't need to reserve a right-of-way at this point.

MR. KING said, "Creating the recreation area does not preclude a road in the future."

SENATOR HUGGINS asked the difference between the proposed Stampede area and Nancy Lake.

MR. KING said it would be similar, but the important thing is that the management would be dictated by the management plan, which would be developed with a public process. Through that it is very likely that motorized and nonmotorized use will be very legitimate and can coexist in the area.

[5:00:18 PM](#)

SENATOR HUGGINS said that at Nancy Lake there has been debate about accessibility and now the state is re-examining the width of the corridor. It appears to be a lot more complicated than what Mr. King indicated, he said.

MR. KING said the issues are more complicated for Nancy Lake. That management plan was created almost 20 years ago, and most of the lakes were accessed by people who had floatplanes. A new generation of users has moved into those cabins, and there's been more demand to access them by snowmobiles and four-wheelers. "We're trying to find that balance." Right now about half of the users still want plane access only, and the other half want to see that changed. That is why the state is re-opening the management plan, "and we're going out to the public" and asking what they want for management in the area. Whenever a

lot of people have a lot of ownership in an area, management decisions takes a fair amount of work to find a balance between user groups.

SENATOR HUGGINS asked if it would strike a balance to adopt the corridor for the Stampede with a "qualifier" that it would take legislative approval to develop it.

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MR. KING said he doesn't see his division having a lot of opposition to a road if that's what everybody wants. "If you feel that's important to make it so that the Legislature has to approve that in the future, then that would make sense. I guess my opinion would be, at this point, the DNR and the DOTPF should be given that authority to go through that planning process and figure out what the public wants and what the demands are." It's a road to nowhere unless the National Park Service agrees to a road through the national park. There is a lot of public planning that would have to happen before any road would be built, unless the management plan shows the public wants the existing road to be pushed into the recreation area further for recreational access. That's a very doable thing that probably wouldn't take as big a process because it doesn't involve the surrounding national park.

CO-CHAIR WIELECHOWSKI announced he would hold SB 108 in committee.

[5:04:16 PM](#)

There being nothing further to come before the committee, Co-Chair Wielechowski adjourned the Senate Resources Standing Committee at 5:04 p.m.