

ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE

March 21, 2011

3:31 p.m.

MEMBERS PRESENT

Senator Joe Paskvan, Co-Chair
Senator Thomas Wagoner, Co-Chair
Senator Bill Wielechowski, Vice Chair
Senator Bert Stedman
Senator Lesil McGuire
Senator Hollis French
Senator Gary Stevens

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Senator Cathy Giessel
Senator Joe Thomas

COMMITTEE CALENDAR

SENATE BILL NO. 42

"An Act relating to the procurement of supplies, services, professional services, and construction for the Alaska Energy Authority; establishing the Alaska Railbelt energy fund and relating to the fund; relating to and repealing the Railbelt energy fund; relating to the quorum of the board of the Alaska Energy Authority; relating to the powers of the Alaska Energy Authority regarding employees and the transfer of certain employees of the Alaska Industrial Development Export Authority to the Alaska Energy Authority; relating to acquiring or constructing certain projects by the Alaska Energy Authority; relating to the definition of 'feasibility study' in the Alaska Energy Authority Act; and providing for an effective date."

- MOVED CSSB 42(RES) OUT OF COMMITTEE

SENATE BILL NO. 13

"An Act providing for the waiver of certain fees and charges in state parks for disabled veterans."

- HEARD & HELD

CS FOR HOUSE JOINT RESOLUTION NO. 9(RES)

Urging the United States Congress to pass legislation to open the coastal plain of the Arctic National Wildlife Refuge to oil and gas exploration, development, and production; relating to oil and gas exploration, development, production, and royalties; and relating to renewable and alternative energy technologies.

- MOVED SCS CSHJR 9(RES) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 42

SHORT TITLE: POWER PROJECT; ALASKA ENERGY AUTHORITY

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/19/11	(S)	READ THE FIRST TIME - REFERRALS
01/19/11	(S)	RES, FIN
02/09/11	(S)	RES AT 3:30 PM BUTROVICH 205
02/09/11	(S)	Heard & Held
02/09/11	(S)	MINUTE(RES)
02/11/11	(S)	RES AT 3:30 PM BUTROVICH 205
02/11/11	(S)	Heard & Held
02/11/11	(S)	MINUTE(RES)
02/16/11	(S)	RES AT 3:30 PM BUTROVICH 205
02/16/11	(S)	Heard & Held
02/16/11	(S)	MINUTE(RES)
02/21/11	(S)	RES AT 3:30 PM BUTROVICH 205
02/21/11	(S)	Heard & Held
02/21/11	(S)	MINUTE(RES)
02/23/11	(S)	RES AT 3:30 PM BUTROVICH 205
02/23/11	(S)	Heard & Held
02/23/11	(S)	MINUTE(RES)
03/21/11	(S)	RES AT 3:30 PM BUTROVICH 205

BILL: SB 13

SHORT TITLE: WAIVE PARK FEE FOR DISABLED VETERANS

SPONSOR(S): FRENCH

01/19/11	(S)	PREFILE RELEASED 1/7/11
01/19/11	(S)	READ THE FIRST TIME - REFERRALS
01/19/11	(S)	RES, FIN
03/21/11	(S)	RES AT 3:30 PM BUTROVICH 205

BILL: HJR 9

SHORT TITLE: ENDORSING ANWR LEASING

SPONSOR(S): PRUITT

01/18/11 (H) READ THE FIRST TIME - REFERRALS
01/18/11 (H) RES
02/23/11 (H) RES AT 1:00 PM BARNES 124
02/23/11 (H) Moved CSHJR 9(RES) Out of Committee
02/23/11 (H) MINUTE(RES)
02/25/11 (H) RES RPT CS(RES) NT 9DP
02/25/11 (H) DP: GARDNER, FOSTER, MUNOZ, DICK,
P.WILSON, KAWASAKI, HERRON, SEATON,
FEIGE
02/28/11 (H) TRANSMITTED TO (S)
02/28/11 (H) VERSION: CSHJR 9(RES)
03/01/11 (S) READ THE FIRST TIME - REFERRALS
03/01/11 (S) RES
03/21/11 (S) RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

SHARLA "KRIS" COOK, disabled veteran representing herself
Anchorage, AK

POSITION STATEMENT: Supported SB 13.

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

POSITION STATEMENT: Commented on SB 13.

REPRESENTATIVE LANCE PRUITT
State Capitol Bldg.
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Sponsor of HJR 9.

BERT KRAFT
Staff to Representative Pruitt
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Commented on HJR 9 for the sponsor.

ACTION NARRATIVE

3:31:34 PM

CO-CHAIR JOE PASKVAN called the Senate Resources Standing
Committee meeting to order at 3:31 p.m. Present at the call to
order were Senators French, Wielechowski, Stedman, Stevens, Co-
Chair Wagoner and Co-Chair Paskvan.

SB 42-POWER PROJECT; ALASKA ENERGY AUTHORITY

[3:32:43 PM](#)

CO-CHAIR PASKVAN announced SB 42 to be up for consideration [CSSB 42 (RES), 27-GS1822\D, was before the committee]. He said the title is changed to conform with changes to the original bill. In the original version the Senate sought to modify the state's procurement code. This committee substitute (CS) deletes that language so that there are no statutory changes relating to the Alaska Energy Authority (AEA) and procurement. The CS also makes changes to the Alaska Railbelt Energy Fund, preserving the legislature's authority to appropriate. Finally and most significant, the CS makes changes relating to the creation of subsidiaries and this is found on page 6; it makes the subsidiary created by this legislation specific to the Watana Hydroelectric Power Project on the Susitna River.

He said the fiscal note for SB 42 is not impacted by any of these changes and will remain the same. These changes were considered after going through the committee process and incorporating language advanced by Mr. Brian Bjorkquist from the Alaska Department of Law.

[3:34:30 PM](#)

SENATOR MCGUIRE joined the committee.

[3:35:01 PM](#)

SENATOR STEDMAN moved to adopt Amendment 1, labeled 27-GS1822\D.11, as follows:

27-GS1822\D.11
Kane
3/21/11

AMENDMENT 1

OFFERED IN THE SENATE BY SENATOR STEDMAN
TO: CSSB 42(RES), Draft Version "D"

Page 1, lines 1 - 10:

Delete all material.

Insert **"An Act relating to a Susitna River hydroelectric project and to the power of the Alaska Energy Authority to apply for permits, licences, and approvals; and providing for an effective date."**

Page 1, line 12, through page 7, line 19:

Delete all material and insert:

"* **Section 1.** AS 44.83.080 is amended to read:

Sec. 44.83.080. Powers of the authority. In furtherance of its corporate purposes, the authority has the following powers in addition to its other powers:

- (1) to sue and be sued;
- (2) to have a seal and alter it at pleasure;
- (3) to make and alter bylaws for its organization and internal management;
- (4) to adopt regulations governing the exercise of its corporate powers;
- (5) to improve, equip, operate, and maintain power projects and bulk fuel, waste energy, energy conservation, energy efficiency, and alternative energy facilities and equipment;
- (6) to issue bonds to carry out any of its corporate purposes and powers, including the establishment or increase of reserves to secure or to pay the bonds or interest on them, and the payment of all other costs or expenses of the authority incident to and necessary or convenient to carry out its corporate purposes and powers;
- (7) to sell, lease as lessor or lessee, exchange, donate, convey, or encumber in any manner by mortgage or by creation of any other security interest, real or personal property owned by it, or in which it has an interest, when, in the judgment of the authority, the action is in furtherance of its corporate purposes;
- (8) to accept gifts, grants, or loans from, and enter into contracts or other transactions regarding them, with any person;
- (9) to deposit or invest its funds, subject to agreements with bondholders;
- (10) to enter into contracts with the United States or any person and, subject to the laws of the United States and subject to concurrence of the legislature, with a foreign country or its agencies, for the construction, financing, operation, and maintenance of all or any part of a power project or bulk fuel, waste energy, energy conservation, energy efficiency, or alternative energy facilities or equipment, either inside or outside the state, and for the sale or transmission of power from a project or any right to the capacity of it or for the security of

any bonds of the authority issued or to be issued for the project;

(11) to enter into contracts with any person and with the United States [,] and, subject to the laws of the United States and subject to the concurrence of the legislature, with a foreign country or its agencies for the purchase, sale, exchange, transmission, or use of power from a project, or any right to the capacity of it;

(12) to apply to the appropriate agencies of the state, the United States, and a foreign country and any other proper agency for the permits, licenses, or approvals as may be necessary, to maintain, [AND] operate, acquire, or construct power projects in accordance with the licenses or permits, and to obtain, hold, and use the licenses and permits in the same manner as any other person or operating unit;

(13) to enter into contracts or agreements with respect to the exercise of any of its powers, and do all things necessary or convenient to carry out its corporate purposes and exercise the powers granted in this chapter;

(14) to recommend to the legislature

(A) the pledge of the credit of the state to guarantee repayment of all or any portion of revenue bonds issued to assist in construction of power projects;

(B) an appropriation from the general fund

(i) for debt service on bonds or other project purposes; or

(ii) to reduce the amount of debt financing for the project;

(15) to carry out the powers and duties assigned to it under AS 42.45;

(16) to make grants or loans to any person and enter into contracts or other transactions regarding the grants or loans;

(17) to promote energy conservation, energy efficiency, and alternative energy through training and public education;

(18) to acquire a Susitna River power project, whether by construction, purchase, gift, or lease;

(19) to perform feasibility studies and engineering and design with respect to a Susitna River power project.

* Sec. 2. AS 44.83.396(a) is amended to read:

(a) A power project that was acquired or constructed under AS 44.83.080(18) or as part of the former energy program for Alaska is owned, and shall be administered, by the authority.

* **Sec. 3.** This Act takes effect immediately under AS 01.10.070(c)."

CO-CHAIR PASKVAN objected for purposes of discussion.

SENATOR STEDMAN said he has a lot of concerns with the bill and how it interrelates with the other utilities in other areas around the state even though he supports moving ahead with Watana. This amendment removes the split of AEA with Alaska Industrial Development and Energy Authority (AIDEA). It would also remove the authorization for AEA to create subsidiaries (except for the issue of moving forward with Watana). It would create a new Alaska Railbelt Energy Fund and authorize its capitalization and it would remove conditional effects in notification language. So, the bill would change its focus on planning and funding for large-scale Railbelt hydroelectric projects and it would allow the project to move forward and the legislature to work with the administration to address secondary issues in the future. He said he believed this was the best approach to moving Watana forward so they are focused on the large hydroelectric project for the Railbelt and don't get derailed "into a litany of other issues around the state dealing with other smaller utilities and impacts on other communities."

SENATOR STEDMAN then withdrew Amendment 1.

CO-CHAIR PASKVAN stated that they now have CSSB 42(RES), version D, before them.

SENATOR WIELECHOWSKI said didn't know that it was necessary to have administrative clerks, for instance, in the exempt status, but he had decided to not offer an amendment at this time and would rather probably talk to the co-chair of Finance about it.

CO-CHAIR PASKVAN found no further comments and said he was satisfied with the work this committee has done on this bill.

CO-CHAIR WAGONER moved to report CSSB 42(RES) from committee with individual recommendations and attached fiscal note(s). There were no objections and it was so ordered.

[3:39:22 PM](#)

At ease from 3:39:22 PM to 3:42:15 PM.

3:42:15 PM

SB 13-WAIVE PARK FEE FOR DISABLED VETERANS

CO-CHAIR WAGONER announced SB 13 to be up for consideration. He asked for a motion to bring the bill before the committee.

CO-CHAIR PASKVAN moved to bring SB 13, version 27-LS0097\A, before the committee.

CO-CHAIR WAGONER objected for discussion purposes.

SENATOR FRENCH, sponsor of SB 13, said this measure waives park fees for disabled veterans. He read the sponsor statement as follows:

Alaska's veterans served our country with pride. This legislation shows a small token of our appreciation by providing disabled veterans in our state with free access to state park facilities.

Our parks provide all Alaskans with the opportunity to explore and recreate in Alaska's wild places. To provide these opportunities to those with disabilities many park facilities are compliant with ADA standards. Six cabins have been modified to include features like wheelchair ramps. Two boat launches, 14 campgrounds, 10 historic sites and dozens of day use locations provide handicap accessible facilities. Regardless of disability, the system is truly open to all Alaskans.

In 1991, Alaska passed a law which created a special disabled veteran camping permit, providing disabled veterans with free camping in state park campgrounds. SB 13 extends this free benefit to public use cabins, boat ramps, RV facilities and day parking. Please join me and support this meaningful piece of legislation.

SENATOR FRENCH said the bill is easiest to understand if you go to page 3, section 4 that has the meat of the bill, which is this exception in subsection (f) to AS 41.21.026; it says the department may not charge or collect a fee under (a)(1), (6)(70 or (8), (11) or (12) of this section from a resident who is a disabled veteran.

Section one adds:

- (1) rental of public use cabins or other overnight lodgings;" those aspects of state parks that would free;
- (6) allows one to use a sewage holding tank dump station;
- (7) admission to or guided tours of visitor centers and historic sites;
- (8) use of an improved boat ramp in a park facility developed principally for boat launching;
- (11) use of a developed facility that has developed parking and rest rooms;

SENATOR FRENCH said state parks are "nickel and diming you" every time you turn around. If they want to encourage folks to get outside to enjoy the wilderness and what Alaska has to offer, it strikes him that disabled veterans should not have to shoulder this financial burden.

He pointed out that this doesn't just apply to folks who are in wheel chairs and on crutches. You could be disabled through a traumatic brain injury, through post-traumatic stress disorder and lots of other different ways.

SENATOR FRENCH said last year, under the current exemption, 1600 park passes were issued to disabled veterans and he estimated that same number would be using cabins and so forth. They wouldn't get priority use for the cabins, but the basic idea is to encourage more use of the parks by our veterans. He added that there is a definition of "disabled veteran."

[3:47:24 PM](#)

CO-CHAIR WAGONER opened public testimony.

SHARLA "KRIS" COOK, a disabled veteran from Anchorage representing herself said she supports SB 13. She said that Alaska is known as a very veteran-friendly state. Disabled veterans generally earn less than they would have before they were disabled. The certification is already done for the state by the Department of Veterans Affairs; a regional office is in Anchorage and those who are not close to Anchorage can get certification through the Veterans Affairs Central Offices by a phone call and then a letter. The letter both certifies that the person is a veteran, that they have a service-connected disability and provides a specific rating for that disability and specifies whether the disability is permanent or temporary. The disability rating is through a federal process, so it relieves the state of having to do that.

MS. COOK said a disabled veteran could bring in his certification letter and present it when getting a parking permit or renting a cabin in lieu of paying money.

CO-CHAIR WAGONER, finding no further public comments, closed public testimony.

CO-CHAIR PASKVAN asked if anyone from DNR was here to explain the fiscal note.

[3:51:11 PM](#)

BEN ELLIS, Director, Division of Parks and Outdoor Recreation, Department of Natural Resources (DNR), said they encourage the use and enjoyment of all the state's parks by all Alaskans and especially disabled veterans. They support the idea of recognizing the service and sacrifice made by them and emphasize that any concern they may have is largely of a fiscal nature. He explained that any time they grant fee exemptions it's "a double-edged sword" in that revenue is decreased while greater use is encouraged and this bill would be no exception.

He said they currently provide an exemption to disabled veterans from paying fees for overnight camping in state park facilities. The individual must come in to a Fairbanks or Anchorage DNR public information center in person and provide either their red, white and blue disabled veteran I.D. card or the letter Ms. Cook referred to from the Veterans' Administration confirming their status.

MR. ELLIS explained that although the statute provides for an annual pass for disabled veterans, the current practice is to issue a two-year pass. For 2009/10, they issued 1,616 camping passes with a combined value of approximately \$322,200. He said it would be relatively straight-forward to implement a fee exemption to disabled veterans for day use and boat launch fees. There are annual passes available to the general public; for both of these uses a receipt code could be set up so the pass could be provided free of charge to disabled veterans. Without knowing exactly how many would apply, his best guess is that they would potentially lose \$80,000-\$160,000 in revenue from that access.

MR. ELLIS said the more difficult issue to implement would be the fee exemption for disabled veterans on public use cabin reservations. Ninety-eight percent of those are made via the state online system. If a disabled veteran were required to make

their cabin reservations in person, either in Anchorage or Fairbanks, it would be putting them at a disadvantage in comparison to the general public. The most popular cabins are generally reserved exactly seven months in advance. State residents have seven months and if you're out of state you can reserve them six months in advance.

He said there is a way to allow disabled veterans the same access to the public use cabins as the general public. They would need to modify the online system. Contracting out for the design of personal identification number for a disabled veteran to use online and not be charged would cost \$10,000. It is difficult to determine how much the disabled veterans would avail themselves of this program, but he used the fees from their 2010 total to get a low, medium and high estimate. Ten percent of the total would be about \$30,700 that wouldn't be captured; a middle estimate is 20 percent that would amount to a little over \$61,000 and 30 percent of the high end would amount to about \$92,000.

MR. ELLIS said the public use cabins have an over 90 percent occupancy rate. There are some considerations regarding providing exemptions for public use cabin fees. Currently, when someone cancels a reservation, they are issued a credit which they can use for future reservations. That allows someone else to take the use of their cabin. Under this exemption there would be no incentive to cancel and it could, therefore, tie up a cabin when it wasn't being used - resulting again in lost revenue. Due to the remote location of some of the areas, there would be a lack of enforcement and it would be difficult to ensure that the disabled veteran whose exemption was being used was actually present in the group that was staying at the cabin.

He said they have 73 public use cabins that are extremely popular and in 2010 they were used 7,452 nights and generated \$307,335. There are approximately 29 positions that are either fully funded within Parks using general fund program receipts which this money would be. All of those positions are involved directly either with enforcement or management of the parks - the park ranger, the park specialist and the natural resource technicians. If the program receipts would not be replaced by general funds, the revenue reduction would have the potential to result in the loss of three or more equivalent positions.

[3:58:31 PM](#)

SENATOR WIELECHOWSKI asked how the system works now for disabled out-of-state veterans to apply for a cabin permit.

MR. ELLIS replied that non-residents can currently reserve cabins six months in advance; so, they would have to consider a non-resident disabled veteran having a cabin available six months in advance figure out some way to deal with them not coming in in person.

SENATOR STEDMAN asked how many state cabins and campgrounds are in Southeast.

MR. ELLIS replied that he didn't have those numbers but would get them.

SENATOR STEDMAN said one of the concerns is with people securing reservations without paying and that could be dealt with by having a partial exemption instead of exempting the whole thing.

SENATOR FRENCH said Southeast has six state recreation sites and seven cabins. He pointed out that an article in today's newspaper says that the Tri-care insurance program that veterans participate in is asking for a fee increase that would put increased financial pressure on our veterans. And from his calculations, almost 10 percent of the park revenue in the state is currently generated from disabled veterans. It's interesting and speaks to the use of the parks by our veterans, but he thought they could find a different place to put the burden of operating our parks.

CO-CHAIR WAGONER held SB 13 for "the next meeting of opportunity."

[4:04:14 PM](#)

HJR 9-ENDORSING ANWR LEASING

CO-CHAIR WAGONER announced HJR 9 to be up for consideration.

CO-CHAIR PASKVAN moved to bring CSHJR 9(RES), labeled 27-LS0379\I, before the committee. There were no objections.

[4:05:26 PM](#)

REPRESENTATIVE LANCE PRUITT, sponsor of HJR 9, said this measure urges Congress to pass legislation to open the coastal Plain of the Arctic National Wildlife Refuge (ANWR) to oil and gas exploration and development. The Alaska National Interest Lands Conservation Act (ANILCA) of 1998 prohibited leasing or other development leading to production of oil and gas in ANWR. To

date, the domestic demand for oil continues to rise while domestic crude production continues to fall with the result that the United States imports additional oil from foreign sources. New technology has greatly reduced the environmental impacts of development on the North Slope and if Prudhoe were built today, the footprint would be as small as 1526 acres.

He said that oil and gas development has also proven to have successfully co-existed in Alaska's Arctic. The Central Arctic Caribou Herd at Prudhoe Bay has grown from 3,000 to as high as 23,400 in the last 22 years alone. HJR 9 mirrors previous legislative resolutions and includes provisions for renewable and alternative energy sources, protection of wildlife and the use of directional drilling.

[4:06:55 PM](#)

BERT KRAFT, staff to Representative Pruitt, said the following language was added to this resolution since it was introduced related to oil and gas exploration and development. In version I the following language was added to the title paragraph on page 1, line 1: "relating to oil and gas exploration, development, production and royalties and relating to renewable and alternative energy technologies." This change was made to better reflect all language included in the entire resolution.

"Any" was removed from page 3, line 22, because it sounded redundant and "an alternative" was added on page 3, lines 23-24 and page 4, lines 5-6 because it includes sources of energy generation that "renewable" alone does not.

The language, "The Alaska State Legislature urges that oil and gas exploration and development and production" was added to page 3, line 28, for clarification. "The nations" was added to page 2, line 6, to emphasize national security.

[4:08:17 PM](#)

SENATOR FRENCH asked if the Senate hadn't recently passed a resolution urging Congress to open ANWR.

MR. KRAFT answered that resolution specifically dealt with the wilderness designation in the 1002 area.

SENATOR FRENCH asked on page 2, line 18, if they are only concerned about Prudhoe and moved a friendly conceptual amendment [Amendment 1] to change it the North Slope to capture more of the idea that they are aiming to communicate.

REPRESENTATIVE PRUITT said he would accept that as an amendment because they are trying to express the decline on the North Slope.

SENATOR FRENCH said he thought substituting "North Slope" for "Prudhoe Bay" would get the point across. There were no objections and the amendment was adopted.

CO-CHAIR PASKVAN moved to report CSHJR 9(RES) as amended from committee. There were no objections and therefore, SCS CSHJR 9 (RES) moved from committee.

4:10:38 PM

Finding no further business, Co-Chair Wagoner adjourned the meeting at 4:10 PM.