

ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE

March 16, 2020

4:21 p.m.

MEMBERS PRESENT

Senator Peter Micciche, Chair
Senator John Coghill, Vice Chair
Senator Joshua Revak
Senator Scott Kawasaki
Senator Jesse Kiehl

MEMBERS ABSENT

Senator Click Bishop
Senator Cathy Giessel

COMMITTEE CALENDAR

SENATE BILL NO. 193

"An Act relating to liability of an electric utility for contact between vegetation and the utility's facilities; and relating to vegetation management plans."

- MOVED CSSB 193 (RES) OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 203 (FSH)

"An Act relating to transportation of live crab."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 193

SHORT TITLE: ELECTRIC UTILITY LIABILITY

SPONSOR(s): SENATOR(s) COGHILL

02/14/20	(S)	READ THE FIRST TIME - REFERRALS
02/14/20	(S)	RES
03/09/20	(S)	RES AT 3:30 PM BUTROVICH 205
03/09/20	(S)	Heard & Held
03/09/20	(S)	MINUTE (RES)
03/16/20	(S)	RES AT 3:30 PM BUTROVICH 205

BILL: HB 203

SHORT TITLE: TRANSPORTATION OF LIVE CRAB

SPONSOR(S): REPRESENTATIVE(S) KNOPP

01/21/20	(H)	READ THE FIRST TIME - REFERRALS
01/21/20	(H)	FSH, RES
01/30/20	(H)	FSH AT 11:00 AM GRUENBERG 120
01/30/20	(H)	Heard & Held
01/30/20	(H)	MINUTE(FSH)
02/04/20	(H)	FSH AT 11:00 AM GRUENBERG 120
02/04/20	(H)	Moved CSHB 203(FSH) Out of Committee
02/04/20	(H)	MINUTE(FSH)
02/05/20	(H)	FSH RPT CS(FSH) 5DP
02/05/20	(H)	DP: VANCE, KOPP, EDGMON, NEUMAN, STUTES
02/19/20	(H)	RES AT 1:00 PM BARNES 124
02/19/20	(H)	Heard & Held
02/19/20	(H)	MINUTE(RES)
02/21/20	(H)	RES AT 1:00 PM BARNES 124
02/21/20	(H)	Moved CSHB 203(FSH) Out of Committee
02/21/20	(H)	MINUTE(RES)
02/24/20	(H)	RES RPT CS(FSH) 6DP
02/24/20	(H)	DP: TUCK, HANNAN, TALERICO, HOPKINS, TARR, LINCOLN
03/05/20	(H)	TRANSMITTED TO (S)
03/05/20	(H)	VERSION: CSHB 203(FSH)
03/06/20	(S)	READ THE FIRST TIME - REFERRALS
03/06/20	(S)	RES
03/16/20	(S)	RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

CHRISTIAN ENGLISH, Intern
Senator Coghill
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented a committee substitute for SB 193.

RYNNIEVA MOSS, Staff
Senator Coghill
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions regarding SB 193.

REPRESENTATIVE GARY KNOPP
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of HB 203.

INTIMAYO HARBISON, Staff
Representative Gary Knopp
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 203 on behalf of the sponsor.

JAMIE GOEN, Executive Director
Alaska Bearing Sea Crabbers
Seattle, Washington

POSITION STATEMENT: Testified in support of HB 203.

FRANK KELTY, Fisheries Consultant
City of Unalaska
Palm Desert, California

POSITION STATEMENT: Testified in support of HB 203.

EDWARD POULSEN, Owner
GKC Holdings LLC
Seattle, Washington

POSITION STATEMENT: Testified in support of HB 203.

JEREMY WOODROW, Executive Director
Alaska Seafood Marketing Institute
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 203.

ACTION NARRATIVE

[4:21:48 PM](#)

CHAIR PETER MICCICHE called the Senate Resources Standing Committee meeting to order at 4:21 p.m. Present at the call to order were Senators Kawasaki, Kiehl, Revak, and Chair Micciche. Senator Coghill arrived shortly thereafter.

SB 193-ELECTRIC UTILITY LIABILITY

[4:22:36 PM](#)

CHAIR MICCICHE announced that the first order of business would be SENATE BILL NO. 193, "An Act relating to liability of an electric utility for contact between vegetation and the utility's facilities; and relating to vegetation management plans."

He recapped that the bill was previously heard and public testimony remains open.

RYNNIEVA MOSS, Staff, Senator John Coghill, Alaska State Legislature, Juneau, Alaska, advised that Christian English was carrying the bill for the sponsor and would present the committee substitute.

[4:23:16 PM](#)

CHRISTIAN ENGLISH, Intern, Senator John Coghill, Alaska State Legislature, Juneau, Alaska, explained that the committee substitute (CS) for SB 193 creates a new section that expands language to clarify that people are only responsible for actions that they have committed.

CHAIR MICCICHE asked for a motion to adopt the proposed CS.

[4:24:11 PM](#)

SENATOR KAWASAKI moved to adopt the proposed committee substitute (CS) for SB 193, work order 31-LS1304\K, as the working document.

CHAIR MICCICHE objected for discussion purposes.

[4:24:28 PM](#)

MS. MOSS explained that Senator Kiehl expressed concern during the previous hearing about a scenario where an employee of a utility company goes on private property, with permission from the land owner, and moved vegetation from the private property into the right-of-way where it could cause damages or a fire. For example, a large tree falls into the powerline and starts a fire. The new [Sec. 09.65.086 (b)(2)(A) and (B) in Section 1 of the CS] makes it clear that the utility would be responsible for those actions.

She noted that there was also concern about the definition of a "vegetation management plan." She said she posed the question to the Federal Energy Regulatory Commission (FERC) and they pointed out that each utility develops and implements its own vegetation management plan due to terrain and climate variations. She noted that Copper Valley Electric Association testified during the previous hearing that they divide their vegetation plans into northern and southern regions due to the differences in rainfall and growth patterns.

She said in researching the definition, she learned that the electric reliability organizations (ERO) that will be

established by SB 123 will have the authority to establish standards for a vegetation management plan. She said the bill sponsor feels that the definition fits quite well because the whole purpose is to protect the reliability and the safety of the utilities' electric facilities.

SENATOR KIEHL thanked the sponsor for working on the liability issue that he raised. He said he looked forward to reviewing the interface between the language in SB 193 and SB 123 on vegetation management plans.

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CHAIR MICCICHE removed his objection to the CS. He said without further objection the CS is before the committee.

[4:27:38 PM](#)

CHAIR MICCICHE closed public testimony and asked the will of the committee.

[4:27:50 PM](#)

SENATOR REVAK moved to report CSSB 193, work order 31-LS1304\K, from committee with individual recommendations and attached fiscal note(s).

[4:28:03 PM](#)

CHAIR MICCICHE said there being no objection, CSSB 193(RES) moved from the Senate Resources Standing Committee.

[4:28:11 PM](#)

At ease.

HB 203-TRANSPORTATION OF LIVE CRAB

[4:29:27 PM](#)

CHAIR MICCICHE reconvened the meeting and announced that the final order of business would be HOUSE BILL NO. 203, "An Act relating to transportation of live crab."

[4:29:52 PM](#)

REPRESENTATIVE GARY KNOPP, Alaska State Legislature, Juneau, Alaska, sponsor of HB 203, said legislation from the 1960s prohibited the surface transportation of live crabs, specifically the Dungeness crab, Tanner crab, and King crab species.

REPRESENTATIVE KNOPP explained that there were two reasons for the prohibition. First, to ensure crab landings occurred in Alaskan ports for fish harvest ticket recordings for the State

to receive revenue from fees and dues. Second, live crab surface transportation in the 1960s resulted in high mortality rates.

He said technology changes in surface transportation has resulted in cooled and aeriated salt water containers that maintains live crab in excess of 30 days. In light of these changes, the bill lifts the surface transportation prohibition for live crab.

REPRESENTATIVE KNOPP noted that there is quite a demand for live crab in high-end restaurants on the West Coast. Alaska's prohibition on surface transportation of live crabs does not allow Alaskan crab fishermen to compete. Foreign market crab has infiltrated the live crab market. Live crab has a lot of value and the bill will help to recoup the live crab market and bring more value to Alaska's end products.

4:33:05 PM

INTIMAYO HARBISON, Staff, Representative Gary Knopp, Alaska State Legislature, Juneau, Alaska, said HB 203 amends AS 16.10.240 to remove restrictions on the surface transport of live crab. The current law places restrictions on the transport of certain crab species except via airfreight after prepackaging. HB 203 allows surface transportation if the product first lands in an Alaskan port and is recorded on an Alaska Department of Fish and Game (ADF&G) fish ticket.

He noted that HB 203 has widespread support across the state from the crabbing industry, cities, processors, packaging companies, shipping companies, and fishing associations. The Alaska Department of Public Safety fiscal note states that the bill provides an easier mechanism for enforcement to track and monitor crab. ADF&G says that the legislation does not impact any of their programs. The Alaska Department of Environmental Conservation (DEC) says that they do not have any concerns with the bill.

MR. HARBISON said the current statute passed in the 1960s and was revised in 1996 due to lost crab product and toxins from surface transportation versus air transportation. However, there have been many technological breakthroughs in the safe surface transportation of live crabs that allows for maintaining freshness for up to a month without significant product loss or consumer risk.

MR. HARBISON noted that dead-loss on the shipment of live crab via air freight can be high due to improper packaging, weather

delays, and lack of transportation from remote crabbing communities. The bill would allow for high quality Alaskan crab to reach markets despite air freight limitations.

He said that as live crab markets continue to expand around the world, Alaska has fallen behind due to its statutory limitations on transportation. Industries in other countries are selling live red King crab to U.S. and Canadian markets that the Alaskan crabbing industry could better serve.

MR. HARBISON summarized that the ability to sell currently restricted species in a larger and more consistent volume would help to expand consumption of Alaskan crab and bring economic opportunities to Alaskan crabbing communities, industries, and the state.

He noted that the bill passed unanimously in the Alaska House of Representatives.

[4:36:17 PM](#)

SENATOR KAWASAKI referred to subsection (b) that says transporting live crab by means of surface transportation may only occur if DEC does not require processors to test for marine toxins when fishermen have taken the crab. He asked when DEC requires testing for the presence of marine toxins.

REPRESENTATIVE KNOPP replied there was language in the original version of the bill that allowed DEC to perform paralytic shellfish poisoning (PSP) and paralytic shellfish toxins (PST) testing on Dungeness crab only because the species lives in shallower water and is more susceptible to the PSP toxins. The current version of the bill allows DEC to test any species of crab when they deem necessary.

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CHAIR MICCICHE opened public testimony.

[4:37:50 PM](#)

JAMIE GOEN, Executive Director, Alaska Bearing Sea Crabbers, Seattle, Washington, testified in support of HB 203. She said the Alaska Bearing Sea Crabbers is a nonprofit trade association representing the harvesters of King, Snow, and Bairdi crab in the Bering Sea and Aleutian Islands. The association is actively involved in fisheries management, policy development, scientific research, and marketing. The association has approximately 70 vessels in its fleet that fishes in the Bering Sea.

MS. GOEN said allowing live transport of all commercial species of crab via surface transport in addition to air transport would increase flexibility and market opportunities for Alaska's crab fisheries and communities. Given the variability in Alaska's crab stocks, fishermen look for ways to increase the value of their product, especially in low catch years like this one where the Bairdi fishery in the Bering Sea closed.

She stated that HB 203 would allow increased value of the product by bringing live fresh crab to markets in addition to processed crab. The Alaska Bearing Sea Crabbers supports all commercial crab species: golden, red, and blue King crab; Oppilio, Bairdi, and Dungeness.

MS. GOEN said the Alaska Bearing Sea Crabbers' supportive position of HB 203 is in alignment with the United Fishermen of Alaska (UFA). She disclosed that the association is a board member of UFA.

[4:38:37 PM](#)

SENATOR COGHILL joined the committee meeting.

[4:39:26 PM](#)

FRANK KELTY, Fisheries Consultant, City of Unalaska, Palm Desert, California, testified in support of HB 203. He said he has been involved with the Bering Sea crab fishery for many years. He noted that he was employed as a seafood plant manager for 30 years, served as an elected official for the City of Unalaska for 20 years, and served on the Unalaska/Dutch Harbor Advisory Committee for ADF&G. He pointed out that the City of Unalaska is the largest crab processing community in Alaska and probably in the nation.

He stated that HB 203 is a win-win for all involved in developing a live crab market for low volume and high valued Bering Sea crab species. Special containers have been set up to circulate seawater to keep the crabs alive up to 30 days for some species.

MR. KELTY noted that there have been successful live crab shipments of Aleutian Island golden King crab using the special containers for many years. The shipping of other crab species will increase the harvest value and allow for development of new high-end markets for live crab.

MR. KELTY pointed out that the Alaska Board of Fisheries made changes the previous week to the Tanner crab fisheries

management plan that would greatly increase the opportunities to transport live crab, including to overseas markets.

MR. KELTY summarized that the shipping of live Alaska crab species by surface transportation is in the best interest of companies involved in live crab market development and the State of Alaska for supporting increased economic development in fisheries.

[4:43:40 PM](#)

CHAIR MICCICHE asked for a description of the live crab transportation pods that have dramatically reduced dead-loss in crabs.

MR. KELTY explained that special containers are set up with circulating seawater to keep the product alive. He noted that the percentage of dead-loss from the special containers used for transporting golden King crab has been very low. He deferred to Mr. Poulsen for further explanation.

[4:44:34 PM](#)

EDWARD POULSEN, Owner, GKC Holdings LLC, Seattle, Washington, testified in support of HB 203. He stated that HB 203 will allow the live transport of all crab species by sea.

He acknowledged that he is involved in crab harvesting and processing operations in Dutch Harbor. Over the past several years GKC Holdings has partnered with Universal Seafoods (UniSea) to transport live golden King crab from Dutch Harbor to Seattle using new containerized technology. Current Alaska statutes allow the shipping of live golden King crab on a container ship but not Bairdi or red King crab.

MR. POULSEN said shipping live crab has been a challenge, but mortality rates are currently less than one to two percent during the six-day journey from Dutch Harbor to Seattle. The technology used for transportation keeps the crab healthy. Large closed-system tanks of chilled and aerated seawater hold the crab during the journey. The crab arrives in Seattle healthy enough to allow for air shipments to locations in the United States, Europe, and Asia.

He explained that crab can only survive outside of water for so long before damage occurs, which limits crab delivered from remote Alaskan communities from competing in the live crab business using air shipping. Dutch Harbor, which is home to the

Bering Sea crab fleet, has infrastructure limitations and other challenges that makes air service unreliable.

MR. POULSEN noted that markets around the world have shifted from cooked frozen crab to live as seen by the Russians who deliver directly to South Korea and China. The West Coast Dungeness fishery sells over half in live form. Sales of live crab will continue to grow throughout the world. The reason is simple; chefs being able to cook their own crab and prepare it the way they want results in a better tasting product. And people are willing to pay a premium for that.

He said Bairdi and red King crab are also uniquely situated to benefit from the growing live crab markets. The Russians have already established live red King crab around the world. Bairdi crab would be a unique new product in live form that fishermen know to be the most delicious of the crab coming from Alaska.

MR. POULSEN said the coronavirus has had a significant impact on sales for both live and frozen crab. Live crab sales are beginning to recover in China as cases of the coronavirus continue to decline and business gets back to somewhat normal. However, Alaska cannot take advantage of improving live markets for Bairdi and red King crab without a statutory modification. Time is of the essence as having multiple product forms to sell to customers during challenging times can make all the difference.

MR. POULSEN concluded saying that it is time for Alaskan BAIRDI and red King crab fishermen to be able to participate in live crab markets. Higher prices from developing live crab markets will benefit crew, vessel owners, processors, and communities. The work that GKC Holdings and UniSea have done over the past few years has shown that the new containerized technology can successfully ship live golden King crab out of remote Alaskan ports to market. Modifying Alaska's statute as proposed by HB 203 will allow participants of the Bairdi and red King crab fisheries to participate in the growing live crab markets.

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CHAIR MICCICHE said his understanding is the crab transportation pods refrigerate the seawater just above freezing and take the crab to a semi-hibernation state.

MR. POULSEN confirmed that seawater in the 32-degree-chilled pods allows the crab to hibernate. The dark, cold, and aerated environment does not require ammonia filtration because the

crabs use little oxygen as their metabolism slows. The technology has been around for 10-15 years. However, the statutory change will allow for continued investment and upgrades to make the technology more applicable to Alaska.

CHAIR MICCICHE agreed that HB 203 is an important bill because the legislature needs to take all obstacles out of the way and get the state back to business as soon as possible.

4:50:44 PM

JEREMY WOODROW, Executive Director, Alaska Seafood Marketing Institute, Juneau, Alaska, testified in support of HB 203. He read the following letter of support from the Alaska Seafood Marketing Institute (ASMI):

Alaska's crab species are known worldwide as premium products from an unrivaled ocean environment. Alaska's crab species - king, opilio (snow), bairdi (Tanner) and Dungeness - on an annual basis, represent 12 percent of the total value of all commercially harvested Alaska seafood species, despite accounting for just one percent of the total catch. The first wholesale value of all crab species combined exceeds \$300 million annually. Live crab sales, however, account for less than 1 percent of this total, which can be attributed to several factors including shipping limitations.

Alaska's crab is enjoyed by consumers both domestically and abroad. However, in every market where Alaskan crab is available, a comparable species of crab harvested from a different region in the world is available as well. Often, Alaska crab species are undercut by cheaper foreign crab with more favorable trade terms. Increased competition and lower competitor prices negatively impact the market position of one of Alaska's most prized seafood species.

MR. WOODROW noted that Russia sells King crab to the Chinese market at approximately three times the price for frozen Alaska King crab.

MR. WOODROW continued to read the ASMI letter of support for HB 203:

Transportation technology for seafood has made vast improvements in recent years. As such, the ability to ship live crab via surface now exists as it never had before. This new technology means that more crab can be delivered fresh at a lower cost to the seafood company with less financial risk than associated with shipping live crab via air. Currently, the majority of Alaska crab is sold in the form of frozen or cooked products. However, at market, live crab is sold for a significantly higher price.

HB 203 will correct Alaska Statute 16.10.240 and allow Alaska processors the ability to capitalize on the newfound shipping technology by expanding markets for the highest value product forms. HB 203 supports Alaska's largest private direct employer by providing the seafood industry with the tools necessary to compete in the global market. As a result, fisherman, processors, and communities across Alaska will benefit from the higher returns of this valuable product.

[4:53:24 PM](#)

CHAIR MICCICHE announced that public testimony will remain open.

SENATOR KIEHL asked ADF&G to respond at the next hearing to whether a crab-spill from a container ship would cause genetic breeding concerns.

CHAIR MICCICHE stated that ADF&G will be attending the next hearing.

SENATOR COGHILL asked if the effective date will match the timing of the crab fisheries.

REPRESENTATIVE KNOPP said he would provide an answer at the next hearing.

CHAIR MICCICHE remarked that there may be a timing problem for the fishery if there isn't an immediate effective date. He said the committee may add an immediate effective if needed.

REPRESENTATIVE KNOPP commented that Senator Coghill's inquiry is valid and it's the first time the question came up.

[4:55:35 PM](#)

CHAIR MICCICHE held HB 203 in committee.

4:56:14 PM

There being no further business to come before the committee, Chair Micciche adjourned the Senate Resources Standing Committee meeting at 4:56 p.m.