

**HCR**

**16**



## MATANUSKA-SUSITNA BOROUGH

350 East Dahilla Avenue, Palmer, Alaska 99645-6488  
BOROUGH MAYOR'S OFFICE • Phone 745-9682

March 16, 1993

RECEIVED

MAR 19 1993

Mr. Robert B. Stiles  
President  
R & D Ventures, Inc  
1227 West 9th Avenue, Suite 201  
Anchorage, AK 99501

D & R Ventures, Inc.  
File No. \_\_\_\_\_

Dear Mr. Stiles;

On behalf of the Matanuska-Susitna Borough Assembly, I would like to applaud your association's efforts to develop an Alaska Coal Policy.

The long term development of the Alaska coal industry requires just such a foundation.

With the development of our own Wishbone Hill Mine coal deposits we understand how important the current Healy export contract is to Alaska's market position.

We believe that your association's efforts to protect this contract should be undertaken within a comprehensive strategy investment or subsidies could be used to protect the contract if they are implemented with clear sunset provisions and development and infrastructure plans that will make Alaska coal competitive in the world market place.

The emphasis on this concern in your coal policy raises the most concerns with us. If we can all work together for the better short and long term solutions, we will all succeed.

Of course, we believe Port MacKenzie development efforts provide this much needed long term solution.

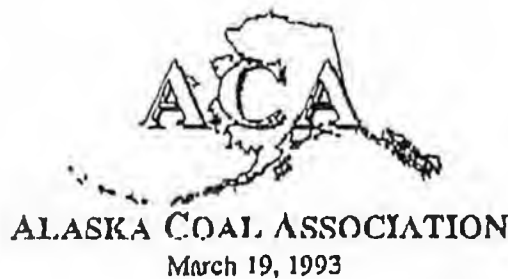
Again we applaud your efforts to create the necessary framework for coal development in Alaska.

Sincerely,

Ernest W. E. Munon  
Borough Mayor

President: R. B. Stiles  
1227 West 9th Ave, Suite 201  
Anchorage, Alaska 99501  
Tel. (907) 276-6868  
Fax. (907) 276-2395

Secretary: Charles P. Boddy  
122 First Avenue, Suite 302  
Fairbanks, Alaska 99701  
Tel. (907) 452-2625  
Fax. (907) 451-6543



To: House Economic Task Force  
From: R.B. Stiles, President, Alaska Coal Association  
Subject: Support of Passage of HCR 16

The Alaska Coal Association membership expended considerable time and effort in the development of the draft Alaska Coal Policy we submitted for consideration to the House Economic Task Force. The Task Force clearly acted swiftly in redrafting the draft policy into HCR 16. The membership of the Alaska Coal Association appreciates and commends the work of the Task Force and wholeheartedly supports HCR 16.

I would like to note that prior to submittal of the draft policy, the Alaska Coal Association submitted the draft policy to and solicited comments from, the Alaska Miners Association, the Matanuska-Susitna Borough, the Kenai Economic Development District and the Alaska Departments of Commerce and Economic Development and Natural Resources. We believe that we included any substantive comments and suggestions we received in the draft. Given that HCR 16 includes all the major elements of the draft, we believe that HCR 16 also reflects those comments and suggestions.

Again, we thank the Task Force for the opportunity it provides to Alaska business and industry and look forward to adoption of HCR 16.

COOK INLET REGION, INC.

March 23, 1993

Representative Eileen MacLean  
House of Representatives  
State Capitol  
Juneau, Alaska 99801-1182

Dear Representative MacLean:

On behalf of Cook Inlet Region, Inc. I would like to offer support for passage of HCR 16, the Alaska Coal Policy Resolution. The passage of this resolution will help send a message to potential investors of Alaska Coal that the State of Alaska is, in fact, interested in developing it's coal resources.

The House Economic Task Force has acted expeditiously in preparing an Alaska Coal Policy and we appreciate that effort. We look forward to the passage of HCR 16 in the House of Representatives.

Sincerely,

COOK INLET REGION, INC.



Gerald G. Booth  
Vice President  
Energy and Minerals

## MAJOR INTERNATIONAL

705 West 6th Avenue, Suite 209

Anchorage, Alaska 99501

Phone: (907) 272-6773 Fax: (907) 274-1303

March 23, 1993

The Honorable Eileen Maclean  
Chair, House Economic Task Force  
P.O. Box V  
Juneau, Alaska

Dear Representative Maclean:

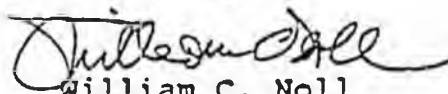
This letter is to voice strong support for HCR 16, a resolution relating to establishing the coal policy of the state.

We understand that HCR 16 might be scheduled for the House vote as early as sometime this week. We thank you very much for your creation and support of HCR 16. We hope that the resolution passes the House quickly and is passed over to the Senate for the same action.

Thank you also for your Mini-Economic Summit. It was a very good idea to give so many Alaskans a chance to let you know what they believe needs to be done to develop our state.

Thank you again. Please let me know if we can be of any assistance or answer any questions.

Respectfully,

  
William C. Noll  
President

**BELUGA COAL COMPANY**

March 24, 1993

Via Facsimile (907) 463-3241

The Honorable Eileen MacLean  
The House Economic Task Force  
Room 507 State Capitol  
Juneau, Alaska 99801-1182

Dear Congresswoman MacLean:

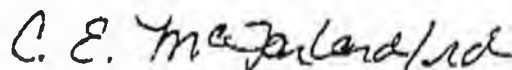
Alaska coal and coal products can supply a vast source of energy and chemical products to the world, particularly the Pacific Rim in the next several decades.

Now is the time to lay the groundwork to start putting the building blocks in place. An Alaska Coal Policy is the first step. It will set the policy stage for the kind of active support and direction the legislature and administration can provide to this important industry poised for growth.

Increased mined coal exports, Low Rank Coal Water Fuel (LRCWF), low or medium BTU gas, coal derived methanol, upgraded coal methanol slurry, coal based chemicals, and a source of energy for tidewater mineral reduction plants are just a few of the developments that Alaska coal can support.

I believe this is a pretty exciting picture for coal in the years ahead. Your task force is forward looking in helping establish an Alaska Coal Policy.

Sincerely,



C. E. McFarland  
President and Chief Executive Officer

CEM:rd

cc: Roy M. Huhndorf  
President and Chief Executive Officer  
Cook Inlet Region, Inc.



# Resource Development Council for Alaska, Inc.

121 West Fireweed Lane, Suite 250, Anchorage, Alaska 99503-2035  
Phone 907/276-0700 Fax 276-3887

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Becky L. Gay

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Congressman Don Young

April 5, 1993

Representative Eileen MacLean  
State Capitol  
Juneau, AK 99801-1182

Dear Rep. MacLean:

The Resource Development Council is writing to express its support of HCR 16, the Alaska Coal Policy Resolution.

RDC is a private, non-profit, economic development organization representing Alaska's basic industries and local communities. Our membership includes individuals, native corporations, organized labor and small business.

RDC believes a strong coal industry is in the best interests of the state and its citizens. Alaska has enormous coal resources and the development of those resources should be encouraged by the state. Development would promote economic diversification, create new jobs and enhance the State's revenue stream. Development would also substantially enhance the gross state product while the export of Alaska coal would have a positive effect on the trade balance of the U.S.

A healthy Alaska coal industry depends in part on the perception among foreign and domestic buyers that the state supports coal development and stable royalty and taxation policies. The Alaska Coal Policy would be a useful and official statement clarifying the state's position on coal development.

Sincerely,

RESOURCE DEVELOPMENT COUNCIL  
for Alaska, Inc.

  
Becky L. Gay  
Executive Director

KENAI PENINSULA BOROUGH  
ECONOMIC DEVELOPMENT DISTRICT

RESOLUTION 93-5

RECOGNIZING THE IMPORTANCE OF ALASKA'S COAL INDUSTRY AND ITS FUTURE DEVELOPMENT .

WHEREAS, the Kenai Peninsula Borough Economic Development District, Inc. (EDD) recognizes that a vibrant coal industry is a benefit to the State and the citizens of Alaska; and

WHEREAS, the EDD recognizes the economic benefit of the creation of year round coal industry jobs for Alaska residents; and

WHEREAS, the EDD recognizes a vibrant coal industry will greatly enhance the tax base and economic diversification with local government jurisdiction; and

WHEREAS, the EDD recognizes the need to support the expansion of existing infrastructure and the creation of new infrastructure that would foster development of a vibrant coal industry and benefit all Alaska.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE KENAI PENINSULA BOROUGH ECONOMIC DEVELOPMENT DISTRICT, INC. THAT

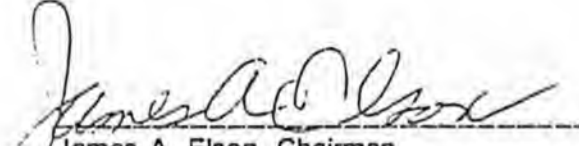
Section 1: The EDD calls upon the State of Alaska to adopt as official State policy, the fostering of development and expansion of its domestic and export coal industry.

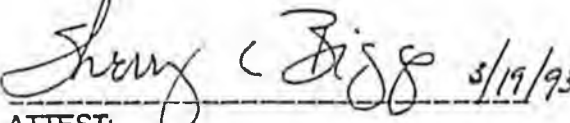
Section 2: The EDD calls upon the State of Alaska to exercise all prudent and expeditious means to maintain and expand its current and future coal production and export market share.

Section 3: The EDD calls upon the State of Alaska to work diligently to identify and develop strategies to eliminate adverse effects of impediments to the growth of the Alaska coal industry.

Section 4: The resolution shall take effect immediately upon its adoption.

APPROVED BY THE BOARD OF DIRECTORS OF THE KENAI PENINSULA BOROUGH ECONOMIC DEVELOPMENT DISTRICT, INC., KENAI, ALASKA. THIS 18<sup>TH</sup> DAY OF March, 1993.

  
James A. Elson, Chairman

 3/19/93  
ATTEST:

HCR 16: "A resolution establishing a coal policy for the State of Alaska."

The department strongly supports this resolution.

The State of Alaska has a requirement in its constitution to support the orderly development of its resources. This resolution supports that concept and is necessary to show the coal industry, both domestically and overseas, that Alaska is open for business and is interested in properly developing its vast coal reserves. The purpose of the coal policy is to assist the coal industry to compete against other coal producing areas who have consistently demonstrated government support of their export coal industry.

Currently, there is no document specifying the state's desire or lack of desire to have a viable coal industry. Industry participants are left to form their own opinions of Alaska's desire to have extractive resource development. Their opinions may be accurate or inaccurate; however, the scale of the business decisions involved in the coal industry require buyers and sellers of coal to minimize the risk of bad economic judgements. Without an adopted official policy from the State of Alaska, it is possible that other sources of supply will appear to have less risk and, hence, a better market position vis-a-vis Alaska coal.

Additionally, coal purchasers have been aware that major coal export in the near term are significantly impacted by mining and development problems associated with Mental Health Trust Lands. At a time when unprecedented growth is expected to occur in coal demand during the mid-90's, Alaska has the perception of being closed for business.

The Alaska Coal Policy speaks to numerous benefits and understandings regarding the benefits to Alaska for a thriving coal industry. It further establishes a framework for state actions that can be taken to assist the industry in coming years.

It is, therefore, good business for the State of Alaska to minimize possible lost coal sales by allowing purchasing managers to firmly understand that the policy of the state is supportive of the coal industry.

  
Paul Fuhs, Commissioner

3-19-93  
Date

dgl152pp.ed

# House Economic Task Force

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Vice-Chair:

Rep. Jeannette James

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Rep. Joe Green



Rep. Bill Hudson

Rep. Jerry Mackie

State Capitol, Room 507

Juneau, AK 99801

Phone: (907) 465-4833

Fax: (907) 465-2278

Rep. Carl Moses

Rep. Al Vezey

Rep. Bill Williams

## Sponsor Statement

### HCR 16 - Establishing the coal policy of the state. By the House Economic Task Force

The coal industry in Alaska suffers from a number of problems that we in the Legislature can help to solve. One of them is the image of the state as hostile territory for coal development. The Mental Health Lands issue has created the perception among foreign buyers that Alaska is not a coal state and that Alaska's coal resources will never reach market.

If we want the Alaskan coal industry to have a future, the state needs to begin to project a positive attitude. HCR 16 is a small but meaningful step the Legislature can take to establish Alaska's desire to promote coal development.

The House Economic Task Force drafted this resolution based on a coal policy that was recently passed by the Alaska Coal Association. If HCR 16 is approved by the Legislature, the Coal Association plans to publicize the state's support in industry journals throughout the world.

FISCAL NOTE

1

Bill version: HCR 16

(H) Publish Date: 3/24/93

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
Title: A RESOLUTION RELATING TO THE COAL  
POLICY OF THE STATE

Department Affected: \_\_\_\_\_  
BRU: \_\_\_\_\_  
Component: \_\_\_\_\_

Sponsor: House Rules  
Requestor: House Economic Task Force

COMPONENT SERIAL NO. 

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: House State Affairs Phone: (907) 465-3719  
Division: \_\_\_\_\_ Date: 3/20/93

Approved by Commissioner: AL VEZEY, CHAIRMAN HSTA  
Agency: \_\_\_\_\_ Date: 3/20/93

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