

HJR

47

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSHJR 47(RES)  
 (H) Publish Date: 4/4/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: \_\_\_\_\_  
 Title: Low sulfur diesel fuel requirements BRU: \_\_\_\_\_  
 Sponsor: (H)C&RA Component: \_\_\_\_\_  
 Requester: (H)Resources Committee Component Number: \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2001) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

Prepared by: Jennifer Yuhas, Committee Aide, House Resources Phone 465-3715

Representative Beverly Masek Date 4/3/02  
Committee Chair

22-LS1644L  
Craver  
4/5/02

**CS FOR HOUSE JOINT RESOLUTION NO. 47(RLS)**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-SECOND LEGISLATURE - SECOND SESSION**

**BY THE HOUSE RULES COMMITTEE**

**Offered:**  
**Referred:**

**Sponsor(s): HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE**

**A RESOLUTION**

1 **Urging the United States Environmental Protection Agency and the Alaska Department**  
2 **of Environmental Conservation to provide maximum possible flexibility in application**  
3 **of ultra low sulfur diesel fuel requirements to Alaska.**

4 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 **WHEREAS** the United States Environmental Protection Agency (EPA) has ruled that,  
6 in order to reduce emissions of particulate matter and nitrogen oxide from large trucks and  
7 buses into the air, a cause of environmental and health problems in parts of the country, ultra  
8 low sulfur diesel fuels having a sulfur content of 15 parts per million (PPM) must be used  
9 nationwide for road vehicles; and

10 **WHEREAS** rural Alaska is dependent on diesel for its electrical power generation;  
11 and

12 **WHEREAS** rural Alaska villages cannot import multiple grades of diesel fuel for  
13 logistic and economic reasons; if ultra low sulfur diesel is required by the EPA for any road  
14 fuel, all power generation will have to be accomplished with the same ultra low sulfur diesel;  
15 and

1           **WHEREAS** ultra low sulfur diesel fuel costs significantly more than the current type  
2 of diesel and is less efficient, resulting in increased retail costs on already expensive power;  
3 and

4           **WHEREAS** ultra low sulfur fuel would have to be imported to Alaska at significant  
5 cost because the primary fuel product in Alaska is aviation fuel, which is not subject to the  
6 new emission rules; refineries in Alaska cannot produce this new product without extensive  
7 modifications to existing equipment, and new construction is disproportionately expensive in  
8 relation to the demand and market in Alaska; and

9           **WHEREAS** Alaska fuel companies estimate a 20 percent increase in the complexity  
10 of fuel shipping, delivery, and use due to the need for discrete handling of this type of fuel  
11 while other fuels are also being used; and

12           **WHEREAS** Alaska electrical utilities that serve rural villages estimate significant  
13 increases in the costs of electrical power generation due to the higher cost of ultra low sulfur  
14 fuel compounded by the lower efficiency of that fuel, such that the retail cost of electricity,  
15 now about \$.45 per kilowatt hour (45 cents per KWH), might rise approximately 10 percent or  
16 more, increasing the burden on rural consumers and the state power cost equalization  
17 program; and

18           **WHEREAS** the Department of Environmental Conservation has recommended  
19 applying the "National Plan" to all road communities and Alaska marine highway major  
20 communities, despite the fact that many of these are very small, rural communities with few  
21 or no heavy-duty diesel trucks and buses;

22           **BE IT RESOLVED** that the Alaska State Legislature urges the United States  
23 Environmental Protection Agency and the Alaska Department of Environmental Conservation  
24 to reexamine ultra low sulfur fuel requirements that may apply to Alaska, especially in rural,  
25 off-road areas, and to provide maximum possible flexibility in application of any low sulfur  
26 diesel fuel requirements to Alaska; and be it

27           **FURTHER RESOLVED** that the Alaska State Legislature urges the Alaska  
28 Department of Environmental Conservation to revise its recommendation to the United States  
29 Environmental Protection Agency to include application of the "National Plan" only to those  
30 major urban communities directly on the Alaska highway system.

31           **COPIES** of this resolution shall be sent to the Honorable Christine Todd Whitman,

1 Administrator of the U.S. Environmental Protection Agency; the Honorable Michele Brown,  
2 Commissioner, Department of Environmental Conservation; John Iani, Regional  
3 Administrator, Environmental Protection Agency - Region 10; and to the Honorable Ted  
4 Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young,  
5 U.S. Representative, members of the Alaska delegation in Congress.