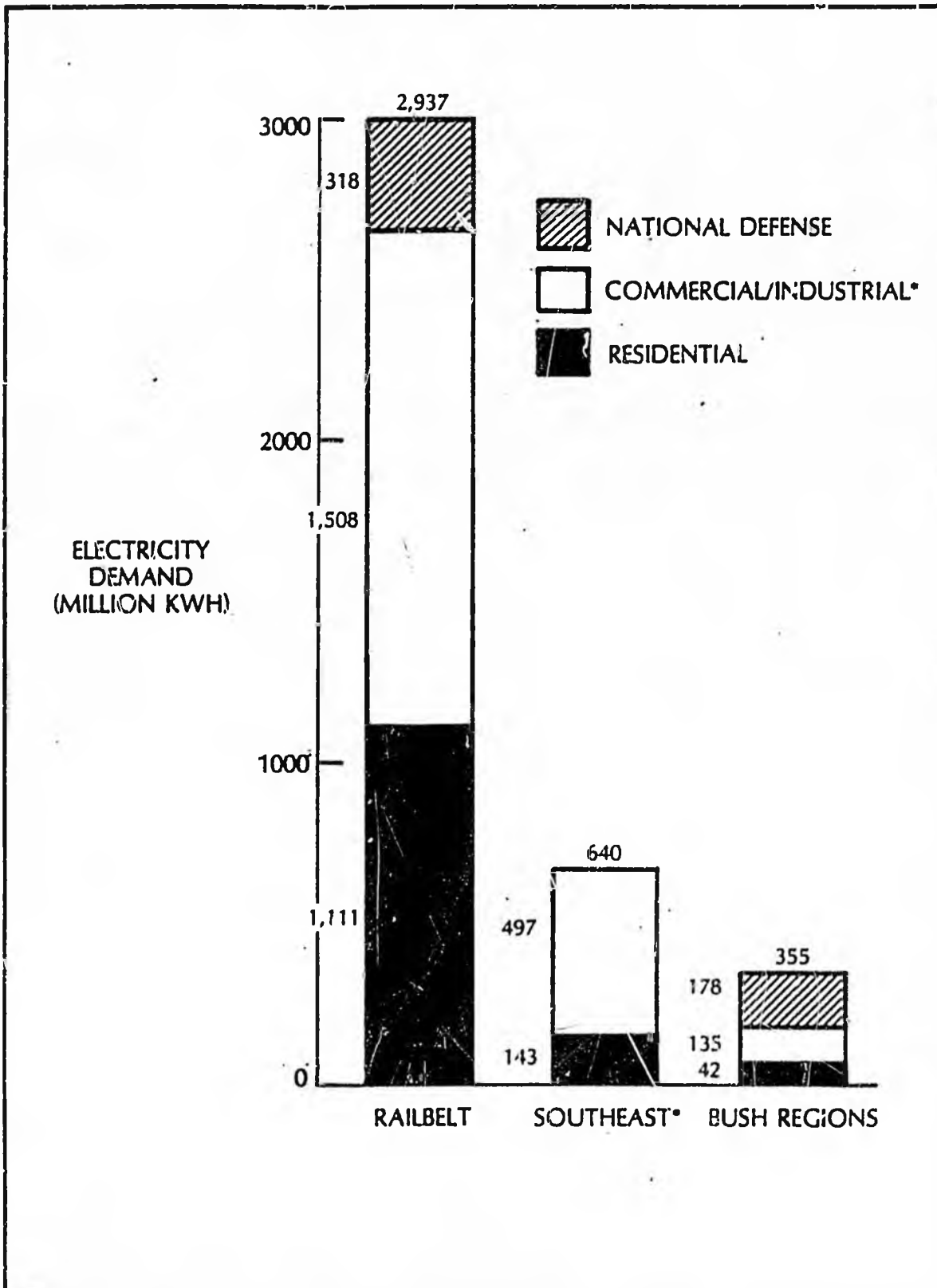


ALASKA LEGISLATURE COMMITTEES 1981-1982
1847 HRES HB 758 - HB 837 / 847

**EXHIBIT 5
ELECTRICITY USE BY SECTOR**



* COMMERCIAL/INDUSTRIAL SECTOR INCLUDES NATIONAL DEFENSE PURCHASES
 SOURCE: APPENDIX I-A, STATE ENERGY BALANCES

Increased Generation Efficiency--costs can be reduced by improving maintenance and operating procedures and more efficiently matching generator size to electricity demand.

There is substantial incentive to explore fuel substitution possibilities, since many technologies look to be attractive even under modest fuel escalation assumptions (Exhibit 6). As the exhibit illustrates, small wind machines with installed costs of \$5,000 per KW, running at a capacity factor (C.F.) of 25 percent, would be competitive with diesel generators today. Despite the initial attractiveness of fuel substitution options, the feasibility of substituting alternative fuels and technologies for diesel oil are severely limited by resource availability and the small scale of village electricity demand. The actual cost effectiveness of these alternatives must, therefore, be determined on a community by community basis.

Diesel generator efficiency can be increased by improved maintenance and by matching generator size with electrical demand. Exhibit 7 shows the wide variation in electrical generator efficiency in the bush regions. Achievement of efficiencies above 30 percent would be an ambitious, but beneficial the goal for all local utilities. For those utilities with operating efficiencies below 20 percent, such improvements could result in fuel cost reductions of up to 50 percent. Commensurate consumer savings would follow. Generator maintenance may be improved through state sponsored training and outreach programs. The state can also help in matching generator size with demand.

The most cost effective method of matching generator size with demand is to down size the diesel generators. This option, where feasible, will be more attractive on a purely economic basis than increasing total system demand through construction of a relatively expensive intertie system -- costs range from \$40,000 to \$90,000 per mile depending upon system type and location. This results from the fact that the maximum efficiency of a small--less than 5-10 MW--intertie system, before transmission losses, is not significantly better than a set of well run independent diesels.

If an intertie system could create a concentration of demand large enough to warrant a power plant fired by inexpensive non-oil fuels it may prove economical. In that case, fuel expenses may be decreased enough to justify the expense of an intertie system. The major problem with this

**EXHIBIT 6
INDIFFERENCE PRICES
CAPITAL COST OF ALTERNATIVE TECHNOLOGIES TO COMPETE WITH DIESEL GENERATION IN THE
BUSH REGIONS**

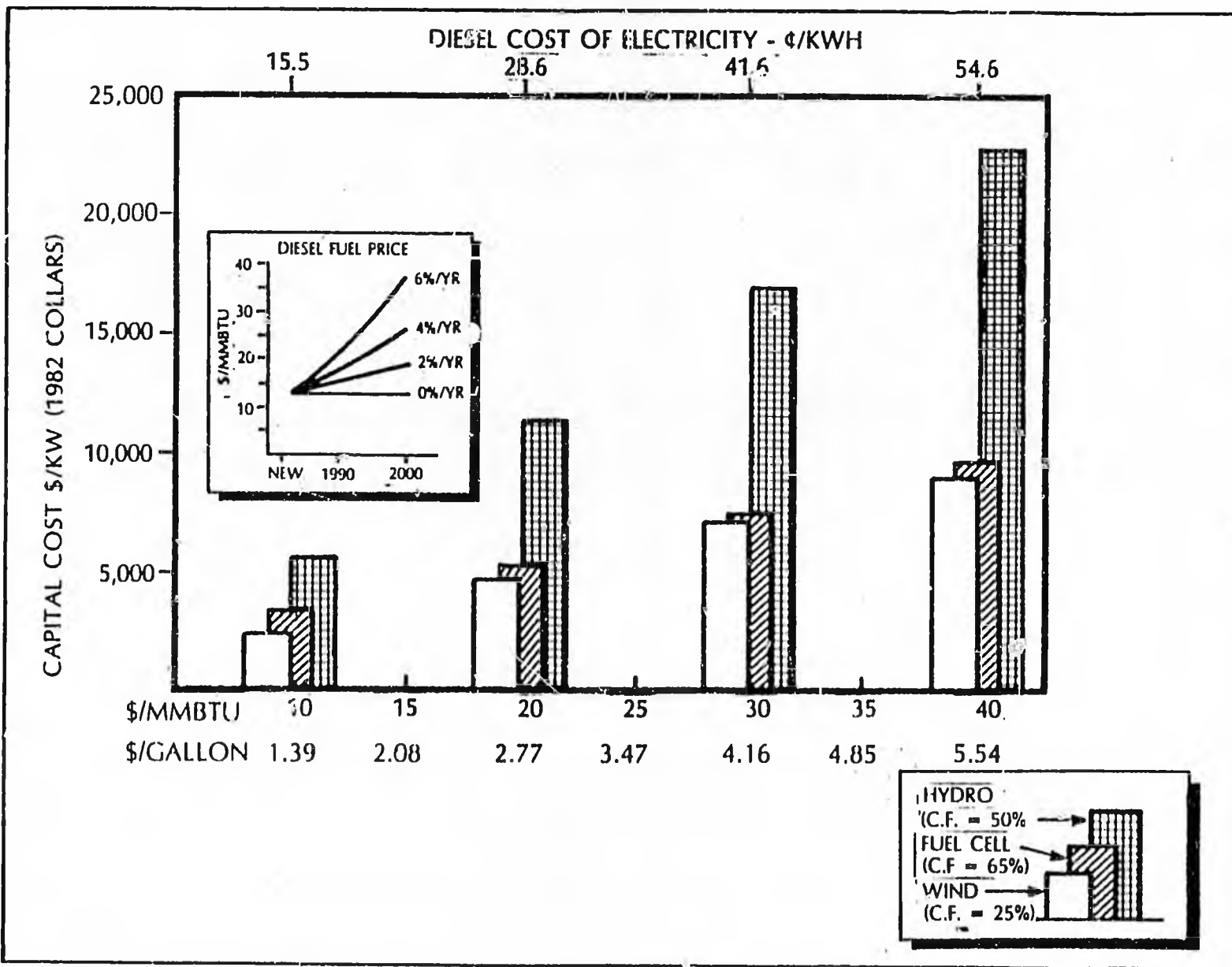
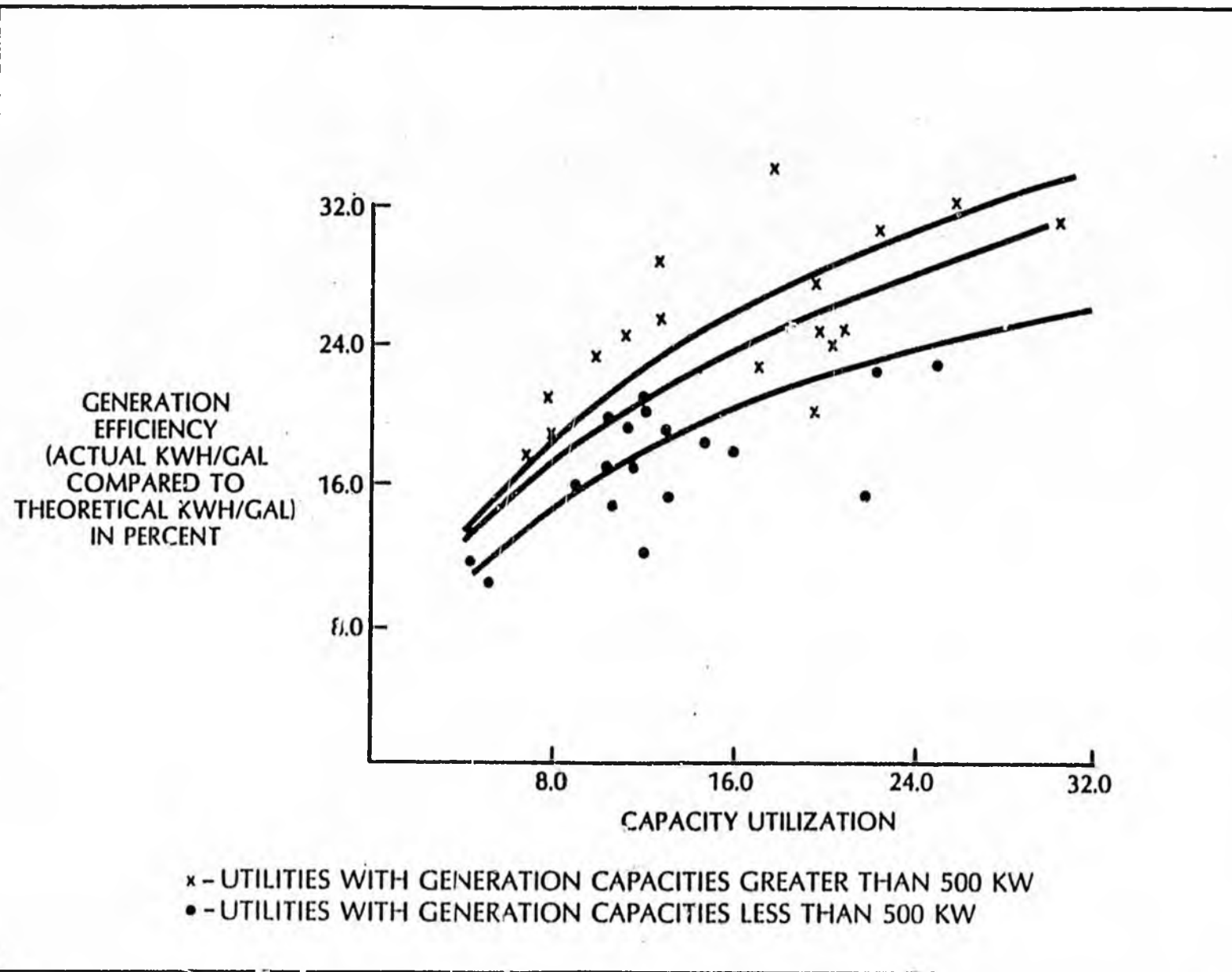


EXHIBIT 7
CAPACITY UTILIZATION IN BUSH REGIONS



option is finding the necessary scale of demand. A 10 MW plant could serve a community network with aggregate average demand of 6 or 7 MW. This size plant would require a supporting population of over 40,000 people at current electricity utilization rates, which is well in excess of current concentrations of population. While intertie systems may not be attractive from an economic standpoint, they may offer significant non-economic, social and institutional benefits.

The state's thermal energy needs are met principally by oil and natural gas. Both the quantity of energy used and the mix of fuels differs substantial by region (see Exhibit 8). The Southeast and bush regions rely primarily on oil for meeting thermal energy needs, while oil, natural gas and electricity are all used in the Extended Railbelt Region.

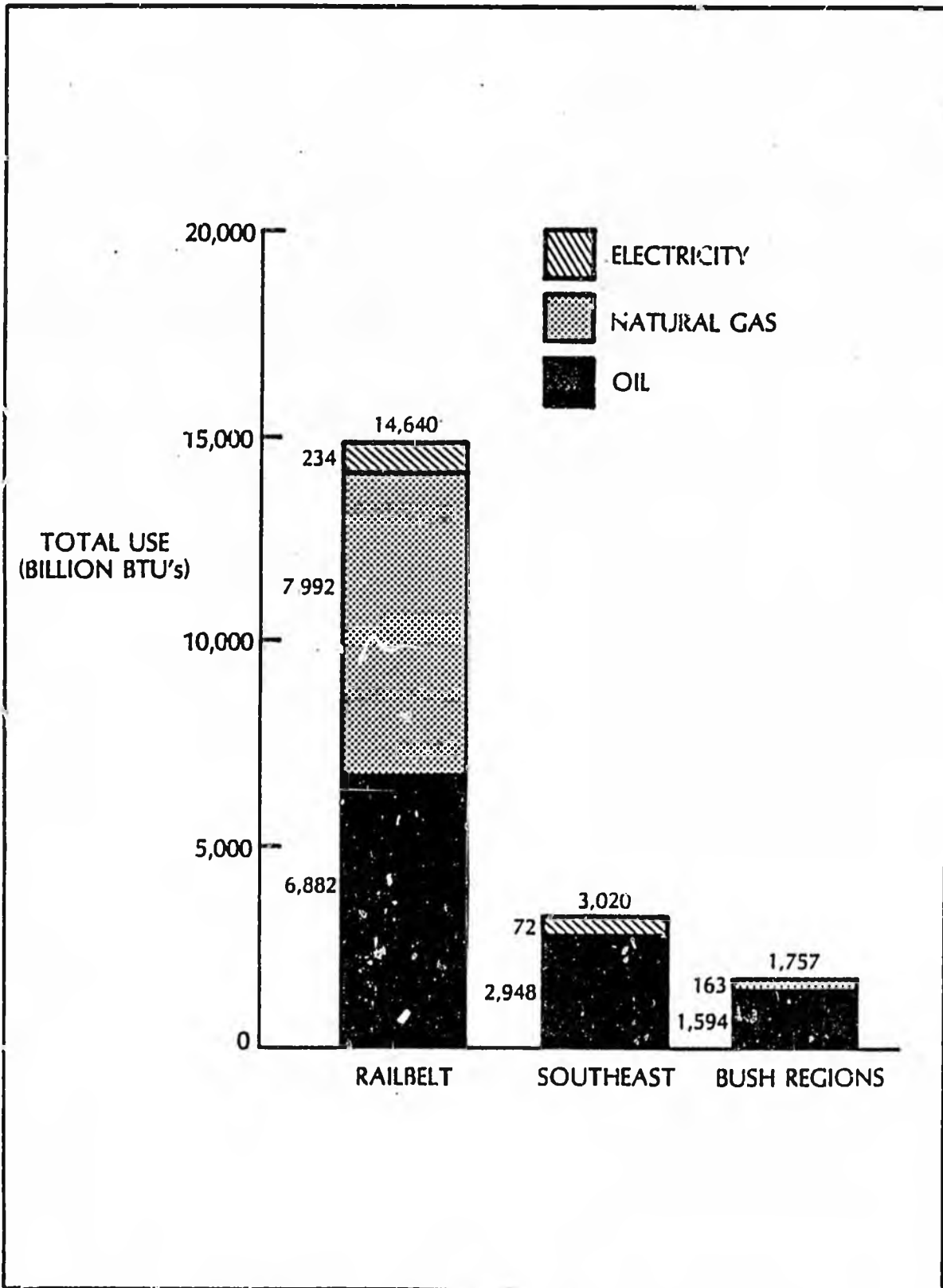
Thermal energy efficiency in Alaska's existing buildings is low relative to today's construction practice. Three elements affect the overall cost of meeting thermal energy needs in residential and commercial buildings:

- . The fuel--cost and energy content
- . The building shell integrity--thermal gain and loss characteristics
- . The fuel conversion unit (e.g., furnace)--cost and efficiency.

Where fuel is expensive, as it is in the bush regions, there is substantial incentive to substitute fuels and/or improve conversion efficiency and building shell integrity. For those consumers who use low-cost natural gas or low cost electricity--primarily in the Railbelt and Southeast regions--the incentive to substitute fuel sources or increase efficiency is low. As energy prices rise in the late 1980s and early 1990s, however, more efficient technologies such as waste heat recovery and heat pumps--which have proven successful during a one-year demonstration in Juneau and Ketchikan--will be introduced, particularly as diesel costs rise in the Southeast.

Thermal losses in Alaska's buildings can be reduced from 10 to 30 percent or even more in rural areas. In many cases an expenditure of \$300 will result in a 10 percent reduction in building energy use and savings of \$180 annually; while a reduction of 30 percent and savings over \$500 annually, can be achieved with expenditures of \$1000-\$2500 per building. The

**EXHIBIT 8
RESIDENTIAL THERMAL DEMAND BY ENERGY SOURCE**



SOURCE: APPENDIX I-A, STATE ENERGY BALANCES

relative effectiveness of a variety of conservation and alternative energy measures is shown in Exhibit 9. Information from current state audit programs will be used to confirm and refine these estimates for use in next year's plan.

Substantial advances have been made in furnace and heating technologies during the last decade. For Alaskans, improved oil furnaces, natural gas furnaces, and wood stoves can result in immediate cost savings. For example, a 30 percent improvement in furnace efficiency, offered by advanced natural gas and fuel oil furnaces can save \$500-\$1000 per residence.

3. WHILE ALASKA'S ENERGY SUPPLIES ARE PLENTIFUL IN THE NEAR TERM, PROJECTED GROWTH IN ELECTRICITY CONSUMPTION DICTATES IMMEDIATE CONSIDERATION OF SUPPLEMENTAL ELECTRICAL SUPPLIES

In light of the projected price trends and regional energy use patterns discussed above, Alaska's overall energy demand is expected to grow moderately during the coming years. The projected growth rates vary by region:

- In the Extended Railbelt - electricity demand is projected to grow at 3.5 percent annually; thermal energy demand will increase about 2 percent per year. Transportation fuel demand will increase at slightly less than 0.5 percent per year and feedstock demand is projected to remain constant, since no new projects are assumed to be built.
- The Southeast - should experience slow thermal energy demand growth (less than 1 percent per year), and strong growth in electricity demand (about 4 percent per year) and transportation fuel demand (about 1.5 percent per year).
- In the Bush - thermal energy demands will grow by less than 1 percent per year, while demand for electricity should increase by 7 percent per year and transportation fuel demand should increase by about 1 percent per year.

Electricity consumption is expected to grow more rapidly in the bush and Southeast regions than in the Extended Railbelt, because less electricity is currently used per capita in those regions, and even small increases in population growth and appliance usage will result in significant percentage increases.

*Source: Battelle, "Historic Oil and Gas Consumption and Projections through the Year 2000," for the Department of Natural Resources.

EXHIBIT 9

COMPARISON OF EQUIVALENT ENERGY COST FOR SELECTED CONSERVATION/END-USE TECHNOLOGIES

<u>TECHNOLOGY</u>	<u>EXAMPLE LOCATION</u>	<u>TYPICAL INITIAL INSTALLED COST</u>	<u>EXPECTED LIFETIME (Years)</u>	<u>ANNUAL PRIMARY ENERGY SAVINGS (Mil. Btu/Yr.)</u>	<u>BASIS OF ENERGY SAVINGS</u>	<u>LEVELIZED ANNUAL ENERGY COST \$/Mil Btu</u>
Attic insulation and weather striping owner	Anchorage	\$ 300	25	20	10% of base 200 MCF gas/yr.	\$1.90
Insulation/storm windows, etc. (high level)	Anchorage	\$2,500	25	82	30% of base 200 MCF gas/yr.	\$5.20
Weatherization package for rural housing projects	Small, remote village	\$1,000/house	15	42	25% of base 1,200 gal oil/year	\$3.50
Advanced oil fired boiler for a house	Juneau	\$1,000 (incremental cost over std. unit)	15	36	20% of base 1300 gal. oil/yr.	\$4.10
Wood stove using free wood	Skagway/ Southeast	\$ 900	10	137	75% of base 1300 gal. oil/yr.	\$1.20
Wood stove using purchased wood @ \$50 cord	Skagway/ Southeast	\$ 900	10	137	75% of base 1300 gal. oil/yr.	\$6.20
Passive solar (250 sq. ft. direct gain system)	Fairbanks	\$3,750	20	28	20% of base 1500 gal. oil/yr. (assumes a super insulated house)	\$17.90
Generator waste heat recovery	Small rural village with 100K diesel generator	\$100,000	20	1400	Supplies 100% of heat for local 20,000 sq. ft. school (or 10,000 gal. oil/yr. savings)	\$9.60

Notes:

1. Discount rate assumed is 12%.
2. Maintenance and other operating expenses assumed to be small compared to cost savings.

Electricity consumption in the Extended Railbelt is projected to increase modestly in the absence of major economic developments. Yet even under this condition, major capacity additions will be required in the early 1990s, unless effective load management can be undertaken to increase capacity utilization rates.

Alaska's total energy resources are sufficient to easily meet projected needs well into the 21st century. However, it is not yet clear how these resources will be used to satisfy future needs. During recent years, growth in natural gas use has far outstripped growth in petroleum use. During the last decade, petroleum use has grown at 5-6 percent annually, while natural gas use has grown substantially faster--averaging 9-10 percent annually. These figures reflect the rapid population and energy use growth in the South Central region, where natural gas is the leading fuel.

Despite substantial future price increases, such as those discussed above, natural gas is likely to remain the fuel of choice in the South Central region to meet thermal needs and provide for peak load electricity generation. Hydropower and coal-fired power plants are the most attractive options for baseload power generation in this region due to the long term availability of coal and hydro resources. Natural gas prices would have to rise to at least \$10 per MCF before power generation alternatives such as hydropower become economically attractive, or before fuel oil or coal-generated electricity replace natural gas for space heating. Wood at nominal prices may be competitive with natural gas for home heating; commercially sold wood may be competitive if wood prices can be kept below \$40 - \$50 per cord as natural gas prices rise in real terms.

Given the economic attractiveness and convenience of natural gas for meeting thermal and electrical needs, there is only one factor that may inhibit its future use: the adequacy of Cook Inlet reserves. The Alaska Department of Natural Resources conducts an annual forecast of the likely future trends in oil and natural gas demand and supplies. Results of that study indicate that sufficient Cook Inlet reserves exist to supply the South Central region until the year 2000, provided that:

- New coal or hydropower generation plants are used to meet future electricity demands

No additional Cook Inlet reserves are used commercially except for ammonia/urea production at historic levels, Tokyo LNG at existing production levels, and Pacific LNG Phase I at planned levels.

If these conditions are met, current reserves could very well exceed demand through the year 2000. A shortfall of approximately 13 percent--about 500 billion cubic feet or approximately 2 1/2 years consumption--of current reserves will occur, however, if natural gas is used for expanded electric power generation. While Cook Inlet reserve production ratios are declining rapidly, there may be substantial additional reserves in the region. Estimates of undiscovered recoverable reserves in the South Central region range from 7 to 50 TCF.

These factors lead to the conclusion that the major pressure to reduce natural gas use will be to mitigate the impact of price increases, rather than the need to extend supply through the year 2000. Such price pressure may not be severe when compared to natural gas prices in the lower 48 states, or to the costs of thermal energy alternatives in the South Central region and the rest of Alaska. However, efforts must be undertaken now to assure that alternatives to natural gas exist for electricity generation and to encourage residential natural gas users to anticipate the price shocks through conservation.

Oil production on lands where the state has a royalty interest is expected to decline more than 50 percent by 1997. Total statewide oil production averaged 1.6 million barrels per day (BPD) in 1980. North Slope production accounted for 1.5 million BPD; while the remainder was produced in the Upper Cook Inlet. Overall, oil production on those North Slope lands in which the state holds at least a partial royalty interest is expected to peak at about 1.7 million BPD in 1990. At the peak, production from the Lisbourne, Flaxman Island and Point Thompson reservoirs will offset declines in the Sadlerochit Reservoir. After this peak, production is expected to decline to about 725 thousand BPD in 1997. At the same time, Cook Inlet production will decline to 14,000 BPD by 1997. The major impact of the decline in oil production will be felt in state revenues, rather than on the availability of petroleum products in the state. Sufficient west coast refinery capacity and the likelihood of increased oil production on non-state lands will likely assure sufficient supplies.

In addition to oil and gas, Alaskans use solid fuels such as coal, wood and peat, as well as renewable energy sources

such as hydropower and wind. Vast amounts of these resources exist in Alaska; however, together they supply only six percent of Alaska's current energy needs. This percentage will increase as the costs of existing energy supplies increase.

The transition to alternative energy sources is hampered by a number of factors:

- . Not enough is known about regional resource quantity, quality and expected extraction and delivery costs
- . Distances between known energy sources and centers of use may be substantial
- . Limited, small-scale demand makes economical large-scale resource development unfeasible

The importance of these factors varies dramatically by region.

- . In the Bush regions, where less costly energy alternatives are badly needed, little is known about the quantity, quality and costs associated with alternative energy sources. In addition, there is a mismatch between the scale of energy demand and the scale required for local commercial development of alternatives.
- . In contrast, the Railbelt regions has abundant supplies of coal, hydropower, and peat as well as demand sufficient to support the large-scale extraction, delivery and conversion. However, the economic attractiveness of these alternatives are not fully determined.
- . In the Southeast region, where current energy costs vary dramatically, the costs of extracting, delivering, converting and transmitting alternative energy sources are high.

Making these resources economically viable require an understanding of the range of technologies available to meet Alaska's energy needs. This subject is addressed in the following section.

4. ANALYSIS OF ALASKA'S CURRENT AND FUTURE ENERGY SITUATION POINTS TO A NUMBER OF STATE-SPONSORED ACTIVITIES THAT COULD HELP ALASKANS MEET FUTURE ENERGY NEEDS AT THE LOWEST POSSIBLE COST

Given current data limitations and the limited operating experience of many research development and demonstration projects, it is impossible to chart an all-encompassing long-term course at this time. There is sufficient information available, however, to support a number of low-risk, high-payoff activities. In addition to these activities the state can seek additional information to estimate the benefits and costs of other programs more accurately. Five specific recommendations are highlighted to help the state determine how Alaska's vast energy resources can be most effectively used to meet future needs.

(1) Determine The Attractiveness of Hydropower Projects and Fossil Fuel Power Plants for Satisfying Future Electrical Generating Requirements

In the Extended Railbelt and in some Southeast communities, electricity demand is projected to increase enough to require the addition of substantial new electrical generation capacity. The major generation alternatives are:

- . Hydropower projects
- . Coal-fired steam power plants
- . Residual oil-fired steam power plants.

Hydropower projects and fossil fuel power plants represent two fundamentally different types of long-term generation alternatives:

- . Hydropower Projects--have high construction costs but no fuel costs and relatively low operating and maintenance requirements, as a percentage of installed capital cost.
- . Fossil Fuel Power Plants--have lower construction costs but substantial fuel costs and relatively high operating and maintenance costs.

Three major factors drive the variability of hydro-electricity prices, as shown in Exhibit 10:

The size and location of the project. The upper panel of Exhibit 10 shows the variability in the price of hydroelectricity for four randomly selected hydroelectric projects. The prices shown assume the Governor's proposal for capital recovery of the initial investment.* Some projects (e.g., Tye Lake) have high prices in the early years, but prices remain relatively flat as demand for electricity keeps pace with inflation adjusted operating costs. Other projects (e.g., Terror Lake) have very competitive electricity prices in the early years, but prices escalate rapidly in later years as growth in demand lags the inflation rate.

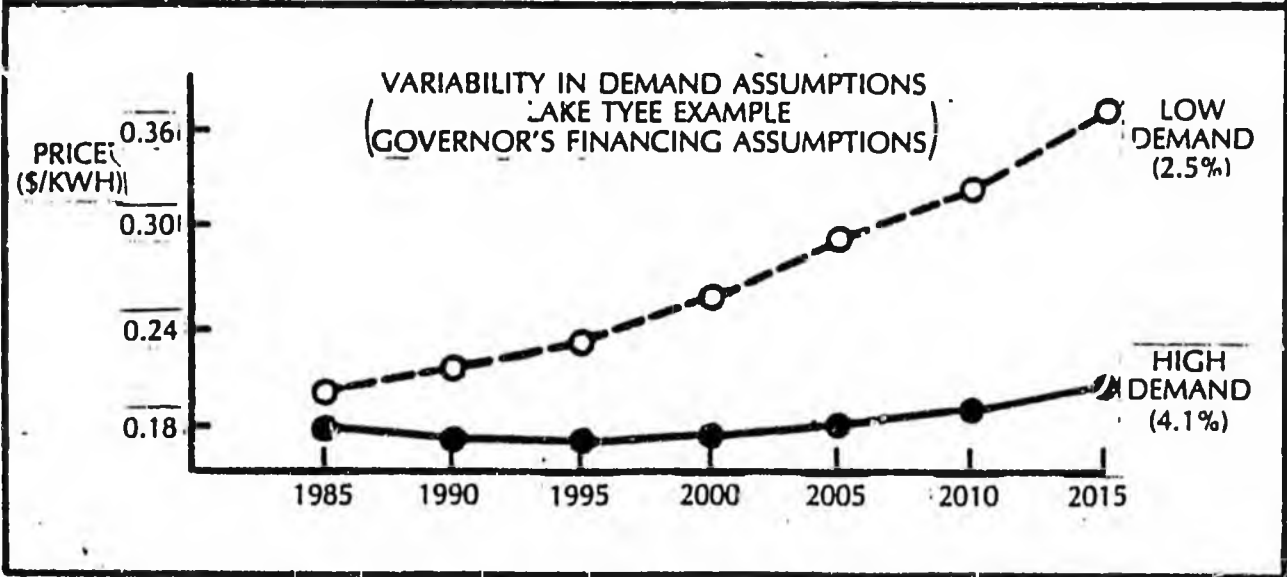
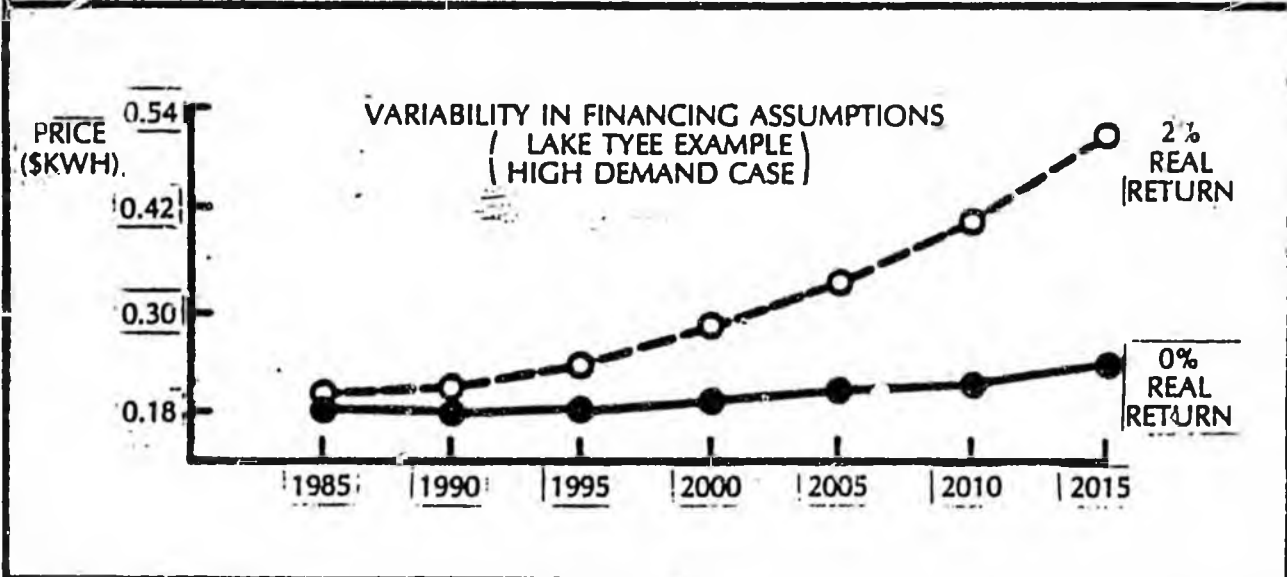
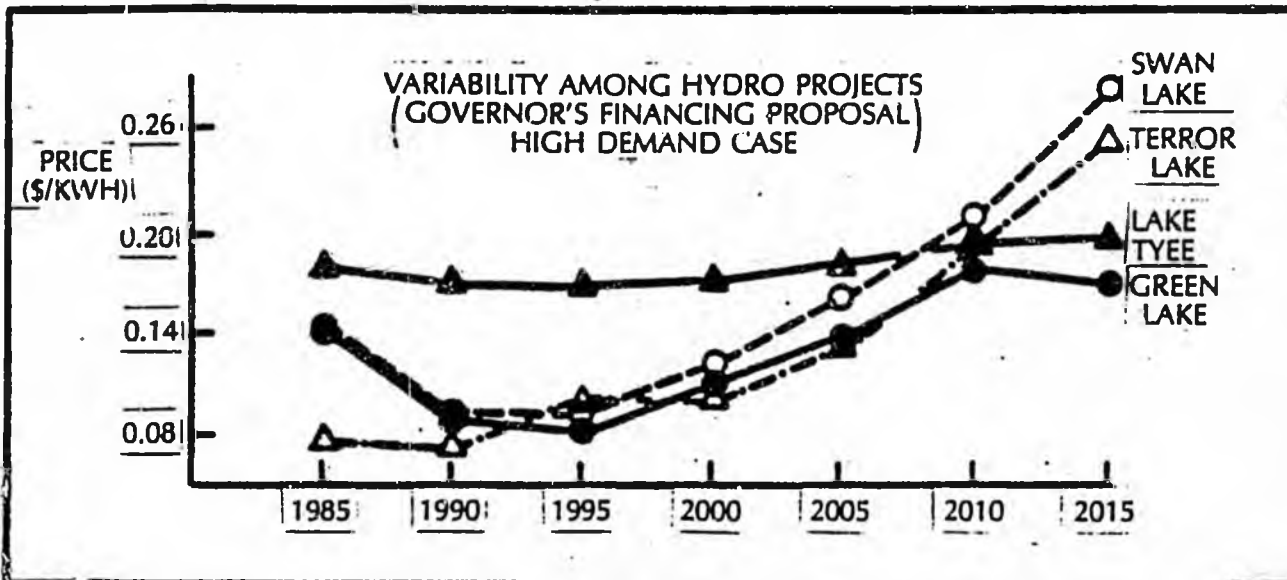
Policies regarding recovery of capital. The middle panel of Exhibit 10 illustrates the variability in electric prices over time as a function of the financing assumptions used. In the example, electricity prices are relatively flat over time under the Governor's capital recovery proposal, but they increase dramatically if the state decides to earn a real return on the money invested.** If the state demands a real return on the capital invested in hydro projects, the price of electricity could triple over 30 years--which would double the price of electricity in later years compared to the Governor's proposal.

Assumptions about growth in demand. The lower panel of Exhibit 10 shows the effect of demand growth rates on the price of electricity. The high demand case (4 percent annual growth through the year 2015) reflects the historic growth in demand from 1976 through 1980. The high demand case produces lower prices because the greater

*The Governor's proposed capital recovery approach is a 33 year repayment of the initial investment, plus an inflation adjusted annual repayment of capital based upon the average inflation rate during the preceding 20 years, plus repayment of O&M expenses.

**For example, the state may decide to require a return on hydroelectric projects that equals the return achieved by investing the money in market securities. In today's markets, even "riskless" securities (e.g., Treasury Bills) provide a return greater than inflation.

**EXHIBIT 10
FACTORS THAT DRIVE HYDROELECTRICITY IN ALASKA***



*BASED UPON DATA PROVIDED BY THE DIVISION OF BUDGET AND MANAGEMENT, OFFICE OF THE GOVERNOR

volume of KWH hours is spread over the same fixed costs. The low demand case (2.5 percent annual growth) reflects the projections of demand growth provided in the feasibility study of Lake Tye. As can be seen from the lower panel of Exhibit 10, the price of electricity could double by the year 2015, should demand for Lake Tye hydroelectricity grow at 2.5 percent rather than 4 percent.

Thus, hydropower projects may reduce the risk of escalating fossil fuel prices, but they reduce planning flexibility and are more costly in the mid-term. Even though hydropower projects insulate future consumers from the possibility of high future fossil fuel prices, they represent a substantially higher cost alternative in the near- and mid-term. This situation is illustrated in Exhibit 11.

For comparison purposes, hydro electricity prices are assumed to range between 10¢/KW and 20¢/KW--similar to the range for the four projects shown in Exhibit 10--between now and the year 2000. The range is shown as a shaded band in Exhibit 11. Currently, all of the fossil-fired generation alternatives, except diesel, compare favorably with projected hydro electricity prices. The relative attractiveness of the fossil-fuel alternatives diminishes by the year 2000, if substantial real rates of price escalation are assumed. However, as shown, coal-fired, steam-electric plants are likely to remain an attractive alternative to hydropower plants even with substantial price increases.

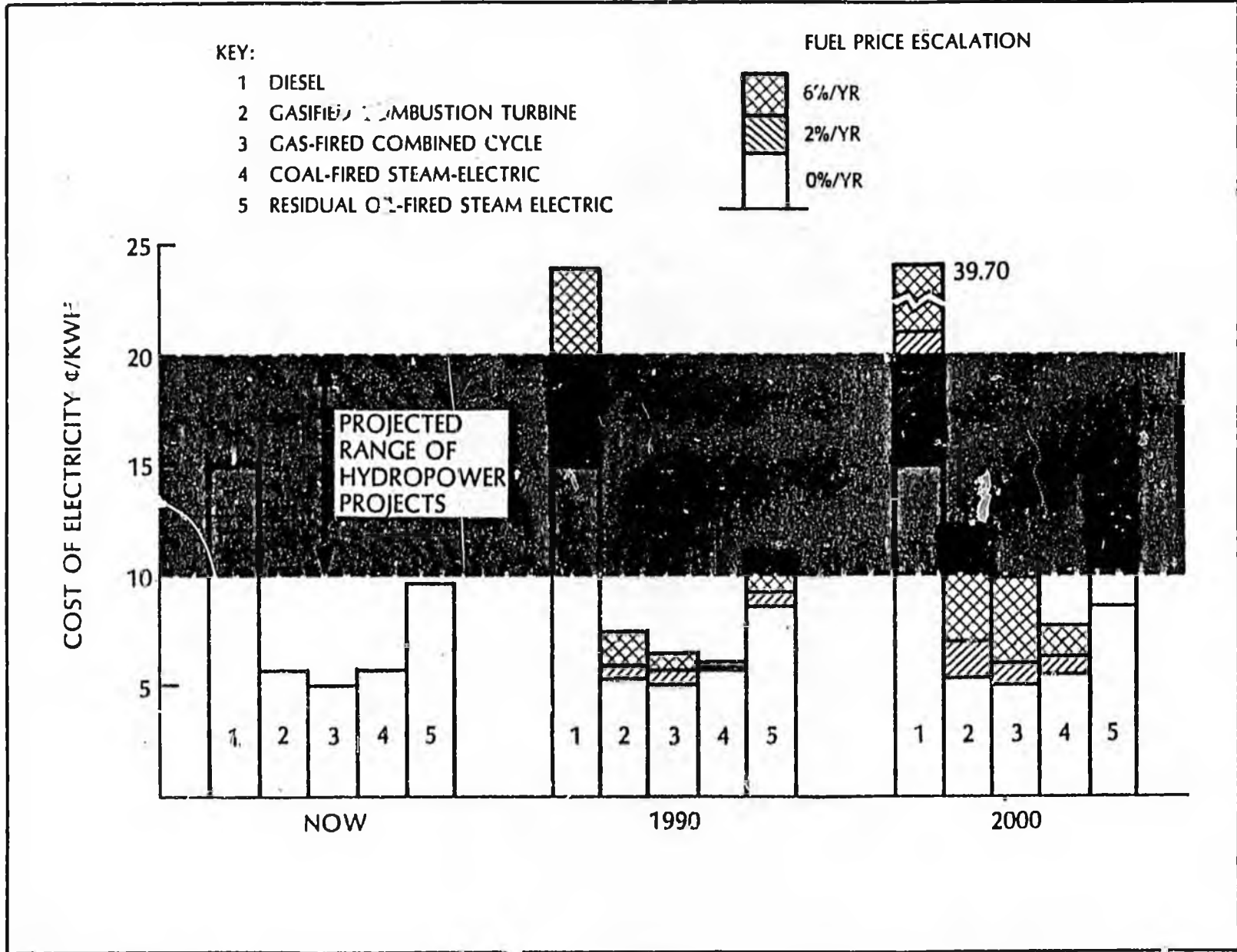
Viewed from the present, conventional power plants represent a less risky investment for the state, because less current money is spent and near-term electricity costs can be reduced to a level below both the diesel and hydro alternatives. However, if one believes that conventional fuel costs will escalate rapidly for a substantial period of time, the conventional options may be riskier, because they would expose Alaskans to the risk of escalating fuel prices.

(2) The State Must Move Quickly to Determine the Economic Viability of Alternative Energy Resources to Lower Energy Costs in the Bush Regions

Energy costs in the bush are high and likely to escalate even higher during the late 1980s. Many resource

EXHIBIT 11

COMPARATIVE COST OF ELECTRICITY FOR CONVENTIONAL TECHNOLOGY OPTIONS ¢/KWH IN CONSTANT 1982 DOLLARS



SOURCE: BOOZ, ALLEN & HAMILTON ESTIMATES

options appear to offer lower costs than diesel fuel. The state is already moving to develop these alternatives. However, the state should focus more precisely on:

- . Determining the costs of extracting and delivering alternative fuels to bush communities, in order to establish economic distances and quantities for resource development
- . Determining the quantity and quality of the energy resources within economic distances of the rural communities.

The purpose of these efforts should be to determine the viability of energy resources for individual communities or groups of communities, rather than to simply document the statewide energy resource base.

(3) The State Should Increase Energy Conservation and Energy Efficiency Activities to Meet Near-Term Energy Needs

Over the next five years, substantial reductions in energy use with corresponding reductions in energy expenditures can be achieved through relatively simple energy conservation actions. These improvements are applicable to meeting thermal and electrical needs in all regions of the state. The cost-effectiveness of the measures differs substantially among climate and fuel types.

Specific programs and types of activities include:

- . Energy audit and conservation programs can reduce residential thermal losses by up to 40 percent. Average household savings would range between \$400 and \$800 annually. It is estimated that total energy savings of between \$10 and \$20 million per year could be achieved with a state investment of less than \$100 million in state funds (assuming the state purchases and installs the conservation measures).
- . Increased Generating Efficiency of Small Diesel Power Plants can reduce fuel use by as much as 35 percent. Estimated savings for a typical rural household range from \$200 to \$400 annually, assuming all reductions in fuel costs are passed on to consumers.

Substitution of advanced fuel oil and kerosene heaters. These heaters can be up to 95 percent efficient, compared with currently popular "drip" oil furnaces which have efficiencies below 50 percent. Shifting to the advanced furnaces can reduce fuel use by 25 to 50 percent and reduce total fuel costs in the average home by roughly \$900 per year. If other conservation measures are incorporated in the home first, a new furnace would save only \$600, but the total heating bill would be reduced from approximately \$2300 to below \$1000 as a result of both energy conservation and improved furnace efficiency.

State sponsored demonstration projects must focus on establishing the expected economic performance of those alternative technologies with the greatest promise for meeting mid-term energy needs. At present many efforts are underway to demonstrate the feasibility of alternative technologies in the unique Alaskan environment. These efforts must be viewed as a test of the potential economic attractiveness of the technologies, in addition to demonstrating their technical feasibility. Economic performance criteria must be met or exceeded before technologies and projects receive further emphasis.

(4) Existing State Energy Policies and Programs Must be Assessed to Assure That They Effectively Address the Most Critical State Energy Problems

Alaska has greatly expanded its energy policies and programs over the past few years. Major emphasis has been placed on establishing programs and providing funds for specific energy projects and to directly minimize the impacts of rising prices. The intent of most of these actions is clear; to develop renewable energy resources-- primarily hydropower, to assist in the electrification of rural Alaska, and to equalize the burden of higher energy prices for all Alaskans.

In many cases the impacts of these programs have not been felt, since most have been in existence for less than two years. The lack of experience makes it difficult to assess the relative effectiveness of the different policies in encouraging the use of Alaskan resources to meet at the lowest reasonable cost, Alaska's thermal, electric and transportation energy needs. However, it is possible to

establish a framework for this assessment to provide insights into how effective alternative policies are likely to be.

As highlighted earlier, the types of energy problems facing Alaskans can be reduced to basically three types:

- . High costs and/or prices--resulting in high levels of energy expenditures
- . Resource exhaustion and capacity constraints--leading to future energy shortages
- . Supply vulnerability and reliability--causing short-term emergencies.

Given this structure, it is possible to identify the existence, location, timing, cause and severity of energy problems. For example, the major energy problems identified in Chapters I and II include:

- . High costs and/or prices which are:
 - Current electricity costs in the bush
 - Current fuel oil prices in the bush
 - Current electricity costs in rural Southeast Communities
 - Mid to long term natural gas prices in the South Central region
- . Resource exhaustion and/or capacity constraints, which are:
 - Cook inlet natural gas in the long term
 - Long-term electrical generation capacity in the Extended Railbelt
 - Long-term electrical generation capacity in the urban areas of the Southeast
- . Supply vulnerability and reliability, which are:
 - Current fuel supplies to bush communities

- Reliability of current electrical generation and distribution in the bush.

Existing and proposed state policies can be quickly assessed to see which type of problem they address, and their relative effectiveness in solving specific energy problems can ultimately be evaluated.

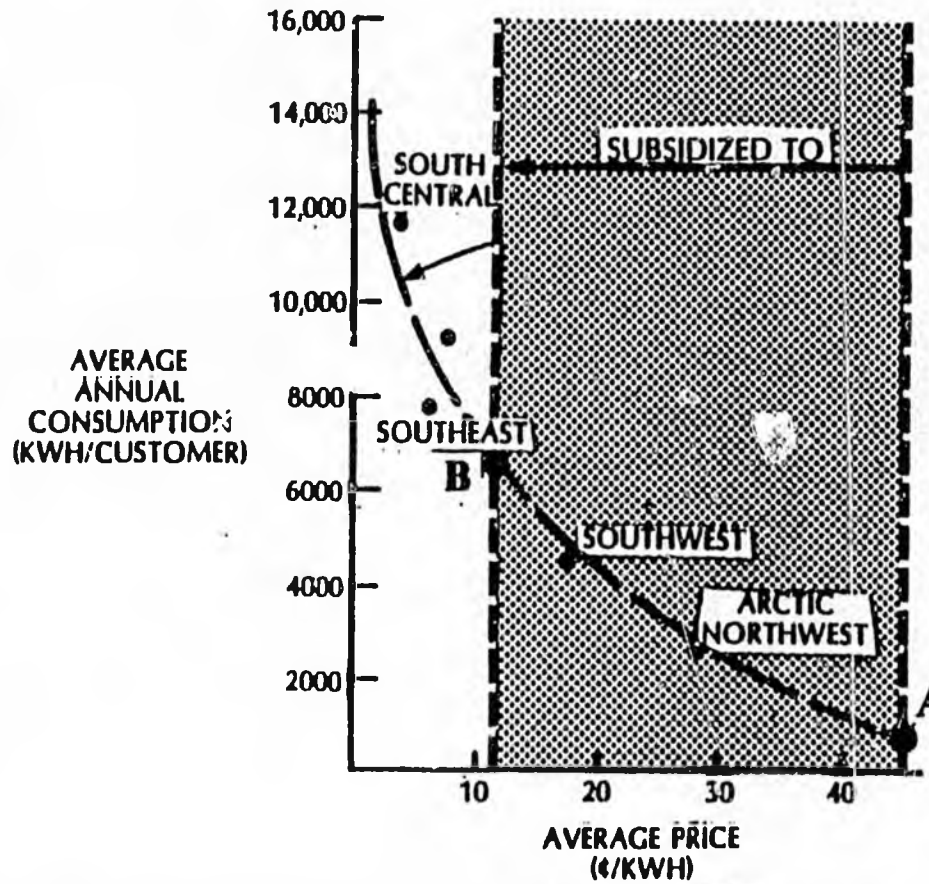
For example, the Power Cost Assistance Program subsidizes 95 percent of the price of electricity above 12¢/KWH but not exceeding 45¢/KWH. This program was initiated to minimize the hardship of transition from expensive diesel generated electricity to cheaper alternatives. In so doing, however, the symptom is being treated rather than the cause--which in itself is not an improper policy goal--but the likely outcomes of this program may not encourage the required increased generation efficiency or the substitution of lower cost generation alternatives.

As illustrated in Exhibit 12 and explained more fully in Chapter IV, a consumer's electrical bill may in fact rise as a result of this subsidy program. If a customer was at point A paying 45¢/KWH and consuming 840 KWH annually, the total bill would be approximately \$380. With the subsidy, however, the customer may move to point B where his effective price would be roughly 14¢/KWH and annual consumption would increase to approximately 6000 KWH. If this were true the state would pay a subsidy of 31¢/KWH for all 6000 KWH consumed, or nearly \$1900 annually. If the customer desired to keep total electricity expenditures constant--\$380 annually--consumption would only rise to 2700 KWH. At that level the state subsidy would be approximately \$850 annually. Because of the substantially lower effective price faced by the consumer, demand is likely to increase significantly over time and the state may end up with an expense as large as \$2000 per customer annually.

Clearly, this is an expensive way for the state to mitigate the impacts of higher diesel fuel prices and encourage increased electricity use in the bush, since inefficiencies develop when consumers do not base their decisions on actual costs of production.*

*It must be noted that increased electricity sales may result in improved diesel utilization which would have a beneficial impact on unit costs. However, this impact is expected to be very small relative to the total state subsidy.

COMPARISON OF RESIDENTIAL ELECTRICITY PRICES AND USE



FOR A 'TYPICAL' COMMUNITY

PRICE (¢/KWH)	QUANTITY (KWH/COST.)	ANNUAL COST (\$/CUSTOMER)
5.0	10,280	515
10.0	7,300	730
12.0	6,500	780
15.0	5,560	830
20.0	4,320	860
30.0	2,580	770
45.0	840	380

- AFTER SUBSIDY APPLIED:
- CUSTOMER BILL INCREASES FROM \$380 TO \$780
 - SUBSIDY PAID BY STATE EQUALS \$2015 (\$0.31/KWH X 6500 KWH)

REGRESSION EQUATION: $Y = 17,200 - 4300 \ln(P)$; $R^2 = 0.71$

SOURCE: AP ADMIN.; REGRESSION BASED UPON DATA FROM OVER 70 COMMUNITIES

Because of the state's third party payment, consumers will not see the total electricity consumption and utilities would see little decline in sales if they raised prices up to 45¢/KWH. In that sense the test of the marketplace is removed from the transaction between utilities and their customers. Less pressure exists for utilities to be productive and for consumers to be efficient in their electricity consumption.

Similarly, inefficiencies may result, and the state would not achieve the lowest costs possible, when one electrical generation source--hydropower--is given favorable financial treatment over another alternative--coal. As was discussed above, a coal-fired steam power plant may be the lowest cost near term alternative source of electricity. However, if hydropower projects received subsidized financing--i.e., less than the market rate of return--hydroelectricity may actually be "priced" more cheaply than electricity generated from coal. This lower "price" results not from lower "costs" of generation, but rather, from the subsidy being given to electricity consumers by the state.

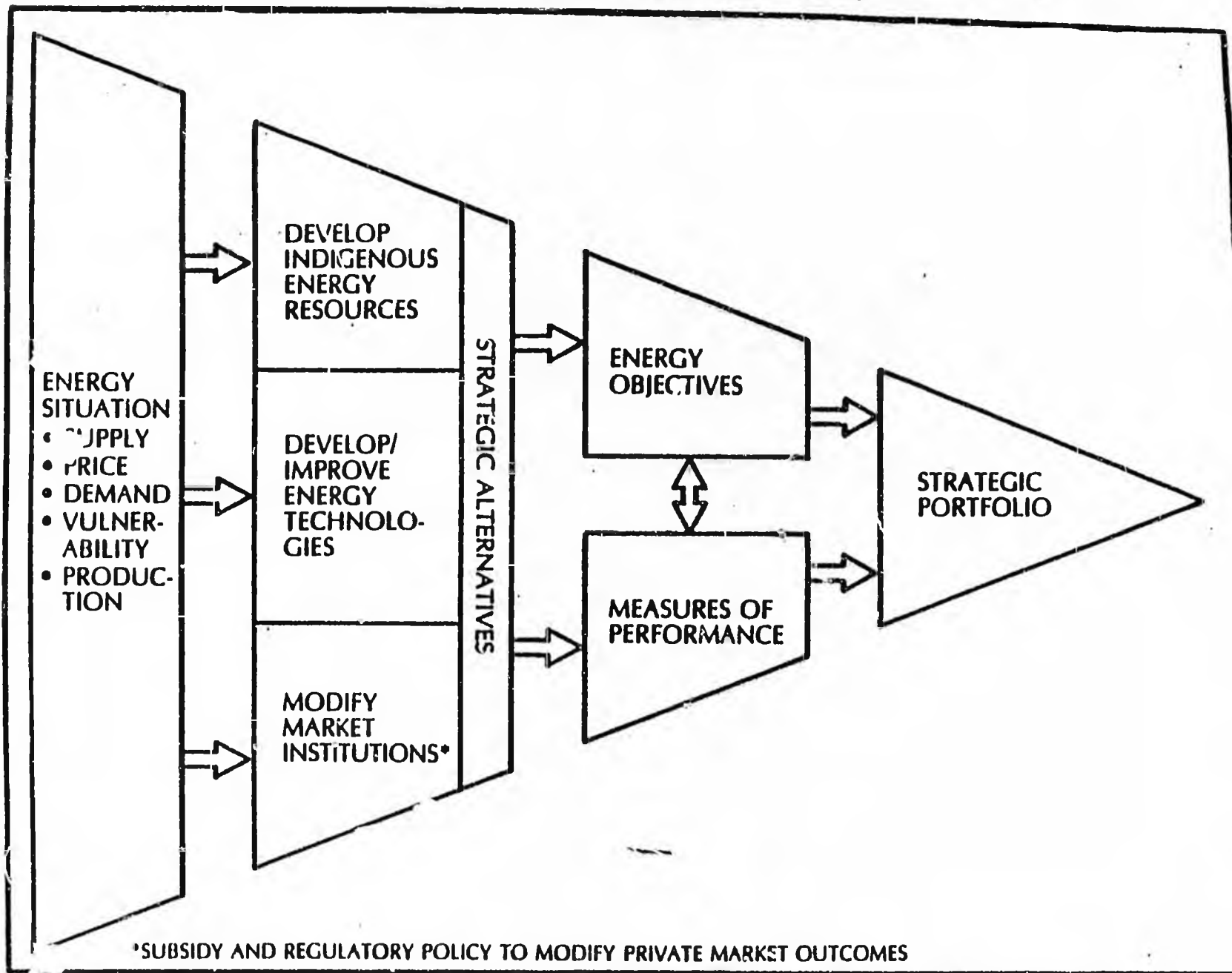
As discussed above, if the problem being addressed is the lack of future electrical generation capacity in the Extended Railbelt and Southeast regions, all options should be evaluated on a consistent basis. If substantially different financing assumptions are used for each alternative, their true relative costs may not be fully understood and the state may undertake projects that do not provide the lowest energy costs.

(5) Next Year's Long Term Energy Plan Report Must Provide the Strategic Context for Energy Planning in the State

Many of the items addressed above emphasize the need for a statewide strategic energy plan. This year's report addressed many of the requirements of a strategic plan, but it did so in an uneven manner due to data limitations and time constraints. Exhibit 13 illustrates the key elements of a strategic energy planning process for the state. The elements and their roles include:

- Energy Situation--which highlights the types of energy problems facing the state in the near, mid and long term
- Strategic Alternatives--which represent the basic program and policy alternatives available to the state

EXHIBIT 13
STRATEGIC ENERGY PLANNING PROCESS



- . Energy Objectives--which represent the consensus of Alaskans regarding the most desirable energy future for the state and are used to evaluate strategic alternatives
- . Measure of Performance--which can be used as a basis for evaluating the performance of strategic alternatives
- . Strategic Portfolio--which represents the "best" set of energy resource and technology development activities, as well as the most attractive subsidy and regulatory policies.

While each of these elements have been addressed to the extent possible in this year's report, substantial refinements are needed to produce a definitive 1983 report. The requirements for refining each of these elements during the next year are discussed more fully below.

- . Analysis of Alaska's Energy Situation is Critically Dependent Upon the Development of a "Bottoms-up" Picture of Regional Energy Needs. Because of the variability in energy problems across the state it is necessary to define the energy problems and available strategic alternatives on a regional or community basis. Reliable regional data are necessary for the establishment of sound and effective programs which address the specific energy needs of each region. To date, much of the states energy use data has been collected independently within many private and government agencies and compiled at the statewide level, in turn, with regional estimates often derived from the aggregate state data.

Regional data fabricated from statewide data are of limited usefulness when policy and program decision making requires a higher level of understanding as to what is actually taking place within each region. For example, to set reasonable program objectives for subsidizing rural electricity rates or for assisting in the purchase of bulk fuel storage capacity for rural communities, the state should have better information on the current energy needs of each rural community. Currently this information is sketchy at best.

These village specific and regional data needs could be vastly improved through the upgrading and expansion of DEPD's Rural Community Energy Survey. This survey could be modified slightly and supplemented by a regular field survey conducted by state energy personnel. The modified/supplemented DEPD survey would form the nucleus of a comprehensive state regional energy data base.

Strategic Alternatives Must be Accurately Characterized. This year's report provides estimates of the cost and energy savings for many of the resources and technologies under consideration. Actual data based on Alaskan experience is incomplete and needs to be improved. In addition, specific evaluations of the impacts of subsidy programs such as the Power Cost Assistance Program, discussed earlier in this chapter, should be undertaken to better understand actual program impacts.

Greater Emphasis Must Be Placed on Clearly Specifying Energy Objectives and Developing Measures of Performance. Collectively, existing state energy programs implicitly define Alaska's energy objectives. However, without a more explicit definition of the State's economic and energy development objectives, a basis for resolving policy and program conflicts will not exist. Furthermore, without this definition the measure of whether or not a particular policy best meets the state's energy resource development and use needs are by definition impossible to measure. The net result is an under directed approach to program implementation with a high likelihood for misallocation of state resources.

A Formal Evaluation Process Must be Undertaken To Establish the Relative Importance of the Strategic Alternatives. Currently, the state lacks a systematic approach for the review and prioritization of all energy programs and technology projects. To ensure the state funds are spent most effectively, it should develop and implement a consistent and economically rational methodology for evaluating and comparing energy programs and projects. The evaluation of energy programs, such as energy conservation grants, should take into account the following:

- Program costs or expenditures including administration costs

- Program benefits or impacts either qualitative -- number of home receiving assistance and type of assistance received or quantitative -- the actual level of reduction in energy use.

Technical evaluations of projects such as wind machine demonstrations should include the following:

- Total costs of the project and the state's share
- Construction, operating, and maintenance costs
- Data on the project's performance and reliability.

Given this type of information, it will be possible to calculate expected energy costs and expected total energy impacts for different programs and projects. Their relative benefits and cost can be compared and they can be matched explicitly with state energy objectives.

The strategic planning process outlined above will provide the state with an objective system for assessing likely program benefits and evaluating program results. This planning process should involve an independent review of major programs and projects and should measure progress against clear quantifiable objectives.

The state's energy policy and program activities appear comprehensive -- covering all functional aspects of energy program planning and development. However, given the recent rapid increase in energy policy and program activities the state should undertake a consistent and economically rational approach for an evaluation of existing energy programs and projects with the objective of modifying them to more effectively meet overall state energy goals.

* * * * *

This section has presented the key findings and recommendations of the 1982 Report on the State of Alaska Long Term Energy Plan. The main body of the 1982 report follows. It addresses each of the areas required in the legislation and is organized in the following manner:

Chapter I - Current and Projected Energy Use--which examines the amount and purpose of energy use in the state and the prices of different energy sources.

- . Chapter II - Energy Supplies and Resources--Which documents existing and projected energy supplies and their potential applicability for meeting projected energy needs and lowering energy costs
- . Chapter III - Regional Technology Options--which presents an analysis of the potential energy savings for those technology options including conservation measures, that have the lowest costs for meeting near, mid and long term state energy needs
- . Chapter IV - State Energy Programs and Policies--which reports on current state energy activities and provides recommendations for program modifications and additions, including those dealing with the possibility of energy emergencies.

H B

759



STATE OF ALASKA
OFFICE OF THE GOVERNOR

BILL ANALYSIS

Department Fish and Game	Sponsor (Principal) Cotten	Bill Number HB 759
Department Position Favorable		
Division Director Richard Logan	Date 3/8/82	Commissioner Ronald O. Skoog 3/8/82

GOVERNOR'S OFFICE USE

Comments:

Position Noted By _____ Date _____

SUMMARY

1. a) Related Bills (Similar or Conflicting)	1. b) Other Agencies Affected by Bill
2. a) Organizational Support for Bill	2. b) Organizational Opposition to Bill

3. Program Effects of Bill

Enhance recreational and habitat values of described area.

4. Fiscal Impact: None Fiscal Note Attached

5. Amendments Proposed: Sec 41.20.506 PURPOSE Amend as follows

a. The purpose of AS 41.20.506 4.20.512 is to dedicate the land and water described in AS 41.20.507(c) to protect and enhance the natural, cultural, scenic, and wildlife resources of Willow Creek State Recreation Area and the fishery resources of (continued)

6. Comments: PURPOSE

We are in agreement with the intent of the PURPOSE, however, feel that allowable uses should be specified initially to prevent misrepresentation of intent at some future time.

With respect to disposals, none should occur prior to establishment of the management plan. Disposals prior to establishment of the management plan or in disregard to the management plan can only result in conflicts with the intent of establishment of a recreation area.

ESTABLISHMENT AND MANAGEMENT.

In order to prevent conflicts, the management plan must be mutually agreeable to all parties with management authority over land and resources within the proposed recreation area. (continued)

Amendments Proposed: (continued)

Willow Creek and their uses including but not limited to camping, hiking, hunting, fishing, trapping and sightseeing.

- (b) Notwithstanding (a) of this section, the Department of Natural Resources may dispose of land under AS 38.08 within the Willow Creek State Recreation Area for recreational use provided those disposals are consistent with the master plan developed under Sec. 41.20.507(d). Disposals are prohibited prior to development of the plan.

Sec. 41.20 507. ESTABLISHMENT AND MANAGEMENT Amend as follows:

- (d) The Commissioner of Natural Resources shall develop a master plan for the use and development of the Willow Creek State Recreation Area in cooperation with the Matanuska-Susitna Borough and the Department of Fish and Game. The management plan developed under this section must be mutually acceptable to the above parties prior to its adoption.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 759
 Title Willow Creek State Recreation Area
 Requested by _____ Date 3/1/82

II. FISCAL DETAIL

Agency Affected Fish and Game
 Program Category Affected NRMEC
 BRU, Program, Or Subprogram(s) Affected Habitat Division
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		8.3K				
200 TRAVEL		0.7K				
300 CONTRACTUAL		2.0K				
400 COMMODITIES		0.3K				
500 EQUIPMENT		0.3K				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		11.6K				

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

One Habitat Biologist III in Region II for 2 months to participate in development of the Management Plan

IV. DATE 3/2/82 PREPARED BY Bruce Baker
 AGENCY Fish and Game
 PHONE 465-4105

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

I. REQUEST
 Bill/Resolution No. HB 676 Appropriation to DOT/PF for
 Title Willow Creek Road and related user facilities
 Requested by DNR, Division of Parks Date 1/21/82

II. FISCAL DETAIL
 Agency Affected Dept. of Natural Resources, Division of Parks
 Program Category Affected General Fund
 BRU, Program, Or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		\$ 349	\$ 135			
200 TRAVEL		78	30			
300 CONTRACTUAL		4,320	1,673			
400 COMMODITIES		58	23			
500 EQUIPMENT		-0-	-0-			
600 LAND & STRUCTURES		-0-	-0-			
700 GRANTS, CLAIMS, ETC.		-0-	-0-			
TOTAL	-0-	\$ 4,805	\$ 1,861			

FUNDING (Thousands of Dollars)

GENERAL FUND		\$ 4,805	\$ 1,861			
FEDERAL FUNDS						
OTHER (Specify Source)						
TOTAL	-0-	\$ 4,805	\$ 1,861			

POSITIONS

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

III. ANALYSIS (See Fiscal Note Preparation instruction, Section III)
 This request was submitted by Department of Natural Resources, Division of Parks, on January 15, 1982 to Representative Cotten, and by mistake, it has been assigned to Department of Transportation. Review of this Fiscal Note by Department of Transportation included Department of Natural Resources, Division of Parks, and data was developed based upon their preliminary designs. It is requested that this project be reassigned to Department of Natural Resources, Division of Parks.

IV. DATE 2/1/82 PREPARED BY MB
 AGENCY DOT/PF
 PHONE 465-3900
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

ARCC

1978

equity gap
capital availability
managerial gap

production
marketing

ORK

Name: Willow Creek State Recreation Site

Total acreage: 240

Highway (milepost): Parks Highway (71.2)

Community orientation: 28 miles north of Wasilla

Land & Water Conservation Funds used: YES NO

ESTABLISHMENT

Method	Citation	date	acres	legal description
Administrative	507 Site	8/17/60	90	Portions of Section 5 including lots 3 and 4, T19N, R4W, S.M.
Administrative	ILMT 50062	5/18/72	---	Same as above.
Administrative	ILMT 65719	1/13/75	150	See ILMT 65719.

GENERAL DESCRIPTION

This recreation site is located one mile up the Hatcher Pass Road at mile 71 on the Parks Highway. It is a convenient overnight stop for travelers, but is more popular as an excellent fishing site. Starting in the spring with grayling and rainbow trout, the good fishing continues through June with King

salmon, July with chum and into late summer with silver and pink salmon runs. Camping and sanitary facilities and firewood are provided for public use.

SPECIAL NOTES

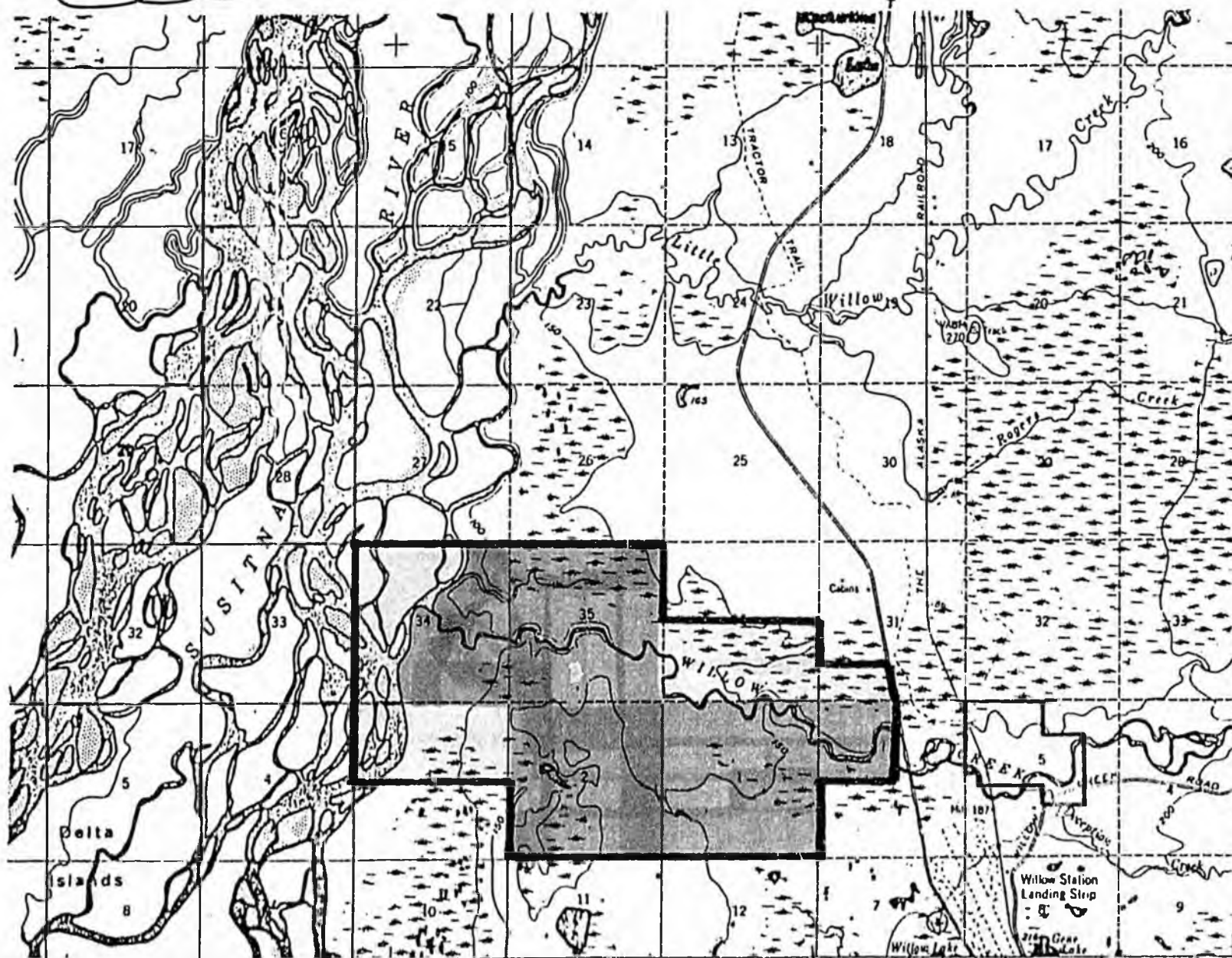
WILLOW CREEK STATE RECREATION SITE

D-1)

= STATE LAND

= BOROUGH LAND

To Fairbanks



1" = 1 mile

Wasilla 27 ml.



Matanuska-Susitna Borough, Inc.

BOX B, PALMER, ALASKA 99645 • PHONE 745-3246

PLANNING DEPARTMENT

March 2, 1982

Mr. Reed Stoops, Director
Alaska Dept. of Natural Resources
Division of Research and Development
Pouch 7-005
555 Cordova Street
Anchorage, AK 99510

Dear Mr. Stoops:

We wish to express our gratitude to you and your staff upon the successful conclusion of the Willow Sub-Basin planning effort. Bill, Randy, Chris, Marjorie, Liz, and Bob Loeffler worked fantastically hard to produce a very professional document. Their expertise, tireless dedication, and - yes - patience have been truly remarkable. We could not have asked for more consideration, nor found a better team of pros.

This plan is something of a milestone in inter-governmental cooperation and certainly a significant contribution to the State's efforts as well as the Borough's to plan for economic development and to meet the needs of the people. We certainly look forward, now, to continuing this effort so well begun.

Again, thank you and your staff.

Very sincerely yours,

Rodney Schulling
Principal Planner

RS:mu

cc: Bill Beatty
Randy Cowart
Chris Beck



Matanuska-Susitna Borough

BOX B, PALMER, ALASKA 99645 • PHONE 745-4801

DEPARTMENT OF ADMINISTRATION

February 25, 1982

John W. Katz, Commissioner
Department of Natural Resources
Pouch M
Juneau, Alaska 99811

Re: Borough approval of Willow Sub-basin Plan

Dear John:

Over the past year Randy Cowart and Chris Beck have done a magnificent job working with people in this Borough, with our Planning Commission and our Assembly on the Willow Sub-basin Plan.

Their presentations were unfailingly good and interesting, they had an excellent capacity for give and take in working with the various interest groups you find in this Borough, and they always had the highest respect of everyone with whom they dealt.

They were always patient and were responsive to all queries and concerns.

Our planning staff enjoys working with your Division of Research and Development people, with Bill Beaty, Reed Stoops and the others, and we will be looking forward to working with you and others in DNR in the future.

In my opinion, approval of the Willow Sub-basin Plan by the state and the borough lays the foundation for a substantial state investment in creek-crossings and roads in a hitherto undeveloped area. So now that the plan has been approved by the state and the borough, we feel that we have a license to hound you, unmercifully, the present governor, any future governor and others in the state administration for funding of capital improvements to open up new agriculture, forest, recreation, resource and settlement lands in the Willow Sub-basin.

Sincerely,

A handwritten signature in cursive script that reads "Gary Thurlow". The signature is written in dark ink and is positioned above the typed name of the signatory.

Gary Thurlow, Borough Manager

ys

cc: Bill Beaty, Section Chief
DNR, Anchorage

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

619 WAREHOUSE DR., SUITE 210
ANCHORAGE, ALASKA 99501

February 2, 1982

DIVISION OF PARKS

PHONE: 274-4676

The Honorable Sam Cotten
Alaska State House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Sam:

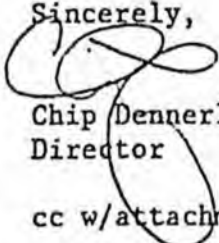
This letter is in response to our recent discussions concerning your proposal to establish and develop a Willow Creek State Recreation Area. I strongly support both the establishment and development based on the existing and growing recreation needs of the Anchorage and Mat-Su populations. I consider both elements of your proposal essential. In reality, neither should, nor will, proceed without the other.

Designation without development will not replace the growing use conflicts with new opportunities. Development without designation will represent a poor investment which will not provide the kind of recreation opportunity people seek. The Division of Parks does not have authority to construct and maintain facilities, provide public safety, etc., on non-park lands. Willow Creek has been recognized as a prime recreation site for more than 25 years. It will require constant maintenance and management. To have such an area developed and "managed" by other than the State's agency charged with those responsibilities simply would not make sense. The job won't get done and Alaskans will end up with a road full of garbage and inadequate facilities.

Moreover, a good deal of the public opportunities along the creek (even the feasibility of the road) depend on the cooperative management of the Mat-Su Borough. The borough has strongly supported our efforts, but has continually sought assurance that we would provide active management of the area as part of any request for development. A recreation area at Willow Creek has nothing to do with cramping the "Alaska lifestyle" (if it did, I doubt our efforts would be receiving such broad support from local government, sportsmen's groups, etc.). It has everything to do with providing the kind of developed and maintained recreation opportunity now required by a large urban population.

Every stream and lake in Alaska which possesses outdoor recreation values should not be a State Recreation Area. Willow Creek is not every stream. It is, because of its accessibility and productivity, a focal point. The need for recreation management there has been recognized in every federal, territorial and state recreation study since 1955. The approach which your bills take, is completely consistent with the current policies of DNR. I have included two attachments with this letter, a good overview of the whole situation and a capsulized "crib sheet". If you have any further questions, please call.

Sincerely,



Chip Dennerlein
Director

cc w/attachments: Honorable Rick Halford; Honorable Pat Carney; John W. Katz, Commissioner, DNR; Garry Thurlow, Manager, Mat-Su Borough; Russ Kedick, Regional Supervisor, Div. of Sport Fisheries, ADF&G; Hunter Fisher, Alaska Sportfishing Association

PROPOSED WILLOW CREEK STATE RECREATION AREA AND DEVELOPMENT

Recognition of Area. 1955 study by Federal government and Territory recommends establishment of major recreation area along Willow Creek. Early 1970's, DNR and ADF&G recommend recreation land classification and development downstream from highway bridge to mouth of creek. 1978 studies from Bond Fund appropriation show existing small upstream site to be inadequate and undesirable for development. 1981 DNR land use plan classifies land for recreation and proposes joint study with Mat-Su Borough to determine permanent management and development needs.

Coordination with local government. Mat-Su Planning Commission Resolution 81-28 and Borough Assembly Resolution 81-129 support cooperative study with Division of Parks, including future cooperative management agreements and/or exchanges. Borough land manager participates on joint planning team. Borough expresses support for inclusion of municipal land within external boundaries of proposed state recreation area.

Public support. At two public meetings in Willow and one in Anchorage strong general support for joint state borough plan, state recreation area management and development is voiced. Both airboat association and shore fishing interests support development approach to reduce growing conflicts. Alaska Sportfishing Association sends letter to legislature regarding Willow Creek.

Division of Parks progress. Master plan well underway. Two road alignment alternatives chosen and feasibility study underway. On ground assessment of recreation facility development completed including hydrologic assessment of flood prone and unstable areas. Utilizing existing bond monies, road alternative will be chosen and engineering accomplished this summer.

Coordination with DOT/PF. DOT southcentral engineers assigned to prepare fiscal note for HB 676 support project being accomplished by DNR, Division of Parks, based on amount of work already accomplished by the division, avoidance of unnecessary duplication, time frame of construction, and recognition that overall design and construction will need to be based upon recreation use and management of the area.

Why recreation area designation. Focal point for large urban area population. Publically recognized need for ongoing management and maintained. Fulfillment of DNR planning process and joint state/municipal study. Division of Parks has no authority for development and maintenance of non-park system lands.

Role within State Park System. Together with Nancy Lake and Kepler/Bradley Recreation Areas will provide a spectrum of recreation opportunity for Anchorage and Mat-Su populations. Nancy Lake -- weekend, overnight opportunities. Kepler/Bradley Lake -- day-use stocked lake fishing, picnicking, etc. Willow Creek -- day-use and overnight stream and salmon fishing, access into Susitna River. The Willow Creek Recreation Area would provide opportunities not presently available in the state park system in this region.

PROPOSED WILLOW CREEK STATE RECREATION AREA AND ASSOCIATED DEVELOPMENT

In 1955, the federal government in cooperation with the Territory of Alaska, conducted a survey to propose establishment of public use recreation sites. Most of the sites recommended were small access points to streams and lakes. These became the first units of our state park system. There was one area, however, for which the study proposed the designation of a sizeable amount of land along both sides of a stream to provide a focal point for future regional use -- that area was Willow Creek.

Since the early 1970's the Departments of Fish & Game and Natural Resources have considered the establishment of a recreation area along Willow Creek from the Parks Highway to its confluence with the Susitna River. Since 1975 the Matanuska-Susitna Borough has publically expressed a shared interest in such a proposal. The State's draft Land Use Plan for Public Lands in the Willow Sub-Basin (October 1981) explicitly states that "the public lands along Willow Creek below the Parks Highway Bridge should be studied cooperatively by the borough and state for possible recreation development and inclusion in the State Park System." The cooperative study is now underway. Recently, because of increasing conflicts between fishermen utilizing Willow Creek and large numbers of river and airboats on their way to the Doshka River and other Susitna tributaries interest (by both airboaters and shore fishermen) in providing a boat launch facility in the vicinity of the mouth of Willow Creek. Additionally, concern has been expressed about the effect of the heavy boat traffic on the fishery, water quality of Willow Creek and the noise associated with the operation of the boats.

For years the uncertainty of land ownership and management was an obstacle to serious planning and development. Following municipal selections (1978) and several cooperative meetings between the Director of Parks and the Mat-Su Borough Manager (1981) the final obstacles were removed.

Alaska's 1978 bond measure directed funding to the Division of Parks for rehabilitation of the existing flood damaged Willow Creek Recreation Site (a small site upstream from the bridge which is surrounded by private property.) After careful study and recognition of an active erosion problem, it was decided to convert this small site to a day-use area and, since the land issue had been resolved, to use the remaining funds for a master plan, site planning, and engineering design within the proposed Willow Creek State Recreation Area downstream of the Parks Highway. This approach was endorsed by the public, the Matanuska-Susitna Borough Planning Commission, the Borough Assembly and the borough manager.

The Master Plan is well underway. Three public meetings have been held by the Division of Parks, two in Willow and one in Anchorage. The Planning Commission and Borough Assembly have received additional briefings on the progress of the plan. Each has passed a supportive resolution.

An engineering feasibility study of two road alternatives is currently being conducted. Selection of a road alignment and completion of the engineering design in 1982 will allow construction to begin in 1983 with completion in 1984. Additionally, rehabilitation of the existing Willow Creek State Recreation Site will be completed in 1982.

The primary purpose of this project is to provide accessible stream fishing, recreation, with the additional benefits of reducing existing user conflicts and providing better access to other areas along the lower Susitna River. The project will also provide access to developable borough lands outside the proposed recreation area. The Division of Parks has planned, engineered, and constructed over ten million dollars in projects within the past two years. With planning and engineering already well underway, the Division is prepared to move quickly to construction on receipt of additional funding.

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letters from the people

anchorage daily news; pouch 6616, anchorage, alaska 99502

Full Parks

Fishing facilities

Another year has passed with the mass-media filled with stories of the State of Alaska's great oil wealth and how it is being and is to be used.

There is "Project 80s," "Alaska '84," an attempt at landing the World's Fair, or perhaps the Winter Olympics. Consultants and experts are flocking to Juneau to study and propose. Entrepreneurs sense an easy mark and move in for the kill.

In the meantime, far out in the Pacific Ocean, millions of salmon are gathered in great schools, foraging and maturing. One day late this winter or early this spring, an unexplained urge will be triggered in all the adults and they will turn towards Alaska. Millions of these salmon will be bound for the Susitna River Drainage. They will begin to show up early in the summer. By late July the streams that cross the Parks Highway in the Susitna

Valley will be plugged full of spawning salmon.

At precisely the same time the salmon are fulfilling their destiny, another predictable phenomenon will be occurring. Thousands of sport fishermen will be migrating to the Susitna Valley via the Parks Highway to fulfill one of the greatest reasons many of them came to Alaska, namely to fish for salmon.

They will line the river banks up and down stream from the highway at the Little Susitna River, Willow Creek, Sheep Creek, Caswell Creek, Goose Creek, Montana Creek, Sunshine Slough, Birch Creek Slough, etc. They will park along the highway, on private property, wherever they can find a place to squeeze in. They will litter, despoil and abuse the river banks, camping areas and even themselves.

By next fall these river crossings will be monuments not only to man's thoughtless-

ness and disregard for himself and nature, but to the gross negligence of the State of Alaska. You see, there is not one public facility at any of these places mentioned.

What is so difficult about appropriating the money, purchasing the necessary access land, constructing parking lots, toilets, camping areas, picnic areas, and hiring the necessary personnel to maintain the facilities? There are none, other than those inherent and minor in any project of any size. The difficulty is that the state government's priorities are not in order.

Since sport fishing is participated in by more Alaskans than any other outdoor activity, development of these facilities presents the state with a perfect way to invest oil revenues to the benefit of all Alaskans.

I urge all sportsmen and concerned citizens to contact your legislators regarding this problem.

—Keith E. Heffner
Talkeetna



M E M O

TO: Rep. Ken Fanning, Co-Chairman
House Resources Committee

FROM: Rep. Sam Cotten *SC*

RE: HB 759/An Act establishing the Willow Creek State
Recreation Area

DATE: 2/23/82

In response to a request made by Gary Thurlow, Mat-Su Borough Manager, I am requesting two amendments be made to HB 759.

The amendments are:

page 2, line 7, add, pursuant to a cooperative management plan
page 3, lines 9 and 10, strike, or borough land managed by
the state

The Department of Natural Resources has no objections to these changes and with them the borough will be in complete support of the bill.

H B

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United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

SEP 23 1981

Honorable Ted Stevens
United States Senate
Washington, D.C. 20510

Dear Senator Stevens:

Thank you for your September 17 letter asking that the Office of Surface Mining (OSM) not implement a Federal regulatory program for Alaska. We apologize for the delay of our response. You also asked the status of the National Academy of Science (NAS) study of Alaska mandated by Section 708 of the Surface Mining Control and Reclamation Act (SMCRA).

The Section 708 study was completed and transmitted to OSM in October 1980. As a result of OSM's close review of this study, we have concluded that sufficient flexibility exists in the Act to accommodate Alaska's unique environmental conditions. Therefore, we have no plans to ask Congress for changes to the Act. If it becomes apparent in the future that changes are needed, we will consider a request to Congress at that time. On September 22 we sent a letter to Lieutenant Governor Terry Miller, with copies to you, Senator Frank Murkowski, and Representative Don Young, in which we reported this conclusion and in which we stated our desire to work with Alaska to transfer primary regulatory responsibility to the State in accordance with the procedures and criteria specified in the Act.

Several environmental organizations have given us formal notice of their intent to file suit to compel the implementation of a Federal program for Alaska. These organizations point to the provisions of Section 504 of the Act in arguing that we are under a mandatory obligation to take such action at the present time. We are, of course, committed to aid Alaska in the development and implementation of a State regulatory program. This commitment has led us to negotiate with the environmental organizations that have threatened suit in an effort to secure for Alaska enough time to develop and submit to us a proposed State regulatory program. To date these negotiations have proceeded well, and we hope to avoid litigation on this subject.

We believe that Alaska is making substantial progress towards a final program submission and that it remains committed to achieving primacy at the earliest possible date. For our part, we are equally committed to assisting the State in developing and implementing a program that meets the requirements of the Act but recognizes Alaska's unique circumstances. Your letter was only the most recent of several communications the Department has received from Alaskans expressing strong and immediate interest in avoiding a Federal regulatory program for the State. To that end, we have directed OSM to continue to work closely with the Alaska Department of Natural Resources to develop an approvable State program. We have every confidence that Alaska will be successful in doing so.

We appreciate your interest in this matter. Please let us know if we can be of further service.

Sincerely,

Donald Paul noce

Acting . SECRETARY



UNIVERSITY OF ALASKA, FAIRBANKS
Fairbanks, Alaska 99701
January 22, 1981

The Honorable Jay S. Hammond
Governor
State of Alaska
Pouch A
Juneau, Alaska 99811

Dear Governor Hammond:

In early 1979, you appointed an Alaska Surface Mining Advisory Committee composed of individuals representing local government, the University of Alaska, Native interests, the coal industry and conservation interests to advise you with regard to certain questions raised as a result of the passage of the Federal Surface Mining Control and Reclamation Act of 1977. (PL9587). Under that Act, any state failing to develop a coal mining reclamation program would come under the direct jurisdiction of the Federal agency created to implement the Act, the Office of Surface Mining Reclamation and Enforcement (OSM). This letter is to report to you the committee's unanimous recommendation that your administration make every attempt possible to expeditiously adopt a state program which is acceptable to OSM.

The advisory committee in conjunction with involved state agencies has met periodically since 1979. During these meetings we addressed several basic policy questions and advised the state employees in their attempts to develop a state program which would best serve the interests of the State of Alaska. Based upon these meetings and the program developed by the state employees who assisted the committee, we have concluded that the adoption of a program similar to the one presented to us at our January 20, 1980 meeting should take some priority in your administration.

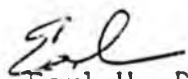
It is our conclusion that the adoption of a state program rather than implementation of a federally developed program will best give the state the flexibility to effectively control coal mining operations within any of the several potential coal mining regions in the State of Alaska. This is so because the federal act contains a "state window policy" which allows states to request variances from federal requirements so long as minimum provisions are met. Should the state fail to adopt a program, the federal program very well may not contain the kind of flexibility we deem is necessary for such a program to be effective when applied to a state with as many diverse geological, climatological and sociological factors as Alaska's.

There is some urgency to our recommendation. Effective action during this legislative session will virtually ensure that the Federal government will not adopt a program for Alaska. The extent that regulatory certainty is needed before the coal industry can further develop Alaska's coal potential clearly indicates the need to act now. More over all major coal producing states have adopted or will soon adopt state programs.

That a committee representing as many diverse interests as ours could reach a unanimous conclusion indicates the wide base of support we would expect on action taken by you to adopt a state program which is acceptable to OSM. We feel confident that expedient action on your part will be in the best interests of all Alaskans.

If you have any questions or desire additional information, the members of the committee and personnel of state agencies involved will be pleased to respond to your request.

Sincerely,



Earl H. Seistline, Chairman
Advisory Committee

EHB:nlm

CC: Advisory Committee

Richard Douglass, LGL Ecological Research Associates
Cole E. McFarland, Placer Amex Inc.
Margaret Sagerser, Cook Inlet Region Inc.
Joseph E. Usibelli, Usibelli Coal Mine, Inc.
Philip Waring, Kenai Peninsula Borough

State Agency Personnel

Ronald O. Skoog, Commissioner
Department of Fish and Game
Ernst W. Mueller, Commissioner
Department of Environmental Conservation
Robert E. LeResche, Commissioner
Department of Natural Resources

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH M
JUNEAU, ALASKA 99811
PHONE: (907)465-2400

March 3, 1982

Mr. James R. Harris
Director
Office of Surface Mining
1951 Constitution Ave., N.W.
Washington, D. C. 20240

Dear Mr. Harris:

As you are aware, the State of Alaska is in the process of developing its surface mining program for submission to the Secretary of the Interior later this year. As part of this process, House Bill 762 was recently introduced in the Legislature and referred to the appropriate committees for consideration.

During development of this bill, we have had discussions with officials of OSM and the Solicitor's Office. We believe that the bill, with possibly a few minor exceptions, reflects those discussions.

Now that the Legislature has begun consideration of HB 762, it is essential that we have OSM's definitive statement on whether or not the bill will be acceptable to the Secretary. If there are problems in the bill, we need to know whether any given problem would likely give rise to a condition of approval or disapproval, or whether the problem could be remedied by future State regulations. If you believe that changes in our bill would be required for Secretarial approval, we would appreciate receiving the rationale and suggested language, if any.

At present, our Legislature intends to adjourn in April. Therefore, we need to have your statement as soon as possible and hope to receive it no later than March 22. To facilitate

Mr. James R. Harris

-2-

March 3, 1982

your review, I have attached a table for comparison of our bill and SMCRA, which highlights all significant differences between the two. I am also taking the liberty of supplying a highlighted draft directly to Richard Robinson and David Jones, who have reviewed and commented on our prior draft.

Thank you for your attention to this request.

Sincerely,



John W. Katz
Commissioner

Attachments

cc: Bill Horn, DOI
Senator Bettye Fahrenkamp
Rep. Ken Fanning
Rep. Eric Sutcliffe
Keith Specking

Z Lopez

Comparison of SMCRA and House Bill 762

<u>SMCRA</u>	<u>House Bill 762</u>	<u>Comment</u>
101 and 102	Section I	
201	41.15.020	The state regulatory authority is the Commissioner. See 41.45.440(4).
	41.45.030	General duties, applicable to several succeeding sections.
	41.45.040	Necessary flexibility for state's different environments.
517(g)	41.45.050	
506(a)	41.45.060(a)	
502(f)	41.45.060(b)	
506(b)	41.45.070(a)	
506(c)	41.45.070(b)	
506(d)	41.45.080	
507(a)	41.45.090	
507(e)	41.45.100(a)	
517(f)	41.45.100(b)	
507(b)(17) and 508(b)	41.45.100(c)	
507(b) and 508(a)	41.45.110	Authority for regulations to detail application and reclamation plan contents.
507(b)(11) and 507(c)	41.45.120	
513(a)	41.45.130	Authority for regulations governing public notice details.
513(b)	41.45.140	Authority for regulations governing details of public notice and informal conference procedures.
514(a) and (b)	41.45.140(c)	
514(c)	41.45.150(a)	

SMCRAHouse Bill 762Comment

Page 2

514(d)	41.45.150(b)	
514(e)	41.45.150(c)	Hearing records are only required if requested.
509(a)	41.45.160(a)	
509(b)	41.45.160(b) and (c)	
509(c)	41.45.160(d)	The state intends to detail its financial solvency test in regulations.
509(e)	41.45.160(f)	
519(a)	41.45.170(a)	Authority for regulations detailing notice requirements.
519(b)	41.45.170(b)	A longer bond release investigation period may be allowed if field conditions require.
519(c)	41.45.170(c) and (d)	Bond release is mandatory if standards are met.
519(d)	41.45.170(e)	
519(e)	41.45.170(f)	
519(f) and (h)	41.45.170(g)	Regulations will allow objector to choose the hearing site. The reference to the state APA provides for the powers enumerated in 519(h).
510(a)	41.45.180(a)	
	41.45.180(b)	Unique provision which provides a standard and timeframe for requests for additional information.
510(b)	41.45.180(c) and (d)	
510(c)	41.45.180(e) and (f)	The generic term "all cited violations" is substituted for "notices of violation" to avoid confusion based on other state agencies' use of the latter term.
510(d)		Eliminated because of absence of prime farmland in Alaska.

SMCRAHouse Bill 762Comment

Page 3

511	41.45.190	
512	41.45.200	
515 and 516	41.45.210	Performance standards for both surface mining and surface effects of underground mining deferred to regulation.
516	41.45.220	"Urbanized areas" eliminated as redundant.
517	41.45.230	"May" substituted for "shall" in (b) since all listed requirements may be unnecessary or inapplicable.
521(a)(2)	41.45.240(a)	
521(a)(3)	41.45.240(b)	Time for abatement of cessation orders may be extended for "good cause," which may be required based on unusual Alaska field conditions.
525(a)	41.45.240(c)	Appeal period lengthened to 60 days to eliminate dual appeals of violation and penalty.
525(b)	41.45.240(d)	
525(c)	41.45.240(e)	
521(a)(4)	41.45.240(f)	
525(d)	41.45.240(g)	
521(a)(5)	41.45.240(h)	
525(e)	41.45.240(i)	Costs under judicial review covered by other State law.
521(c)	41.45.240(j)	
	41.45.240(k)	
526(c)	41.45.240(l)	
526(d)	41.45.240(m)	
526(e)	41.45.240(n)	
518(a)	41.45.250(a)	

SMCRAHouse Bill 762Comment

Page 4

518(c)	41.45.250(b)	Prepayment of proposed penalty into escrow eliminated as unnecessary and of questionable constitutionality.
518(b)	41.45.250(c)	
518(d)	41.45.250(d)	
518(e)	41.45.250(e)	
518(f)	41.45.250(f)	
518(g)	41.45.250(g)	
518(h)	41.45.250(h)	
704	41.45.250(i)	
	41.45.260	
522(a)(4)	41.45.270(a)	
522(c)	41.45.270(b)	Note different, but consistent, petition investigation period.
522(a)(2) and (3) and 522(e)	41.45.270(c)	Economic feasibility eliminated as being more stringent and a market place determination.
522(d)	41.45.270(d)	
522(a)(5)	41.45.270(e)	
522(a)(6)	41.45.270(f)	
522(a)(1)	41.45.270(g)	
	41.45.270(h)	
403, 405, 407	41.45.280	
404	41.45.290	
407(a) and (b)	41.45.300	
407(c)	41.45.310	
407(d)	41.45.310(b)	
407(g)	41.45.310(c)	
408	41.45.320	

SMCRAHouse Bill 762Comment

Page 5

409

41.45.330

410

41.45.340

412(c) and (d)

41.45.350

523

41.45.360

528

41.45.370

711

41.45.380

717

41.45.390

719

41.45.400

520

41.45.410

Bond provision of §520(d) covered by
state rules of procedure.

41.45.420

716

41.45.430

701

41.45.440

707

41.45.450

502(d)

Section 3

Section 4

Section 5

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH M
JUNEAU, ALASKA 99811
PHONE:

February 15, 1982

To: Representative Bob Bettisworth

From: Mark Wittow *MW*

Re: Summary of proposed Alaska Surface Coal Mining Program

David Rogers asked me to provide you with a quick outline of the status and contents of the proposed surface coal mining program for Alaska.

The Department of Natural Resources has prepared legislation which, if adopted, would allow the state to assume responsibility for the regulation of coal mining and reclamation activities in Alaska. The proposed law was introduced Friday, February 12 as a Governor's bill in the House (HB 762), and was referred to the Resources and Finance Committees. Mirror legislation will be introduced in the Senate during the week of February 15, where Senator Fahrenkamp has indicated a willingness to hear the bill at an early date. The transmittal letter and fiscal note for the legislation are attached.

A surface mining bill was first drafted by the department in 1980. Introduction was delayed in order to incorporate the results of a National Academy of Science study on present and potential surface mining in Alaska. During the past year, the bill has gone through several drafts, each of which has been widely distributed to members of the coal industry, regional corporations and environmental groups. As introduced, the bill satisfies virtually all of the concerns the Alaska coal industry raised during their review of the bill. Other interest groups have not yet come to a final position on the legislation, but are likely to support it with some reservations.

Contents of the legislation

The Alaska Surface Mining Control and Reclamation Act is a complex, 53-page bill that establishes the powers and procedures necessary for the Department of Natural Resources to conduct a coal surface mining program. The state program generally follows the requirements of the federal Surface Mining Control and Reclamation Act of 1977. Unless the state's program satisfies the standards set out in the federal law, the Secretary of the Interior must establish federal control of all coal operations in the state.

Page 2 - Coal Bill Summary

Key components of the state program that are provided for in the proposed law include:

1. A permit, issued by DNR, is required to conduct surface coal mining operations in the state. The contents of the permit are to be set out in regulation, with special assistance provided for small operators.
2. A performance bond covering the costs of completing reclamation operations must be provided by the permit applicant. Some substitutes for the bond are acceptable. Before the bond is released, the applicant's reclamation work must be inspected and evaluated.
3. A process for designating lands "unsuitable" for all or certain types of coal mining is established.
4. Procedures for a program to rehabilitate abandoned mine lands are established; this program is financed by a federal fund.
5. In general, the bill provides for inspection and enforcement powers necessary to carry out the act; for public notice and comment; and for recognition of Alaska's unique conditions in determining substantive requirements.

I would be pleased to provide a sectional analysis of the legislation upon request.

Other elements of the program

If this bill is passed, the department will rapidly move to adopt regulations to satisfy the additional requirements for the state's assumption of responsibility for surface mining operations. A draft set of regulations was circulated for comment a year ago; another draft is being prepared and will be reviewed in sections this spring by the coal industry, regional corporations, environmental groups and other interested parties. The Department is also working on the steps necessary to continue to receive federal funding for development and implementation of a state program. The attached fiscal note provides a general indication of the scope of a state program, and the sources of funds for it.

Please let me know if you have further questions or would like additional information on any of the aspects of the bill discussed above.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. _____
Title Alaska Surface Coal Mining Control and Reclamation Act
Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Natural Resources
Program Category Affected Management of Mineral Resources
BRU, Program, Or Subprogram(s) Affected Mineral Development
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		157.1	157.1	200.2	200.2	200.2
200 TRAVEL		19.8	20.9	42.1	39.5	54.5
300 CONTRACTUAL		375.0	490.3	593.3	428.7	467.3
400 COMMODITIES		1.0	1.1	1.5	1.6	1.8
500 EQUIPMENT		13.0	10.0	2.8	3.0	2.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		565.9	679.4	642.3	684.4	728.2

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		151.0	200.0	300.7	202.5	213.0
FEDERAL FUNDS		402.0	477.6	349.6	479.8	513.2
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		4	4	5	5	5
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

See Attachment

IV. DATE 2/8/82 PREPARED BY Jeff Hays
AGENCY Natural Resources
Original: Legislative Finance PHONE 465-2400-
cc: Budget and Management
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

III. ANALYSIS

This note assumes that a regulatory program is approved by the Secretary of the Interior and becomes effective on 12-31-82.

A. Personal Services

The program will require 4 positions at its inception: Geologist IV, Env. Engineer III, Land Management Officer II and Clerk-Typist III. An additional Scientist/Engineer II position is projected for FY 85 and beyond due to additional coal operations projected in the state at that time.

The Geologist will be the manager of the surface mining regulatory program. He will supervise contracts for review of permit applications, abandoned mine lands work, small operator assistance, etc.; make initial departmental decisions or recommendations on permit applications, bond release, enforcement actions, petitions to designate lands unsuitable, etc. The Env. Engineer will be the primary inspector under the program, as well as assisting and complementing the Geologist in the tasks enumerated above. When additional operations come on line (projected in FY 85), an additional engineer/scientist will be required to meet the inspection workload. The duties of the Land Management Officer will focus on compliance with public notice and public participation requirements, record keeping, and general review and response regarding different new responsibilities of the Department under this program (i.e., reviewing exploration permits and/or notice of intent). The Clerk-Typist will provide secretarial support.

B. Travel

The travel budget is composed largely of field inspections and field visits to coal development sites. Other travel funds would be spent on required meetings with operators and members of the public and other agency officials, and public hearings. There would also be investigation of potential abandoned mine reclamation and small operator assistance sites.

C. Contractual

The contractual category includes the abandoned mine land program development and projects (all federally-funded), small operator assistance laboratory work (all federally-funded), review of permit applications, laboratory work for inspections, legal counsel, and review of any petitions for designation of lands unsuitable for surface coal mining. Much of this work is speculative as it is based on projections about future development of the program.

D. Funding Sources

The federal government funds 50% of the basic cost of the state regulatory program. All small operator assistance contracts and abandoned mine land work are 100% federally funded. Funds in this category represent the return to the state of a portion of the 35¢ per ton reclamation fee levied against operators by the federal government. Substantially more funds should be available in this category after production begins on new coal operations. In addition, 100% federal funding is available to defray the costs of regulating any surface coal mining operation on federal lands. One of the projected future operations would qualify under this funding category.

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STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5
JUNEAU, ALASKA 99811
PHONE: (907) 465-2300

March 1, 1982

The Honorable Eric G. Sutcliffe
The Honorable Kenneth J. Fanning
Co-Chairmen
House Resources Committee
Room 120 - Capitol Building
Juneau, Alaska

Dear Mr. Sutcliffe and Mr. Fanning:

Re: House Bill No. 766

House Bill No. 766, an Act providing for a lifetime hunting and sport fishing license, was introduced in the House on February 12, 1982 and was referred to the House Resources and Finance Committees.

For the consideration of the House Resources Committee, I am enclosing copies of Fiscal Notes prepared by Ms. Linda Gene Lockridge, Supervisor, Fish and Game Licensing Section, Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assistant

Enclosure

cc: The Honorable Albert P. Adams
Chairman
House Finance Committee

Joseph K. Donohue
Deputy Commissioner
Department of Revenue

Phillip A. Wall, Director
Public Services Division
Department of Revenue

Linda Gene Lockridge, Supervisor
Fish and Game Licensing Section
Department of Revenue

ENTERED MAIL 2 1982

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. House Bill No. 766
 Title An Act providing for lifetime hunting/fishing license
 Requested by Zharoff Date 2/12/82

II. FISCAL DETAIL
 Agency Affected Revenue
 Program Category Affected Revenue Collection & Management
 BRU, Program, Or Subprogram(s) Affected Administration & Support
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
Sport Fish Mgt. Fund	6243.7	(780.4)	(780.4)	(780.4)	(780.4)	(780.4)
Game Mgt. Fund	7648.6	(936.5)	(936.5)	(936.5)	(936.5)	(936.5)

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

Based on FY 1981 resident license sales (excluding 25¢ licenses) and assuming that 50% of license holders would qualify and that 75% of those qualified would purchase a lifetime license, projected loss over a ten year period is \$ 1,404,900. to Sport Fish Management Fund and 1,716,400. to Game Management Fund.

IV. DATE 2/21/82 PREPARED BY Linda Gene Lockridge
 AGENCY Revenue
 PHONE 465-2376

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. House Bill No. 766
 Title An Act providing for lifetime hunting/fishing license
 Requested by Zharoff Date 2/12/82

II. FISCAL DETAIL
 Agency Affected Revenue
 Program Category Affected Revenue Collection & Management
 BRU, Program, Or Subprogram(s) Affected Administration & Support
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL	1.5	1.0	.9	.8	.7	.6
300 CONTRACTUAL	2.5	1.0	1.2	1.4	1.6	1.8
400 COMMODITIES						
500 EQUIPMENT	1.5					
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	5.5	2.0	2.1	2.2	2.3	2.4

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

Costs for FY 1982 would be for development and dissemination of program. Part of this expenditure would be absorbed into existing program budget in future year. However, anticipated popularity of this program would incur additional costs each year in both travel and contractual.

IV. DATE 2/21/82 PREPARED BY Linda Gene Lockridge
 AGENCY Revenue
 Original: Legislative Finance PHONE 465-2376
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

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COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

(7)

2/15/82

Date: _____

Mr. Speaker:

The Committee on RESOURCES has had HB 800

"An Act relating to the residency requirement for exemption from sport fishing, hunting or trapping licensing."

under consideration and ~~(a majority of the committee)~~ ~~(the committee)~~ reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
- and recommends _____ new title
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Eric Satchell

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Eric Satchell

CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 800

Title An Act rel. to res. req. for exemption from sport fish/hunt lic.

Requested by Hayes

Date 2/15/82

II. FISCAL DETAIL

Agency Affected Revenue

Program Category Affected Revenue Collection & Management

DRU, Program, Or Subprogram(s) Affected Administration & Support

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES	.3	.3	.4	.4	.5	.5
500 EQUIPMENT	1.5					
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	1.8	.3	.4	.4	.5	.5

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

IV. DATE 2/21/82

PREPARED BY

Linda Gene Lockridge
Linda Gene Lockridge

AGENCY

Revenue

PHONE

455-2376

Original: Legislative Finance
cc: Budget and Management

Prim Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

FEB 24 1982

I. REQUEST

Bill/Resolution No. House Bill No. 800
 Title An Act re. to res. req. for exemption from sport fish/trout lic.
 Requested by Hayes Date 2/15/82

II. FISCAL DETAIL

Agency Affected Revenue
 Program Category Affected Revenue Collection & Management
 BRU, Program, Or Subprogram(s) Affected Administration & Support
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
Sport Fish Mgt. Fund	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
Game Mgt. Fund	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

IV. DATE 2/21/82

PREPARED BY Linda Gene Lockridge
 AGENCY Revenue
 PHONE 465-3375

Original: Legislative Finance
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

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COMMITTEE REPORT

HOUSE

3/22

Rules

(7)

FURTHER:

2/16/82.

Date: March 25, 1982

Mr. Speaker:

The Committee on Resources has had HB 811

"An Act relating to preferences to occupants of land under a United States Forest Service timber contract."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 811 (Resources) same title
 new title
- and recommends DO PASS
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

[Signature]

CHAIRMAN

FISCAL NOTE

I. REQUEST HB 811
 Bill/Resolution No. _____
 Title An act relating to preferences to occupants of land under
 Requested by House Resources Ct. Date USFS Timber contract

II. FISCAL DETAIL Department of Natural Resources
 Agency Affected _____
 Program Category Affected NRMEC
 BRU, Program, Or Subprogram(s) Affected Land Management
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		-0-	-0-			

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		0	0			
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

Departmental responsibilities under this bill can be accomplished with funding for the land disposal program in the Governor's FY 83 budget submission.

IV. DATE March 22, 1982 PREPARED BY Mark Wittow
 AGENCY Dept of Natural Resources
 PHONE 465-2400
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

Mark Wittow



Official Business

Alaska State Legislature

House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO: Rep. Sutcliffe, Rep. Fanning
Co-Chairman, House Resources Committee

FROM: Denise Zachary, assistant *denise*
to Rep. Gardiner

DATE: March 18, 1982

RE: CS HB 811, Sectional analysis

CS HB 811, relating to preferences to occupant of land under a United States Forest Service timber contract, has been referred to your committee.

The intent of the bill is to provide a preference right to the occupant to purchase the land if that person has erected or purchased a dwelling.

Section 1. AS 38.05.064. PREFERENCE TO OCCUPANTS UNDER FOREST SERVICE TIMBER SALE CONTRACT.

(a) This section does not mandate land disposal to occupant but does ensure that a preference right is given to those who have erected or purchased a permanent improvement.

(b) This section spells out provisions of existing law.

(c) The purchase price of land for noncommercial residential purpose is described.

(d) Sale of land for use other than residential purposes is depicted in this section.

(e) Logging camps have a poor layout; this section provides for the adjustment of boundaries on land with permanent improvements, satisfying the occupants.

Original sponsors: Gardiner, Haugen
and Freeman

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 811 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to preferences to occupants of land
7 under a United States Forest Service timber contract."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 38.05 is amended by adding a new section to read:

10 Sec. 38.05.064. PREFERENCE TO OCCUPANTS UNDER FOREST SERVICE
11 TIMBER SALE CONTRACT. (a) If land subject to an existing United States
12 Forest Service timber sale contract is relinquished by the timber sale
13 contractor and contains a permanent improvement, before sale of the land
14 to the public the director shall offer the land to the occupant or his
15 successor in interest who

16 (1) built the permanent improvement with the approval of the
17 timber sale contractor or purchased the improvement from the timber sale
18 contractor; and

19 (2) occupied the land containing the improvement for 90 days
20 before the relinquishment of the land by the timber sale contractor.

21 (b) Except when in conflict with this section, other provisions of
22 AS 38.05.045 - 38.05.069 apply to sales under this section.

23 (c) If the permanent improvement described in (a) of this section
24 is a residence or a residence of a community nature and the land is used
25 for noncommercial residential purposes, the purchase price offered to
26 the occupant shall be an amount determined by the commissioner that is
27 equal to the state money required to be spent in order to sell the land
28 plus the cost of survey or resurvey, if the survey or resurvey is made
29 by the department or a contractor of the department.

1 (d) If the permanent improvement described in (a) of this section
2 is for a use other than a use listed in (c) of this section, the director
3 may offer the land

4 (1) to the occupant of the land or his successor in interest
5 for not less than the appraised fair market value of the land; or

6 (2) under AS 38.05.315(e).

7
8 (e) The director may adjust the boundaries of the
9 lot^s containing permanent improvements described
10 in (2) of this section to provide for the
11 general health, safety, & welfare of the
12 community.
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Alaska State Legislature
House of Representatives

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO: Rep. Sutcliffe, Rep. Fanning
Co-Chairman, House Resources Committee

FROM: Denise Zachary, assistant *denise*
to Rep. Gardiner

DATE: March 18, 1982

RE: CS HB 611, Sectional analysis

CS HB 811, relating to preferences to occupant of land under a United States Forest Service timber contract, has been referred to your committee.

The intent of the bill is to provide a preference right to the occupant to purchase the land if that person has erected or purchased a dwelling.

Section .. AS 38.05.064. PREFERENCE TO OCCUPANTS UNDER FOREST SERVICE TIMBER SALE CONTRACT.

(a) This section does not mandate land disposal to occupant but does ensure that a preference right is given to those who have erected or purchased a permanent improvement.

(b) This section spells out provisions of existing law.

(c) The purchase price of land for noncommercial residential purpose is described.

(d) Sale of land for use other than residential purposes is depicted in this section.

(e) Logging camps have a poor layout; this section provides for the adjustment of boundaries on land with permanent improvements, satisfying the occupants.

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THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 825
 Title Approp./DCED/grant to ACVP in conjunction with Calista Corp./study of fish industry
 Requested by Commerce & Economic Development Date _____ in Western
 Alaska.

II. FISCAL DETAIL

Agency Affected Dept. Commerce & Economic Development
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Economic Enterprise - Special Industrial Projects
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES			2.8			
200 TRAVEL			1.2			
300 CONTRACTUAL			5.5			
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL			9.5			

FUNDING (Thousands of Dollars)

GENERAL FUND			9.5			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME			1/12			
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Funds will be required for advertising availability of grant (as per AS 37.05.315 (d)), and for program and fiscal audits. Additional funds will be required for agency monitoring of performance under the grant.

IV. DATE March 4, 1982 PREPARED BY Kathleen L. Wakefield Admin. Asst. III
 AGENCY Commerce & Economic Development
 PHONE 465-2018
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

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COMMITTEE REPORT
HOUSE

4/5

FURTHER: RESOURCES
FINANCE

(5)

2/16/82

Date: 3/30/82

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB 837

"An Act relating to homesteads for veterans."

under consideration and ~~(a majority of the committee)~~ ~~(the committee)~~ reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 837 (SA) same title
 new title
- and recommends NO PASS
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Ray H. Stewart, ch.

[Signature]

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature] NO REC

[Signature] NO REC

[Signature]
CHAIRMAN

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. CSHB 837 (SA)
 Title Disposal of State Land
 Requested by House State Affairs Date 4/2/82

II. FISCAL DETAIL
 Agency Affected Department of Natural Resources
 Program Category Affected NRMEC
 Block Program Or Subprogram(s) Affected Land Management
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		-0-				

See Below

FUNDING (Thousands of Dollars)

GENERAL FUND		-0-				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

This amendment to AS 38.05.055 and .075 imposes no additional administrative costs on the Department. However, any parcels sold at less than fair market value could theoretically represent a loss of income to the State, although that income would not be realized until some point in the future.

IV. DATE 4/2/82 PREPARED BY Mark Wittow Mark Wittow
 AGENCY Department of Natural Resources
 Original: Legislative Finance PHONE 465-2400
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

COMMITTEE COPY