

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5033 HRES SB 510 - SCR 45

605

February 24, 1988

Jerry Gallagher
Director, Division of Mining
Department of Natural Resources
State of Alaska
3601 C Street, Suite 900-984
Anchorage, Alaska 99503

H3/wsk
389

file
COAL
Royalty

Re: State Royalty Rates - Usibelli Coal Mines

Dear Jerry:

The recent request by Usibelli Coal Mines to limit the percentage increase in coal royalty payments to the State of Alaska should be approved. The current world market price of coal is considerably below the export cost of coal from the Usibelli Mine. An increase in cost as a result of additional royalties would probably result in the failure of renewal of the existing export contracts. Such an increase would certainly preclude the negotiation of additional export contracts.

Without the export of coal the Usibelli Mine would have to reduce production by fifty percent. Thus, the unit cost to Interior Alaska consumers would rise. A worst case scenario would be the complete termination of production at the Usibelli Mine. Without the production of coal, fuel oil would be the only source of energy for Interior Alaska. Without the competition from coal, fuel oil and electrical energy costs could be expected to rise.

Fairbanks Exploration is currently in a joint venture with BP Minerals America for the evaluation of the bulk tonnage gold potential of the Fairbanks Mining District. Upon successful completion of our current feasibility study, it is estimated that a major mining project (capital cost approximately \$100 Million) operating at 10,000 TPD would consume approximately 15 Megawatts. With the addition of a trolley assisted haulage system the electrical energy requirement is expected to double. The total consumption of electrical energy at the mine would approximate that of the larger plants in interior Alaska.

FAIRBANKS EXPLORATION INC.

P.O. Box 82549 • Fairbanks, Alaska 99708 • (907)479-7547

Jerry Gallagher
February 24, 1988
Page 2

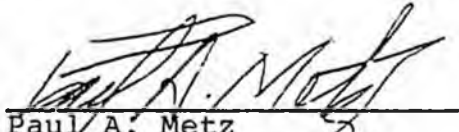
The feasibility of bulk mineable metals is very sensitive to the cost of energy. Without the current relatively moderate energy costs in Interior Alaska is highly unlikely that our project will be feasible.

The loss of the productive capacity of the Usibelli Mine may result in the loss of 130 direct jobs in Interior Alaska. The opportunity cost of not developing a world-class gold mine would be the loss of another 300 direct and 600 indirect jobs. Such a cost greatly exceeds any benefit the State of Alaska might realize from the proposed increase in coal royalty rates.

Sincerely,

FAIRBANKS EXPLORATION, INC.

By



Paul A. Metz
Chairman of the Board

cc. The Hon. Steve Cowper, Governor
Members of the Senate and the House
Joe Usibelli



Greater Fairbanks

Chamber of Commerce

First National Center

P.O. Box 7446

500 Cushman Street

(907) 452-1105

Fairbanks, Alaska 99707

May 2, 1988

Representative John Coghill
P.O. Box V
Juneau, Alaska 99811

Dear Representative Coghill:

Attached is a resolution, which was adopted by the Greater Fairbanks Chamber of Commerce, urging restraint in levying increased royalties on coal produced from land leased from the State of Alaska. Legislation in the form of SB 510 and HB 560 has been proposed that would be effective in implementing the intent of that resolution.

For the reasons stated in the resolution, we strongly urge you to support the passage of SB 510 and HB 560 during the current legislative session.

Sincerely,

Mike Kelly,
Chairman of the Board

W.R. Coz,
President and C.E.O.

WRC:jlw

cc: Interior Del.
attachment



Greater Fairbanks

Chamber

of Commerce

First National Center

P.O. Box 74446

709 Second Avenue

(907) 452-1105

Fairbanks, Alaska 99707

RESOLUTION 5-0288

A RESOLUTION URGING RESTRAINT IN
LEVYING INCREASED ROYALTIES ON COAL

WHEREAS, the State of Alaska is proposing to collect royalties on coal produced by the Usibelli Coal Mine which represents an increase from approximately \$.08 per ton (current average) to \$.96 per ton, and

WHEREAS, such an increase could be passed along to the Alaska Railbelt consumer in the form of higher electricity and heating rates; and

WHEREAS, an increase of this magnitude could price Usibelli coal out of the export markets which have earned for Alaska a total of \$78 million dollars since exports to South Korea commenced in 1985; and which are critical to the financial well being of the Alaska Railroad; and

WHEREAS, the royalty increases are in addition to rental on acreage, mining license taxes and corporate taxes paid by Usibelli Coal Mine to the State of Alaska:

NOW THEREFORE BE IT RESOLVED that the Greater Fairbanks Chamber of Commerce urges restraint in levying royalties on coal produced by Usibelli Coal Mine at Healy. Royalty rates should be maintained at present levels, especially in view of the difficult international market conditions.

Dated this 23rd day of February, 1988.

By

Mike Kelly
Mike Kelly, Chairman

By

W.R. Cox
W.R. Cox, President and CEO

ESTIMATED STATE REVENUE IMPACTS OF SB 510

| <u>Year</u> | <u>Coal Produced (tons)</u> | <u>Producer</u> | <u>Revenue At 5% AGU</u> | <u>Revenue via DNR 4/8/88 Decision</u> | <u>Maximum Revenue Under SB 510</u> | <u>Projected Revenue Loss with SB 510</u> |
|-------------|---------------------------------|-----------------|------------------------------|--|---|---|
| FY 89 | 1,500,000 | UCM | \$1,440,000 | \$900,000 | \$450,000 | \$450,000 |
| FY 90 | 1,500,000 | UCM | \$1,440,000 | \$1,350,000 | \$450,000 | \$900,000 |
| FY 91 | 2,000,000 | UCM/Wishbone* | \$1,920,000 | N/A | \$600,000 | \$1,320,000 |
| FY 92 | 2,500,000 | UCM/Wishbone | \$2,400,000 | N/A | \$750,000 | \$1,650,000 |
| FY 93 | 2,500,000 | UCM/Wishbone | \$2,400,000 | N/A | \$750,000 | \$1,650,000 |

*Assume 6 months production at Wishbone Hill

Prepared: 4/27/88, DNR

S B

514

HOUSE COMMITTEE REPORT

5/8

(9)

Date referred: 5/8/88

FURTHER REFERRALS:

Finance

DATE: 5-8-88

The Resources Committee has considered CSSB 514(Fin)

"An Act relating to the farming of aquatic plants and shellfish; prohibiting the farming of Atlantic salmon; extending the moratorium on finfish farming until July 1, 1990; establishing the Alaska Finfish Farming Task Force; and providing for an effective date."

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

Adelheid Herrmann HERRMANN
Mike Navarre NAVARRE
[Signature] HOFFMAN
[Signature] SONN
[Signature] CITTEN

SIGNING OTHER RECOMMENDATIONS:

[Signature] DEAROE
[Signature] DAVIDSON
[Signature] SPRINGER
[Signature] SEALTE

Adelheid Herrmann HERRMANN
Chairman's signature

Co-Chair



UNITED FISHERMEN OF ALASKA

211 4th Street, Suite 106
Juneau, AK 99801
907-586-2820

May 7, 1988

United Fishermen of Alaska urges the passage of CSSB 514 (Finance) without further amendments.

This bill establishes an effective mechanism for the development of shellfish farming in Alaska. It provides stability to encourage the growth of the industry.

This bill temporarily resolves the question of the legal status of finfish farming. It will help prevent lawsuits that would be costly to all parties.

This bill establishes a task force with specific goals to find answers to questions that have been raised about the value or cost to Alaskans of finfish farming.

Mariculture has been a controversial topic in the state. This bill puts an end to part of the controversy by establishing in statute a framework for the development of shellfish and kelp mariculture. This bill also establishes a solid forum for future discussions about finfish farming.

This bill specifically allows freshwater farms to continue or to be established while the larger issues regarding other farming projects are resolved.

We urge you to support CSSB 514 (Finance) as it is currently worded.

ALASKA STATE LEGISLATURE - SENATE

SENATOR RICHARD I. ELIASON

RULES COMMITTEE, CHAIRMAN
LABOR & COMMERCE COMMITTEE, VICE-CHAIRMAN
LEGISLATIVE COUNCIL
RESOURCES COMMITTEE
FISHERIES SUBCOMMITTEE, CHAIRMAN



P.O. BOX 143
SITKA, ALASKA 99835
P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465 4916

M E M O R A N D U M

TO: Senator Dick Eliason

FROM: Sheila Peterson, staff
Senator Eliason's Office *Sheila*

DATE: March 7, 1988

RE: Opposition to the pen rearing of salmon

The following communities and organizations have submitted resolutions in opposition to the pen rearing of salmon:

Communities:

Kenai Peninsula Borough
Edna Bay Community, Inc.
City of Port Alexander
City and Borough of Sitka
City of Craig
City of Wrangell
Ketchikan Gateway Borough
Sitka Chamber of Commerce

Organizations:

Craig Fish and Game Advisory
SW Regional Fish and Game
Council
United Fisherman of Alaska
Northern Southeast Regional
Aquaculture Association
Alaska Trollers' Association
Southeast Alaska Conservation
Council
Alaska Environmental Lobby
Seafood Producers Cooperative
Southeast Regional Fish and
Game Council
North Pacific Fisheries Assn.
Cook Inlet Fisheries Coalition
Cordova District Fishermen
United

We have also received many, many letters and public opinion messages statewide in opposition to the pen rearing of salmon.

SB 514 - ADVANTAGES TO SHELLFISH GROWERS

1. A strong policy statement by the legislature which encourages the establishment and responsible growth of an aquatic farming industry by the state is listed.
2. A hatchery could be established which would provide a stable and reliable source of shellfish spat.
3. An aquatic farm permit issued by the Department of Fish and Game may be transferred. This fact should facilitate the shellfish grower in obtaining financing.
4. A shellfish permittee shall be given a preference to a long term lease. This lease may be assigned. A long term lease will provide the much needed stability to the industry. The permittee will not have to compete competitively with other interested parties, but will be given a preference.
5. A permit will be issued for three years. Currently a one year permit is issued in Southeast.
6. Existing permit holders are grandfathered in for a lease preference. Under the current system, these farmers would have to compete competitively with all other residents to obtain a long term lease.

Distributed by Senator Eliason

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

M E M O R A N D U M

TO: ALL MEMBERS
ALASKA HOUSE OF REPRESENTATIVES

DATE: May 8, 1988

FROM: Steve Cowper
Governor

A large, stylized handwritten signature in black ink, appearing to read "Steve Cowper".

PHONE: 465-3500

SUBJECT: SB 514

I urge you to support passage of SB 514 (Finance) without amendment. The bill passed the Senate last night 17-3. Passage of SB 514 is important. Without this bill, the mariculture issue will be the subject of expensive and time-consuming litigation.

SB 514 will serve to encourage the growth of our shellfish and sea vegetable industry, and prevent this issue from becoming entangled in the courts by extending the existing moratorium on finfish farming.

Once again, I urge you to support passage of SB 514 (Finance) without amendment.

SENATE BILL 514

LETTER OF INTENT

It is the intent of the Senate that, for the period of the moratorium on finfish farming, the farming of finfish in a privately owned freshwater body with no outlet to state water should proceed. By enacting this bill, the Senate also directs the Commissioner of Fish and Game to work with prospective farmers and the Board of Fisheries to develop appropriate proposals to meet the goals of this legislation.

STEVE COWPER, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465 2400

OFFICE OF THE COMMISSIONER

May 2, 1988

The Honorable Fred Zharoff
Alaska State Senate
P.O. Box V
Juneau, Alaska 99811

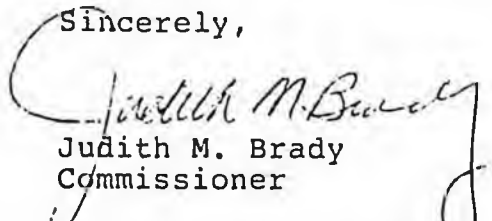
Dear Senator Zharoff:

I understand that the subject of land use regulations for mariculture activities continues to be an issue in the progress of SB 482 and SB 514. I believe that passage of a mariculture bill this session is extremely important to resolve some of the many pending policy questions surrounding the rearing of finfish and shellfish.

I support your position that districting, opening of application periods, and preparation of final written findings not appear in statute (specifically, Section 18, lines 5 through 24 in SB 514). Placing these provisions in statute restricts the department's ability to fine tune our system for processing applications if we find that it needs adjusting several years from now. Should either SB 482 or SB 514 pass this session without including this system in statute I do intend to propose the adoption of the system in regulation. It is essential that the public be aware of, and participate in the development of the rules that affect them.

As you are aware, this system for processing applications was proposed by the department. I would not oppose passage of a bill solely because it mandates this language in statute. I believe the need for the Legislature to settle the larger policy questions is greater than any constraints the department may encounter if the language were in statute. If I may be of further assistance to you, do not hesitate to contact me.

Sincerely,


Judith M. Brady
Commissioner

cc: Members of the Senate Finance Committee
Senator Richard Eliason
Rod Swope
Bob Evans
Richard LeFebvre

FISCAL NOTE

REQUEST:

Revision Date: 5/6/88
Title: "An Act relating to the farming of aquatic plants..."
Sponsor: Rules Committee
Requestor: Finance Committee

Agency Affected: Office of the Governor
BRU: Executive Operations
Components: Executive Office

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | 30.0 | 15.0 | | | |
| CONTRACTUAL | | 118.0 | 134.0 | 150.0 | 150.0 | 150.0 |
| SUPPLIES | | 2.0 | 1.0 | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 |
| CAPITAL | | | | | | |
| REVENUE | | | | | | |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|--|-------|-------|-------|-------|-------|
| GENERAL FUND | | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 |

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Requested funding is for Alaska FinFish Farming Task Force activities in FY 89 and FY 90 (50.0) and to expedite mariculture permitting activities within impacted State agencies (100.0 in FY 89 and FY 90; 150.0 in remaining years).

Prepared by: Michael A. Nizich, Director *Man* Phone: 465-3616
Division: Division of Administrative Services Date: 5/6/88

Approved by Commissioner: [Signature] Date: 5/6/88
Agency: Office of the Governor

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Funds will be provided to the Departments of Natural Resources, Environmental Conservation and Fish and Game to assist in the implementation this bill.

The Department of Natural Resources will be responsible for issuing permits and leases for mariculture sites as well as the siting review process established in Section 15 of the bill.

The Department of Environmental Conservation will be responsible for implementing provisions contained in the bill relating to chemical usages, product wholesomeness, shellfish site certification and other duties. Fish and Game will be responsible for the permitting of farms, pathology and genetics inspections and regulating brood aquisition.

In addition funds will be used to established and support Alaska Finfish Farming Task Force establish in Section 21 of the bill.

Funds will be provided to the agencies for personal services and support services to discharge their respective duties.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 7, 1988

SUBJECT: Sectional analysis of CSSB 514 (Finance)

TO: Senator Dick Eliason, Chairman
Senate Rules Committee

FROM: Edward H. Hein *EHA*
Legislative Counsel

Section 1 states legislative findings and policy regarding aquatic farming.

Sec. 2 is the guts of the bill. This creates a new article within AS 16.40, providing for the farming of shellfish and aquatic plants.

Sec. 16.40.100 requires a person to have a permit from the commissioner of fish and game in order to construct or operate an aquatic farm or related hatchery. The section spells out what a person is allowed to do under a permit and authorizes the commissioner to attach conditions to the permit to protect natural stocks. Permits may not be issued for farming Atlantic salmon.

Sec. 16.40.105 requires the commissioner to use specified criteria in issuing permits.

Sec. 16.40.110 provides for permit application, renewal, and transfer procedures and requirements. Applicants must submit a development plan for initial permit issuance. Renewal applications must include a report of disease history of the aquatic farm or hatchery, and evidence that the applicant has complied with the development plan. Commissioner may require a health inspection. Transferees are limited to the same terms as the transferors.

Sec. 16.40.120 requires a stock acquisition permit from the commissioner of fish and game in order to acquire wild shellfish or plant stock to supply an aquatic farm or

related hatchery. The commissioner must act on a permit application within 30 days. Permits may be denied or restricted if sustained yield would be impaired or if issuance would unreasonably disrupt an established use of the resource for commercial, sport, subsistence, or personal use purposes. Commissioner must inform the Board of Fisheries of permits denied because of unreasonable disruption of established uses or of any action taken on permits for acquiring species subject to limited entry. The Board of Fisheries may adopt regulations for conservation, maintenance, and management of species for which an acquisition permit is required. Unless a permit must be denied because of impairment of sustained yield, unreasonable disruption of an established use, or a conflicting Board of Fisheries regulation, the commissioner must issue acquisition permits if any of four circumstances exist: (1) wild stock is needed to start the farm or hatchery; (2) there are technological limitations on propagating the species for which a permit is sought; (3) the wild stock sought is not being fully utilized for other fishing uses; or (4) wild stock is needed to maintain the gene pool of the farm or hatchery. Shellfish and plants acquired under the permit become the property of the permit holder.

Sec. 16.40.130 prohibits importation of aquatic plants or shellfish for aquatic farms and hatcheries unless allowed by the Board of Fisheries by regulation.

Sec. 16.40.140 Limits sale or transfer of aquatic farm hatchery stock to other farms or hatcheries in state that have a permit, but shellfish stock can be sold to aquatic farms and related hatcheries outside the state.

Sec. 16.40.150 requires the Department of Fish and Game to order a quarantine or the destruction and disposal of diseased hatchery stock or aquatic farm products if necessary to protect wild stock. Permit holders must allow the department to conduct inspections during reasonable business hours and with reasonable notice. Cost of inspection paid by the department.

Sec. 16.40.160 allows the commissioner of fish and game to adopt necessary regulations for aquatic farming.

Sec. 16.40.170 establishes a class B misdemeanor penalty for violations of statutes and regulations relating to aquatic farming.

Sec. 16.40.199 defines various terms.

Sec. 3 authorizes the commissioner of environmental conservation to establish standards and conditions of operation and siting requirements for aquatic farms and related hatcheries to protect public health.

Sec. 4 requires the commissioner of environmental conservation to adopt aquatic farm products labeling regulations.

Sec. 5 gives the Department of Environmental Conservation authority to inspect aquatic farms and sites.

Sec. 6 defines "aquatic farm" and "aquatic farm product" for purposes of AS 03.05.

Sec. 7 authorizes the commissioner of fish and game to regulate aquatic farming in a manner that ensures the protection of fish and game resources.

Sec. 8 limits the regulatory authority of the Board of Fisheries with respect to aquatic farming to the authority expressly granted in Sec. 16.40.120(d) and (e) and 16.40.130.

Sec. 9 exempts aquatic farms and related hatcheries from the licensing requirements for sport and commercial fishing under AS 16.05.

Sec. 10 removes shellfish farming from the definition of "fish farming"; shellfish farming would be governed under AS 16.40; other fish farming would be under AS 16.05.

Sec. 11 exempts the sale of aquatic farm shellfish that are subject to limited entry from the permit and purchasing requirements of AS 16.10.265 - 16.10.267, which require fish buyers and processors to buy only from limited entry permit holders.

Sec. 12 exempts aquatic farming from the requirements of the Limited Entry Act, AS 16.43.

Sec. 13 excludes aquatic farm products from the definition of "seafood" for purposes of the Alaska Seafood Marketing Institute statutes.

Sec. 14 establishes a process for the Department of Natural Resources to lease sites for aquatic farms and related hatcheries. Lessees would be required to post a performance bond or other security to cover costs to the state of clean-up in the event the site is abandoned.

Sec. 15 requires the commissioner of natural resources to identify districts within which aquatic farming sites may be selected. Persons may then submit applications for sites during a 60-day period. Based on the applications received and consultations with other department heads, the commissioner makes a preliminary finding proposing sites in each district. After notice and hearing, the commissioner issues a final written finding identifying sites for which permits will be issued, and specifying conditions and limitations on the development of each site. The commissioner may then issue tideland and land use permits for aquatic farms. Permits are valid for three years and may be renewed, but not transferred. Before renewal, interested persons may submit written or oral testimony concerning the renewal. The commissioner must consider all relevant testimony before issuing or renewing a permit. A permit may be denied for good cause, but then the commissioner must provide the applicant with written findings explaining the reason for the denial. Applicants must post a performance bond or other security. The commissioner must adopt criteria for approving and denying permits and for limiting the number of sites in an area to protect the environment and natural resources.

Sec. 16 requires notice for public hearings on tideland permits and the siting of aquatic farms.

Sec. 17 requires that the notice under Sec. 16 be given to regional fish and game councils and coastal resource service areas.

Sec. 18 requires a public hearing by the commissioner of natural resources within 30 days after giving notice of the preliminary finding concerning siting.

Sec. 19 "grandfathers-in" existing lawful aquatic farms and related hatcheries, but conditions obtaining an initial lease or permit on the person's agreement not to change the use during the term of the lease or permit.

Sec. 20 requires the commissioner of natural resources to submit to the legislature a report on the implementation of

Senator Dick Eliason
Page 5
May 7, 1988

the statutes that provide for issuance of leases and tide-land or land use permits for aquatic farming.

Sec. 21 establishes a finfish farming task force to study issues relating to finfish farming in the state. The task force consists of five members appointed by the governor. It is to submit to the legislature an interim report in January, 1989, and a final report a year later.

Sec. 22 extends the existing finfish moratorium for two more years.

Sec. 23 provides an immediate effective date.

EHH:bb
56/008

S C R

6

HOUSE COMMITTEE REPORT

(9)

Date referred: 2/27/87

FURTHER REFERRALS:

4/30
Rules

DATE: 4/30/87

The Resources Committee has considered SCR 6

Relating to designation by the governor of Suntrana Mine as a Historic Site.

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Jan G. Cotten Cotten

Heinrich Springer Springer

Robert Pearce Pearce

John Sund Sund

Adelheid Herrmann Herrmann

Leo H. Lioffman Lioffman

Mike Navarre Navarre

Cliff Davidson

Jan G. Cotten
Chairman's signature

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801
PHONE: (907) 465-2400

February 13, 1987

The Honorable Jack Coghill
Chairman
Senate Resources Committee
P.O. Box V
Juneau, AK 99811

Dear Senator Coghill:

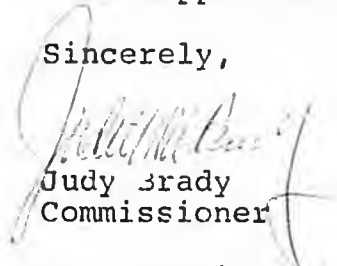
Subject: SCR 6, which urges that the Suntrana Mine be designated a historic site.

Position: The department agrees with designation of the Suntrana Mine as an historic site, subject to resolution of two issues.

Explanation: The site does qualify under state law for the designation urged in SCR6. A problem is that the land was selected under the Federal Mental Health Enabling Act of 1956 and as such, any transaction affecting the land's ability to generate revenues would require action by the Mental Health Trust Commission. In the event the litigation which led to the establishment of the Commission is resolved by new legislation involving a money settlement, this problem would be resolved. A second issue is that the site would need to be made free of any safety hazards and that erosion is suitably controlled.

Once these issues are resolved, our expectation is that the site would be managed, through a management agreement supported by fees charged visitors.

Sincerely,


Judy Brady
Commissioner

cc: Committee Members
Governor's Legislative Liaison

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____
 Revision Date: February 13, 1987
 Title: Suntrana Mine Historic Site
 Sponsor: Senator Cochill
 Requestor: Senate Resources

Bill Version: SCR 6
 Publish Date: _____
 Agency Affected: Natural Resources
 BRU: Minerals Management
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | -0- | -0- | -0- | -0- | -0- | -0- |
| CAPITAL | | | | | | |
| REVENUE | | | | | | |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|-----|-----|-----|-----|-----|-----|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | -0- | -0- | -0- | -0- | -0- | -0- |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Carol Wilson Phone: 465-2400
 Division: Commissioner's Office Date: 2/13/87
 Approved by Commissioner: Annis D. Amund, Deputy Date: 2/13/87
 Agency: Natural Resources

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)
 Senate Secretary

Senator John B. (Jack) Coghill
Alaska State Legislature

Pouch V
Juneau, Alaska 99811
(907) 465-4921

Box 5502
North Pole, Alaska 99705
(907) 488-0862



MEMORANDUM

TO: Members of the Senate Resources Committee
FROM: Senator Coghill *[Signature]*
RE: SCR 6; Relating to designation by the governor of Suntrana Mine as a Historic Site.
DATE: February 14, 1987

SCR 6 makes good public policy, it is important to preserve our heritage.

The trend toward historical preservation of areas of land and natural resources has gained momentum on a national scale over the last decade. I believe it is important to preserve the evidence of the methods man has employed to develop the public resources, just as it is important to conserve certain "wild" areas.

This resolution makes good sense in three areas.

First, tourism; the Suntrana Mine site is about 30 minutes driving time from the Denali Park lodge. The site offers the opportunity for the possible development of a state historic mining equipment museum, as well as having the notoriety of being Alaska's first large scale coal mine site.

Secondly, education; the University of Alaska currently conducts tours of the site as an example of the way mining used to be done. Without this type of knowledge it becomes even more difficult to develop new and innovative mining techniques. There are also unique geologic features present, which are also used as teaching tools.

Cammie Gable ACC

Finally, there is heritage, the Suntrana Mine is located on Alaska's only mine which exports coal to foreign markets. Since it began operations in the early nineteen hundreds, Suntrana has supplied energy and jobs for the Alaskan economy. It is my feeling that the sweat and hard work that built this country is every bit as important for future generations to remember, as is the preservation of unique wildlife habitat. After all, part of our heritage is the history evidenced by the footsteps of our forefathers.

This resolution asks the governor, to establish the Suntrana Mine as a remembrance for future generations, least they forget the hard work, and the people that past before them.

For these reasons I encourage a do pass recommendation.

February 13, 1987

The Honorable Jack Coghill
Chairman
Senate Resources Committee
P.O. Box V
Juneau, AK 99811

Dear Senator Coghill:

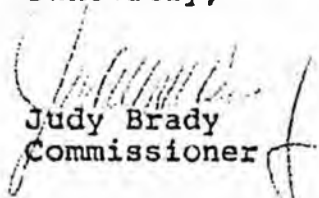
Subject: SCR 6, which urges that the Suntrana Mine be designated a historic site.

Position: The department agrees with designation of the Suntrana Mine as an historic site, subject to resolution of two issues.

Explanation: The site does qualify under state law for the designation urged in SCR6. A problem is that the land was selected under the Federal Mental Health Enabling Act of 1956 and as such, any transaction affecting the land's ability to generate revenues would require action by the Mental Health Trust Commission. In the event the litigation which led to the establishment of the Commission is resolved by new legislation involving a money settlement, this problem would be resolved. A second issue is that the site would need to be made free of any safety hazards and that erosion is suitably controlled.

Once these issues are resolved, our expectation is that the site would be managed, through a management agreement supported by fees charged visitors.

Sincerely,


Judy Brady
Commissioner

cc: Committee Members
Governor's Legislative Liaison

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version: SCR 6
Publish Date: _____

Revision Date: February 13, 1987

Agency Affected: Natural Resources
BRU: Minerals Management

Title: Suntrana Mine Historic Site

Sponsor: Senator Cochill

Components: _____

Requestor: Senate Resources

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | -0- | -0- | -0- | -0- | -0- | -0- |
| CAPITAL | | | | | | |
| REVENUE | | | | | | |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|-----|-----|-----|-----|-----|-----|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | -0- | -0- | -0- | -0- | -0- | -0- |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Carol Wilson Phone: 465-2400

Division: Commissioner's Office Date: 2/12/87

Approved by Commissioner: Norm D. Arnold, Deputy Date: 2/13/87

Agency: Natural Resources

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

SCR

15

HOUSE COMMITTEE REPORT

(9)

Date referred: 4/24/87

FURTHER REFERRALS:

DATE: 5/9/87

The Resources Committee has considered SCR 15
Relating to the use of Alaska wood products.

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published 3/10/87
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

Jan Cuts

Mike Hawane

John High

Cliff Davidson

Cliff Davidson

Don Shultz

Heinrich Lunde

Adelheid Herrmann

SIGNING OTHER RECOMMENDATIONS:

Jan Cuts
Chairman's signature

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SCR 15
Publish Date: _____

REQUEST _____

Revision Date: _____ Agency Affected: Department of Administration
Title: A resolution relating to the BRU: General Services & Supply
use of Alaska wood products.
Sponsor: Josephson, Eliason, Jones, Zharoff Components: _____
Requestor: _____ and Faiks _____ Purchasing

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 |
|-------------------|-------|-------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| PERSONAL SERVICES | 0 | 0 | 0 | 0 | 0 | 0 |
| TRAVEL | 0 | 0 | 0 | 0 | 0 | 0 |
| CONTRACTUAL | 0 | 0 | 0 | 0 | 0 | 0 |
| SUPPLIES | 0 | 0 | 0 | 0 | 0 | 0 |
| EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 |
| LAND & STRUCTURES | 0 | 0 | 0 | 0 | 0 | 0 |
| GRANTS, CLAIMS | 0 | 0 | 0 | 0 | 0 | 0 |
| MISCELLANEOUS | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING | 0 | 0 | 0 | 0 | 0 | 0 |
| CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
| REVENUE | 0 | 0 | 0 | 0 | 0 | 0 |

FUNDING: (Thousands of Dollars)

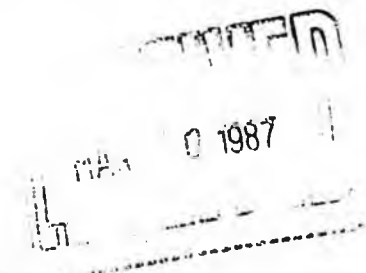
| | | | | | | |
|---------------|---|---|---|---|---|---|
| GENERAL FUND | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 | 0 | 0 |

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

N/A



Prepared By: Robert J. Link Phone: 465-2250
Division: General Services & Supply Date: March 6, 1987

Approved by Commissioner: Garrey Peska Date: 3/10/87
Agency: Department of Administration

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

valley sawmill

March 19, 1987

Dear Legislator,

I appreciate the time and attention given my recent presentation on the issue of Alaska wood products. As a member of the Alaska Logger's Association, I found it encouraging to sit before a receptive group of lawmakers and was glad to be able to answer your questions.

As an update, I am enclosing a memorandum I received upon my return to Anchorage. Many of the points made by Mr. Simpson of the state Department of Transportation and Public Facilities are indicative of the "no can do" attitude I've encountered over the past few years while lobbying state and local entities in an attempt to convince them to purchase local wood.

Contained in Mr. Simpson's memo are several blatant inaccuracies DOTPF is using to justify its practice of rarely specifying Alaska wood in state contracts.

In the third paragraph of his memo, Mr. Simpson says there is not an active grading system among Alaska producers. In fact, Reid Oswald of Kodiak does have a grade stamp and another major supplier, United Lumber, formerly had such a system in place. They stopped using it, however, because state and local contracts excluded local wood, eliminating the need for a grade system.

Second, Mr. Simpson said his "sources" indicated only a limited amount of Alaska wood is planed or dressed. According to the Department of Commerce and Economic Development's 1987 guide to lumber producers, there are 22 planers in the state, all capable of planing local wood to meet industry standards.

The third point raised concerning the use of kilns to dry local wood is also partly-false. In 1969, United Lumber put in a dry kiln, only to discontinue its use, again due to lack of activity. More interesting, however, is the fact that a good portion of the wood the state of Alaska imports from Outside is air-dried, not kiln-dried.

While the final point is true concerning use of a pressure treatment facility to treat the wood, based on the numerous, erroneous points raised earlier in the memo, Alaska producers have had no incentive to invest in a pressure treatment facility.

3/19/87

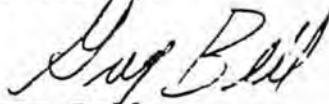
Given the lack of encouragement from government regarding the purchase of local wood, the state's suppliers have no reason to sink even more money into pressure treatment facilities. Also, should a state contract specify treated Alaska wood, local contractors could have their wood pressure-treated for minimal additional cost.

On page 2 of the memo, Mr. Simpson says federal aid requirements prohibit the preferential consideration of Alaska wood. We're not asking for preferential treatment. If the state can specify Outside wood in a contract, surely it can specify wood that grows here in the state of Alaska.

Mr. Simpson says the state will continue to encourage the use of Alaska wood. While that is a commendable sentiment, we in the timber industry have yet to see any major action in that direction.

I appreciate your time and will look forward to your response and any appropriate action.

Sincerely,



Greg Bell
Valley Sawmill

CC: Senate President Jan Faiks
House Speaker Ben Grussendorf
House & Senate Resource members
House & Senate Finance members

MEMORANDUM

State of Alaska
Department of Transportation & Public Facilities

TO: Rocky Gutierrez, Commissioner
Alaska Dept. of Transportation
and Public Facilities

DATE: February 9, 1987

THRU: Mark Hickey, Deputy Commissioner
Operations

FILE NO:

TELEPHONE NO: 465-2951

FROM: John J. Simpson, Director
Engineering & Operations Stds.
Headquarters

SUBJECT: Alaska Forest Products

There seems to be a long standing misconception that DOT&PF's construction contracts have some exclusionary clause or prejudice against Alaska wood products. This is simply not true.

Any constraints on Alaska lumber and timber products appear to be related to ancillary factors rather than the quality of the wood. Some of these factors are perhaps of greater significant value to the users and specifiers than the characteristics of the material itself. Specifically:

- Although applicable grading rules exist, there is no continuously active lumber inspection agency presently functioning within the State. Historically, few mills in Alaska have ever subscribed to such quality assurance programs, making product acceptability somewhat tenuous.
- Most Alaska mills produce rough sawn material, but our sources indicate only limited amounts of lumber are dressed to the standard dimensions favored by the building industry. This factor is of greater concern in building construction than on transportation projects.
- We are not aware of any facilities in the State producing kiln dried lumber with its reduced shrinkage, checking and warping characteristics; also a building related concern.
- There is not, to our knowledge, any established laminators within the State capable of producing glued-laminated structural timber for heavy construction applications.
- And perhaps the single most significant reason for underutilization of Alaska wood products on transportation projects is the fact that no facilities exist in Alaska to pressure treat timber with preservatives. By our recollections only one such facility ever existed in Alaska; an Anchorage plant that treated ties for the railroad. This plant is no longer in operation.

Our contract specifications generally accept most commercial Alaska species. For building applications, Uniform Building Code Standards No. 25-1, 25-2, 25-3 and 25-4 apply; for transportation applications the American Association of State Highway and Transportation Officials (AASHTO) specification M168 applies. Copies of these specifications and appropriate sections showing acceptance of Alaska species are attached.

For bridge construction, Alaska species will gain greater acceptability under the Department's revised Standard Specifications that are scheduled to be published later this year. Alaska species have always been encouraged whenever untreated timber was suitable for bridge applications, such as for running planks, temporary construction and the like.

Rocky Gutierrez, Commissioner
February 9, 1987
Page -2-

The Western Wood Products Association, West Coast Lumber Inspection Bureau and the Pacific Lumber Inspection Bureau advise us that they have, over the years, maintained quality assurance and certification programs for mills in Alaska. The Kodiak Mill, according to our inquiries, was the only Alaska sawmill operating under a lumber certification program. We understand the Kodiak sawmill suffered fire damage recently and may not be in production at this time.

Design professionals rely on established standards for the engineering properties of wood (Uniform Building Code, National Design Specification, AASHTO, etc.). A few of the commercial species found in Alaska are individually stress rated. Others are grouped and stress rated as combinations of similar species. Birch is used in millwork, but we are not aware of any standard that stress rates birch for structural lumber applications. Alaska species that are not presently stress rated and those that are stress rated in species combinations will continue to suffer some engineering prejudice until individually recognized by acceptable stress rating standards.

Cost effective considerations rule out the use of untreated wood for most transportation projects.

Federal-aid requirements prohibit preferential considerations for Alaska wood products.

The Department can and will continue to encourage the use of Alaska timber resources in its projects, but the timber industry must also respond to the factors within their control that will improve and enhance consumer acceptance of their products, both public and private. Specific and constructive recommendations toward improving our contractual procedures in a competitive atmosphere are always welcome.

attachments

valley sawmill

March 3, 1987

Honorable Steve Cowper
Governor of Alaska
Third Floor, State Capitol
Pouch A
Juneau, Alaska 99811

SUBJECT: State Support of Local Timber Products

Dear Governor Cowper:

I am writing this letter to summarize many of the frustrations and lack of progress that I have encountered during my efforts over the last year to encourage the use of locally produced and manufactured wood products on various state, municipal and other agency projects.

While the concept of supporting local hire and the use of local products is touted by the politicians as being an economically sound policy; and worthy of support, in practice, it is far from a reality. While most other states actively support their state's resources, the purchasing agents within this state seem firmly entrenched in the use of outside products.

Local suppliers have gone to great lengths and costs to prove the quality and competitiveness of local wood products to these agencies, and while we have been many times encouraged by the lip service of these officials, the contracts always end up going to the outside supplier. Rarely, if ever, have we seen a contract issued by a governmental entity that specifies Alaska wood products, despite repeated efforts by the producers to educate officials on the subject.

Keeping Alaskan dollars within our own economy can only strengthen our economic base. The local timber industry estimates that six jobs are created for every one million board feet of lumber sold. The railbelt network consumes approximately 100 million board feet annually. This translates to approximately 600 jobs that are being lost to outside suppliers each year. The bureaucratic lack of support and roadblocking of local manufacturer's efforts to join the marketplace, has created a situation where it is easier to lay off workers, than to fight city hall for access to the market.

Steve Cowper, Governor
March 3, 1987
Page 2

Tables currently in use in the forest products industry were developed in the 1940's based on tests conducted on old growth Douglas Fir, the predominant timber utilized at that time. At present, timber products from the Lower 48 are primarily manufactured from second and third growth Douglas Fir, while our locally manufactured wood products utilize structurally superior old growth Alaskan Spruce timber. Old growth timber is stronger than the faster growing second and third growth timber, and therefore, more dense. With no recent published data available, the Anchorage Wastewater and Utility, and the Municipality of Anchorage chose to accept the hypothesis of an outside supplier, that Alaskan wood products are inferior. (See attached Exhibit B).

In response to the lack of published data, I requested a nationally certified test lab, Alaska Test Lab, to conduct testing on some of the local woods. As you can see by the attached (Exhibit C), some local woods exceed the strengths of outside wood, now being used extensively in local projects. The false and negative assumptions regarding local forest products are not based on scientific fact or economics, but based solely on the traditional use of outside wood products.

I have encountered numerous examples of prejudices against using Alaskan produced wood. Almost every invitation to bid issued by state and other agencies, includes specifications for wood that is not produced in Alaska. This exclusion of Alaskan wood products must be addressed at the top, during the planning process. Three specific examples of this prejudice can be seen in the following examples:

- 1) In 1986, the Municipality of Anchorage issued bid requests for 50 park projects requiring between \$2,000 and \$50,000 of rough cut timbers each. The specifications called for outside wood species.
- 2) Anchorage School District - does not include one Alaska wood species in their invitation for bid for lumber for shop purposes.
- 3) Kenai Peninsula Borough - Bid documents for Chakok and Dorothy Road Bridges specify coast region Douglas Fir. Bid date, March 16, 1987. \$25,000 lost revenues to Alaskan suppliers.

The legislature expressed its support of local products by passing an Amendment to A.S. Section 36.15.010 - 020. (See attached Exhibit D). While this is a good law, the intent has not been implemented, and without enforcement, it is merely empty words.

Steve Cowper, Governor
March 3, 1987
Page 3

While a spirit of open cooperation between legislative intent and implementation of this intent by all agencies would serve to strengthen the state, it is apparent that the entities involved require specific direction and regulation before they will comply with state law.


All agencies, including the Municipality of Anchorage, must be accountable to the state for compliance with state law, when receiving public grant funds for projects. The regulations covering the use of local forest products must have some teeth in them, that will further enforcement. One way to ensure that grant recipients purchase Alaskan products and comply with state law would be to prepare the contracts so that grant money could be withheld if the entity did not follow contract provisions.

At this time, the intention is not clear cut in the law, and is too open to interpretation. I have enclosed a memorandum (see Exhibit E) from the Matanuska-Susitna Borough attorney, offering a legal opinion on this law, which indicates that they are not legally bound to the law. According to his opinion, once the state turns money over to a local government, the state has no further control over the funds, despite provisions in most grants that require the local governments to follow state laws. Page 3 of the 4 page Standard Agreement Form for Municipal Grants, is devoted entirely to the adherence of grant recipients with State law, yet as I have illustrated, this is not being accomplished.

I strongly urge your support of Alaskan products by whatever means necessary - be it tighter legislation to require recipients of state funds to buy Alaskan, or by giving strong direction to the government agencies charged with overseeing state funds.

Respectfully submitted,

VALLEY SAWMILL



Greg Bell
President

cc: All Senators
All Representatives
Commissioner Garrey Peska
Commissioner J. Anthony Smith
Commissioner Judith A. Brady
Commissioner Mark S. Hickey
John Galea, Director, Alaska Loggers Association

EXHIBIT A

valley sawmill

January 2, 1987

Mr. Jim Barnett
Municipal Assembly
P.O. Box 196650
Anchorage, Alaska 99519-6650

Dear Jim:

Throughout the past year, the local forest products industry has been working with the Municipality of Anchorage to encourage the use of locally produced and manufactured wood products in a variety of municipal projects. Although the response has not been entirely negative, in almost every case some form of barrier has arisen/or been created that either specifically excludes or strongly discourages the use of local wood products. We have not asked for any subsidies, only that the Municipality support local industry through the purchase of products that are equal in quality, competitively priced and locally manufactured.

The Eklutna Water Project (EWP) is a prime example of the extent of our efforts. We felt that the Water Division Tunnel portion of the E.W.P. would mesh well with the present capabilities of our industry. Specifically, it called for 68,000 pieces, 4" x 6" x 4' timbers; over one half million board ft. Through various Municipal channels, we stressed the importance of keeping local dollars within our economic system to maximize their benefit, and still almost no local wood has been used.

The following reviews the key events regarding the E.W.P.:

°In December of 1985, I contacted Municipal officials, pointed out the existence of AS 36.15.010 - 020 (see attached) and requested compliance.

°M.O.A.'s response was resistive, but members of the legislature and the Governor pushed for compliance and demonstrated support by the adoption of SB 371, Executive Order 87, etc.

°These prompted the April 16, 1986 letter by Charley Bryant, Special Projects Manager at Anchorage Water and Wastewater Utility A.W.W.U. which outlined the Municipality's position of compliance with AS 36.15.010 - 020 and made special assurances that these statutes would be adhered to on all A.W.W.U. projects.

°On May 1, 1986, the tunnel contractor, Frank Colluccio Construction Company informed E.W.P. that they intended to use only select Douglas Fir and Oak as logging because, in their opinion, Alaskan wood products would not meet the structural strength requirements.

Mr. Jim Barnett
January 2, 1987
Page 2

- ° On June 20, 1986, the local forest products industry consulted with experts in wood strength analysis at the U.S. Forest Service Test Lab in Missola, MT. These experts noted only slight differences in the strength characteristics of Douglas Fir versus Alaskan Spruce. They also expressed confidence that Alaskan Spruce would meet or exceed the design criteria for this project.
- ° On September 12, 1986, the contractor made the value judgment that local product would not meet the design criteria and that he would use material from outside our state.
- ° On September 15, 1986, Douglas Fir logging material arrives at the construction site and is comprised of approximately 20% #1 or better, 40% #2 and 40% #3 or poorer. In effect 40% of the material on site does not meet the contractor's own design criteria.
- ° In October, Meet with A.W.W.U. officials and informed that they are powerless to enforce AS.36.15.010 - 020, and are concerned with possible delays in construction. However, assurances are made that they make every effort to incorporate Alaskan forest products in the PT. Woronzof Out Fall Extension Project tunnel.

Throughout these discussions two issues have surfaced as rationale for not utilizing local forest products.

- 1) Structural suitability
- 2) Cost

Enclosed please find Attachment 1, which includes the cover letter and pertinent findings of Alaska Test lab, which conducted comprehensive tests on local wood strengths. Their findings show that two of the three Alaska species tested exceed Douglas Fir in strength and the Sitka Spruce tested at 95%.

With regards to cost competitiveness, A.W.W.U. made a recent cost comparison for the upcoming PT. Woronzof project. The contractor, again Frank Colluccio Construction Company, has a quote of \$295.00/1,000 bd. ft. from a lower forty-eight supplier. Local suppliers estimates range from \$450.00 to \$505.00 per 1,000 bd. ft. There are several reasons for the disparity in cost:

- ° Local suppliers would be required to make delivery in three to four weeks. The outside supplier had an approximate 6 month lead time.

Mr. Jim Barnett
January 2, 1987
Page 3

- °This short lead time required the local industry to commit to a barge load shipment of logs from Afognak Island in order to insure the necessary volume and avoid delays in supplying a project of this size. Barge operations involving logs have not been attempted through the Port of Anchorage, so initial start up costs and the short time frame added to the overall cost.
- °The prior shipment of logging material to the E.W.P. was comprised of 40% number three or poorer material. If the Pt. Woronzof shipment includes a similar proportion of substandard wood, then this is reflected in an artificially low price.
- °Manufacture cost are greater during cold-winter months. If the local industry been afforded the same production time frame these production problems and costs could have been substantially minimized.
- °Short time frame would require overtime work to meet the delivery schedule.

With Alaska's economy in a tailspin, we feel that local government should become more attentive to supporting Alaska's basic industries. Instead of creating barriers that discourage or exclude local products, the Municipality should take steps to promote their use. The level of effort and input that the E.W.P. has received, and still almost no local products were used, is ridiculous. We need to place much more emphasis on the importance of incorporation of these products and the need to foster a climate that removes barriers instead creating them.

We urge you to send a strong message to all Municipal departments that local industries need their support. The State of Alaska has adopted SB 341, which calls for a 15% preference, as a step toward developing a strong and prosperous economic base. In addition, Alaska Statute, Section 36.15.010, adopted in 1949 (See Attachment 2), was amended and clarified in 1986.

We feel that the Anchorage Assembly can take effective steps toward this state wide goal by adopting an ordinance modeled after SB 341. This will assure that jobs will be created and retained in Alaska. If forest products are purchased from outside the State, we are simply generating and retaining jobs somewhere else, such as Oregon, Washington or Canada. Let's keep the jobs here in Alaska by buying locally grown and produced forest products. That is a sound investment for the M.O.A., to assure a stable and strong economy now, and in years to come.

Respectfully submitted,

Greg Bell
President

EXHIBIT B



MATHEUS LUMBER COMPANY, INC.
Wholesale Forest Products

P.O. Box 3058
8505-131st Avenue NE
Kirkland, WA 98083

(206) 284-7500
TELEX 32-1116

November 12, 1986

Mr. Wayne Moses
Coluccio Construction Company
9600 Martin Luther King Way S.
Seattle, Wa. 98108

Dear Wayne:

In response to your questions concerning the feasibility of using Alaskan Paper Birch as lagging for your Eklutna tunnelling operation.

Research has moved this writer to contact the National Hardwood Lumber Association (NHLA), in Memphis, Tennessee, concerning the appropriate properties: strength, bending, modulus of elasticity, compression, etc. Mr. Allen Medlin, General Manager, advised me that the Hardwood Association has not done any engineering studies since some time in the 1940's and that any pertinent information could be found in a U.S. Department of Agriculture Forest Products Laboratory Wood Handbook #72. We have referred to this and attached for your information copies of the general description, as well as comparative properties. (See enclosure). As you can see, the comparison, based on green (specific gravity) shows a consistent lessor relationship between Douglas Fir (Coast) and Birch (Paper), except the last two columns.

Having absorbed this I moved on to the University of Washington and talked to Dr. Ben Bryant who verified that, to the best of his knowledge, there was no national association connected with the manufacture of any of the Alaskan Hardwood species.

More importantly, Dr. Bryant reminded me that all strength property charts were assessed from computations based on a common norm, i.e., the wood piece is to be clear, dry and straight grained and that all grading rules are based on values over and above the known defects.

The two major defects of strength are angle of grain and knot configuration. As such Paper Birch is not known as a straight grained specie and size basically forbids its being cut in any quantity for use commercially in construction. There are NO stress grades established by a known association for Paper Birch as far as I know.

As suggested by Mr. Bill Tomkinson of G.W. Martin, one of Canada's premier hardwood producers, Paper Birch is only fourth from the bottom of the hardwood chain as pertains to strength characteristics.

You might want to verify from the potential suppliers if they have any proof that a known association has developed guaranteed strength properties for the use (i.e. size

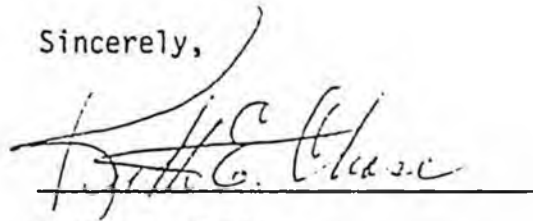
Continued Page Two....

November 12, 1986
Mr. Wayne Moses
Coluccio Construction Company

length) intended plus an absolute responsible contract for delivery-always to be at an acceptable price.

Please advise if I can be of any further help in this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Keith E. Chase", is written over a horizontal line.

Keith E. Chase
Matheus Lumber Company

Enclosures



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. ATM

Meeting Date:

From:
Subject: Mayor
Alaska Wood Preference/Point Woronzof Tunnel

Based on a request from Assemblyman, Jim Barrett, the Anchorage Water & Wastewater Utility offers the following information on why Alaska forest products were not specified in the Point Woronzof bid documents since State statutes require the use of Alaska forest products when practicable.

The Point Woronzof Expansion Project has been under way since design inception during the summer of 1983. The project is scheduled for completion in October, 1987.

The total project, comprised of six phases, has received over \$26,000,000 (million) dollars to date of Federal EPA funding. The amount equates to about 75% of the total cost. Phase V is a 2,700 foot effluent tunnel.

AWWU has been successful in obtaining EPA funding by complying with EPA grant guidelines. EPA and DEC officials have advised that AWWU could lose grant eligibility if we specified a specific product. The loss could amount to about \$262,500 which is the approximate cost given by one of the local lumber firms.

Despite this potential loss, AWWU, on October 31, 1986, requested proposals from the contractor to use 100% Alaska wood in the Point Woronzof tunnel initial support system.

The contractor requested prices from the Wrangell Forest Products LTD, one of the largest mills in Alaska. We were informed by a letter, dated November 4, 1986, that the mill could not provide the required timber within the next six months. This mill produces western-hemlock which can possibly meet the contractor's specifications for strength. Additionally, the contractor solicited proposals from The Valley Saw Mill and Trapper Creek Timber Products, Inc.

Preliminary indications are that the local available wood, spruce and/or birch, will not meet the contractor's strength requirements. The delivered cost is prohibitive. This makes the use of Alaska wood in the tunnel non-practicable.

Douglas fir which meets the contractor's specifications and is processed in the Northwest will cost \$295/1000 BF delivered to the Point Woronzof job site. Preliminary indications are that wood produced in Alaska will cost about \$525/1000 BF. The wood

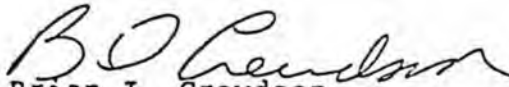
will be used for timber lagging in the initial support system for the tunnel.

These timbers must be able to withstand the surrounding earth loads and more importantly, be able to withstand the compressive force generated by the tunnel boring machine (TBM) which can produce in excess of 1.5 million pounds of thrust in order to move the TPM forward.

Our information indicates that douglas fir and oak are the only species of wood used in the northwestern United States tunnels because of the demanding strength requirements. Additionally, the contractor is solely responsible for the design and construction of the tunnel initial support system, and the safety of the tunnel.

In summary, it does not appear to be practicable to use Alaska wood for the tunnel initial support system. The cost is prohibitive and the responsibility for safety must remain solely with the contractor.

Prepared by:



Brian I. Crewdson
Acting General Manager
Anchorage Water & Wastewater Utility

Respectfully submitted:

Concur:

Tony Knowles
Mayor

Robert E. Smith
Municipal Manager

dw.AM.5

EXHIBIT C



Alaska Testlab



4040 "B" Street

Anchorage, Alaska 99503

Telephone (907) 562-2000

December 19, 1986

W.O. #A23279

Mat-Su Loggers Association
c/o Valley Sawmill
6231 Old Seward Highway
Anchorage, AK 99502

Attention: Greg Bell

Project: Local Wood Strengths

Subject: Test Results

Gentlemen:

At Greg Bell's request, Alaska Testlab tested the compressive strengths and flexural strengths of local wood and Douglas-Fir. This wood was tested essentially in accordance with ASTM D-143. The local woods tested were: Sitka Spruce, White Spruce, and Birch. These test results were compared to second growth Douglas-Fir.

Greg Bell delivered to Alaska Testlab all the wood tested for this project. It is our understanding that the local wood was all processed at the Valley Sawmill and the Douglas-Fir was purchased from a local lumber yard. We were not involved in the sampling process.

As per ASTM D-143, Section 55 through Section 62, all the test specimens tested for compression parallel to grain were 2" X 2" X 8" in size. These specimens were first loaded in our triaxial shear device. This is comprised of a Geotest loading frame attached to a Hewlett-Packard Model HP9121 computer through a load cell. The test specimens were then loaded at a continuous rate of 0.003 in/in/min., (0.024 in/min.) We continued to load the test specimens at this rate until a load of 10,000 to 12,000 lbf., was reached. During this time the deformation associated with the different loads were recorded. With this information the stress-strain curves were developed. The modulus of elasticity parallel to the grain of the wood was determined by the slope of the stress-strain curve. The maximum load that our triaxial load machine will handle is 10,000 to 12,000 lbf. These test specimens were still in the elastic range while

Mat-Su Loggers Association
c/o Valley Sawmill
Greg Bell
December 19, 1986
Page 2

under this load. After this initial loading, these specimens were loaded to failure in compression parallel to the wood grain with our Forney 400,000 lbf., compression machine. This determined the maximum compressive strength parallel to the grain of this wood.

The flexural strengths of these wood specimens were tested essentially in accordance with ASTM D-143, Section 47 through Section 54. The test specimen size was 2" X 2" X 30". These specimens were tested as a simple beam expanding over a 28.5 inch span with a point load concentrated at the center of the span. The deformation of the center point load was at a rate of 0.10 in/min. This rate of deformation continued until the failure of the beam. From this test, the stress-deformation curve was developed. The maximum flexural stress of the wood fiber was obtained through this test as well as the modulus of elasticity perpendicular to the grain of this wood. The moisture of each of these test specimens was estimated with a Delmhorst moisture meter.

The test results are on the attached figures. Wood is a nonisotropic substance. This explains why the modulus of elasticity is 7 to 8 times greater in flexural bending perpendicular to the grain than it is in compression parallel to grain. These test results indicate that compressive strengths and flexural strengths of local Sitka Spruce are slightly less than that of Douglas-fir. The compressive strengths and flexural strengths of local Birch and White Spruce are greater than those strengths in the Douglas-fir.

If you have any questions regarding this matter, please feel free to contact us.

Sincerely yours,

ALASKA TESTLAB

Greg Luther
Greg Luther, E.I.T.
Materials Engineer

APPROVED:

M. R. Nichols

Melvin R. Nichols, P.E.
President

MRN:GL:pok



MODULUS OF ELASTICITY AND MAXIMUM COMPRESSIVE STRENGTH PARALLEL TO GRAIN

| Wood Type | Moisture Content | Test Load (lbf.) | Maximum Compressive Strength (psi) | Modulus of Elasticity Parallel to Grain (100,000 psi) | Average Maximum Compressive Strength (psi) | Average Modulus of Elasticity Parallel to Grain (100,000 psi) | Percent of Douglas-Fir Strength |
|--------------|------------------|------------------|------------------------------------|---|--|---|---------------------------------|
| Sitka Spruce | 15% | 12800 | 3200 | 2.00 | 3250 | 2.15 | 95% |
| | 17% | 14475 | 3620 | 2.18 | | | |
| | 19% | 13000 | 3250 | 2.16 | | | |
| | 19% | 11000 | 2750 | 1.59 | | | |
| | 22% | 13200 | 3300 | 2.39 | | | |
| | 25% | 13500 | 3380 | 2.35 | | | |
| Birch | 15% | 22200 | 5500 | 2.73 | 4700 | 2.43 | 138% |
| | 17% | 15400 | 3850 | 2.12 | | | |
| | | | | 2.43 | | | |
| White Spruce | 16% | 16800 | 4200 | 2.31 | 4420 | 2.35 | 130% |
| | 20% | 18500 | 4630 | 2.39 | | | |
| Douglas-Fir | 17% | 14400 | 3600 | | 3410 | | 100% |
| | 20% | 14700 | 3680 | | | | |
| | 22% | 11750 | 2940 | | | | |



MAXIMUM BENDING STRESS AND MODULUS OF ELASTICITY PERPENDICULAR TO GRAIN

| Wood Type | Moisture Content | Test Load (lbf.) | Maximum Bending Stress (psi) | Modulus of Elasticity Parallel to Grain (Million psi) | Average Maximum Bending Stress (psi) | Average Modulus of Elasticity Perpendicular to Grain (Million psi) | Percent of Douglas-Fir Strength |
|--|--------------------------|----------------------------|-------------------------------|---|--------------------------------------|--|---------------------------------|
| Sitka Spruce * (Less than Grade #1 not used in average) | 14% 19% 30% 30% | 1010 970 1060 590 | 5150 4950 5400 3000* | 1.55 1.54 1.14 1.20 | 5200 | 1.41 | 95% |
| Birch | 14% 16% | 1700 1700 | 8650 8700 | 1.98 2.27 | 8700 | 2.13 | 158% |
| White Spruce (Both were less than Grade #1) | 17% 20% | 1110 1190 | 5650 6050 | 1.67 1.71 | 5900 | 1.69 | 107% |
| Douglas-Fir | 20% | 1070 | 5500 | 2.85 | 5500 | 2.85 | 100% |

EXHIBIT D

Chapter 15. Forest Products Preference.

Section

10. Use of local forest products required in projects financed by public money

Section

20. Insertion of clause in calls for bids and in contracts

Collateral references. — 64 Am. Jur. §§ 2, 3, 7, 10, 18; 81A C.J.S., States, 2d, Public Works and Contracts, § 94. §§ 154, 158, 161.
72 C.J.S. Supplement, Public Contracts,

Sec. 36.15.010. Use of local forest products required in projects financed by public money. In a project financed by state money in which the use of timber, lumber, and manufactured lumber products is required, only timber, lumber, and manufactured lumber products originating in this state from local forests shall be used wherever practicable. (§ 14-3-1 ACLA 1949) See 1986 Amendment

Sec. 36.15.020. Insertion of clause in calls for bids and in contracts. A clause containing the substance of AS 36.15.010 shall be inserted in all calls for bids and in all contracts awarded. (§ 14-3-2 ACLA 1949)

Chapter 20. Purchases and Supplies.

Section

10. Preference of producers or dealers in Alaska

Collateral references. — 64 Am. Jur. §§ 2, 3, 7, 10, 18; 81A C.J.S., States, 2d, Public Works and Contracts, § 94. §§ 154, 158, 161.
72 C.J.S. Supplement, Public Contracts,

Sec. 36.20.010. Preference of producers or dealers in Alaska. In making purchases or awarding contracts for supplies, commodities or materials for an office or institution of this state preference shall be given, whenever practicable, to producers and dealers in the state, price and quality being equal. (§ 14-4-2 ACLA 1949)

Cross references. — As to preference for Alaska bidders under the Fiscal Procedures Act, see AS 37.05.230.



LAWS OF ALASKA

1986

Source

HCS CSSB 57(Fin)

Chapter No.

16

AN ACT

Relating to preferential use of Alaska agricultural or fisheries products; and providing for an effective date.

* Section 1. AS 36 is amended by adding a new chapter to read:

CHAPTER 16. PREFERENTIAL USE OF ALASKA AGRICULTURAL OR FISHERIES PRODUCTS.

Sec. 36.16.010. USE OF LOCAL AGRICULTURAL AND FISHERIES PRODUCTS REQUIRED IN PURCHASES WITH STATE MONEY. (a) When agricultural products are purchased using state money, only agricultural products harvested in this state shall be purchased whenever competitively priced, available, and of like quality compared with agricultural products harvested outside the state.

(b) When fisheries products are purchased using state money, only fisheries products harvested or processed within the jurisdiction of the state shall be purchased whenever competitively priced, available, and of like quality compared with fisheries products harvested or processed outside the jurisdiction of the state.

(c) As used in this section, "agricultural products" includes timber and lumber harvested in the state and products manufactured in the state from timber and lumber that has been harvested in the state.

Sec. 36.16.020. INSERTION OF CLAUSE IN CALLS FOR BIDS AND IN CONTRACTS. A clause containing the substance of the relevant subsection of AS 36.16.010 shall be inserted in all calls for bids and in all contracts awarded that involve agricultural or fisheries products.

* Sec. 2. This Act takes effect immediately in accordance with AS 01.-10.070(c).

Approved by the Governor: April 23, 1986
Actual Effective Date: April 24, 1986

EXHIBIT E



Matanuska-Susitna Borough

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

DEPARTMENT OF PUBLIC WORKS

October 14, 1986

Valley Sawmill
6231 Old Seward Hwy.
Anchorage, Alaska 99518

Attention: Mark Stearns

Gentlemen:

As you requested, I am sending a copy of the Borough Attorney's review of the Alaska statute that deals with the use of wood products produced in Alaska on state funded projects. As I stated in our conversation, this is strictly a legal interpretation and is not necessarily the position being taken by the Matanuska-Susitna Borough. That is, we would very much encourage contractors to utilize materials produced within the State of Alaska but we don't feel that we have the legal, contractual power to require the purchase and utilization of Alaska wood products. This is especially true on projects that were bid prior to the adoption of this Alaska statute.

If I can be of further assistance, please don't hesitate to contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "C.J. Horner".

C.J. Horner
Deputy Director of Buildings

CJH:nt
Enclosure



Matanuska-Susitna Borough

BOX B, PALMER, ALASKA 99645 • PHONE 745-9687

BOROUGH ATTORNEY'S OFFICE

August 11, 1986

MEMORANDUM

TO: C. J. Horner, Deputy Director - Buildings
Public Works Department

FROM: Michael Gatti, Deputy Borough Attorney *M. G.*

SUBJECT: July 15, 1986 Opinion Request

You have asked for a legal opinion on the operative effect of state Administrative Order 87, AS 36.15.010, 36.30.322 and 36.16.010 relating to use preferences for forest agricultural and fisheries products.

1. Administrative Order 87

Administrative Order 87 establishes a state preference policy to encourage the use of Alaskan products provided such products are competitively priced with similar products available outside the state. The order applies only to state agencies purchasing such products and requires a preference clause in all state contracts and invitations for bids. By its own terms, the order does not apply to local governments. Even if it did require local compliance, it is doubtful the governor could constitutionally invoke his executive power to unilaterally affect a local government by administrative order. This is so since the power of a local government is constitutionally vested in the assembly pursuant to Article X, sections 1, 2 and 4 of the Alaska Constitution.

2. AS 36.15.010, AS 36.18.010, AS 36.20.010 and AS 36.30.322

Each of the foregoing statutes provide a preference for state products or producers when the state government is involved in a procurement. AS 36.15.010 requires projects financed by state money to use timber, lumber or manufactured lumber products originating in-state to be used when practicable. AS 36.20.010 requires state offices or institutions to award contracts for supplies, commodities or materials to in-state producers and dealers if practicable and equal in price and quality with outside products.

AS 36.16.010 and 36.30.322 require agricultural and fisheries products purchased with state money to be purchased from state producers if they are of comparable price and quality to outside products. AS 36.30.326 requires state agencies to include the state preference for state products in-state procurements.

The statutes referenced above, by their own terms, do not apply to local governments because the language refers to state agencies using state money for procurements. While most of the statutes do not express the scope of their applicability AS 36.30.850 does. It provides that AS 36.30 et seq. does not apply to grants or to political subdivisions (local governments) of the state. In reviewing these preference statutes without an expression of the scope of their applicability, a court may apply AS 36.30.850 to those statutes with similar language in order to assist in its search for the legislature's intent. Because all the use preference statutes discussed herein contain language similar to AS 36.30 et seq. it is reasonable to assume that a court would hold the legislature intended them to be limited in the same manner as AS 36.30 et seq. Even if a court refused to extend the limitation by analogy, the use preferences by their own terms may be limited to state agencies using state money. The key to ascertaining the legislature's intent in this area is found in the language "state money." Since local governments receive money from the state in the form of grants, municipal assistance and revenue sharing is it all state money or is state money limited to that money used by the state for state projects. One answer is that state money is money used by the state for its own projects. This approach recognizes that money simply originating from the state and passed through to local governments loses its characterization as state money since the money has now been transformed into local money once accepted by the local government. This approach follows the generally accepted rule of statutory construction which provides that general words will be construed according to their plain meaning. The plain meaning of state money is money belonging to the state and not money belonging to a local government.

3. Commerce Clause

The use of preferences by a state raises constitutional issues involving the commerce clause. United States Constitution Article I, Sec. 3, Clause 8. The commerce clause provides congress with the "power to regulate commerce with foreign nations, and among the several states, and with the Indian tribes." Under the commerce clause, the federal government retains exclusive regulatory jurisdiction over subjects of commerce which are national in character and require uniformity of regulation. The states retain exclusive control over commerce which is completely internal. Where national uniformity is not essential or where state regulation only incidentally affects interstate commerce the state regulation may be upheld. To determine whether a state regulation affects interstate commerce

the competing demands of state and national interests must be balanced. In balancing state regulations affecting commerce a court will review such factors as whether a direct or indirect substantial burden is placed on interstate commerce, whether the regulation discriminates against interstate commerce, and whether the state is acting solely as a market participant or a market regulator.

In South-Central Timber v. Wunnicke, ___ U.S. ___, 81 L.Ed 2d 71, 104 S.Ct. _____ (1984) the U.S. Supreme Court reviewed an Alaska forest products use preference which required all contracts involving the sale of timber on state land to include a clause requiring the primary manufacture of the timber to take place in Alaska. The state's asserted purpose for the primary manufacture requirement was to protect industry, establish new industry, derive revenue and manage the state's forest. The state in defending against the challenge to the regulation argued a comparable federal policy for the removal of timber on federal lands established congressional intent to authorize similar state action, that it was solely a market participant, and that the regulation did not substantially burden interstate commerce. The supreme court rejected the state's claims and struck down the regulation holding the regulation to be a downstream restriction having a substantial regulatory effect on interstate commerce. The state, the court held, was not merely choosing its own trading partners but was attempting to govern the private, separate, economic relationships of its trading partners by restricting past purchase activity rather than merely purchasing activity.

South-Central Timber defines an area of permissible regulation in a states purchasing activity. If the state is solely a market participant, that is, an entity exercising its independent discretion as to parties with whom he will deal; the commerce clause does not limit the state's refusal to deal with particular parties when participating in the interstate market in goods.

In the instant case a court may hold that the state is solely involved in interstate commerce as a market participant since it does not control the flow of the goods once the contract is executed. The regulation is a pre-purchase condition which the state imposes as a condition of conducting business with it; the impact on interstate commerce may be only incidental and the state does not make the choice of disposition of goods for the other party to the contract. A regulation involving the foregoing condition may be upheld as a permissible state regulation.

MG:jr

SCR

41

HOUSE COMMITTEE REPORT

(9)

Date referred: 2/17/88

FURTHER REFERRALS:

DATE: 4-7-88

The Resources Committee has considered CSSCR 41(Res)

Relating to the further development of Alaskan coal.

RECOMMENDS:

- replace with HCS CS SCR 41 (Res) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

Jan Gt

Mike St

John St

George

Gene Huff

Walt Miller

Dick Smith

Alfred Sherman

SIGNING OTHER RECOMMENDATIONS:

Jan Gt

Chairman's signature

Original sponsor: Senate Special Committee on
Natural Resource Development

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 HOUSE CS FOR CS FOR SENATE CONCURRENT RESOLUTION NO. 41 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 Relating to the further development of
6 Alaskan coal.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS advances in modern mining technology, equipment, and services
9 have greatly enhanced coal mining extraction and reclamation capabilities;
10 and

11 WHEREAS art. VIII, sec. 1, Constitution of the State of Alaska, pro-
12 vides that "It is the policy of the state to encourage the settlement of
13 its land and the development of its resources by making them available for
14 maximum use consistent with the public interest"; and

15 WHEREAS the state contains more than 40 percent of the entire known
16 coal reserves in the United States; and

17 WHEREAS currently the state's annual coal production of 1,600,000 tons
18 comprises less than 0.2 percent of the total annual United States produc-
19 tion; and

20 WHEREAS there is only one active coal mine in the entire state; and

21 WHEREAS between 1972 and 1987 Australian steam coal production has
22 grown from 250,000 tons a year to more than 46,000,000 tons a year, with a
23 value of nearly \$3.4 billion; and

24 WHEREAS there is great potential for expanding both instate utiliza-
25 tion and Pacific Rim export markets for Alaskan coal;

26 BE IT RESOLVED that the Alaska State Legislature respectfully requests
27 the Governor to encourage the commissioner of natural resources, the com-
28 missioner of commerce and economic development, the commissioner of en-
29 vironmental conservation, the commissioner of fish and game, and the

1 director of the office of international trade to pursue policies that will
2 lead to the removal of regulatory impediments to, and further promote the
3 development of, the crucial coal mining industry within the state.

4 COPIES of this resolution shall be sent to the Honorable Steve Cowper,
5 Governor; the Honorable Judith Brady, commissioner of natural resources;
6 the Honorable Dennis Kelso, commissioner of environmental conservation; the
7 Honorable Don Collinsworth, commissioner of fish and game; the Honorable J.
8 Anthony Smith, commissioner of commerce and economic development; the
9 Honorable Mark Hickey, commissioner of transportation and public facili-
10 ties; and to Ben Harding, director of the office of international trade.
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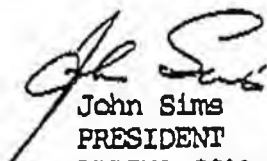
SENATE CONCURRENT RESOLUTION NO. 41

This resolution provides timely recognition of the enormous size of Alaska's coal resources and the potential that the Alaskan coal industry has to evolve as a major segment of the Alaskan economy.

Growth potential exists in the domestic in-state market and more especially in the export market. The size of that market is still growing and the Australia experience over the period 1972-1987 parallels the growth of the steam coal exports and the monetary value of this trade. Since 1985 Alaskan exports of coal, principally to Korea but more recently with additional test shipments to Taiwan and Japan, have returned more than \$78 million to the Alaskan economy.

Alaskan coal could become a significant component of international trade as countries like Taiwan and Japan together with Korea adopt policies to close trade imbalances with the U.S.A. The low-sulfur content of Alaskan coal is attracting market interest especially as strict environmental air-quality laws take effect in countries like Taiwan.

The resolution draws attention to the potential for Alaskan coal and relates this potential to state policy actions. Through supportive action by the Administration and the Legislature the Alaskan coal industry would be well served and its ability to expand into export markets facilitated. Alaska would benefit from such an obvious segment of economic diversification.



John Sims
PRESIDENT
ALASKA COAL ASSOCIATION

Opinion

Fairbanks Daily News-Miner

Tuesday, September 29, 1987

Despite oil wealth, Alaska is a 'coal state'

Ask the average Alaskan what is the state's most abundant energy resource and the chances are almost overwhelming that the answer will be either oil or natural gas. Sure Alaska is an oil state if having North America's largest oil field and a pipeline that carries 2 million barrels of crude a day and a governmental superstructure that is 85 percent plus dependent on the "black gold" gushing from the North Slope are the criteria.

How many characterize Alaska as a coal state like West Virginia, Illinois or Wyoming? Precious few by my reckoning despite the fact that Alaska has perhaps 40 percent of the nation's coal resource base. That resource base could be as high as 5.6 trillion tons, a modest 171 billion tons of which could be loosely regarded as mineable identified reserves.

Impressive numbers, but what do they mean? Using a rather simplistic conversion of three barrels of crude oil having the equivalent heat value of one ton of coal, the comparisons start to take on some



John Sims

Views expressed here do not necessarily represent those of the Daily News-Miner

meaning. That 5.6 trillion tons of coal equates to 16.8 trillion barrels of oil, while the 171 billion tons of mineable reserves equals 523 billion barrels!

Starting to grasp my point? Yes, Alaska should be thinking of itself as a coal rich state. State policies should reflect this realization and we should earnestly strategize to ensure that this super abundance of fossil energy is wisely used.

Consider the position of our coal industry today. Basically it is represented by one producing mine at Healy and the future prospect of additional mines on the western side of Cook Inlet and in the Mala-

naska Valley near Palmer. Annual production from Usibelli Coal Mine runs at about 1.5 million tons with short, medium and long-term potential to expand both domestic and export markets. That annual production of 1.5 million tons, while impressive to most people, is less than two-tenths of 1 percent of the total U.S. production of approximately 900 million tons. Hardly a stunning figure for a state said to contain 40 percent of the U.S. resource base.

Can this enormous resource potential be developed to the extent that Alaska becomes a key supplier of coal to international markets? I am sure that it can. At the same time, our domestic energy policy should focus on the expanded use of coal to energize our communities, reserving oil and natural gas for higher and better uses and especially as capital generators in domestic and foreign markets. This makes sense since it follows the successful lead of our competitors. All countries with substantial exports of coal complement that export capability with domestic

energy policies that focus on coal as a major component of electrical power generation. This is true for Australia, South Africa, Canada and the Lower 48 states, all exporters of large quantities of coal matched by strong domestic consumption.

Alaska coal has both attributes and adverse characteristics. The major impediment is high moisture content which depresses the heat value of typical Railbelt coal. Currently coal importing countries evaluate coal rather simplistically in terms of price per million BTU's. By this token, Alaska coal experiences difficulty retaining its market share in South Korea, let alone expanding to other Pacific-rim countries. A major attribute characteristic of Alaska coal is its exceptionally low sulfur content, a constituent linked with acid rain. In essence, Alaska has just about the cleanest coal on this planet.

The challenge is obvious; overcome the serious marketing constraint of the high moisture, and voila, we have a premium low-

sulfur fuel possessing the capability of capturing, if the economics are favorable, a strong position in Pacific-rim markets.

If we looked upon ourselves as a coal state, like Illinois and West Virginia, we would be rigorously researching a solution to this problem. Perhaps, Alaska's political leadership will seize this opportunity to establish a joint public-private sector research and development initiative to address the fundamental marketing constraint for Alaska coal.

The Australian experience shows what the rewards could be. In 1972 Australia exported a mere 200,000 tons of coal. Now, 15 years later, that export tonnage has ballooned to almost 90 million tons, worth \$3.5 U.S. billion annually.

We in Alaska can twist the kangaroo's tail. Get it together Alaska and we could become an oil and a coal state at one and the same time, for the benefit of all Alaskans and Uncle Sam as well.

Formerly director of the state Office of Mineral Development. Dr. John Sims is presently vice-president of marketing for Usibelli Coal Mine.

SCAR

42

HOUSE COMMITTEE REPORT

(9)

Date referred: 4/15/88

FURTHER REFERRALS:

DATE: 5-2-88

The Resources Committee has considered SCR 42

Urging fabrication of oil drilling mini-modules in the state.

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

Jan A. L.
Adelheid Herron
Heinrich Springs
Cliff Boardman
Thomas Hoffman
John W. Cook
John W. Cook

SIGNING OTHER RECOMMENDATIONS:

Relating to the management of mobile homes owned by the Alaska Housing Finance Corporation.

Jan A. L.
Chairman's signature

FISCAL NOTE

REQUEST:

Revision Date: SCR 42
Title: Fabrication of oil drillings
mini modules in the state.
Sponsor: Sen. Eriks
Requestor: _____

Agency Affected: DOED & DHR
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | | | | | | |
| CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
| REVENUE | 0 | 0 | 0 | 0 | 0 | 0 |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|---|---|---|---|---|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | 0 | 0 | 0 | 0 | 0 | 0 |

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: House Labor & Commerce Committee
Division: _____

Phone: 4954
Date: 4/14/88

Approved by Commissioner: [Signature]
Agency: Chairman - Dave Donley

Date: 4/14/88

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

page 1 of 1

WHEREAS fabrication in Alaska would mean that delivery schedules would

be impacted by construction by coal lift schedules; and

SCR

45

HOUSE COMMITTEE REPORT

(9)

Date referred: 3/4/88

FURTHER REFERRALS:

DATE: 4-7-88

The Resources Committee has considered SCR 45

Encouraging the state to join the Clean Coal Technology Coalition and assist acceptance of state projects in the clean coal technology program.

RECOMMENDS:

- replace with HCS SCR 45 (res) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the Finance Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Sam Cent
 Chairman's signature

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HCSCSSCR 45 (Res)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Clean Coal Technology
Sponsor: Coghill
Requestor: _____

Agency Affected: Natural Resources
BRU: Mining
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|--|--|--|--|--|--|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | | | | | |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Staff Phone: 465-3711
Division: House Resources Committee Date: 4/7/88
Co-Chair
Approved by Commissioner: J. C. [Signature] Date: 4/7/88
Agency: House Resources

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Original sponsors: Coghill, Faiks,
Fanning, et al.

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 HOUSE CS FOR SENATE CONCURRENT RESOLUTION NO. 45 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 Encouraging the state to join the Clean
6 Coal Technology Coalition and assist
7 acceptance of state projects in the
8 clean coal technology program.

9 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 WHEREAS coal is a major source of energy worldwide; and

11 WHEREAS Alaska contains more than 40 percent of the total known coal
12 reserves of the United States; and

13 WHEREAS the coal mining industry is an important sector of Alaska's
14 economy with immense potential for growth and further development; and

15 WHEREAS it is crucial that emissions from power generation be managed
16 in a manner that minimizes the pollution of our air and water; and

17 WHEREAS Alaska's vast coal resources contain only a fraction of the
18 sulfur contained in most other sources of coal worldwide; and

19 WHEREAS the combustion of coal that contains high levels of sulfur in
20 the generation of electrical power contributes to the production of sul-
21 furic acid in the atmosphere; and

22 WHEREAS this atmospheric phenomenon is known as "acid rain"; and

23 WHEREAS the Congress of the United States created the Clean Coal
24 Technology Reserve Fund to support the development of clean coal tech-
25 nologies; and

26 WHEREAS the Congress has appropriated nearly \$400,000,000 from the
27 fund to the Department of Energy for award to several demonstration proj-
28 ects proposing new clean coal technologies; and

29 WHEREAS legislation has been introduced in the Congress to provide
HCS SCR 45(Res)

1 \$3.5 billion over the next 10 years to the fund; and

2 WHEREAS in 1987, the President requested Congress to appropriate \$2.5
3 billion to the clean coal program to honor a commitment made by this coun-
4 try to Canada to implement recommendations of the two countries regarding
5 acid rain; and

6 WHEREAS the Clean Coal Technology Coalition is an organization com-
7 posed of utilities, coal producers, manufacturers, industrials, state
8 governments, universities, and others interested in advancing the use of
9 clean coal technologies; and

10 WHEREAS clean coal technology involves a wide range of research and
11 development advances that may lead to burning coal more efficiently and
12 with greatly reduced emission levels; and

13 WHEREAS the state is proximately located to Pacific Rim countries,
14 possesses low sulfur coal reserves, and is dedicated to expanding knowledge
15 of the Arctic and resource-use technologies through the University of
16 Alaska; and

17 WHEREAS the development of technologies that can use Alaskan coal
18 provides an unparalleled opportunity to expand export markets for state
19 coal;

20 BE IT RESOLVED by the Alaska State Legislature that the governor is
21 respectfully requested to seek state membership in the Clean Coal Tech-
22 nology Coalition; and be it

23 FURTHER RESOLVED that the governor is respectfully requested to direct
24 the commissioner of natural resources to assist projects in the state that
25 seek qualification in the Clean Coal Technology Reserve Fund program admin-
26 istered by the United States Department of Energy.

27 COPIES of this resolution shall be sent to the Honorable Steve Cowper,
28 Governor; the Honorable Judith M. Brady, commissioner of natural resources;
29 the Honorable John S. Harrington, Secretary of the U.S. Department of
30 HCS SCR 45(Res)

1 Energy; and to the Honorable Ted Stevens and the Honorable Frank Murkowski,
2 U.S. Senators, and the Honorable Don Young, U.S. Representative, members of
3 the Alaska delegation in Congress.
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American Electric Power
Service Corporation
1 Riverside Plaza
Columbus, OH 43215

SCR 45



James
**AMERICAN
ELECTRIC
POWER**

December 7, 1987

R. E. Disbrow
President and
Chief Operating Officer
614 223 1400

Mr. Curtis McVee
Executive Director
Alaska Miners Association
501 West Northern Lights Blvd.
Suite 203
Anchorage, Alaska 99503

Dear Mr. McVee:

I recently assumed the Chairmanship of the Clean Coal Technology Coalition, an ad hoc group of utilities, coal producers, manufacturers, industrials, state governments, universities and others interested in advancing the use of clean coal technologies. As one whose company is committed to the development of these technologies, I urge you to join this Coalition.

As you may know, the Coalition has enjoyed significant success. Since its organization in early 1985, a \$750 million Clean Coal Technology Reserve Fund has been created to support the development of clean coal technologies; Congress has appropriated nearly \$400 million from that Fund; and the Department of Energy has already awarded federal monies to several projects proposing to demonstrate new clean coal technologies. As a result of the Coalition's efforts this year, Congress is on the verge of appropriating more funding for a second round of clean coal technology projects that would be jointly funded by the private sector and the federal government.

On the Administration front, the Coalition is working with the President's Task Force on Regulatory Relief, chaired by the Vice President, to develop recommendations for changes to existing regulations that will encourage the use of clean coal technologies by the utilities and others.

Another important Coalition initiative has been our participation in the development of legislation introduced by U.S. Senate Majority Leader Robert C. Byrd that would

help to overcome financial and regulatory risks associated with the early commercial deployment of clean coal technologies; The Senator's bill provides \$3.5 billion, over the next ten years, for further cost-shared demonstrations of clean coal technologies and removes federal regulatory disincentives in order to encourage utilities to deploy these technologies. In March of 1987, the President requested that Congress provide a total of \$2.5 billion to the clean coal program to honor a commitment made by this country to Canada to implement recommendations of the two countries' special envoys on acid rain. We are on the verge of obtaining a major national commitment to the development of clean coal technologies.

Continued Congressional and Administration support for the clean coal program, however, is dependent upon a strong private sector commitment to incorporate these important technologies into the commercial marketplace. Membership in the Coalition and participation in the pursuit of the Coalition's ambitious agenda for 1988 are the best, most productive and most visible means of demonstrating that commitment to key leaders in Congress and the Administration.

We can ill afford to depend on others to shoulder the entire burden of advancing these technologies. Senator Byrd, one of the staunchest opponents to enactment of acid rain control legislation and one of the strongest proponents of clean coal technology development, must have our help -- our commitment -- to demonstrate a private sector commitment and to assist in maintaining and enhancing the federal government's efforts toward providing responsible and cost-effective assistance to encourage development and use of promising clean coal technologies.

I have enclosed additional material about the Coalition that I hope you will take a few minutes to review. If you require any further information, I hope you will get in touch with either Ben Yamagata, the Executive Director of the Coalition, or Kateri Callahan, the Executive Assistant to the Coalition.

I look forward to hearing from you and, on behalf of the members of the Coalition, I greatly appreciate your consideration of this matter.

Sincerely,



R. E. Dishrow

Enclosures

IMPORTANCE OF MEMBERSHIP IN THE CLEAN COAL TECHNOLOGY COALITION

This broad-based, national coalition is the only group organized exclusively to advance the demonstration and widespread use of emerging clean coal technologies. The Clean Coal Technology Coalition's important activities in 1987 and 1988 include:

SEEKING FEDERAL FUNDING TO SUPPORT TECHNOLOGY DEMONSTRATIONS AND COMMERCIAL DEPLOYMENT:

The Coalition was instrumental in the creation of the Department of Energy (DOE) clean coal program which is currently funded at nearly \$400 million dollars. The Coalition is seeking another \$850 million appropriation for the program to be available for use in fiscal years 1988 and 1989. The Coalition seeks to involve the federal government in helping industry to overcome the financial and regulatory barriers associated with the early commercial deployment of immature clean coal technologies. We advocate enactment of legislation that would establish a \$3.5 billion, ten year program to cost-share commercial-scale demonstrations of clean coal technologies with private industry.

SEEKING FEDERAL REGULATORY CHANGES TO ENCOURAGE COMMERCIAL USE OF EMERGING TECHNOLOGIES:

The Coalition also supports legislation, now pending in Congress, that would provide regulatory relief at the federal level to utilities to encourage their participation in the early commercial deployment of these technologies. The Coalition is also working with the President's Task Force on Regulatory Relief to support modifications to current regulations that now impede use of these technologies.

ASSURING STATE REGULATORY SUPPORT:

The Coalition is working to assure that clean coal technologies are a high priority on individual state's energy agendas, and to convince state regulatory bodies that the use of clean coal technologies is beneficial to ratepayers and the state's overall economy. A major focus of the Coalition for 1988 is likely to be a program intended to persuade states to remove existing regulatory barriers to the use of these technologies, thereby encouraging utilities within the state to undertake clean coal projects.

ADVOCATING INCREASED USE OF COAL:

The Coalition seeks to preserve coal markets and to make coal a fuel of choice for incremental capacity requirements.

ADVOCATING A COST-EFFECTIVE MEANS TOWARD ACHIEVING EMISSIONS REDUCTION:

The Coalition is the principal spokesman for the rapid and widespread commercial use of clean coal technologies as the best means by which to realize the long-term, sustained emissions reductions that are sought by proponents of so-called acid rain legislation -- at a much reduced socio-economic cost to the Nation.

PROVIDING CONGRESSIONAL AND ADMINISTRATION INSIGHT FOR MEMBERS:

The Coalition has gained the respect and trust of key Members of Congress and the Administration, allowing us to impact federal decisions regarding clean coal technologies.

PROVIDING UNIQUE MEMBERSHIP SERVICES:

Membership dues support a number of services including monthly meetings; annual conferences in Washington, D.C.; special meetings with Members of Congress, federal and state officials; periodic newsletters, legislative and regulatory alerts; and analyses of pertinent law, legislation and regulations.

Annual membership dues for the Coalition are \$10,000.00. If preferred, dues can be paid in two \$5,000.00 increments.

CLEAN COAL TECHNOLOGY COALITION

MEMBERSHIP

November 6, 1987

Allied-Signal, Inc.
Allison Gas Turbine Division, General Motors Corporation
Amax Coal Company
American Electric Power Service Corporation
Arch Mineral Corporation
Babcock & Wilcox
Baltimore Gas & Electric Company
Bethlehem Steel Corporation
Centerior Energy
Central Illinois Public Service Company
Combustion Engineering, Inc.
Consolidation Coal Company
Cyprus Coal Company
Duke Power Company
Duquesne Light Company
Edison Electric Institute
Florida Power Corporation/Electric Fuels Corporation
Florida Power & Light Company
General Electric Company
General Public Utilities, Inc.
Illinois Power Company
Indianapolis Power & Light
Industrial Fuels Corporation
Island Creek Corporation
Jersey Central Power & Light Company
M. W. Kellogg Company
Madison Gas and Electric Company
Metropolitan Edison Company
MHD Development Corporation
National Coal Association
National Lime Association
Northern Indiana Public Service Co. (NIPSCO)
Ohio Edison
Oklahoma Gas & Electric Company
Orange and Rockland Utilities, Inc.
Peabody Holding Company, Inc.
Pennsylvania Electric Company
Pennsylvania Power & Light Company
Pittsburg & Midway Coal Mining Co.
Public Service Company of Indiana
Sargent & Lundy
Southern Company Services
Southern Illinois University at Carbondale
Texaco, Inc.
The Commonwealth of Kentucky
The State of Illinois
The State of Indiana

The State of Minnesota
The State of Ohio
The State of West Virginia
TransAlta Utilities Corporation
Union Electric Company
United Mine Workers of America
School of Mines and Energy Development, University of Alabama
University of Southern Indiana
West Virginia University