

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5487 SRES SCR 6 - SCR 45

THE ROAD TO SUNTRANA: A JOURNEY BACK IN TIME

by Leslie Barber

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Reachable only by rail, Suntrana people came and went via the "doodlebug." The "doodlebug" was a single rail car that took passengers between the Healy depot and Suntrana.

Later, a school and two churches were built. Goat Mary's, discreetly placed on the opposite side of the river from Suntrana--but on the way home from the tipple, was the local establishment for "ladies of the night".

Jessie remembers the time her first husband, Boyd, went to Goat Mary's to quiet a disturbance. He told her he'd be back shortly. She gave him an hour. Then another hour. Then she shot her .357 through Goat Mary's chimney. As she put it, "People came running out of the house in every shape of undress."

Another Suntrana couple working at Cap's mine was Emil and Rose Usibelli. The Depression caused them to seek their fortune in Alaska. Emil cut wood for the Lathrop mine.

Rose remembers Suntrana as a good place to raise children. Her first child, Joe Usibelli, was born in a log cabin there. The main problem she had was keeping him out of the river. That was solved with a fence around the yard.

Emil brought the first car, truck and tractor to Suntrana. Skeptic neighbors debated the merits of these purchases. But Emil's risks were rewarded. In the 1940s, the U.S. Army needed more coal for Ladd Field (Fort Wainwright). Emil--with the only truck and tractor in town--was recommended for one of the new coal leases.

Emil and Rose traveled upriver from Suntrana to their lease site and set up camp. So began the town of Usibelli;

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Beyond Usibelli, a large canyon looms in the distance. The canyon is locally called the Hydraulic Pit. Emil pioneered open-pit coal mining in Alaska. He mined this pit for a time using hydraulic giants or water cannons. Today, the highlight is seeing the Dall sheep that frequent the pit.

The sheep like the shelter of the steep pit walls. No hunting is allowed. In the spring, the sheep bear their lambs in the canyon. In the fall, they come down to the canyon from the mountains for warmth.

The sheep demonstrate the success of Usibelli's reclamation efforts. The Hydraulic Pit was the first to be reclaimed. Emil's son Joe Usibelli was a pioneer in the truest sense. He instituted reclamation five years before it was required by law.

The road beyond the Hydraulic Pit becomes four-wheel drive. It leads to another pit, more recently reclaimed. Foxes and birds are just starting to return to this pit. Moose and sheep are expected in the future.

Cap Lathrop died on the Suntrana tippie tracks in the early 1950s. Usibelli bought out the company that acquired Cap's assets. Usibelli also bought out his own partner, T. E. "Thad" Sanford.

As Sarge recalls it, Thad tried first to buy out Emil. Thad said to Emil, "I'll give you \$11,000 for your share." Emil replied, "I'll give you \$22,000 for yours." Thad sold to the higher bidder.

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Jessie, Sarge and Rose remember the 1950s as a time of camaraderie. People played cards, held dances and sponsored movies.

After the road from Fairbanks was built, The Healy Hotel, Otto Lake Lodge and the Healy Roadhouse became places to go for fun. "Railroaders, power people and mine people would go together from place to place. People would bring food and we'd have a potluck and dance," recalls Jessie.

By the 1970's, mine expansion was increasing the number of people in Suntrana. This caused growing housing demands for the prime homeowner--Usibelli Coal Mine, Inc. The company was beginning to spend more on housing than on mining.

Since a new mine pit and tipple were to be opened near Healy, the company also decided to relocate housing there. Land was leased from the railroad and subleased to anyone who wanted it. Miners were encouraged to own their own homes. The result was the Tri-Valley subdivision. Some miners moved their old Suntrana houses to Healy.

The Suntrana tipple loaded its last coal about 1979. But memories linger. Jessie and Sarge take regular trips to see the old tipple. Rose thinks it should be preserved.

Four generations of coal mine families have now traveled the road to Suntrana. The newest generation explore old mine trails and take visitors to see the sheep. They point out abandoned historic buildings and recall, for a moment, their family's role in a vanishing Alaskan history.

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VOLUME 14

ONE ALASKAN COAL MINE

By Catherine A. Usibelli

For the last 15 years, Usibelli Coal Mine, Inc., located in Healy, has been the only commercial coal mine operating in Alaska. The mine is situated on the north side of the Alaska Range about 120 miles south of Fairbanks, not far from Denali National Park. Beneath the mountains and valleys in this area is a large coal basin, the Nenana Coal Field, with coal reserves predicted to last over one hundred years if mine production remains at the current rate. Miners have worked the Nenana Coal Field since the early 1900's, but today only one mine remains active, supplying sub-bituminous coal to interior Alaska and for export to Korea.

The Nenana Coal Field, running along the Nenana River, is one of the many coal basins in Alaska and represents only a very small portion of the total coal resource in the state. Alaska is estimated to hold about 1/2 of all the coal in the U.S. and possibly about 1/6 of all the coal in the world. Energy has become a critical issue to Alaskans, and coal is developing as a major energy resource with potential expanded usage not only in-state but for a major foreign export market as well. Usibelli Coal Mine has kept pace with the industry's developments by keeping a keen eye on the future while never forgetting the importance of its heritage.

The founder of Usibelli Coal Mine, Emil Usibelli, came to Alaska in 1935 to work at the Evans Jones Mine in the Matanuska Valley. Two years later, he moved to Suntrana and worked in an ~~underground coal mine operated by the Healy River Coal Corporation.~~ Suntrana is located in the valley adjacent to the present day mining

operation. Outcropped on the steep bluffs which flank the Suntrana Valley are prominently displayed coal seams. These steeply inclined black seams are a constant reminder of the abundance of coal found in this region of the state. The earliest settlers here were Athabascan Indians who gave Suntrana its name which means "burning hills" in their language. The coal seams often spontaneously combust causing smoke to rise from the surface of the mountain side. Many visitors including geologists often travel to this area especially to study and view the unique hillsides which have been eroded away to reveal layers of coal, sandstone and clay, rich with plant fossils and capped by thick accumulations of gravel

In and around Suntrana are remains of past mining operations; closed-up entrances to tunnels, pieces of old machinery and historic structures. Most of the mining done here in the early days was underground. Coal was transported by horse-drawn sleds until the Alaska Railroad was completed in 1922.

When Emil Usibelli began working in Suntrana, the Healy River Coal Corporation, owned and operated by Captain Lathrop, produced nearly half of all the coal mined in Alaska. With the arrival of World-War II in 1941 and the military build-up which occurred in Alaska during and after the war, many coal-producers acquired leases on military coal reserves and operated under U.S. Army licenses. Usibelli was among them, and in 1948 eleven years before Alaska's statehood, Usibelli Coal Mine was incorporated.

The company opened as a small surface mine east of Suntrana operating with one small crawler tractor and two trucks. By 1950, most of the smaller coal mines operating under government contract

were beginning to phase out. This was a boom or bust time for the coal business; some survived but most didn't. Usibelli was determined to stay in business. In 1961, Usibelli purchased the Suntrana property where he had worked as a newcomer to the area. Two years later the facility was shut down. Eventually all underground mines in the area closed, and Usibelli Coal Mine focused all efforts on surface mining which is the method of operation still used by the company today.

In 1964, Emil Usibelli was killed in a mining related accident. His son, Joseph Usibelli, immediately took over as president of the company and is currently operating the mine along with his sister and five of his children who are involved in the mine's operation, either full-time or part-time.

As consumption of coal in the interior increased, the corporation, under its new leadership, expanded to keep pace with Alaska's energy needs. In 1970, the last remaining competitor in the area, Vitro Minerals Mine, was purchased by Usibelli Coal Mine, leaving the corporation as the only commercial coal mine operating in the state. Shortly thereafter, Usibelli signed its first long-term military contract to supply coal to the military bases of interior Alaska. This was an important step towards securing a market for the coal mine. However, this progress was not taken for granted. Usibelli realized that in order to remain competitive, sophistication and increased efficiency of mining operations and business activities was essential to the company's future. Major changes in the company's organization were made. Individual departments such as Engineering, Accounting, Safety and Reclamation were established in order to

develop needed areas of expertise.

Perhaps the most pioneering and at the same time satisfying effort in the company's reorganization was the establishment of an active reclamation program. Reclamation efforts at Usibelli began in 1971 prior to and in anticipation of the Congressional Surface and Reclamation Act of 1977. This Act requires miners to adhere to strict regulations defining reclamation efforts. Reclamation is the final stage in the mining process and is a long yet necessary procedure which attempts to return mined land to a condition which closely approximates its original appearance. A major goal is to return mined land to an aesthetically attractive state combined with productive use such as for wildlife habitat. Usibelli's reclamation program has proven very successful. Reclaimed roadsides, valleys and hills are blanketed with vegetation and attract a variety of wildlife as well as many visitors who come to observe responsible development and environmental reclamation working side by side.

In addition to the changes in corporate structure which Usibelli Coal Mine adopted, the company reacted to the increase in demand for coal by making significant capital improvements. In 1977, a 33-cubic yard, walking dragline was purchased. This machine, which is used for stripping, weighs 4,275,000 pounds and is the single largest piece of mining equipment used in the state of Alaska today. Usibelli has invested in a new backhoe used for loading coal, a new shovel for stripping, three Caterpillar D-10's, and a fleet of seven new rock and coal trucks, each with a 75-ton bed capacity.

* A new coal load-out facility, known as a tipple, was constructed in 1982. The tipple is a coal-processing center where coal

* THE OLD TIPPLE AT
SUNTRANA WAS SHUT-DOWN PAGE 4
AT THIS TIME.

is crushed and carried by conveyor belt to an A-frame building for storage. Railroad cars travel on a track which runs through a tunnel directly underneath the A-frame. Coal from the A-frame is released through a chute and loaded directly into Railroad cars for delivery to customers.

The company's new headquarters was completed in 1983. With a total of 46,000 square feet of floor space available on three floors, this building houses the office, warehouse and main shop. Usibelli's operation has been completely computerized since 1975. Three computer systems are used; a Honeywell Ultimate system and two Hewlett Packard computers which are utilized solely by the Engineering Department. Presently, Usibelli Coal Mine employs 120 men and women.

Although over the years many changes have occurred in the growth and organization of the coal mine, ownership remains today as it did in the beginning with the Usibelli family. In 1985, Usibelli Coal Mine produced and sold 1.2 million tons of coal. The company supplies coal to eight major customers. Coal is sent north to Clear Air Force Base, Municipal Utilities System for the City of Fairbanks, University of Alaska-Fairbanks, Eielson Air Force Base, and Fort Wainwright Army Base. In Healy, Coal is supplied to Reliable Coal, a retail coal-sales operation, and Golden Valley Electric Association, a mine-mouth power plant. Coal is sent south to Sun Eel Shipping Company in Seward where it is shipped to South Korea. Exportation of Alaskan coal to Korea, which began in 1984, has doubled Usibelli's production and represents a significant step not only for the company but for the entire Alaskan coal industry as well.

Clearly, nothing in the evolution of Usibelli Coal Mine has

remained stagnant. Just as in times past, the coal industry will change bringing forth new competition, new markets and new developments. Looking forward and anticipating these changes will determine what lies ahead. Remembering the efforts of those from the past can provide the motivation to pave the way. Meanwhile, the heritage of one Alaskan coal mine continues.

Suntrana:

Birthplace of Alaska's coal industry

By
Catherine Usibelli

Little is known about the early mining days in the Healy area. What remains are some names, places and a few old photographs. Mining began in 1918 when construction of the Alaska Railroad reached the Healy River Coal Field located in the Nenana Coal Basin. The miners who first settled this area built their underground mines in a place called Suntrana.

Suntrana is located just east of Healy along Healy Creek which flows out of the Nenana River. Outcropped on the steep bluffs which flank the Suntrana Valley are prominently displayed coal seams. These steeply inclined black seams are a constant reminder of the abundance of coal found in this region.

Elements of time have eroded the landscape into unique layers of coal, sandstone and clay, rich with plant fossils and capped by thick accumulations of gravel. Many of the visible coal seams spontaneously burn, causing smoke to rise from the surface of the hillside. Early settlers in this valley were Athabascan Indians who gave Suntrana its name which means "burning hills."

In and around Suntrana are remains of past mining operations: closed-up entrances to tunnels, pieces of old machinery and historic structures. Coal was transported by horse-drawn sleds to Healy where it was used during construction of the railroad. The Healy River Coal Corporation, founded by Austin "Cap" Lathrop, was the first commercial coal mining operation in Suntrana. In 1922, a railroad spur was built connecting Suntrana to the main line at Healy. Final completion of the Alaska Railroad occurred in 1923 when it reached the booming



Horse-drawn sleds haul coal from the Suntrana coal field in the 1920s.

gold town of Fairbanks. A market was opened for supplying coal to Interior Alaska.

Until the early 1940s, the Healy River Coal Corporation produced nearly half the coal mined in Alaska. The rest came primarily from the Evan Jones Mine in the Matanuska Coal Field outside Anchorage. At this time a new market for coal developed as a result of the military build-up in Alaska during and after World War II. Coal was needed to fuel and heat newly established military posts and airfields. A number of mines were opened in and around Suntrana under U. S. Army mining licenses. Among these was a small surface mine, the first of its kind, located just east of Suntrana. It was owned and operated by Emil Usibelli.

This was the forerunner to present day Usibelli Coal Mine which has been the only commercial coal mine operating in Alaska for the last fifteen years. The mine has long since moved from the Suntrana Valley, expanding into outlying areas also rich with coal.

Many generations of coal mine families have lived and worked in the Suntrana area. Evidence of their past is limited to a few old mine trails and some abandoned buildings. Their role in developing Alaska's mining industry should never be forgotten. What is left of their memory should be preserved as a reminder to future generations. There is a place where old and new remain side by side, together, as the beginning and continuation of Alaska's coal mining heritage; a place called Suntrana.

Minerals commission to draft Alaska policy

The Alaska Mineral Commission has voted to draft an Alaska minerals policy act to protect the interests of resource development.

Vice Chairman Darrell Spilde said a policy act would be a good vehicle to incorporate the Commission's goals and would provide a framework under which the Commission can address additional, more specific recommendations.

Spilde pointed out that Idaho adopted minerals policy legislation largely drafted by the Idaho Miners Association. It requires other legislation and regulations to reflect the objectives of the minerals policy. Both Idaho and Nevada have such policies.

"The most effective way to institutionalize change would be to legislate it," said Spilde. "The Commission's policy recommendations would be most effective if they were enacted as law."

Once in place, Spilde said all other government actions would have to be consistent with the Act. Spilde was recently appointed to RDC's State Board of Directors.

Paul Glavinovich, Director of the Resource Development Council's Minerals Division, told the Commission at its September 19 meeting that RDC is launching a legislative program to address problems with access, land use, water quality, permitting and regulations.

In terms of access and land use, Glavinovich said a major concern is the preservation of access across federal conservation units and

vast areas of state land that have been classified into very restrictive land uses.

The RDC director said the Council plans to introduce legislation that would amend water quality standards and require a standard that is achievable through current technology. He said the Council intends to pursue policies that would designate the Division of Mining within the Department of Natural Resources as the lead agency in exploration and development permitting.

In addition, Glavinovich said "we will continue to argue that the regulation of mining be based upon cost benefit analysis with economic considerations reflected in final regulation."

At an earlier meeting in Fairbanks, the 11-member Commission focused on various factors contributing to the underdevelopment of Alaska's mineral industry. They include the following responses:

- Much of Alaska's land is unavailable for mineral entry or has significant restrictions on development.
- The legislature has no effective control over regulations, including authority to recall or annul administrative regulations that do not reflect legislative intent. In some cases, the legislature has given overlapping authority to more than one department.

(Continued on page 6)

THE FOLLOWING DOCUMENT HAS
NOT BEEN FILMED BUT IS
AVAILABLE IN THE ORIGINAL
FILE



USIBELLI COAL MINER

Vol. 5

Usibelli Coal Mine, Inc., Usibelli, Alaska, September 1985

Page 1

Terminal Complete — Shipments Begin

The Seward Coal Terminal is a deep water port constructed in 1984 by the Suneel Alaska Corporation. With the commencement of shipments of Alaskan Coal to Korea Electric Power Corporation, the Seward Coal Terminal will handle over twelve million tons of coal in the next fifteen years. Eleven people are employed full time by Suneel Alaska with additional part-time employees working during ship loading.

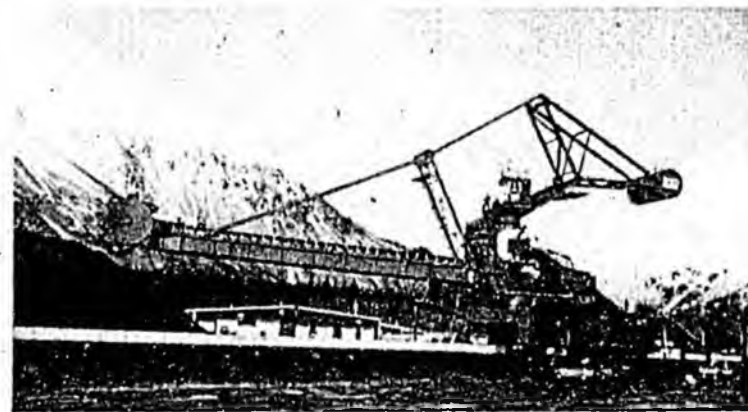
The Seward Coal Terminal was manufactured by Samsung Heavy Industries Company, Ltd. The \$21-million-dollar project was financed by both private and public funds. Chemical Bank of New York, Sun Eel Shipping Company, and the State of Alaska were primary financiers of the project.

The terminal encompasses almost 34 acres, leased from the Alaska Railroad. Ships up to 120,000 dead weight tons will utilize the approximately 60-foot deep

basin. Coal arrives by rail into the terminal. A receiving hopper system and car dump unload the coal. It is then transported through an extensive conveyor belt system which has a total length of 6,590 feet. A railmounted stacker/reclaimer system stockpiles the coal at a rate of 3,300 tons per hour. The stockpile capacity is 132,000 tons.

Approximately every 35 days, a Sun Eel Shipping Company vessel is loaded with coal bound for South Korea. The stacker/reclaimer system reloads coal onto the conveyor system. The belt conveyor transports the coal to a fixed position slewing shiploader. Coal is loaded into ships at a rate of 1,100 tons per hour.

Although coal is the only export product currently handled by the Seward Coal Terminal, other products may be shipped at some future date. The Seward Coal Terminal is capable of handling other Alaskan exportable commodities such as grain, gravel, and other



Coal stacker reclaimer builds and recovers the stockpile in Seward



New Hydraulic Shovel

Expected to arrive in late September, 1985 is Usibelli Coal Mine's new O&K RH120C hydraulic excavator. UCM is pur-

tively lightweight and short cycle times. Because of their lower cost, they are rapidly displacing cable shovels in sizes up to twenty cubic-

USIBELLI COAL MINE, INC.

MARKETING
2173 University Avenue So.
Suite 101
Fairbanks, Alaska 99709
(907) 479-2630
FAX 479-2793

January 22, 1987

Senator Jack Coghill's Office
Pouch V (MS 3100)
Juneau, Alaska 99811

ATTN: Bruce Geraghty/Elizabeth Ziegler

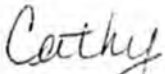
Dear Bruce/Elizabeth:

Enclosed are two sets of photographs (old and new) of Suntana.
I have attached suggested cut-lines on each photograph for one
set.

I hope the enclosed will be sufficient for your purposes
at this point in time. Please let me know if there is anything
further that you will need.

Your efforts on our behalf are very much appreciated.

Sincerely,



Catherine A. Usibelli
MARKETING ASSISTANT

encl.

Senator John B. (Jack) Coghill
Alaska State Legislature

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

Box 55028
North Pole, Alaska 99705
(907) 488-0862



January 22, 1987

Commissioner Brady
400 Willoughby Center
Juneau, Alaska 99811

Dear Commissioner Brady;

The historical coal mining area in my district is the Suntrana site, near Healy. Coal has been extracted from this area since 1918 and the site still contains remnants of these past operations. Still standing is a coal loading device, called a tippie, and various buildings. I think the areas should be preserved and have drafted legislation to achieve this goal.

I understand that the Division of Mining and Geology is attempting to have this area reclaimed to wildlife habitat. This would certainly ruin the historical and cultural significance of the Suntrana site. I believe it is in the best interest of the state to hold off on any reclamation action, especially in light of this pending legislation.

Please let me know at your earliest convenience if we are in agreement on this issue.

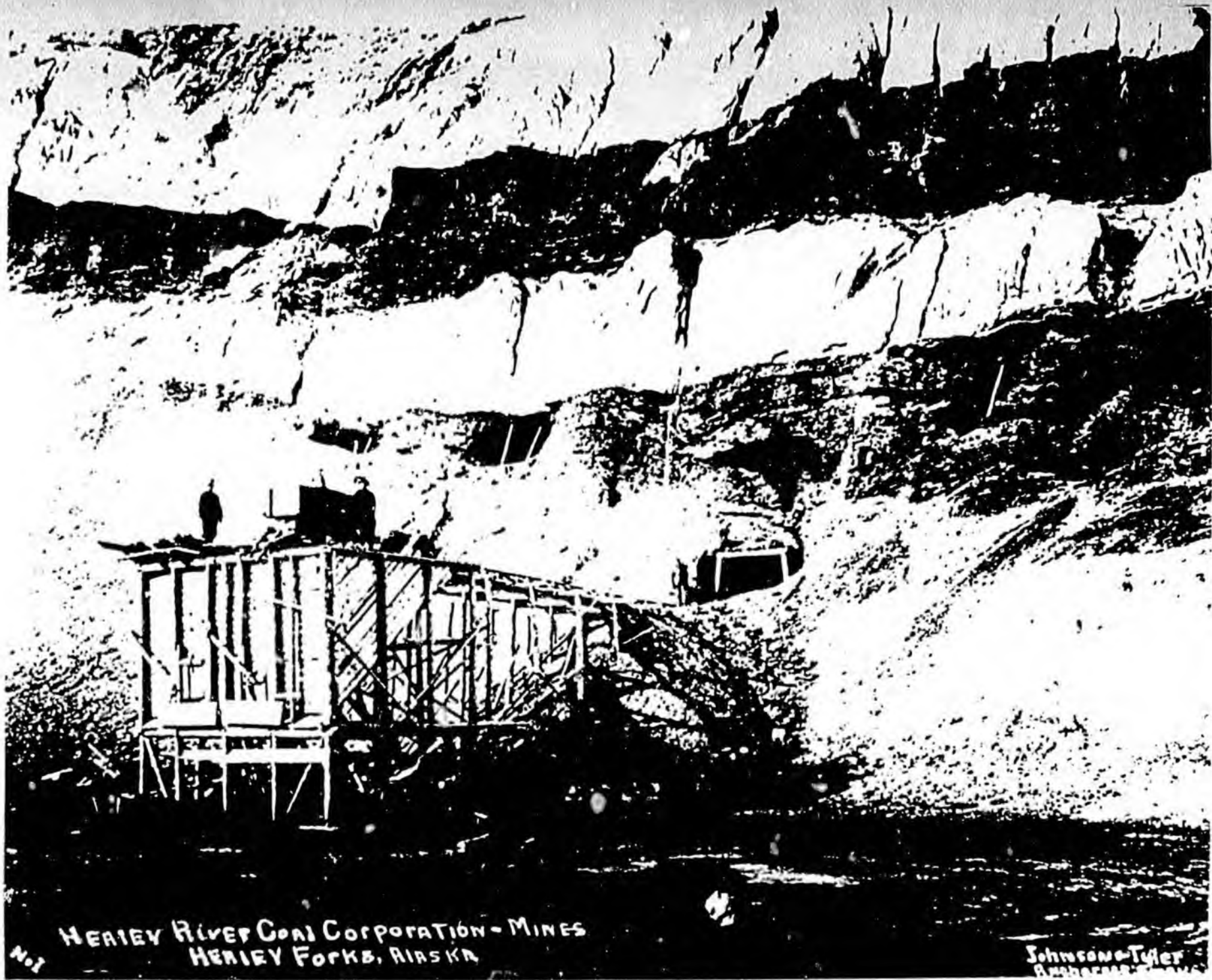
Sincerely,

A large, stylized handwritten signature in cursive script, appearing to read "John B. Coghill".



Koyuk River Coal Corporation - Mines
Healey Forks, Alaska

Date unknown
early 1900?



101
HENRY RIVER COAL CORPORATION - MINES
HENRY FORKS, ALASKA

Johnson-Tyler
Anchorage, Alaska

early 1920's



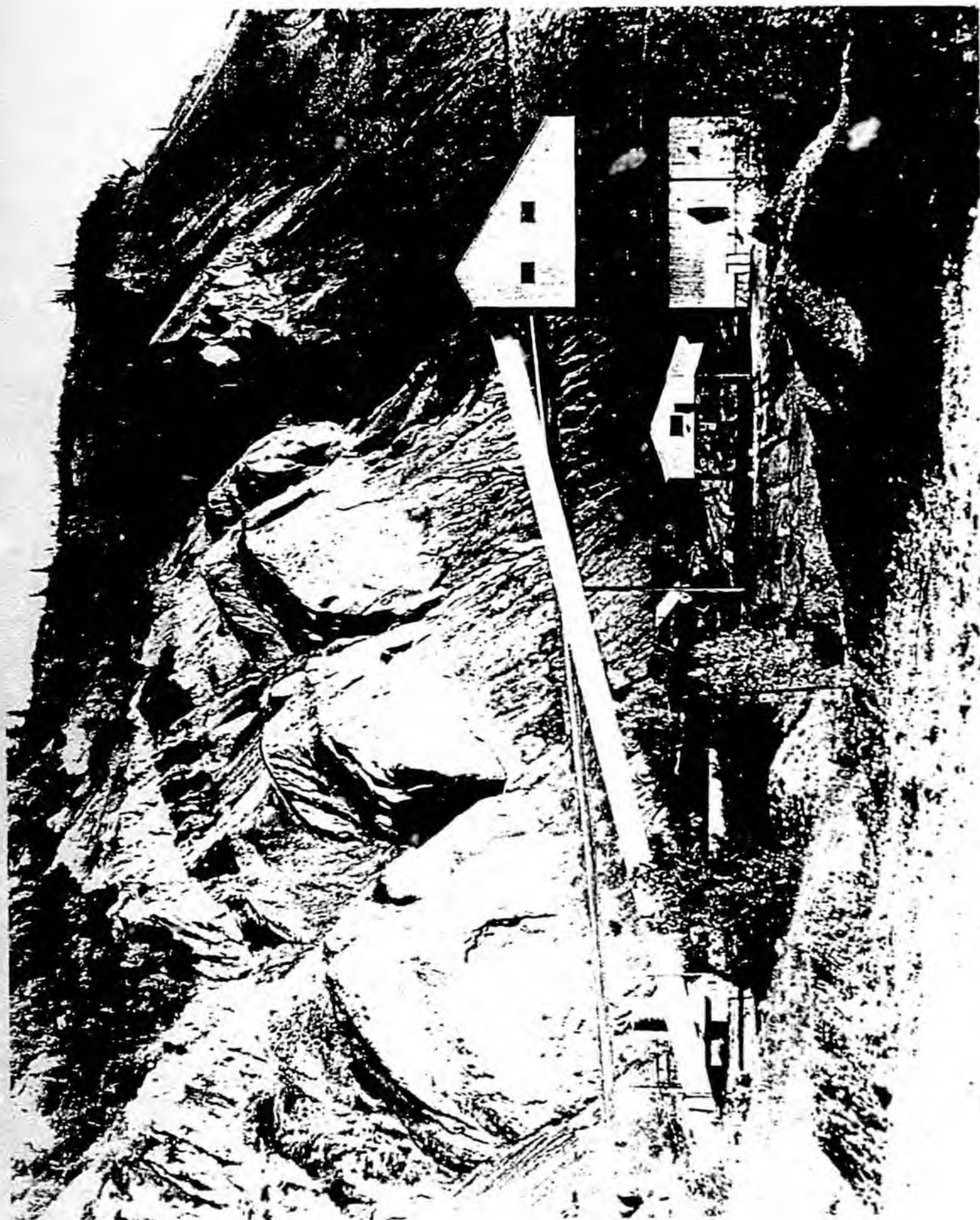
Sept 10, 1922

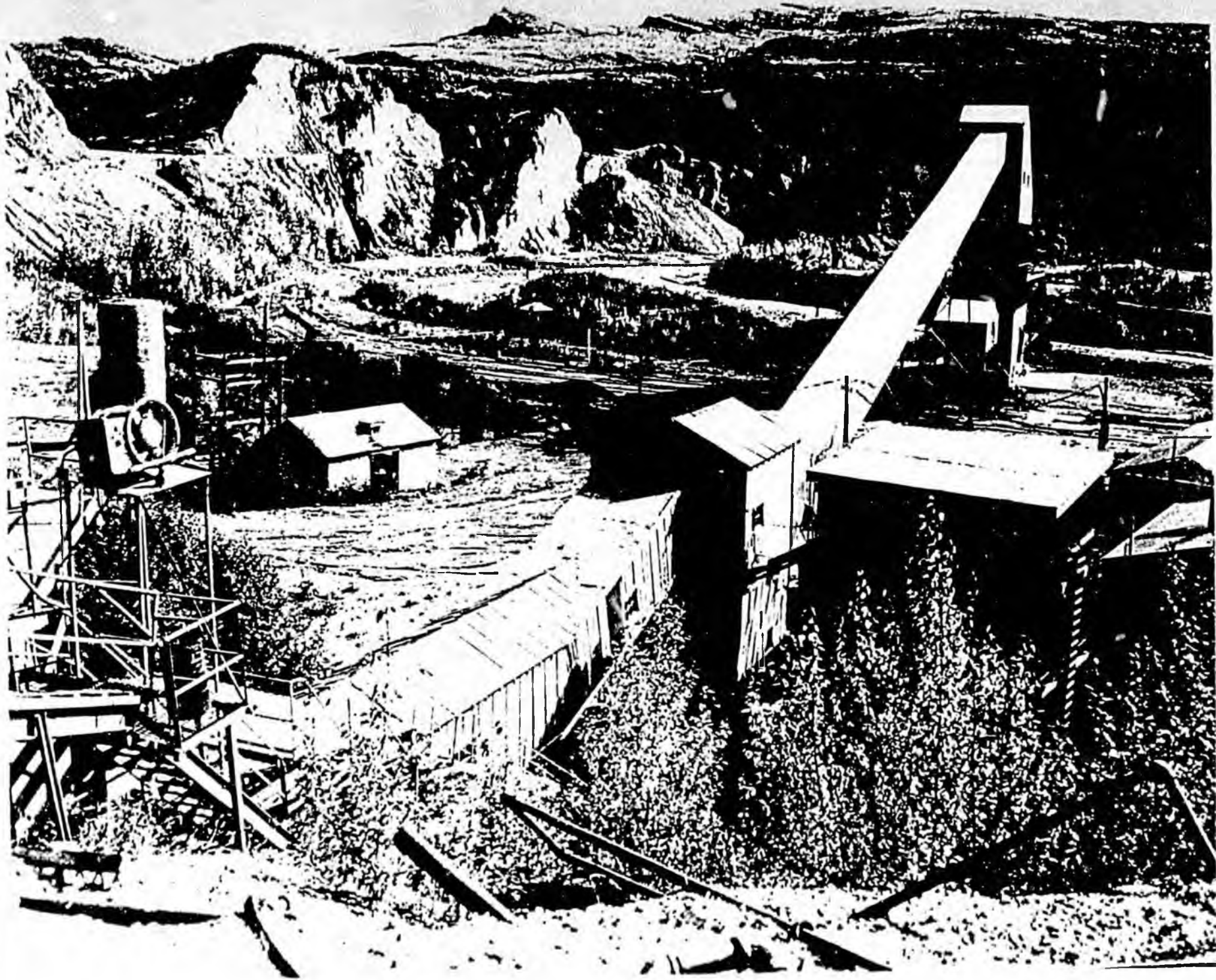
WAGNER'S CONTRACT NEAR COAL



early 1930's

9861

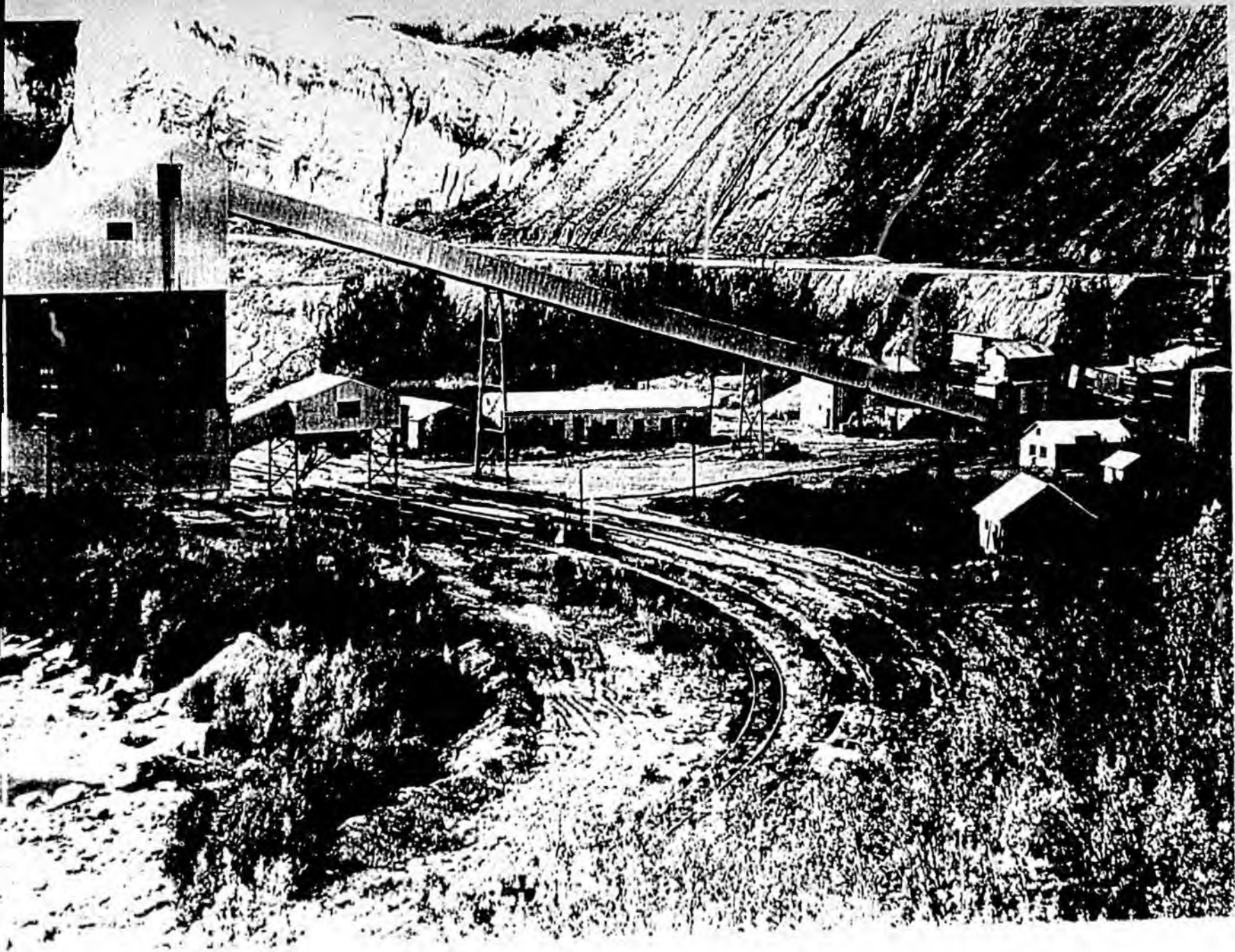




1986

1986





1986



early
1930's

SCR

15

valley sawmill

Dist. by Sen.
Josephson

March 3, 1987

MAR 11 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 Cooper, 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.

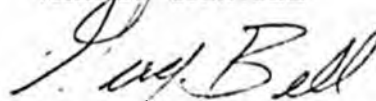
All agencies, including the Municipality of Anchorage, must be accountable to the state for compliance with state law, when receiving public grant funds for projects. The regulations covering the use of local forest products must have some teeth in them, that will further enforcement. One way to ensure 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 - C20 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

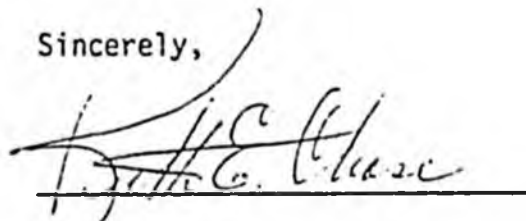
Continued Page Two....

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. A T M

Meeting Date:

From: Mayor
Subject: 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

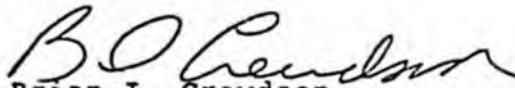
will be used for timber lagging in the initial support system for the tunnel.

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 TBM 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



Alaska Testlab

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	2.13	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



Official Business

Alaska State Legislature

Senate

P.O. BOX V
State Capitol
Juneau, Alaska 99811

TO: Senate Resources Committee
FROM: Senator Joe Josephson *JJJ*
DATE: March 31, 1987
RE: SCR 15, use of Alaska wood products

SCR 15 was recently approved by the Senate State Affairs Committee and is now before your committee. It is a relatively simple resolution, requesting the Administration to apply its best efforts in implementing our existing preference for local forest products. The new Administration is very concerned about the limited application of this preference in the past and supports the goals of this resolution.

During the Senate State Affairs Committee review of this resolution, a need was identified for a number of strengthening amendments to the existing preference statutes. Accordingly, I introduced with numerous co-sponsors Senate Bill 201 to incorporate these changes into the existing preference for agricultural and fishery products. This bill is now in Senate Finance Committee and I expect will soon be in front of you on the Senate floor.

SCR 15 makes clear that timber preference is still a legislative priority. I hope you will give it favorable consideration.

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of MARCH 4, 1987 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: RESOURCES

**FISCAL NOTE(S) ATTACHED 1 **
IN ACCORDANCE WITH AS 24.08.035
(see below)

2/19/87

DATE TURNED INTO OFFICE MAR. 12, 1987

Mr. President:

STATE AFFAIRS

Committee considered

SCR 15

~~Relating to the use of Alaska wood products.~~

and recommended:

- replace with CS _____ same title
- attached amendment(s) and new title

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Jim Fair
Pete Vukobratovic
Walter Henderson
Gene P. Johnson

Gene Mitchell Wood
Chairman signature and recommendation

Committee Backup Attached

SENATE COMMITTEE REPORT

FURTHER:

3/16/87

DATE TURNED INTO OFFICE _____

Mr. President:

RESOURCES

Committee considered

SCR 15

use of Alaska wood products.

and recommended:

[] replace with CS FOR _____) [] same title
[] or adopt _____ CS FOR _____) [] new title

[] attached amendment(s) and

[] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee [] attached or [] adopted fiscal note(s)

[] new [] updated or [] previous
[] zero [] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Frank Dem...
Paul S. Z...
Al...
Lo...

J. H. ...
Chairman signature and recommendation

[] Committee Backup Attached

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SCR 15
Publish Date: _____

REQUEST _____

Revision Date: _____
Title: A resolution relating to the
use of Alaska wood products.

Agency Affected: Department of Administration
BRU: General Services & Supply

Sponsor: Josephson, Eliason, Jones, Zharoff Components: Purchasing
Requestor: _____ and Faiks _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
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 *Robert J. Link* Phone: 465-2250
Division: General Services & Supply Date: March 6, 1987

Approved by Commissioner: Garrey Peska *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

SCR

29

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER:

**FISCAL NOTE(S) ATTACHED **
IN ACCORDANCE WITH AS 24.08.035
(see below)

5/5/87 DATE TURNED INTO OFFICE
Mr. President:

RESOURCES Committee considered SCR 29

water quality standards regarding turbidity under the Clean Water Act.

recommended:

- replace with CS SCR 29 same title
- attached amendment(s) and new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____
- letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

[Signature]

[Signature]

OTHER RECOMMENDATIONS

[Signature]

[Signature]

[Signature] - No Rec

[Signature] No Rec

[Signature] **DO PASS**

Chairman signature and recommendation

Committee Backup Attached

5-1185B

Bradley

5/9/87

Original sponsor: Resources Committee

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE CONCURRENT RESOLUTION NO. 29 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 Relating to the water quality standards
6 regarding turbidity under the Clean
7 Water Act.

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

9 WHEREAS the Legislature believes that the federal Clean Water Act was
10 enacted to protect the water of the nation from degradation; and

11 WHEREAS the Legislature is concerned about the turbidity criteria
12 included in Alaska's water quality standards, specifically whether less
13 stringent standards could protect water uses and still avoid adverse
14 environmental consequences; and

15 WHEREAS the Legislature is considering the repeal of the existing
16 water quality standard for turbidity but wishes to comply with the require-
17 ments of sec. 303 of the Clean Water Act; and

18 WHEREAS the Legislature has sought to determine whether the repeal of
19 the state turbidity standard is permitted under the Clean Water Act and
20 whether there would be adverse environmental consequences if it relies on
21 the remaining water quality standards; and

22 WHEREAS the drinking water standards now apply to all but two water
23 bodies in the state; and

24 WHEREAS the Legislature believes that the application of the drinking
25 water standard for turbidity has been incorrectly applied to state water
26 under the terms of the Clean Water Act and the multiple use classification
27 of state water;

28 WHEREAS the Legislature wishes to participate in a resolution of
29 issues associated with the turbidity standards and to resolve conflicts

1 between placer mining and other water uses; and

2 WHEREAS the Department of Environmental Conservation has started a
3 process to work with the Alaska Miners Association and other water users to
4 address these issues; and

5 WHEREAS the Legislature believes that it is critical to clearly and
6 fully identify areas of flexibility available under the Clean Water Act;
7 and

8 WHEREAS it is crucial for the administration to proceed expeditiously
9 with this process, as outlined in the Governor's memorandum on placer
10 mining to the resource commissioners.

11 BE IT RESOLVED the the Alaska State Legislature respectfully requests
12 the Governor to direct the Attorney General of Alaska to propose procedures
13 under which the legislative committee hearings on legislation to change the
14 water quality criteria in Alaska would qualify under the public participa-
15 tion criteria required under federal regulations at 40 C.F.R. 131.20(b) and
16 report these procedures to the resources committees of the Legislature by
17 the 10th day of the Second Session of the Fifteenth Alaska State Legisla-
18 ture; and be it

19 FURTHER RESOLVED that the Legislature respectfully requests the Gover-
20 nor to direct the commissioner of environmental conservation to submit an
21 outline of the procedures that are necessary for the Department of Environ-
22 mental Conservation to submit to the Environmental Protection Agency a
23 revised water quality plan with a turbidity standard that affects water
24 only where drinking water enters a distribution system and report this
25 outline to the resources committees of the Legislature by the 10th day of
26 the Second Session of the Fifteenth Alaska State Legislature; and be it

27 FURTHER RESOLVED that the Alaska State Legislature respectfully
28 requests the Governor to direct the commissioner of environmental conserva-
29 tion to provide written summaries of the department's meetings with the

1 Alaska Miners Association to the Resources Committees and to conduct a
2 quarterly briefing for the Resources Committees to ensure that the commit-
3 tees' concerns are addressed during the process; and be it

4 FURTHER RESOLVED that the Legislature respectfully requests the
5 Governor to direct the commissioner of environmental conservation to con-
6 sider fully in the commissioner's deliberations whether the state's exist-
7 ing turbidity criteria are required under the Clean Water Act and to pro-
8 vide the recommendations and analysis to the committee by the 10th day of
9 the Second Session of the Fifteenth Alaska State Legislature; and be it

10 FURTHER RESOLVED that the Legislature respectfully requests the
11 Governor to direct the commissioner of environmental conservation to pro-
12 vide to the Legislature by the 10th day of the Second Session of the Alaska
13 State Legislature a report on the results of the commissioner's review of
14 sources of flexibility under the Clean Water Act and concrete recommenda-
15 tions for changes to the water quality standards or other regulations that
16 would increase flexibility for economic development and enhance economic
17 opportunities for Alaskans while adequately protecting water uses.

18 COPIES of this resolution shall be sent to the Honorable Grace Berg
19 Schaible, Attorney General, and the Honorable Dennis D. Kelso, Commissioner
20 of Environmental Conservation.
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Alaska State Legislature

Senate Resources Committee



Sen. John B. (Jack) Coghill, Chairman
Sen. Paul Fischer, Vice-Chairman
Sen. Lloyd Jones
Sen. Arliss Sturgulewski
Sen. Jim Duncan
Sen. Fred Zharoff
Sen. Dick Eliason

Box V
Juneau, Alaska 99811
(907) 465-1907

MEMORANDUM

TO: Senate Resource Committee Members

FROM: Senate Resource Committee Staff *ERG*

RE: SCR 29; Relating to the water quality standards regarding
turbidity under the Clean Water Act

DATE: May 6, 1987

This resolution will generate the necessary information this committee and the legislature requires to make sound decisions on legislation such as SB 98; Use of Water.

Your packet includes a Department of Law zero (0) fiscal note, and a memorandum from the Governor regarding placer mining.

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

DEPARTMENT OF
NATURAL RESOURCES

MAR 31 1987

COMMISSIONER'S OFFICE
JUNEAU

CG → Jerry Gallagher
FK



0.6106
placer mining
directive

M E M O R A N D U M

TO: Commissioner Judith M. Brady
Department of Natural Resources

DATE: March 30, 1987

Commissioner Don W. Collinsworth
Department of Fish and Game

Commissioner Dennis D. Kelso
Department of Environmental
Conservation

PHONE: 465-3500

FROM: Steve Cowper
Governor

SUBJECT: Placer Mining

I have assigned a high priority to resolving the conflicts between placer miners and other water users. The miners believe they are faced with an impossible situation; they express concern about unattainable standards and unreasonable regulations. At the same time, other users of Alaska's water--fishermen, village residents, recreational users--express concern about the impacts of placer mining on their uses; they fear degradation of water quality leading to a loss of drinking water, fish habitat, and other values.

We need a clear set of rules, standards, and procedures that everyone can understand. Miners must be able to operate with the assurance that rules will not keep changing.

Continuation of the status quo is not acceptable.

We need to resolve these conflicts in a positive way, avoiding the adversarial relationships that have characterized this policy area.

A stable resolution will require two things. It must be clearly legal under the federal Clean Water Act; and it must protect the rights of both placer miners and other water users.

Only if these two requirements are met can we avoid years of slow, expensive, unpredictable litigation with the inevitable loss of state resource management prerogatives to the courts.

We can help bring about a stable resolution to the problem. By ensuring reasonable, litigation-proof rules and fair enforcement, we can create a regulatory climate in which placer miners and

other water users will have confidence. In addition, I want my administration to set a positive, cooperative tone: working with the miners and other groups to find policy options and mediating between the miners and other users to avoid or resolve conflicts.

I direct you, as commissioners of the state's three resource agencies, to work together to complete the following tasks, before the 1988 mining season.

1. Enforcement Policy

The state's enforcement program should emphasize technical assistance to miners who are making good faith efforts to maintain water quality, as well as protection of community drinking water sources, fish resources, and recreational uses. Please take appropriate actions to ensure that enforcement action is not taken against any miner who operates proper settling ponds for a violation of water quality standards where the violation results from upstream sources. In addition, no miner should be required to clean up natural background conditions or an upstream violation.

2. Technical Assistance

I expect the Department of Natural Resources, as well as the Departments of Environmental Conservation (DEC) and Fish and Game (DF&G) to provide technical assistance to operators in following state regulations. Nowhere is this more important than in working with placer miners.

Commissioner Brady has requested and received my support for two new positions in the Division of Mining to provide appropriate technical assistance to placer miners in part to help them mine more efficiently and to satisfy water quality requirements. Although neither DEC nor DF&G has staff added to their respective budgets for these functions, I expect you to work cooperatively with the placer miners in order to prevent water quality problems, where possible, or to resolve problems. Technical assistance will emphasize innovative operating techniques and improved mining methods. I believe this assistance can also help develop a more positive relationship between all three agencies and the miners.

3. Review of Regulations and Policies

Please conduct a thorough review of your agency's regulations and policies in order to determine whether there are duplicative provisions or unnecessary requirements and to take action as needed to correct any deficiencies. I would appreciate your providing me a written report describing your findings and any corrective actions you propose. Because this subject is of interest to the Alaska Minerals Commission (AMC), please consult with the Commission about the results of your review.

4. State Water Quality Regulations

Commissioner Kelso and the Alaska Miners Association (AMA) have begun a process to develop agreement about what the Clean Water Act requires and to identify areas of flexibility available to the state in water quality regulations, especially areas where site specific factors can be considered.

I fully support this effort. Although there are no guarantees that a solution will be found, the process may produce valuable tools that can be used singly or in combination. It is important that views of fishermen, environmental groups, village representatives and other interested Alaskans, as well as the miners, be considered. Consultations with these other groups should be part of the overall effort. In addition, please keep the Placer Mining Advisory Group and the AMC apprised of your efforts.

5. State Permitting

The tri-agency permit application process must operate efficiently and a placer miner should be able to deal with state permits through a single application. Please review the permitting process and take any actions you deem appropriate to improve the efficiency of this system.

6. BLM vs. Sierra Club Lawsuit

By copy of this memorandum, I am directing the Department of Law to file an amicus curiae brief in this lawsuit. It is important that the brief be crafted carefully to ensure that the state can mediate, if necessary, to enable responsible placer mining to continue. It is also important that the brief avoid issues which could prove detrimental to the state's overall interests on other resource matters involving the federal government. Please provide assistance to the Department of Law in preparing these materials.

Our basic position should oppose judicial relief that would penalize miners for any errors that the court concludes BLM has made. We should oppose a blanket injunction that precludes all mining and should urge that if the court finds for the appellants, the order be framed in such a way that the state can help the parties negotiate a solution.

7. Federal Effluent Guidelines (Best Available Technology Economically Achievable)

The Environmental Protection Agency (EPA) has just published its proposed effluent guidelines for the placer mining industry, establishing the pollution control technology considered by EPA to be economically achievable.

March 30, 1987

Because these guidelines are so important to the industry, I intend to see that the state is prepared to participate fully in the technical debate on their merits. By copy of this memorandum, I am asking the Department of Commerce and Economic Development to join with your departments in taking a hard look at the guidelines to see if they are based upon realistic assumptions and Alaskan data. When you have completed your analysis, we will prepare comments to EPA. While the state does not have a direct decision-making role on the effluent guidelines, I strongly believe that a well-reasoned, analytical position will have the greatest success in advancing the state's view.

My goal is for the state to participate as constructively as possible in creating a stable regulatory climate for the placer mining industry. A successful approach must be fair to the placer miners and acceptable to other water users. In order to reach this goal, the state must apply its best resources toward helping to find a reasonable approach. This is especially important in technical debates, such as discussion of the effluent guidelines. I am confident that through our combined efforts we can achieve the kind of progress that this important public policy issue deserves.

cc: Senator Don Eennett
Senator Bettye Fahrenkamp
Senator Jack Coghill
Senator John Binkley
Senator Willie Hensley
Representative Adelheid Herrmann
Representative Mike Miller
Attorney General Grace Berg Schaible
Department of Law
Commissioner Tony Smith
Department of Commerce and Economic
Development
Rod Swope, Special Assistant
Office of the Governor
Bob Grogan, Associate Director
Division of Governmental Coordination

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version: SCR 29
Publish Date: _____

Revision Date: _____
Title: "Relating to water quality standards regarding turbidity..."
Sponsor: By the Resources Committee
Requestor: Senate Resources

Agency Affected: Department of Law
BRU: Legal Services
Components: Operations

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-

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Please see attached analysis.

Richard I. Pegues

Prepared by: Richard I. Pegues, Director
Division: Administrative Services

Phone: 465-3672
Date: May 6, 1987

Approved by Commissioner: Grace Berg Schaible, Atty. Gen.
Agency: Department of Law

Date: May 6, 1987

Distribution (by preparer):

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SCR 29

Senate Concurrent Resolution No. 29 requests that the Governor direct the Attorney General to propose procedures under which the legislative committee hearing on legislation to change the water quality criteria in Alaska would qualify under the public participation criteria required under federal regulations at 40 C.F.R. sec. 131.20(b) and report these procedures to the resources committees of the Legislature by November 1, 1987.

The legal research necessary to develop procedures under which state legislative committee hearings would qualify under federal public participation criteria will take about two weeks of existing attorney time, provided legislative committee hearings meet federal regulations for public participation. Because this work can be accomplished using existing staff resources, this resolution will not have a fiscal impact on the Department of Law.

SCR

41

BY THE SENATE SPECIAL
COMMITTEE ON NATURAL
RESOURCE DEVELOPMENT

1 IN THE SENATE

2

SENATE CONCURRENT RESOLUTION NO. 41

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

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WHEREAS Art. VIII of the Constitution of the State of Alaska states

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that the natural resources of the state should be developed and managed as

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a public trust; and

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WHEREAS the state contains more than 40 percent of the entire known

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coal reserves in the United States; and

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WHEREAS currently the state's annual coal production of 1,600,000 tons

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comprises less than 0.2 percent of the total annual United States produc-

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tion; and

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

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WHEREAS between 1972 and 1987 Australian steam coal production has

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grown from 250,000 tons a year to more than 46,000,000 tons a year, with a

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value of nearly \$3.4 billion; and

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WHEREAS there is great potential for expanding both instate utiliza-

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tion and Pacific Rim export markets for Alaskan coal;

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BE IT RESOLVED that the Alaska State Legislature respectfully requests

26

the Governor to encourage the commissioner of natural resources, the com-

27

missioner of environmental conservation, ^{commissioner of Commerce & Economic Dev.} and the commissioner of fish and

28

game, ^{and the Office of International Trade} to pursue policies that will lead to the removal of regulatory impedi-

29

ments to, and further promote the development of, the crucial coal mining

1 industry within the state.

2 COPIES of this resolution shall be sent to the Honorable Judith Brady,
3 commissioner of natural resources; the Honorable Dennis Kelso, commissioner
4 of environmental conservation; the Honorable Don Collinsworth, commissioner
5 of fish and game; the Honorable J. Anthony Smith, commissioner of commerce
6 and economic development; and to the Honorable Mark Hickey, commissioner of
7 transportation and public facilities.

Alaska State Legislature

Senate Resources Committee



Sen. John B. (Jack) Coghill, Chairman
Sen. Paul Fischer, Vice-Chairman
Sen. Lloyd Jones
Sen. Artiss Sturgulewski
Sen. Jim Duncan
Sen. Fred Zharoff
Sen. Dick Eliason

Box V
Juneau, Alaska 99811
(907) 465-1907

M E M O R A N D U M

To: Members of the Senate Resource Committee

From: Senate Resource Committee Staff

Subj: SCR 41; Relating to the further development of Alaskan Coal.

Date: February 8, 1988

This resolution is self explanatory.

One WHEREAS that might be added would relate to the number of jobs created by coal mining. In the case of Usibelli Coal mine, every 1 million ton increase in production creates 80 additional jobs at the mine.

There are 2 agencies which should be considered for inclusion in the BE IT RESOLVED section. The first would be the Department of Commerce and Economic Development, which is listed only in the to be copied section. The Department of Commerce has worked on improving bonding procedures for coal mining through the Division of Insurance and is a promotional advocate for expanding markets through the office of Business Development.

The other agency that should be considered for addition is the Office of International Trade in the Governors office.

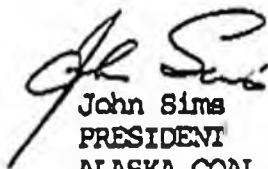
SENATE CONCURRENT RESOLUTION NO. 41

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

SENATE COMMITTEE REPORT

Rules

FURTHER

2/1/88

DATE TURNED INTO OFFICE _____

Mr. President:

~~Resources~~ *Resources*

Resources

Committee considered SCR 41

further development of Alaskan coal

and recommended

replace with _____ CS SCR 41 (Resources) same title
 or adopt _____ CS _____ new title
 attached amendment(s) and *and a maj. of the com. records do pass*

do pass

do not pass

no recommendation

~~individual recommendations~~

further referral to _____

letter of intent adopted _____

DFN

Committee attached or adopted fiscal note(s)
 new updated or previous
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signatures]

[Signature] DO PASS
Chairman signature and recommendation

Committee Backup attached

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
 Title: Relating to the further development of Alaskan coal BRU: Division of Business Development
 Sponsor: Special Committee on Natural Resources Components: _____
 Requester: Resource Development

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	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of dollars)

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

POSITIONS:

FULLTIME	-0-	-0-	-0-	-0-	-0-	-0-
PARTTIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS: (Attach a separate page if necessary.)

This resolution recognizes the importance of coal to the Alaska economy and its great potential for growth within the State and in the Pacific Rim. It requests the Governor to encourage the resource regulatory agencies to pursue policies to remove unnecessary impediments and further promote the development of the coal mining industry in Alaska.

Prepared by: Thyes J. Shaub, Project Manager Phone: 465-2094
 Division: Business Development Date: February 8, 1988

Approved by Commissioner: J. Anthony Smith Date: February 8, 1988
 Agency: Department of Commerce and Economic Development

Distribution (by preparer):

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

SCR

45

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of _____ 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER:

**FISCAL NOTE(S) ATTACHED _____ **
IN ACCORDANCE WITH AS 24.08.035
(see below)
2/10/88

DATE TURNED INTO OFFICE _____

Mr. President:

Resources _____ Committee 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.

and recommend:

- replace with CS _____ same title
- attached amendment(s) and new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____
- letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Handwritten signatures]

[Handwritten signature]

 Chairman signature and recommendation

Committee Backup Attached

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SCR 45
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: SCR 45 Clean Coal Technology
Coalition
Sponsor: Coghill, et. al
Requestor: Senate Resources

Agency Affected: DNR
BRU: Minerals Management
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

This resolution has no cost of implementation; however, membership to the Clean Coal Technology Coalition requires an annual fee of \$10,000 plus additional operating costs.

Prepared by: Lawrence Ostrovsky Phone: 465-2400
Division: Commissioner's Office Date: 02/29/88

Approved by Commissioner: *Lennie Gornik* Date: 2-29-88
Agency: _____

Distribution (by preparer):

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