

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10658 SENATE RESOURCES

Fiber Optic Cable	<u>61,615</u>
Total	<u>\$5,785,266</u>

CRAIG
Composite Tariff Rate (\$8.90/mbtu residential)
Projected Profit and Loss

Year 3

Operating Revenue:	
Gas Sales	\$2,528,848
Meter Charges	<u>71,539</u>
Total Operating Revenues	2,600,387
Gas Purchases	<u>1,849,988</u>
Gross Profit	<u>750,399</u>
Gross Profit %	<u>28.86%</u>

Operating Expenses:	
Operations & Maintenance	124,304
Insurance	28,523
Depreciation & Amortization	<u>72,926</u>
Total Operating Expenses	<u>223,753</u>

Profit before Interest & Taxes	526,646
Interest Charges	257,715
Income Tax Provision, current	55,840
Income Tax Provision, deferred	<u>38,286</u>
Net Profit (Loss)	<u>\$174,805</u>
Net Profit/Sales%	<u>6.72%</u>

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Net Profit (Loss)	\$174,805
Add back:	
Depreciation & Amortization	72,926
Income Tax Provision, deferred	38,286
Non-reserved portion of Contributions in Aid to Construction (65%)	<u>1,755</u>
Subtotal	287,772
Less: Bond Principle	<u>33,789</u>
Net Cash Flow (Deficit)	<u>\$253,983</u>

Utility Plant in Service

LDC	\$1,509,361
Propane/Air Plant, Dock, Storage, Piping	1,529,800

Capitalized Start up Costs	580,000
Fiber Optic Cable	<u>27,159</u>
Total	<u>\$3,646,320</u>

HAINES
Composite Tariff Rate (\$8.90/mbtu residential)
Projected Profit and Loss

Year 3

Operating Revenue:	
Gas Sales	\$1,950,443
Meter Charges	<u>67,140</u>
Total Operating Revenues	2,017,583
Gas Purchases	<u>1,363,959</u>
Gross Profit	<u>653,624</u>
Gross Profit %	<u>32.40%</u>

Operating Expenses:	
Operations & Maintenance	160,533
Insurance	26,523
Depreciation & Amortization	<u>90,514</u>
Total Operating Expenses	<u>277,570</u>

Profit before Interest & Taxes	376,054
Interest Charges	319,869
Income Tax Provision, current	0
Income Tax Provision, deferred	<u>0</u>
Net Profit (Loss)	<u>\$56,185</u>
Net Profit/Sales%	<u>2.78%</u>

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Net Profit (Loss)	\$56,185
Add back:	
Depreciation & Amortization	90,514
Income Tax Provision, deferred	0
Non-reserved portion of	
Contributions in Aid to	
Construction (65%)	<u>1,885</u>
Subtotal	148,584
Less: Bond Principle	<u>41,938</u>
Net Cash Flow (Deficit)	<u>\$106,646</u>

Utility Plant in Service

LDC	\$2,299,322
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Propane/air Plant, Dock, Storage, Piping	1,556,600
Capitalized Start up Costs	635,000
Fiber Optic Cable	<u>34,796</u>
Total	<u>\$4,525,718</u>

JUNEAU
Composite Tariff Rate (\$8.90/mbtu residential)
Projected Profit and Loss

Year 3

Operating Revenue:	
Gas Sales	\$22,065,844
Meter Charges	<u>904,441</u>
Total Operating Revenues	22,970,285
Gas Purchases	<u>15,693,312</u>
Gross Profit	<u>7,276,973</u>
Gross Profit %	<u>31.68%</u>
Operating Expenses:	
Operations & Maintenance	1,380,231
Insurance	212,180
Depreciation & Amortization	<u>516,875</u>
Total Operating Expenses	<u>2,109,286</u>
Profit before Interest & Taxes	5,167,687
Interest Charges	1,826,585
Income Tax Provision, current	898,027
Income Tax Provision, deferred	<u>271,359</u>
Net Profit (Loss)	<u>\$2,171,716</u>
Net Profit/Sales%	<u>9.45%</u>

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Net Profit (Loss)	\$2,171,716
Add back:	
Depreciation & Amortization	516,875
Income Tax Provision, deferred	271,359
Non-reserved portion of Contributions in Aid to Construction (65%)	<u>45,630</u>
Subtotal	3,005,580
Less: Bond Principle	<u>239,486</u>
Net Cash Flow (Deficit)	<u>\$2,766,094</u>

Utility Plant in Service

LDC	\$15,733,513
Propane/air Plant, Dock, Storage, Piping	4,575,966
Capitalized Start up Costs	5,425,027
Fiber Optic Cable	<u>109,250</u>
Total	<u>\$25,843,756</u>

KAKE

Composite Tariff Rate (\$8.90/mbtu residential)
Projected Profit and Loss

Year 3

Operating Revenue:	
Gas Sales	\$1,296,079
Meter Charges	<u>22,929</u>
Total Operating Revenues	1,319,008
Gas Purchases	<u>989,379</u>
Gross Profit	<u>329,629</u>
Gross Profit %	<u>24.99%</u>
Operating Expenses:	
Operations & Maintenance	61,842
Insurance	10,609
Depreciation & Amortization	<u>26,253</u>
Total Operating Expenses	<u>98,704</u>
Profit before Interest & Taxes	230,925
Interest Charges	92,775
Income Tax Provision, current	34,570
Income Tax Provision, deferred	<u>13,783</u>
Net Profit (Loss)	<u>\$89,798</u>
Net Profit/Sales%	<u>6.81%</u>

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Net Profit (Loss)	\$89,798
Add back:	
Depreciation & Amortization	26,253
Income Tax Provision, deferred	13,783
Non-reserved portion of Contributions in Aid to Construction (65%)	<u>455</u>
Subtotal	130,289
Less: Bond Principle	<u>12,164</u>
Net Cash Flow (Deficit)	<u>\$118,125</u>

Utility Plant in Service

LDC	\$659,108
Propane/air Plant, Dock, Storage, Piping	500,000
Capitalized Start up Costs	142,000
Fiber Optic Cable	<u>11,538</u>
Total	<u>\$1,312,646</u>

KETCHIKAN
Composite Tariff Rate (\$8.90/mbtu residential)
Profit and Loss

Year 3

Operating Revenue:	
Gas Sales	\$20,121,619
Meter Charges	<u>439,643</u>
Total Operating Revenues	20,561,262
Gas Purchases	<u>14,469,529</u>
Gross Profit	<u>6,091,733</u>
Gross Profit %	<u>29.63%</u>
Operating Expenses:	
Operations & Maintenance	625,931
Insurance	106,090
Depreciation & Amortization	<u>299,667</u>
Total Operating Expenses	<u>1,031,688</u>
Profit before Interest & Taxes	5,060,045
Interest Charges	1,058,992
Income Tax Provision, current	1,243,044
Income Tax Provision, deferred	<u>157,325</u>
Net Profit (Loss)	<u>\$2,600,684</u>
Net Profit/Sales%	<u>12.65%</u>

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Net Profit (Loss)	\$2,600,684
Add back:	
Depreciation & Amortization	299,667
Income Tax Provision, deferred	157,325
Non-reserved portion of Contributions in Aid to Construction (65%)	<u>21,450</u>
Subtotal	3,079,126
Less: Bond Principle	<u>138,846</u>
Net Cash Flow (Deficit)	<u>\$2,940,280</u>

Utility Plant in Service

LDC	\$9,688,071
Propane/air Plant, Dock, Storage, Piping	2,090,000
Capitalized Start up Costs	3,133,211
Fiber Optic Cable	<u>72,055</u>
Total	<u>\$14,983,337</u>

KLAWOCK
Composite Tariff Rate (\$8.90/mbtu residential)
Projected Profit and Loss

Year 3

Operating Revenue:	
Gas Sales	\$659,521
Meter Charges	<u>28,683</u>
Total Operating Revenues	688,204
Gas Purchases	<u>457,571</u>
Gross Profit	<u>230,633</u>
Gross Profit %	<u>33.51%</u>
Operating Expenses:	
Operations & Maintenance	69,447
Insurance	10,609
Depreciation & Amortization	<u>30,758</u>
Total Operating Expenses	<u>110,814</u>
Profit before Interest & Taxes	119,819
Interest Charges	108,695
Income Tax Provision, current	0
Income Tax Provision, deferred	<u>0</u>
Net Profit (Loss)	<u>\$11,124</u>
Net Profit/Sales%	<u>1.62%</u>
Net Profit (Loss)	\$11,124
Add back:	
Depreciation & Amortization	30,758
Income Tax Provision, deferred	0
Non-reserved portion of Contributions in Aid to Construction (65%)	<u>195</u>
Subtotal	42,077
Less: Bond Principle	<u>14,251</u>
Net Cash Flow (Deficit)	<u>\$27,826</u>

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Utility Plant in Service

LDC	\$666,970
Propane/air Plant, Dock, Storage, Piping	728,000
Capitalized Start up Costs	130,000
Fiber Optic Cable	<u>12,924</u>
Total	<u>\$1,537,894</u>

KLUKWAN

Composite Tariff Rate (\$8.90/mbtu residential)

Projected Profit and Loss

	<u>Year 3</u>
Operating Revenue:	
Gas Sales	\$67,469
Meter Charges	<u>4,868</u>
Total Operating Revenues	72,337
Gas Purchases	<u>44,955</u>
Gross Profit	<u>27,382</u>
Gross Profit %	<u>37.85%</u>
Operating Expenses:	
Operations & Maintenance	1,485
Insurance	1,061
Depreciation & Amortization	<u>0</u>
Total Operating Expenses	<u>2,546</u>
Profit before Interest & Taxes	24,836
Interest Charges	5,497
Income Tax Provision, current	6,769
Income Tax Provision, deferred	<u>0</u>
Net Profit (Loss)	<u>\$12,570</u>
Net Profit/Sales%	<u>17.38%</u>
Net Profit (Loss)	\$12,570
Add back:	
Depreciation & Amortization	0
Income Tax Provision, deferred	0
Non-reserved portion of Contributions in Aid to Construction (65%)	<u>0</u>
Subtotal	12,570
Less: Bond Principle	<u>721</u>

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Net Cash Flow (Deficit) \$11,849

Utility Plant in Service

LDC	\$0	Klukwan will be served from Haines - No Utility Plant in Service other than start up costs.
Propane/Air Plant, Dock, Storage, Piping	0	
Capitalized Start up Costs	17,500	
Fiber Optic Cable	<u>0</u>	
Total	<u>\$17,500</u>	

KODIAK

Composite Tariff Rate (\$8.90/mbtu residential)

Projected Profit and Loss

Year 3

Operating Revenue:

Gas Sales	\$21,678,682
Meter Charges	<u>560,614</u>
Total Operating Revenues	22,239,296
Gas Purchases	<u>17,277,624</u>
Gross Profit	<u>4,961,672</u>
Gross Profit %	<u>22.31%</u>

Operating Expenses:

Operations & Maintenance	751,117
Insurance	132,613
Depreciation & Amortization	<u>408,320</u>
Total Operating Expenses	<u>1,292,050</u>

Profit before Interest & Taxes	3,669,622
Interest Charges	1,442,962
Income Tax Provision, current	564,963
Income Tax Provision, deferred	<u>214,368</u>
Net Profit (Loss)	<u>\$1,447,329</u>
Net Profit/Sales%	<u>6.51%</u>

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Net Profit (Loss)	\$1,447,329
Add back:	
Depreciation & Amortization	408,320
Income Tax Provision, deferred	214,368
Non-reserved portion of Contributions in Aid to Construction (65%)	<u>27,430</u>
Subtotal	2,097,447

Less: Bond Principle	<u>189,189</u>
Net Cash Flow (Deficit)	<u>\$1,908,258</u>

Utility Plant in Service

LDC	\$12,494,950
Propane/air Plant, Dock, Storage, Piping	5,370,000
Capitalized Start up Costs	2,500,000
Fiber Optic Cable	<u>51,050</u>
Total	<u>\$20,416,000</u>

METLAKATLA
Composite Tariff Rate (\$8.90/mbtu residential)
Projected Profit and Loss

Year 3

Operating Revenue:	
Gas Sales	\$880,420
Meter Charges	<u>48,545</u>
Total Operating Revenues	928,965
Gas Purchases	<u>578,195</u>
Gross Profit	<u>350,770</u>
Gross Profit %	<u>37.76%</u>

Operating Expenses:	
Operations & Maintenance	108,324
Insurance	10,609
Depreciation & Amortization	<u>44,546</u>
Total Operating Expenses	<u>163,479</u>

Profit before Interest & Taxes	187,291
Interest Charges	157,422
Income Tax Provision, current	0
Income Tax Provision, deferred	<u>10,454</u>
Net Profit (Loss)	<u>\$19,415</u>
Net Profit/Sales%	<u>2.09%</u>

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Net Profit (Loss)	\$19,415
Add back:	
Depreciation & Amortization	44,546
Income Tax Provision, deferred	10,454
Non-reserved portion of Contributions in Aid to Construction (65%)	<u>650</u>
Subtotal	75,065

Less: Bond Principle	<u>20,640</u>
Net Cash Flow (Deficit)	<u>\$54,425</u>

Utility Plant in Service

LDC	\$1,217,071
Propane/air Plant, Dock, Storage, Piping	797,000
Capitalized Start up Costs	190,000
Fiber Optic Cable	<u>23,238</u>
Total	<u>\$2,227,309</u>

PETERSBURG
Composite Tariff Rate (\$8.90/mbtu residential)
Projected Profit and Loss

Year 3

Operating Revenue:	
Gas Sales	\$4,061,628
Meter Charges	<u>130,391</u>
Total Operating Revenues	4,192,019
Gas Purchases	<u>2,932,154</u>
Gross Profit	<u>1,259,865</u>
Gross Profit %	<u>30.05%</u>

Operating Expenses:	
Operations & Maintenance	199,256
Insurance	42,436
Depreciation & Amortization	<u>121,050</u>
Total Operating Expenses	<u>362,742</u>

Profit before Interest & Taxes	897,123
Interest Charges	427,778
Income Tax Provision, current	100,720
Income Tax Provision, deferred	<u>63,551</u>
Net Profit (Loss)	<u>\$305,074</u>
Net Profit/Sales%	<u>7.28%</u>

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Net Profit (Loss)	\$305,074
Add back:	
Depreciation & Amortization	121,050
Income Tax Provision, deferred	63,551
Non-reserved portion of Contributions in Aid to Construction (65%)	<u>4,095</u>

Subtotal	493,770
Less: Bond Principle	<u>56,087</u>
Net Cash: Flow (Deficit)	<u>\$437,683</u>

Utility Plant in Service

LDC	\$3,327,360
Propane/air Plant, Dock, Storage, Piping	1,727,000
Capitalized Start up Costs	953,000
Fiber Optic Cable	<u>45,136</u>
Total	<u>\$6,052,496</u>

SITKA

Composite Tariff Rate (\$8.90/mblu residential)
Projected Profit and Loss

Year 3

Operating Revenue:

Gas Sales	\$10,158,334
Meter Charges	<u>267,657</u>
Total Operating Revenues	10,425,991
Gas Purchases	<u>7,471,237</u>
Gross Profit	<u>2,954,754</u>
Gross Profit %	<u>28.34%</u>

Operating Expenses:

Operations & Maintenance	625,931
Insurance	106,090
Depreciation & Amortization	<u>221,723</u>
Total Operating Expenses	<u>953,744</u>

Profit before Interest & Taxes	2,001,010
Interest Charges	783,548
Income Tax Provision, current	309,707
Income Tax Provision, deferred	<u>116,405</u>
Net Profit (Loss)	<u>\$791,350</u>
Net Profit/Sales%	<u>7.59%</u>

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Net Profit (Loss)	\$791,350
Add back:	
Depreciation & Amortization	221,723
Income Tax Provision, deferred	116,405
Non-reserved portion of Contributions in Aid to	

Construction (65%)	<u>12.935</u>
Subtotal	1,142,413
Less: Bond Principle	<u>102.732</u>
Net Cash Flow (Deficit)	<u>\$1,039,681</u>

Utility Plant in Service

LDC	\$5,420,457
Propane/air Plant, Dock, Storage, Piping	3,835,955
Capitalized Start up Costs	1,793,069
Fiber Optic Cable	<u>36,680</u>
Total	<u>\$11,086,161</u>

SKAGWAY

Composite Tariff Rate (\$8.90/mbtu residential)
Projected Profit and Loss

Year 3

Operating Revenue:	
Gas Sales	\$1,470,078
Meter Charges	<u>44,475</u>
Total Operating Revenues	1,514,553
Gas Purchases	<u>1,038,017</u>
Gross Profit	<u>476,536</u>
Gross Profit %	<u>31.46%</u>
Operating Expenses:	
Operations & Maintenance	104,350
Insurance	21,218
Depreciation & Amortization	<u>66,719</u>
Total Operating Expenses	<u>192,287</u>
Profit before Interest & Taxes	284,249
Interest Charges	235,778
Income Tax Provision, current	0
Income Tax Provision, deferred	<u>1,665</u>
Net Profit (Loss)	<u>\$46,806</u>
Net Profit/Sales%	<u>3.09%</u>

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Net Profit (Loss)	\$46,806
Add back:	
Depreciation & Amortization	66,719
Income Tax Provision, deferred	1,665
Non-reserved portion of	

Contributions in Aid to Construction (65%)	<u>975</u>
Subtotal	116,165
Less: Bond Principle	<u>30,913</u>
Net Cash Flow (Deficit)	<u>\$85,252</u>

Utility Plant in Service

LDC	\$1,575,875
Propane/air Plant, Dock, Storage, Piping	1,231,700
Capitalized Start up Costs	505,000
Fiber Optic Cable	<u>23,365</u>
Total	<u>\$3,335,940</u>

VALDEZ

Composite Tariff Rate (\$8.90/mbtu residential)
Projected Profit and Loss

Year 3

Operating Revenue:	
Gas Sales	\$3,476,909
Meter Charges	<u>151,996</u>
Total Operating Revenues	3,628,905
Gas Purchases	<u>2,635,377</u>
Gross Profit	<u>993,528</u>
Gross Profit %	<u>27.38%</u>
Operating Expenses:	
Operations & Maintenance	184,624
Insurance	53,045
Depreciation & Amortization	<u>134,858</u>
Total Operating Expenses	<u>372,527</u>
Profit before Interest & Taxes	621,001
Interest Charges	476,575
Income Tax Provision, current	0
Income Tax Provision, deferred	<u>47,220</u>
Net Profit (Loss)	<u>\$97,206</u>
Net Profit/Sales%	<u>2.68%</u>

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Net Profit (Loss)	\$97,206
Add back:	
Depreciation & Amortization	134,858
Income Tax Provision, deferred	47,220

Non-reserved portion of Contributions in Aid to Construction (65%)	<u>5,850</u>
Subtotal	285,134
Less: Bond Principle	<u>62,484</u>
Net Cash Flow (Deficit)	<u>\$222,650</u>

Utility Plant in Service

LDC	\$3,854,604
Propane/air Plant, Dock, Storage, Piping	1,806,800
Capitalized Start up Costs	1,030,000
Fiber Optic Cable	<u>51,500</u>
Total	<u>\$6,742,904</u>

WRANGELL

Composite Tariff Rate (\$8.90/mbtu residential)
Projected Profit and Loss

Year 3

Operating Revenue:	
Gas Sales	\$6,519,603
Meter Charges	<u>113,490</u>
Total Operating Revenues	6,633,093
Gas Purchases	<u>2,544,771</u>
Gross Profit	<u>4,088,322</u>
Gross Profit %	<u>61.64%</u>
Operating Expenses:	
Operations & Maintenance	175,119
Insurance	42,436
Depreciation & Amortization	<u>105,722</u>
Total Operating Expenses	<u>323,277</u>
Profit before Interest & Taxes	3,765,045
Interest Charges	373,610
Income Tax Provision, current	1,131,498
Income Tax Provision, deferred	<u>55,504</u>
Net Profit (Loss)	<u>\$2,204,433</u>
Net Profit/Sales%	<u>33.23%</u>

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Net Profit (Loss)	\$2,204,433
Add back:	
Depreciation & Amortization	105,722

Income Tax Provision, deferred	55,504
Non-reserved portion of Contributions in Aid to Construction (65%)	<u>4,095</u>
Subtotal	2,369,754
Less: Bond Principle	<u>48,985</u>
Net Cash Flow (Deficit)	<u>\$2,320,769</u>

Utility Plant in Service

LDC	\$2,610,673
Propane/air Plant, Dock, Storage, Piping	1,780,000
Capitalized Start up Costs	855,000
Fiber Optic Cable	<u>40,415</u>
Total	<u>\$5,286,088</u>

YAKUTAT

Composite Tariff Rate (\$8.90/mbtu residential)
Projected Profit and Loss

Year 3

Operating Revenue:	
Gas Sales	\$1,670,956
Meter Charges	<u>28,953</u>
Total Operating Revenues	1,699,909
Gas Purchases	<u>1,261,981</u>
Gross Profit	<u>437,928</u>
Gross Profit %	<u>25.76%</u>
Operating Expenses:	
Operations & Maintenance	122,977
Insurance	10,609
Depreciation & Amortization	<u>37,888</u>
Total Operating Expenses	<u>171,474</u>
Profit before Interest & Taxes	266,454
Interest Charges	133,892
Income Tax Provision, current	26,506
Income Tax Provision, deferred	<u>19,891</u>
Net Profit (Loss)	<u>\$86,165</u>
Net Profit/Sales%	<u>5.07%</u>

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Net Profit (Loss)	\$86,165
Add back:	

Depreciation & Amortization	37,888
Income Tax Provision, deferred	19,891
Non-reserved portion of Contributions in Aid to Construction (65%)	<u>195</u>
Subtotal	144,139
Less: Bond Principle	<u>17,555</u>
Net Cash Flow (Deficit)	<u>\$126,584</u>

Utility Plant in Service

LDC	\$853,394
Propane/air Plant, Dock, Storage, Piping	728,000
Capitalized Start up Costs	300,000
Fiber Optic Cable	<u>12,999</u>
Total	<u>\$1,894,393</u>

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SEAGA Gas Project Summary

AIDEA Bonds for Gas Public Utilities

Senate Bill 179 and House Bill 236

The Southeast and Gulf of Alaska (SEAGA) gas project will bring the benefits of gas utility service to the people and communities of Southeast Alaska and the Gulf of Alaska. On December 31, 1998 Alaska Intrastate Gas Company was granted Certificates of Public Convenience and Necessity by the Alaska Public Utilities Commission, now the Regulatory Commission of Alaska, to provide gas utility service to homes and businesses in the unified municipalities of Juneau and Sitka, the boroughs of Haines, Ketchikan, Kodiak, and Yakutat, the cities of Angoon, Cordova, Craig, Kake, Klawock, Petersburg, Skagway, Valdez, and Wrangell, and the communities of Klukwan and Metlakatla. Gas utility service to these boroughs, cities and communities will be initiated in 2002 and completed by 2009. In the first two years gas utility service will be initiated in Juneau, Ketchikan and Sitka, and then expanded rapidly to cover the remaining communities. The overall cost to bring gas utility service to these 17 communities will exceed \$100,000,000. The project will result in over 200 jobs during construction, and more than 35 permanent full time jobs within the region.

The project is based on the bulk movement of liquefied natural and petroleum gases by barge and/or ship throughout the service area. The utility gas is stored in each community as a liquid until needed. It is then regasified and distributed via buried pipeline to utility customers on demand. Gas supplies will initially be obtained from Canadian sources and shipped from the Port of Prince Rupert, BC, Canada. However, after initiation of gas utility service in the first three communities, utility service will transition to both Canadian and Alaskan gas resources as additional communities are brought on line.

The utility will primarily provide gas utility service to residential, small commercial, large commercial and industrial customers in the 17-community service area. Annual gas sales are expected to exceed 12 billion cubic feet within 10 years. Consumers will see immediate economic benefits from the availability of clean, efficient, and environmentally friendly utility gas service that can satisfy their space heating and hot water requirements. Replacing fuel oil with gas utility service is expected to generate energy cost savings of 15 - 40% for residents and businesses within the service area.

The AIDEA Development Finance Program focuses on the development, ownership, and operation of facilities within Alaska such as roads, ports and utilities which are essential to the economic well-being of an area; are financially feasible; and are supported by the communities in which they are located. The legislature must approve any project over \$10,000,000. AIDEA must be given this approval in order to consider the SEAGA Gas Project under this program. These Bills provide legislative approval for AIDEA to evaluate the SEAGA Gas Project as required by AS 44.88.095(g). If AIDEA moves forward with project financing, these Bills place a limit of \$76,000,000 on the amount of bonding provided to the project. And finally, these Bills provide a sunset date for issuing bonds for this project of July 1, 2006.

HB

241

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 241(RES)
 (S) Publish Date: 2/1/02

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Railroad utility corridor to Canada BRU AK Railroad Corp
 Component _____
 Sponsor Representative James
 Requester (S) Transportation Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Don Smith Phone 465-3879
 Division Senate Transportation Committee Date/Time 1/31/02 12:00 AM
 Approved by: _____ Date 1/31/02
 Agency _____

22-LS0779P
Utermohle
3/26/02

SENATE CS FOR CS FOR HOUSE BILL NO. 241(RES)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE SENATE RESOURCES COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES JAMES, Dyson, McGuire, Kohring, Scalzi, Wilson, Foster, Whitaker, Fate, Morgan, Davies, Hayes, Harris, Green

A BILL
FOR AN ACT ENTITLED

1 **"An Act relating to a railroad utility corridor for extension of the Alaska Railroad to**
2 **Canada and to extension of the Alaska Railroad to Whitehorse, Yukon, Canada."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 **LEGISLATIVE INTENT.** It is the intent of the legislature to reserve interests to the
7 state as necessary for the construction, maintenance, operation, and other activities for or
8 related to a gas pipeline in state land that may be conveyed to the Alaska Railroad
9 Corporation under this Act for the extension of the Alaska Railroad to the border of Alaska
10 and Canada.

11 *** Sec. 2.** AS 42.40 is amended by adding new sections to article 5 to read:

12 **Sec. 42.40.460. Extension of the Alaska Railroad.** (a) The corporation may
13 delineate a proposed railroad utility corridor between the existing railroad utility
14 corridor of the Alaska Railroad and the border of Alaska and Canada. The railroad

1 utility corridor shall be at least 500 feet wide. The railroad utility corridor may be
2 designated for a use identified under AS 42.40.350(b). The corporation may also
3 identify land for use as rail land that can be developed for terminal, station, and
4 maintenance facilities, switching yards, and material sites associated with the railroad
5 utility corridor. The corporation shall prepare a complete legal description of the
6 proposed railroad utility corridor and the rail land identified under this subsection.

7 (b) In performing the work authorized by (a) of this section, the corporation
8 shall consider the following factors:

9 (1) grade and alignment standards that are commensurate with rail and
10 utility construction standards and that minimize the prospect of at-grade railroad and
11 highway crossings;

12 (2) availability of construction materials;

13 (3) safety;

14 (4) effects on and service to adjacent communities and potential
15 intermodal transportation connections;

16 (5) environmental concerns;

17 (6) use of public land to the maximum degree possible;

18 (7) minimization of probable construction costs;

19 (8) the location of and the opportunity to obtain access to identified
20 natural resources that could contribute significantly to the state's economic
21 development; and

22 (9) prior and established traditional uses.

23 (c) If the corporation delineates all or a portion of the proposed railroad utility
24 corridor or the associated rail land,

25 (1) the corporation shall, after completion of a feasibility study on
26 linking the rail system in Alaska to the North American continental rail system,
27 determine which state land within the proposed railroad utility corridor and associated
28 rail land must be obtained by the corporation by fee and by a lesser interest in land; the
29 corporation shall submit a list of state land that the corporation proposes to select
30 within the railroad utility corridor and associated rail land to the legislature for
31 approval by law; if the legislature approves by law the selections of state land by the

1 corporation, the Department of Natural Resources shall

2 (A) in accordance with AS 42.40.360(b) and 42.40.370, convey
3 state land or interests in state land within the railroad utility corridor and
4 associated rail land to the corporation without cost to the corporation; the
5 Department of Natural Resources shall reserve to the state

6 (i) ownership of the mineral estate of the land conveyed
7 under this paragraph; and

8 (ii) the right to extract or use sand, gravel, and rock
9 present on the land conveyed under this paragraph; and

10 (B) delineate the route of the railroad utility corridor and the
11 location of the associated rail land in any system of land records maintained by
12 the Department of Natural Resources under AS 38.05.035; and

13 (2) the corporation shall

14 (A) as the corporation considers appropriate, exercise its
15 authority under this chapter to acquire rights-of-way across land within the
16 railroad utility corridor that is subject to the corporation's power of eminent
17 domain;

18 (B) upon delineation of the railroad utility corridor and
19 identification of associated rail land, expeditiously work with federal officials
20 to secure reclassification and withdrawal of federal land for reservations and
21 rights-of-way across the federal land for use as railroad utility corridor and rail
22 land; and

23 (C) prepare a report evaluating the effects of construction of an
24 extension of the Alaska Railroad across federal land; the report must satisfy the
25 requirements for an environmental impact statement under 42 U.S.C. 4332.

26 (d) The requirements of AS 38.05 (Alaska Land Act) relating to classification
27 and reclassification of land are inapplicable to actions taken by the Department of
28 Natural Resources under this section.

29 (e) The Department of Natural Resources shall retain the classifications and
30 reservations of land identified for use as a proposed utility corridor and railroad right-
31 of-way under former AS 19.05.122 until the corporation informs the department in

1 writing that the land is not needed by the corporation for a utility corridor. If the
2 corporation informs the department in writing that the land is necessary for use as a
3 utility corridor, the department shall convey the land to the corporation after
4 legislative approval of the land selections under (c)(1) of this section.

5 (f) To complete the work authorized by this section, the corporation may enter
6 into agreements relating to the work with the federal government, an agency or
7 instrumentality of the state, a municipality, or a private organization.

8 **Sec. 42.40.465. Extension of the Alaska Railroad to Whitehorse, Yukon,**
9 **Canada.** The corporation may investigate extension of the Alaska Railroad from the
10 border of Alaska and Canada to Whitehorse, Yukon. The corporation may acquire
11 land or interests in land in Canada as the corporation considers appropriate for the
12 development, construction, and operation of an extension of the Alaska Railroad to
13 Whitehorse, Yukon.

14 * **Sec. 3. AS 19.05.122 is repealed.**

ALASKA STATE LEGISLATURE

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House of Representatives
House District 34

Sponsor Statement, SCS CSHB 241 (RES) Draft version "/P" amendment .3

4/10/02

Contact: Richard Schmitz, 465 6791

The purpose of Amendment "P.3" is to remove a requirement that a feasibility study be completed and used as a guide by the railroad for selection of state land for a railroad and utility corridor.

The intent of Sec. 2 (c)(1) is to require that, for the railroad to receive state land fee simple, it must justify such requests prior to submission to the legislature for appropriation.

This amendment does not change intent, but holds back potential restrictions on the type or scope of survey or study that the railroad might use to base its requests for land in question.

AMENDMENT

OFFERED IN THE SENATE

TO: SCS CSHB 241(RES), Draft Version "P"

- 1 Page 2, lines 25 - 26:
- 2 Delete ", after completion of a feasibility study on linking the rail system in Alaska to
- 3 the North American continental rail system,"

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Central Microfilm Services
Department of Education & Early Development
State of Alaska

AMENDMENT

OFFERED IN THE SENATE

TO: SCS CSHB 241(RES), Draft Version "P"

- 1 Page 2, lines 25 - 26:
- 2 Delete ", after completion of a feasibility study on linking the rail system in Alaska to
- 3 the North American continental rail system,"

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Sponsor Statement, SCS CSHB 241 (RES) Draft version "/P" amendment .4

4/10/02

Contact: Richard Schmitz, 465 6791

This amendment is offered at request of the Department of Natural Resources. It's purpose is to allow for a "0" fiscal note, as it clarifies that funds will come from a future appropriation.

A M E N D M E N T

OFFERED IN THE SENATE

TO: SCS CSHB 241(RES), Draft Version "P"

- 1 Page 3, line 1, following "shall":
- 2 Insert ", if the legislature appropriates the necessary funds,"

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House District 34

Sponsor Statement, SCS CSHB 241 (RES) Draft version "/P" amendment .7

4/10/02

Contact: Richard Schmitz, 465 6791

This amendment is a technical change at the suggestion of the Department of Natural Resources. The change in language makes sure the existing corridor does not get extinguished until the new corridor is established.

AMENDMENT

OFFERED IN THE SENATE

TO: SCS CSHB 241(RES), Draft Version "P"

1 Page 3, line 31, through page 4, line 1:

2 Delete "corporation informs the department in writing that the land is not needed by
3 the corporation for a utility corridor"

4 Insert "earlier of (1) legislative approval of state land selections made by the
5 corporation under (c)(1) of this section, or (2) delineation of a different route of the utility
6 corridor and railroad right-of-way by the corporation"

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Sponsor Statement, SCS CSHB 241 (RES) Draft version "/P" amendment .9

4/10/02

Contact: Richard Schmitz, 465 6791

This amendment is a technical fix.

Paragraph (2)(C) would require the railroad to prepare a report on the effects of construction on federal lands. This is unnecessary because federal laws require an EIS in any case. Leaving this language intact could result in additional, unneeded costs to the railroad, and delay or inhibit the project.

AMENDMENT

OFFERED IN THE SENATE

TO: SCS CSHB 241(RES), Draft Version "P"

- 1 Page 3, line 17, following "domain;":
- 2 Insert "and"
- 3
- 4 Page 3, line 22:
- 5 Delete "; and"
- 6 Insert "."
- 7
- 8 Page 3, lines 23 - 25:
- 9 Delete all material.

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House District 34

Sponsor Statement,
SCS CSHB 241 (RES) Draft version "/P" amendment .10

4/10/02

Contact: Richard Schmitz, 465 6791

The purpose of this amendment is to clarify the intent that the state and the railroad should be able to share sand, rock, gravel, etc. developed within the corridor. If the railroad develops a material site, it would have the ability to sell the materials to the state at cost only, and vice versa.

AMENDMENT

OFFERED IN THE SENATE

TO: SCS CSHB 241(RES), Draft Version "P"

1 Page 3, line 8, following "right":

2 Insert ", concurrent with a similar right conveyed to the corporation,"

3

4 Page 3, line 9, following "paragraph;":

5 Insert "the department and the corporation may not sell to each other any sand, gravel,
6 or rock extracted from land conveyed under this paragraph at a price that exceeds the cost of
7 producing the sand, gravel, or rock for use;"

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Sponsor Statement, SCS CSHB 241 (RES) Draft version "/P" amendment .13

4/10/02

Contact: Richard Schmitz, 465 6791

Amendment "P.13" adds a requirement that the railroad provide a map of land it proposes to request for a corridor. The amendment is at the suggestion of the Alaska Miners Association.

AMENDMENT

OFFERED IN THE SENATE

TO: SCS CSHB 241(RES), Draft Version "P"

- 1 Page 2, line 29, following "land":
- 2 Insert ", and a map showing the location of the state land,"

x

ALASKA STATE LEGISLATURE

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House of Representatives
House District 34

**Sponsor Statement,
SCS CSHB 241 (RES) Draft version "/P" amendment .14**

4/10/02

Contact: Richard Schmitz, 465 6791

The purpose of amendment .14 is to clarify the intent of the legislation that the railroad is to identify valid existing rights in the land and make any conveyance subject to third party interests.

This amendment is offered at the request of the Department of Natural Resources.

A M E N D M E N T

OFFERED IN THE SENATE

TO: SCS CSHB 241(RES), Draft Version "P"

- 1 Page 3, line 4, following "land":
- 2 Insert ", subject to valid existing rights as of the effective date of this Act,"

X

ALASKA STATE LEGISLATURE

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House of Representatives
House District 34

Sponsor Statement, SCS CSHB 241 (RES) Draft version "/P" amendment .15

4/10/02

Contact: Richard Schmitz, 465 6791

Amendment "P.15" adds a second section to intent language at the request of the Department of Natural Resources.

The specific purpose of this language is to make clear the department retains its ability to manage any land included in the corridor until such time as a railroad or utility project moves forward.

AMENDMENT

OFFERED IN THE SENATE

TO: SCS CSHB 241(RES), Draft Version "P"

1 Page 1, line 6, following "INTENT.":

2 Insert "(a)"

3

4 Page 1, following line 10:

5 Insert a new subsection to read":

6 "(b) It is the intent of the legislature that the Department of Natural Resources
7 continue to manage state land between the existing railroad utility corridor of the Alaska
8 Railroad and the border of Alaska and Canada for multiple, temporary uses until the land is
9 conveyed to the Alaska Railroad Corporation for a railroad utility corridor."

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: DRAFT
 Bill Version: SCSCSHB 241 (RES)
 () Publish Date: _____
 Dept. Affected: Natural Resources
 BRU: Minerals, Land & Water Dev
 Component: Land Sales & Muni Ent.
 Component Number: 2456

Revision Date/Time (Note if correction): _____
 Title: Rail/Utility Corridor to Canada
 Sponsor: Rep. JAMES
 Requester: (S) RES

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services				14.6		53.2
Travel				2.0		3.0
Contractual				18.0	10.0	901.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	34.6	10.0	957.2

CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						(10,000.0)

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	34.6	10.0	957.2
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	34.6	10.0	957.2

Estimate of any current year (FY2002) cost: None
 Check this box (X) if funding for this bill is included in the Governor's FY2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill requires DNR to convey an estimated 20,000 acres of state land to the Alaska Railroad Corporation for a future railroad corridor to Canada. The corridor would be approximately 268 miles long, at least 500 feet wide. The change in revenues shown for FY 2008 (\$10 million) reflects the value of the public domain land transferred to the Alaska Railroad Corporation.

This analysis assumes that the joint US-Canada study commission proposed by Public Law 106-570, Title III, sec. 306 (S. 2943 as enacted in 2000) will be set up early in FY 2003 and that (Continued)

Prepared by: Bob Loeffler
 Division: Mining, Land and Water
 Approved by: Pat Pourchot
 Agency: Natural Resources

Phone 269-8600
 Date/Time 27-Mar-02
 Date _____

ANALYSIS: (continued)

the commission completes its feasibility study by the end of FY 2005. In FY 2006-early 2007 the Alaska Railroad Corporation determines which land it needs for the corridor under HB 241 and obtains legislative approval before the end of FY 2007. In FY 2008 the corridor is surveyed and conveyed.

The legislation does not specify who is responsible for survey of the corridor or for the title search prior to conveyance. DNR's fiscal note includes the estimated survey and title search costs in FY 2008, but recommends the bill be amended to put this responsibility upon the Alaska Railroad Corporation rather than saying the land transfer will take place "without cost to the corporation."

DNR's FY 2006-7 cost is the cost assumed necessary to provide land status information and title reviews necessary for the Alaska Railroad Corporation to identify the corridor.

DNR's FY 2008 cost assumes that the corridor would be surveyed in FY 2008. The actual time needed to survey the corridor may be longer than one year. FY 2008 costs further include expenses for title review (\$25.0, based on one-quarter of the cost just incurred for title reports on TAGS) and issuance of title documents (\$28.2). FY 2008 also shows a change in revenue (loss of assets) of minus \$10 million, which is the estimated value of the state land (20,000 acresX\$500/acre).

The bill requires DNR to reserve whatever interests the state will need for a future gas pipeline. However, it is silent on protection of valid existing rights already created on this land (existing leases, contracts, road rights-of-way, the existing TAPS line right-of-way, etc.), which could lead to litigation either with third parties or the ARR. These litigation costs are not included here but could be avoided by making the transfer to the ARR subject to valid existing rights.

A M E N D M E N T # 1

OFFERED IN SENATE RESOURCES

BY SENATOR TORGERSON

TO: SCS CSHB 241(RES (version P)

- 1 Page 2, line 29
- 2 Following "a list of state land",
- 3 Insert "and a map showing land"

- 4 Page 3, line 7
- 5 Following "paragraph"
- 6 Insert "and maintain leasehold location on this land"

- 7 Page 4, line 10
- 8 Delete "Whitehorse, Yukon"
- 9 Insert "connect with the British Columbia Railroad"

22-LS0779\P
Utermohle
3/26/02

SENATE CS FOR CS FOR HOUSE BILL NO. 241(RES)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE SENATE RESOURCES COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES JAMES, Dyson, McGuire, Kohring, Scalzi, Wilson, I oster, Whitaker, Fate, Morgan, Davies, Hayes, Harris, Green

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to a railroad utility corridor for extension of the Alaska Railroad to**
2 **Canada and to extension of the Alaska Railroad to Whitehorse, Yukon, Canada."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 **LEGISLATIVE INTENT.** It is the intent of the legislature to reserve interests to the
7 state as necessary for the construction, maintenance, operation, and other activities for or
8 related to a gas pipeline in state land that may be conveyed to the Alaska Railroad
9 Corporation under this Act for the extension of the Alaska Railroad to the border of Alaska
10 and Canada.

11 *** Sec. 2.** AS 42.40 is amended by adding new sections to article 5 to read:

12 **Sec. 42.40.460. Extension of the Alaska Railroad.** (a) The corporation may
13 delineate a proposed railroad utility corridor between the existing railroad utility
14 corridor of the Alaska Railroad and the border of Alaska and Canada. The railroad

1 utility corridor shall be at least 500 feet wide. The railroad utility corridor may be
2 designated for a use identified under AS 42.40.350(b). The corporation may also
3 identify land for use as rail land that can be developed for terminal, station, and
4 maintenance facilities, switching yards, and material sites associated with the railroad
5 utility corridor. The corporation shall prepare a complete legal description of the
6 proposed railroad utility corridor and the rail land identified under this subsection.

7 (b) In performing the work authorized by (a) of this section, the corporation
8 shall consider the following factors:

9 (1) grade and alignment standards that are commensurate with rail and
10 utility construction standards and that minimize the prospect of at-grade railroad and
11 highway crossings;

12 (2) availability of construction materials;

13 (3) safety;

14 (4) effects on and service to adjacent communities and potential
15 intermodal transportation connections;

16 (5) environmental concerns;

17 (6) use of public land to the maximum degree possible;

18 (7) minimization of probable construction costs;

19 (8) the location of and the opportunity to obtain access to identified
20 natural resources that could contribute significantly to the state's economic
21 development; and

22 (9) prior and established traditional uses.

23 (c) If the corporation delineates all or a portion of the proposed railroad utility
24 corridor or the associated rail land,

25 (1) the corporation shall, after completion of a feasibility study on
26 linking the rail system in Alaska to the North American continental rail system,
27 determine which state land within the proposed railroad utility corridor and associated
28 rail land must be obtained by the corporation by fee and by a lesser interest in land; the
29 corporation shall submit a list of state land that the corporation proposes to select
30 within the railroad utility corridor and associated rail land to the legislature for
31 approval by law; if the legislature approves by law the selections of state land by the

1 corporation, the Department of Natural Resources shall

2 (A) in accordance with AS 42.40.360(b) and 42.40.370, convey
3 state land or interests in state land within the railroad utility corridor and
4 associated rail land to the corporation without cost to the corporation; the
5 Department of Natural Resources shall reserve to the state

6 (i) ownership of the mineral estate of the land conveyed
7 under this paragraph; and

8 (ii) the right to extract or use sand, gravel, and rock
9 present on the land conveyed under this paragraph; and

10 (B) delineate the route of the railroad utility corridor and the
11 location of the associated rail land in any system of land records maintained by
12 the Department of Natural Resources under AS 38.05.035; and

13 (2) the corporation shall

14 (A) as the corporation considers appropriate, exercise its
15 authority under this chapter to acquire rights-of-way across land within the
16 railroad utility corridor that is subject to the corporation's power of eminent
17 domain;

18 (B) upon delineation of the railroad utility corridor and
19 identification of associated rail land, expeditiously work with federal officials
20 to secure reclassification and withdrawal of federal land for reservations and
21 rights-of-way across the federal land for use as railroad utility corridor and rail
22 land; and

23 (C) prepare a report evaluating the effects of construction of an
24 extension of the Alaska Railroad across federal land; the report must satisfy the
25 requirements for an environmental impact statement under 42 U.S.C. 4332.

26 (d) The requirements of AS 38.05 (Alaska Land Act) relating to classification
27 and reclassification of land are inapplicable to actions taken by the Department of
28 Natural Resources under this section.

29 (e) The Department of Natural Resources shall retain the classifications and
30 reservations of land identified for use as a proposed utility corridor and railroad right-
31 of-way under former AS 19.05.122 until the corporation informs the department in

1 writing that the land is not needed by the corporation for a utility corridor. If the
2 corporation informs the department in writing that the land is necessary for use as a
3 utility corridor, the department shall convey the land to the corporation after
4 legislative approval of the land selections under (c)(1) of this section.

5 (f) To complete the work authorized by this section, the corporation may enter
6 into agreements relating to the work with the federal government, an agency or
7 instrumentality of the state, a municipality, or a private organization.

8 **Sec. 42.40.465. Extension of the Alaska Railroad to Whitehorse, Yukon,**
9 **Canada.** The corporation may investigate extension of the Alaska Railroad from the
10 border of Alaska and Canada to Whitehorse, Yukon. The corporation may acquire
11 land or interests in land in Canada as the corporation considers appropriate for the
12 development, construction, and operation of an extension of the Alaska Railroad to
13 Whitehorse, Yukon.

14 * Sec. 3. AS 19.05.122 is repealed.

ALASKA STATE LEGISLATURE

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While in Juneau
State Capitol
Juneau, Alaska
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House of Representatives
House District 34

Sponsor Statement, HB 241

1/14/02

If all government-funded employment in Alaska disappeared one day, only a few thousand private sector family-wage jobs would remain. It can be argued Alaska does not have an economy. ... Rather Alaska has a series of boom and bust cycles tied to the price of, and demand for, natural resources.

Alaska's economic future will be built on improved infrastructure. Connecting Alaska to the rest of North America by rail will benefit the mining, agriculture, tourism, military, manufacturing, and oil and gas sectors of the economy, while reducing the cost of bringing goods to the state as well as exporting our products.

The purpose of HB 241 is to begin the process of completing the last transcontinental railroad. Without appropriating funds, HB 241 authorizes the Alaska Railroad to delineate a transportation and utility corridor from existing tracks at Eielson AFB to the Canadian Border. After a survey and full delineation is achieved, state land would be transferred fee simple title.

This bill also authorizes and encourages the Alaska Railroad Corp. to obtain ownership or a right of way through any other lands, whether federal or private.

HB 241 mandates a 500-foot wide transportation and utility corridor that could allow for pipelines for gas or water as well as electric transmission lines and fiber optic cable. HB 241 allows the Alaska Railroad to use funds it can obtain, such as from federal appropriations or by sale of bonds, to survey and obtain a right of way to the Canadian border.

A separate section of this bill authorizes the Alaska Railroad to investigate extending to Whitehorse, Yukon.

House Minute



ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE

April 27, 2001

1:12 p.m.

HB 241-RAIL AND UTILITY CORRIDOR TO CANADA

VICE CHAIR FATE announced that the final order of business would be HOUSE BILL NO. 241, "An Act relating to a railroad utility corridor for extension of the Alaska Railroad to Canada and to extension of the Alaska Railroad to Whitehorse, Yukon Territory, Canada."

REPRESENTATIVE JEANETTE JAMES, Alaska State Legislature, testified as the sponsor of HB 241. She noted that she has been working on this issue for some time and filed HB 241 because she wanted to have a definite alignment of the rail corridor. Currently, there is a "center-line" survey from the air to identify where the corridor would be located, which is along the highway. She related her belief that there are some gas rights-of-way along the highway. She explained that the rail corridor has two endings one of which extends to the Canadian border and the other proceeds north at Tetlin and comes down the Ladue River and continues through Carmacks and Faro to Watson Lake. Although that is a resource rich area, it seems unlikely that a railroad would be put through the Yukon Territory and connect with the British Columbia Rail without going through Whitehorse. Furthermore, although the Ladue River is state-owned land, it includes wetlands and habitat and thus it may be easier to proceed down the highway, an area that has already been disturbed. Therefore, HB 241 doesn't specify going through the Ladue River, it merely says that the rail would go to the Canadian border and on to Whitehorse. This legislation would authorize the railroad to do surveying of a 500 foot wide corridor to be utilized for railroad transportation and utilities. After the extensive survey has been prepared, the survey would be submitted to the State of Alaska who would then transfer the land within the corridor to the Alaska Railroad Corporation (ARRC). For the land that is not state land, there would be authorization to proceed in obtaining right-of-way permission. She said that she didn't know what had to be done once the corridor reaches the Canadian border; the corporation would have to deal with that. She pointed out that there is no financial help with this proposal and thus she assumed that ARRC would find its own funding for this.

REPRESENTATIVE JAMES informed the committee of the dispute she has with the State of Alaska, which would prefer to give the railroad a right-of-way. However, she felt that "they" need to own the right-of-way because ARRC is a state-owned corporation and all of the railroad's current rights-of-way belong to it save those passing through military bases. Therefore, the issue of giving [the right-of-way] to the railroad isn't realistic because it's transferring it. This situation would be the same as transferring land from the state to the Alaska Industrial Development and Export Authority (AIDEA). She also noted that there will be testimony regarding whether the gas line should be placed in the railroad corridor, an issue for which she didn't have an answer. However, she explained that one of the reasons

for HB 241 is to avoid a situation in which a gas line is the road where the railroad is to be placed. She mentioned that she has had extensive conversations with the oil companies on this matter. The [difficulty] is who would receive the money from the oil companies for the gas line [if it were to be located in the railroad right-of-way]. The state would probably claim it should receive that money. However, she suggested that if the gas line was in the railroad corridor and the industry paid the railroad, the railroad would build it because the railroad could bond for that future revenue.

REPRESENTATIVE JAMES acknowledged that there is much controversy surrounding the railroad as it was setup to operate as an almost private corporation owned by state funds. Furthermore, the legislature continually attempts to hamper the railroad's efforts to run like a private corporation. Representative James recognized that many would like to sell the railroad and she believes that someone will be interested in such a purchase in the not-so-distant future, especially if it looks as if the line is going to be connected to the Lower 48. She remarked that she would be willing to sell ARRC whenever someone wants to pay the state what it's worth.

Number 1485

HAL COOPER testified via teleconference saying that Representative James has requested that he speak in support of HB 241. He said that HB 241 is a very necessary first step in beginning the connection of the rail lines between Alaska and Canada and the Lower 48. He felt that this proposal is a very useful and necessary step to develop the railway and create the corridor.

PAUL TAYLOR, Professional Engineer, testified via teleconference. Mr. Taylor provided the following testimony:

A key component of the location and economic strategy of an Alaska to British Columbia railway corridor will be the location of the route through the Central Yukon. I believe the Yukon extension investigation should focus on Whitehorse as a major terminal on the main track. Route selection studies should give intense examination of the line of track leading from the Ladue River Valley of the Alaska-Yukon border through the vicinity of Carmacks, Yukon. Then the track corridor would generally follow the Klondike Highway down to Whitehorse. Reasons for this routing are numerous. With Carmacks established as a terminal on the Alaska to British Columbia Transcontinental main line, the immediate Carmacks region provides the potential for serious mineral development. What is more is that link either by a branch line or continued utilization of the Robert Gamble Highway provides transportation to the Faro Roust (ph) River mineral sector, which adds even more freight potential to the Carmacks terminal. The railroad route from Carmacks to Whitehorse has been studied in detail in the past with the line of railroad shown to be superior in grade and alignment. Carmacks to Skagway route offers immense potential for tourism cruise trains.

The Central Yukon route and economic feasibility investigation must include every part framing the engineering considerations, a conversion plan, and the economic consequences to covert the White Pass and

Yukon route to standard gauge in order for the transcontinental railroad to be linked to the Port of Skagway, the Yukon's gateway. Carmacks to Skagway interconnection will be vital to the economic integration of the Alaska to British Columbia Railway. The multimodal railroad corridor must, by its obvious benefits to the overall project, be included in any feasibility study of railroad construction in the Yukon. One could also argue that the Carmacks to Skagway corridor could be constructed independently, in advance of the Alaska Railroad extension to the Yukon.

Mr. Taylor concluded by noting that he would mail other remarks to the committee this afternoon.

Number 1223

DAVE BROADBENT (PH), Canadian Arctic Railway, testified via teleconference. He felt that HB 241 [provides the hope] that this railway will happen some day. He applauded Representative James' attempt, through HB 241, to promote the extension of the railway. He noted that once Canada gets going on this, it would headquarter any development in Canada out of Whitehorse.

Number 1069

JOHN PORTSCHELLER testified via teleconference. Mr. Portscheller remarked that the most recent (indisc.) papers provide excellent examples for the arguments in opposition to HB 241. Reviewing the proposal from the civil perspective, environmental questions would have to be addressed well before route selection is discussed. However, he didn't see even a vague recommendation to address those factors in the legislation. Mr. Portscheller informed the committee that the area's fish and wildlife environmental organization representatives are staunchly opposed to this development. There are many reasons that support stepping back and taking a second look at such a proposal as this. He stated one reason: "If a large scale economic development like this is to go forward, it should stand the age-old litmus test of determining whether or not the private sector would push forward such a project." However, there seems to be little indication that the private sector in Alaska has the willingness or financial capability to take on such development. This seems to be a backward approach in that it essentially forces the project. Furthermore, Mr. Portscheller expressed the need to address environmental concerns and physical factors as well as considering the total privatization of such a project versus having the government take the lead.

Number 0899

REPRESENTATIVE JAMES noted that she has been working on this issue for nine years and has wondered when someone from the environmental community would object. She said that she hasn't had any objections before now. She expressed interest in meeting with Mr. Portscheller.

MR. PORTSCHELLER said "we" would be interested in meeting with Representative James. He noted that he isn't affiliated with the local environmental or fish and game organizations and is speaking only as a member of the community of Tok.

Number 0699

BILL BRITT, State Gas Pipeline Coordinator, Office of the Commissioner, Department of Natural Resources (DNR), testified via teleconference. Mr. Britt said that he has the following two concerns with HB 241:

The first is that the bill does not allow the Department of Natural Resources to protect valid existing land rights on land that DNR would be required to convey to the Alaska Railroad. These rights could well include the TAPS (Trans-Alaska Pipeline System) right-of-way. We may not wish to transfer portions of the TAPS right-of-way even as we are processing an application for renewal of that right-of-way. Secondly, the bill does not allow the commissioner of DNR to reject portions of the corridor where there might be a greater state interest involved in the land such as a gas pipeline. The bill could, thus, complicate a gas pipeline project by: removing possible gas pipeline right-of-way from state ownership even as an application may be pending; removing possible construction material sites from state ownership; creating another landowner for portions of the right-of-way; and creating the possibility that the railroad would be granted condemnation authority over private lands that would be within a gas pipeline right-of-way. We may wish to retain as much control over the gas pipeline authorization process as possible at this stage in that project. And this bill appears, to me, to be contrary to that end.

My colleagues in the Division of Mining, Land, and Water have expressed several other concerns. ... The first being that expenses associated with the transfer are not made clear; who bears those expenses? The second is: there ... is no ability for the (indisc.) to retain sub-surface rights on the lands that would be conveyed. And the third is: there appears to be no upper limit on the amount of land that could be required to be transferred. The corridor is described in the bill as at least 500 feet wide, but no maximum amount is identified.

Number 0510

VICE CHAIR FATE asked if any thought had been given to a common corridor so that [the department] could facilitate a transportation facility for both gas and the railroad as well as any future considerations.

MR. BRITT answered that there is no prohibition against more than one use of a transportation corridor. The rights-of-way the [department] grants are nonexclusive rights-of-way and thus more than one use can occur within a right-of-way as long as the uses are compatible. Such occurs frequently.

Number 0444

REPRESENTATIVE JAMES indicated that [Mr. Britt's] testimony highlighted the reasons why the proposal won't work without any indication to help make it work. She said that she was willing to add any language to make this work. Furthermore, she assumed that the issues identified by Mr. Britt would be issues that the railroad, who would survey this route, would be reviewing. She

didn't expect the railroad to travel over an already existing right-of-way. Moreover, Representative James emphasized that this corridor was present before there was talk of a gas pipeline not to mention that the railroad corridor will probably be present after the gas pipeline is finished. She expressed her belief that it is important that this [corridor] be done now and there should be some coordination. She mentioned that NASA had flown over this corridor with high-resolution photography because the federal government wants this railroad corridor and thus there may be federal money. Representative James said, "I'm really serious about this issue and I want some cooperation from DNR and other agencies of the state to make this happen."

MR. BRITT clarified that he was commenting on HB 241 not the feasibility of an extension of the railroad. He said that he believes his aforementioned concerns have been communicated before, at least in the fiscal note. Therefore, there shouldn't be anything new in his testimony.

Number 0116

REPRESENTATIVE GREEN related his understanding that HB 241 requires condemnation rights and many other requirements, yet there is no fiscal note because the expectation is that the railroad will secure the financing.

REPRESENTATIVE JAMES agreed with that understanding.

REPRESENTATIVE GREEN inquired as to what the railroad must do. He asked if the railroad would have the ability to decline this.

REPRESENTATIVE JAMES interjected that [HB 241] merely authorizes the railroad to do this. In further response to Representative Green, Representative James confirmed that she has spoken with the railroad.

REPRESENTATIVE JAMES informed the committee that U.S. Senator Ted Stevens indicated to the railroad last year or so that he wanted the railroad to determine the cost to extend the railroad to Delta for a missile defense system. The railroad did determine the cost for such and some work had to be done for that, which she recalled was \$250 million ...

TAPE 01-45, SIDE A

REPRESENTATIVE JAMES said that when it comes to building a missile defense system, this proposed corridor would be advantageous in order to bring in the materials. Therefore, she suspected that there might be some federal money available for the corridor or perhaps some large railroad companies may be interested in this and may come to the table with money. She noted that there may also be some bonding possibilities. However, she clarified that she isn't present to do the financing.

Number 0098

REPRESENTATIVE GREEN expressed concern that in order to start this project the determination of where the line can go has to be made. Such work, as illustrated with the railroad's work on the Delta connection, is "no lean task." Therefore, a significant amount of money will be required to establish a feasible route or routes. Representative Green suggested that there are a sequence of events such as aerial photography to on the ground [surveys] to ownership that would take some time.

Therefore, he indicated concern with the time it would take to do what is laid out in the bill.

REPRESENTATIVE JAMES turned to U.S. Senator Murkowski's legislation. She explained that the Rails to Resources legislation authorized a bilateral commission, 12 Americans and 12 Canadians. There was a \$6 million fiscal note on the US side to create this commission in order to perform a feasibility study in the next three years. At this point, "we" are waiting for the Canadians to pass the same legislation with a like fiscal note, after which the commission will be appointed and the feasibility study will be done. She estimated that it would probably cost about \$10-\$12 million to perform the feasibility study. However, Representative James pointed out that it will be difficult for the commission to perform a feasibility study if there is no authority to have any routes. Therefore, HB 241 is before the committee.

REPRESENTATIVE JAMES informed the committee that Dr. Paul Metz, University of Alaska, has made some grant applications to perform a complete geological study of the existing rail from Fairbanks to Seward as well as "this" line. She presumed that he would obtain that grant and work on it this year.

REPRESENTATIVE JAMES said that [the corridor] would provide room for all the different types of transportation and utility things that "we" want to go down the highway. This is the beginning in that it determines where that is and what works. The gas pipeline wouldn't need the same type of topography that a rail would. The topography is critical for a railroad.

Number 0401

REPRESENTATIVE GREEN recalled [testimony] that there might be a commonality between the [gas] pipeline and the rail. He could see the commonality between the pipeline and the highway whereas the grades required for railroads aren't necessary for a pipeline or a highway.

REPRESENTATIVE JAMES agreed, but noted that she has been told that gas runs better when its flat.

REPRESENTATIVE GREEN noted that there are a myriad of pipelines that aren't flat. Representative Green expressed concern that HB 241 goes far beyond the feasibility aspect. He remarked on the need to do a feasibility study that would specify what type of land is where.

Number 0500

REPRESENTATIVE JAMES commented on things being "studied to death." Representative James said:

I want to have something that says we're going to go there. If you don't like the way the language is written, I'll fix it. ... I want to authorize, something on paper that authorizes the fact that there is an opportunity to have a rail corridor and a utility corridor going into Canada. And that's going to take something. If I can't get it out of the people who work for the state and I can't get it out of the legislature, there's no point in even talking about it. And we might as well tell Washington, D.C., we don't want any kind of industry, ... expansion, or ... economic activity in the state. You got to start

some place. And I understand the biggest argument I have with people is where's the money going to come from. You know, if you have an ability to do something and there's an opportunity out there, somebody will come forward with the money. It just happens. ... I'm saying that you got to have an opportunity for people to ... see the opportunity before the money is going to come forward. ... There is nothing that cannot be accomplished if you really want to do it and if the desire of getting to the end result is there; and that's where I'm at. If we don't have some economic activity in this state, we're going to dry up.

REPRESENTATIVE GREEN pointed out that the people who offer the money do feasibility studies. The feasibility study would include "can you get there," the environmental concerns, and the economics. He said that he wouldn't have a problem with such; however, he suggested that [HB 241] goes far beyond that and assumes that a railroad [corridor] will be built.

REPRESENTATIVE JAMES disagreed. In response to Vice Chair Fate, she announced that all references to "Whitehorse, Yukon Territory" in HB 241 should be changed to refer to "Whitehorse, Yukon."

Number 0839

CO-CHAIR SCALZI moved that the committee adopt the following amendment:

Page 1, line 2; page 3, lines 21, 22, and 25,
Delete "Territory"

There being no objection, the amendment was adopted.

Number 0942

REPRESENTATIVE McGUIRE moved to report HB 241 as amended out of committee with individual recommendations and the accompanying fiscal note. There being no objection, CSHB 241(RES) was reported from the House Resources Standing Committee.

**ALASKA STATE LEGISLATURE
HOUSE TRANSPORTATION STANDING COMMITTEE**

April 24, 2001

1:17 p.m.

HB 241-RAIL AND UTILITY CORRIDOR TO CANADA

CHAIR KOHRING announced that the final order of business would be HOUSE BILL NO. 241, "An Act relating to a railroad utility corridor for extension of the Alaska Railroad to Canada and to extension of the Alaska Railroad to Whitehorse, Yukon Territory, Canada."

RICHARD SCHMITZ, Staff to Representative Jeannette James, Alaska State Legislature, came forth on behalf of Representative James, sponsor of HB 241. He stated:

Last legislative session, HJR 51 was passed, which ... was a resolution calling for the connection between the Lower 48 and Alaska by railroad. It would allow for tracks to go between, basically, Eielson Air Force base, where they are now, and Fort Nelson, B.C. [British Columbia].

This is something that Representative James has really believed in for a long time. In fact, the dream of having what we call the Last Transcontinental Railroad has been around since the Alaska Railroad was first constructed before the Second World War. And even at the turn of the century there was talk of building this railroad. It seems that today's infrastructure is a huge issue for building Alaska's economy.

... HB 241 will follow up on the resolution by actually having a piece of legislation that would basically authorize the Alaska Railroad to extend tracks from Eielson. And originally the idea was to go to the Canadian border. But there being nothing there but black spruce and lichen, it would authorize it to go all the way to Whitehorse, Yukon Territory, the idea being that the White Pass Railroad, which connects Skagway with Carcross ... pointed out that the White Pass Railroad is really set up to expand from a narrow gauge to a standard gauge at some point in time in the future, and over the last few years the railroad has proved very successful.

At first, it just was back and forth on the dock with a little engine after it shut down when the mines closed down the Yukon. Then they started doing tourist runs a little bit up, and then they went to the Pass, and now they are going all the way to Carcross. ... So, some point in time in the future with a corridor there, there could be a connection right down to the port at Skagway, which could be a big benefit for building the gas line, for example, or the missile defense program.

We also heard yesterday ... about a proposal to have these big "super servers" up on the North Slope that would use natural gas, and they would have to have a fiber-optic cable that would come down. ... Well, part of this plan is to have a railroad utility corridor with fiber-optic cable going all the way down along it.

Number 0402

REPRESENTATIVE WILSON remarked that she is excited about this and thinks this will help Alaska in the long run. She said it would open up areas for economic development, especially in the mining area along the corridor where there are many minerals.

CHAIR KOHRING concurred with Representative Wilson.

REPRESENTATIVE MASEK referred to the fiscal note and read, "We assume the State land could be acquired for no cost." She asked, if there were any R.S. 2477 trails or other access routes, whether they would be protected.

Number 0288

REPRESENTATIVE JAMES responded that there is the EIS (Environmental Impact Statement) procedure in getting anything done. If there is an R.S. 2477 there to vacate, it would be a decision made by the state, not the railroad. The only time there would be a problem would be if [the corridor] were going the same direction as the railroad; however, it is right down

the highway. Had there been [a problem], she surmised that it would be negotiated according to the circumstances.

REPRESENTATIVE MASEK asked whether the R.S. 2477s and other access routes are protected for public access.

REPRESENTATIVE JAMES answered that she thinks they are automatically protected by the law. They would only be changed through some legal method, with public input.

TAPE 01-33, SIDE A
Number 0025

REPRESENTATIVE JAMES remarked that it is a good possibility that if there is a connection from Alaska to the North American rail system, and if the rail system is moved through the Seward Peninsula near Nome and has a deep-water port in Norton Sound, [Alaska] could be a "throughput" for materials from Asia to Canada and the Lower 48; it would be easier, with the water transportation, to Alaska than to Seattle.

CHAIR KOHRING asked whether there is any opposition in Canada to the railroad extension.

REPRESENTATIVE JAMES responded that she is not aware of any. She has met with people in Vancouver, B.C.; Grand Perry (ph); and Calgary. Everyone is excited.

CHAIR KOHRING asked whether the closest point of the railroad in Canada to Alaska is Fort Nelson.

REPRESENTATIVE JAMES answered that Fort Nelson is one of the areas. She added that [Alaska] has not had any intense relationships with the First Nations people.

Number 0298

CHAIR KOHRING asked, "Where do we go from here, assuming that this passes the legislature?"

REPRESENTATIVE JAMES responded that this just opens the door for the railroad to something in the event that something is ready to be done. She noted that U.S. Senator Murkowski passed legislation last year that authorized a bilateral commission of 12 U.S. people and 12 Canadian people. The U.S. is just waiting for Canada to pass the same sort of legislation in its federal government. When that happens, there will be the appointment of the 24 people, a \$6 million fiscal note from the U.S., and hopefully a similar fiscal note from the Canadians. This committee will be appointed to hire the folks needed to do the feasibility study.

CHAIR KOHRING asked what the distance in Alaska would be in comparison to that in Canada.

REPRESENTATIVE JAMES responded that it would be about 270 miles; it would be a lot farther on the Canadian side. Altogether, it is about 1,200 miles.

Number 0446

CHAIR KOHRING asked who pays what.

REPRESENTATIVE JAMES answered that she is not sure.

CHAIR KOHRING suggested privatizing the Alaskan leg of the railroad.

REPRESENTATIVE JAMES said she thinks that is a good possibility.

Number 0521

REPRESENTATIVE MASEK moved to report HB 241 out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, HB 241 was reported from the House Transportation Standing Committee.

Bill Root:

Display Bill Root



TO REPORT PROBLEMS WITH BASIS INQUIRY

LIVE KTOO STREAMS



Return to Basis Main Menu (22nd Legislature)

Return to Legislature Home Page

These remarks are especially prepared for delivery in support of HB 241 on February 27, 2002. A hard copy is being mailed directly to Representative Jeannette James

Good afternoon,

My name is Paul Taylor. I hold a Master of Civil Engineering Degree from UAF and I am registered as a professional engineer both in Alaska and the Yukon. I have extensive railroad experience on the White Pass & Yukon Route, the Alaska Railroad, Union Pacific and a profile of successful completion of heavy civil construction projects in Alaska that I believe is worth sharing.

I take this occasion to urge your favorable consideration of House Bill 241. This visionary Bill can form the basis for completion of the final leg of construction of an Alaska-to-British Columbia railroad.

My remarks today are focused on Sec. 42.40.465. of the Bill, Extension of the Alaska Railroad to Whitehorse, Yukon, Canada.

A key component of the location and economic strategy of an Alaska-to-British Columbia railroad corridor will be the location of the route through the central Yukon. I believe the Yukon extension investigation should focus on Whitehorse as a major terminal on the main track. The route selection study should give intense examination of a line of track leading from the Ladue River Valley at the Alaska-Yukon Border to the vicinity of Carmacks, Yukon. Then the track corridor would generally follow, on an almost due south heading, the Klondike Highway down to Whitehorse.

Reasons for this routing are numerous. With Carmacks established as a terminal on the Alaska-to-British Columbia transcontinental main track, the immediate Carmacks region provides the potential for serious mineral development. What is more is a link either by rail branch line or continued utilization of the Robert Campbell Highway provides transportation to the Faro/Ross River mineral sector which adds even more freight potential to the Carmacks terminal. The railroad route from Carmacks to Whitehorse has been studied in detail in the past with the line of railroad shown to be superior in grade and alignment. The Carmacks to Skagway route offers immense potential for tourism cruise trains.

The Central Yukon route and economic feasibility investigations must include a report framing the engineering considerations, a conversion plan and the economic consequences to convert the White Pass and Yukon Route to standard gauge in order for the Alaska-to-British Columbia transcontinental railroad to be linked to the port of Skagway, the Yukon's gateway. This Carmacks to Skagway interconnection will be vital to the economic integration of the Alaska-to-British Columbia railroad. A multi-modal railroad corridor from Carmacks to Skagway must by its obvious benefits to the overall project be included in any feasibility study of railroad construction in the Yukon.

One can argue that the Carmacks to Skagway multi-modal railroad corridor could be constructed independently in advance of an Alaska Railroad extension to the Yukon.

It is important to reflect on the history of railroad development in the Yukon. The original northern terminus of the White Pass & Yukon Route was intended to be Fort Selkirk, Yukon. Later in the late 1960's and early 1970's there was serious economic consideration given to construction (by private enterprise) the very Carmacks to Whitehorse railway route we are discussing today. There were several engineering reports prepared during that period that included detailed engineering of the line of railway between Carmacks and Whitehorse and the connection with the White Pass. Mineral development for export was the economic driver of the 1960's and 1970's studies. Today we can add consideration for cruise trains, multi-modal corridors use, and integration into a much larger scale Alaska-to-British Columbia transcontinental railroad to a Carmacks to Whitehorse to Skagway railroad.

Finally we must bring debate by all stakeholders in this process. I urge a series of public meetings, held concurrently with the route investigation, where the people of Alaska and the Yukon and all other interested parties can express their view and participate in the process to insure the railroad corridor extensions is socially, economically, and environmentally responsible.

Ends

-30-

HB

244

22-LS0850\R
Cook
5/1/01

SENATE CS FOR CS FOR HOUSE BILL NO. 244(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE SENATE RESOURCES COMMITTEE

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES JAMES, Dyson, Harris, Wilson, Scalzi, Hayes, Foster, Coghill, McGuire

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to a grant of state land to the Denali Borough for a railroad and utility
2 corridor and a railroad development project; repealing provisions relating to a grant of
3 a right-of-way of land for a railroad and utility corridor to the Alaska Industrial
4 Development and Export Authority; and providing for an effective date."

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
7 to read:

8 GRANT FOR RAILROAD AND UTILITY CORRIDOR. (a) The Department of
9 Natural Resources shall grant to the Denali Borough state land for the purpose of supporting
10 economic development in the borough by enabling Kantishna Holdings, Inc., and its
11 successors and assigns in interest, to provide for a utility corridor and for the design,
12 construction, development, operation, and maintenance of a railroad and facilities to support
13 that development project.

14 (b) The Denali Borough, in consultation with Kantishna Holdings, Inc., shall identify

1 and select a railroad and utility corridor that runs from near the community of Healy to the
2 eastern boundary of Denali National Park and Preserve. Except where needed for
3 construction, safety, or environmental considerations or for required ancillary facility
4 development, the corridor may not exceed 300 feet in width. The borough, in consultation
5 with Kantishna Holdings, Inc., shall also identify and select ancillary land necessary to
6 support the development and operation of a railroad and facilities to support economic
7 development in conjunction with the railroad development project. The department shall
8 review the selections within 90 days after the selections are made. Upon completion of the
9 review by the department of the land identified and selected under this subsection, the
10 borough shall survey the land, and, upon the submission of the survey to the department, the
11 department shall convey the land to the borough.

12 (c) The borough may receive not more than 3,500 acres of state land under this
13 section. The land shall be located in Township 12 South, Range 7 West, Range 8 West,
14 Range 9 West, Range 10 West, and Range 11 West, Fairbanks Meridian.

15 (d) The grant to the borough may not impair valid property rights in the land. To aid
16 in a timely land selection process, the Department of Natural Resources with the assistance of
17 the Denali Borough shall, by September 1, 2001, identify all valid property rights in the land
18 described under (c) of this section.

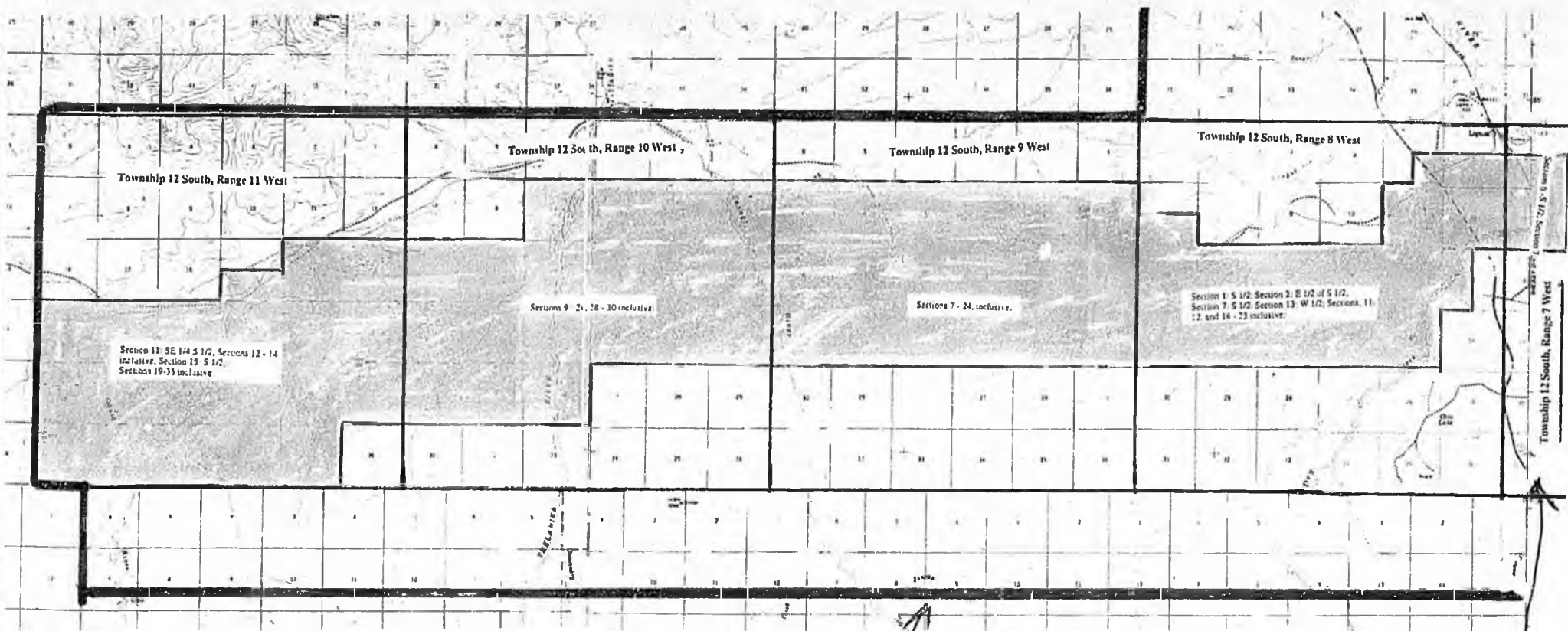
19 (e) By September 1, 2010, the Denali Borough shall lease the land received under this
20 section to a person for a railroad development project. Otherwise, on September 1, 2010, the
21 title to the land granted under this section reverts to the state.

22 (f) The amount of land transferred to the Denali Borough under this section shall be
23 applied toward fulfillment of the borough's general land grant entitlement determined under
24 AS 29.65.030. However, other provisions of AS 29.65 do not apply to the transfer.

25 (g) Within 30 days after the effective date of this section, the Department of Natural
26 Resources shall authorize a qualified employee to act as liaison with the Denali Borough and
27 its agents in matters relating to carrying out the provisions of this Act.

28 * Sec. 2. Sections 24(c) and 25, ch. 109, SLA 1998, are repealed.

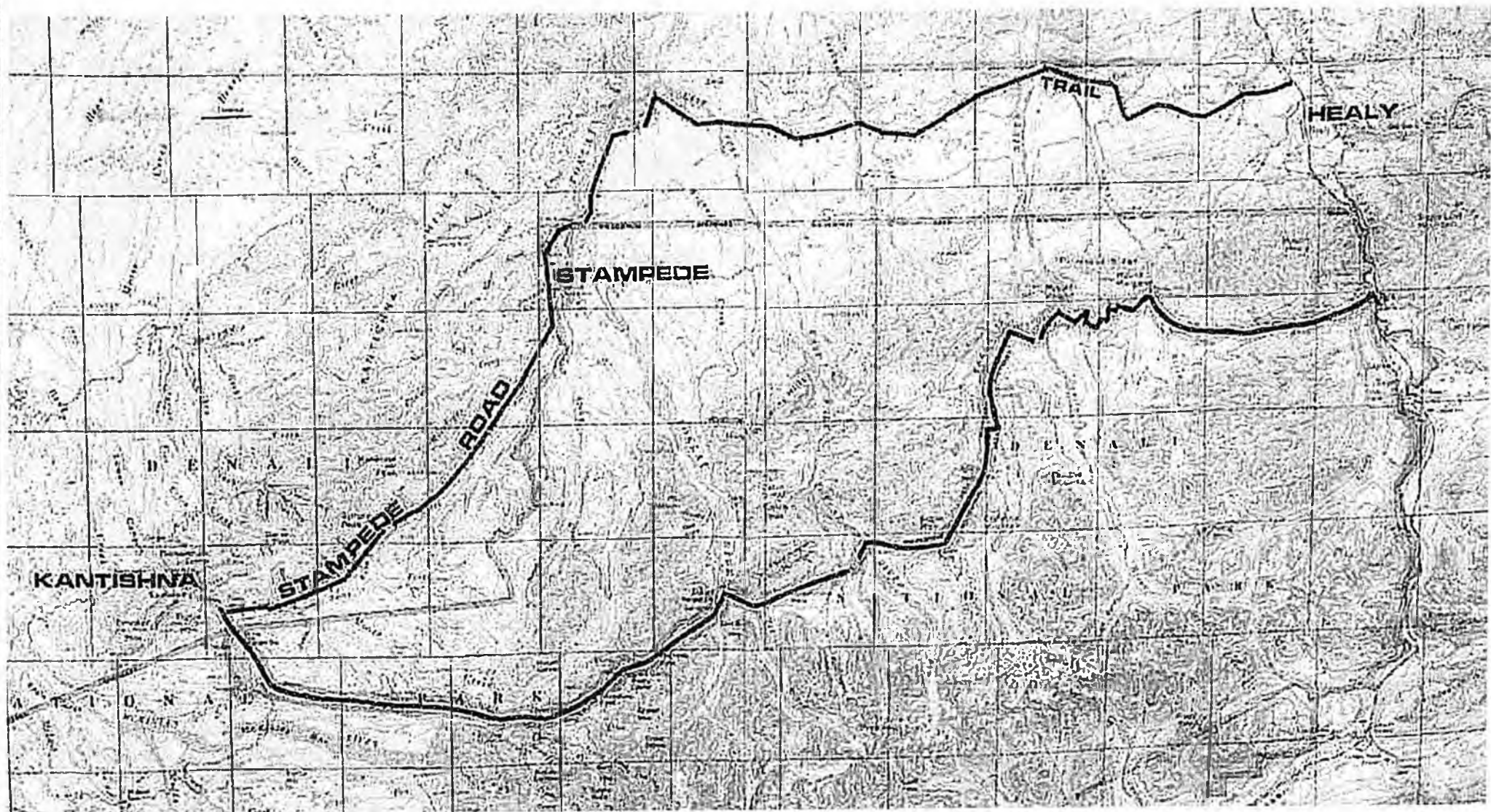
29 * Sec. 3. This Act takes effect July 1, 2001.



PARK BOUNDARY

Reference map of proposed land corridor to be transferred to the Denali Borough from which a railroad right-of-way is to be selected by Kantishna Holdings, Inc.

Note:
Only the portion of T 12 S, R 7 W containing the proposed corridor is shown on this map - KHI



HB

260

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 260(FIN)
 (H) Publish Date: 4/29/01

Revision Date/Time (Note if correc _____ Dept. Affecte Environmental Conservation
 Title: "An Act requiring the owners or operators of BRU: Air and Water Quality
certain passenger vessels operating in the marine waters... Component: Water Quality
 Sponsor: House Finance Committee
 Requester: House Finance Component Number: 2062

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	140.4	140.4	140.4	140.4	140.4	140.4
Travel	10.0	10.0	10.0	10.0	10.0	10.0
Contractual	244.8	159.8	149.8	134.8	134.8	134.8
Supplies	3.0	3.0	3.0	3.0	3.0	3.0
Equipment	13.8	2.0	2.0	2.0	2.0	2.0
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	412.0	315.2	305.2	290.2	290.2	290.2

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES (Coastal Protecti	764.7	764.7	400.0	0.0	0.0	0.0
---	--------------	--------------	--------------	------------	------------	------------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	6.0	25.0	20.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Coastal Protection Fund)	406.0	290.2	285.2	290.2	290.2	290.2
TOTAL	412.0	315.2	305.2	290.2	290.2	290.2

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget prop

POSITIONS

Full-time	2	2	2	2	2	2
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared by: Lynn J. Tomich Kent Phone 465-5312
 Division Air and Water Quality Date/Time April 26, 2001 6 p.m.
 Approved by: Kurt Fredriksson Date 4/26/2001
 Agency Department of Environmental Conservation

For distribution information, call the Governor's Legislative Office

Funding for the first two and one half years is from the Alaska Commercial Passenger Vessel Coastal Protection Fund created by this legislation. It consists of fees, legislative appropriations and penalties. The fee collection terminates January 1, 2004. The fiscal note assumes that all vessels covered under the legislation will pay the fee – the Department cannot estimate at this time how many small vessels may apply for and be granted an exemption from the fee and effluent standards and cannot estimate the potential penalties or legislative appropriations to the fund. Based upon these assumptions, there will be insufficient Coastal Protection Funds to support operating costs in FY 08. HB 260 does not allow use of the Coastal Protection Fund for the assessment report. General Funds are needed to cover support this work.

Personal Services

One full time Environmental Specialist IV in Juneau will be required to register approximately twenty-five large passenger vessels annually; establish an information management system; coordinate with the USCG, EPA, the public, and the cruise ship industry; in consultation with other agencies, the cruise industry and interested persons, develop fee regulations and regulations covering exemptions for small vessels under 46.03.488 and develop and implement the superior environmental protection recognition program; complete an assessment report for sewage and graywater by January, 2004; designate areas less than one nautical mile from the nearest shore where treated sewage or graywater may be discharged; designate areas where the discharge of treated sewage or graywater is prohibited; and review and approve vessel-specific exemption plans for certain smaller vessels.

One full time Environmental Engineer Associate I in Juneau will request and review as many as 175 monthly logbooks each year covering limited information about the release of sewage and graywater; review and approve graywater and sewage sampling techniques and analytical methods; review approximately 70 analytical reports for graywater and sewage; review immediate reports of exceedances of effluent standards; provide technical and compliance assistance to the cruise ship industry and the public; contract for assistance developing no discharge zones; manage contracts for opacity emissions monitoring in Prince William Sound and the Kenai Peninsula; review opacity emissions reports; and provide technical assistance to the attorney general's office on any necessary enforcement actions.

Travel

Travel funds are for providing compliance assistance to the cruise ship industry, working with interested parties on the assessment report and establishment of the no discharge zones, development and implementation of the superior environmental protection recognition program, public meetings associated with regulations development for fees and small vessel exemptions and technical/professional training for staff.

Contractual

Contractual funds cover development of a database to manage and store effluent data received from the cruise ship industry; technical assistance for risk analysis; technical assistance with development and implementation of the superior environmental performance recognition program (the amount is reduced in FY 03 to reflect that ongoing implementation of the program will cost less than initial development of the program); development of no discharge zones; air emissions opacity readings in Prince William Sound and the Kenai Peninsula; and advertising, printing, meeting, and mailing costs for public notice of the regulations. All fiscal years include standard position support costs.

Supplies and Equipment

Supply and equipment funds during FY 02 cover standard office supplies, furnishings and computers for the positions. Equipment funds are reduced in subsequent years.

Personal Services New Position Detail

DRAFT, FN#1

Department of Environmental Conservation

Scenario: 02 DEC Fiscal Note Backup (1822)

Component: Water Quality (2062)

BRU Name: Air and Water Quality (206)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range &	Budgeted	Split / Annual Count	Annual Salary	COLA	Premium Pay	Annual Benefits	Total Costs
18-#002	Environmental Spec IV	FT	A	SS	Juneau	1A	20B	12.0		52,500	1,250	0	17,013	70,763

Justification:

To implement HB260. (The other fund source used to support this bill is the Coastal Protection Fund)

Funding Detail:

1004	General Fund Receipts	1.41%	1,000
1999	Other Fund Source	98.59%	69,763
Total Funding:		100.00%	70,763

18-#005 Env Eng Associate

FT A GG Juneau

1A

20B

12.0

52,116

620

0

16,916

69,652

Justification:

To implement HB260. (The other fund source used to support this bill is the Coastal Protection Fund.)

Funding Detail:

1999	Other Fund Source	100.00%	69,652
Total Funding:		100.00%	69,652

Component Summary:

Total New Positions: 2

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	0.71%	1,000
1999 Other Fund Source	99.29%	139,415
1999 Other Fund Source	99.29%	139,415
Total Funding:	199.29%	140,415

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column.

MEMORANDUM

STATE OF ALASKA
COMMERCIAL FISHERIES ENTRY COMMISSION

TO: Darwin Peterson
Office of Senator John Torgerson

DATE: March 26, 2002

PHONE: (907) 789-6160 VOICE
(907) 789-6170 FAX

FROM: Commercial Fisheries Entry Commission
Marlene Johnson, Commissioner
Mary McDowell, Commissioner
Bruce Twomley, Chairman

SUBJECT: Response to your questions on
HB206

Below are CFEC's answers to the questions you sent by email yesterday regarding HB206.

Your Question #1:

"Do you have an official CFEC position on HB 206? There appears to be a divergence between your testimony and Bruce Twomley. The Chairman was very specific on SB 329 that the Commission opposed any granting of entry permits to any entities as a slippery slope, yet you seemed to support the concept in HB 206."

Response:

CFEC's three commissioners agree on CFEC's approach to the two bills, and we support passage of CSHB206 (RLS).

While both HB206 and SB329 propose making narrow exceptions to the current prohibition to entities holding limited entry permits, the two bills would make dramatically different policy calls. SB329 would allow certain entities to hold permits in fisheries (such as salmon and herring) that *can be, and already have been, effectively limited under the state's existing "person-based" limited entry program*. These fisheries, generally characterized by owner-operators who are the active participants in the fishery, are exactly the kinds of fisheries for which the existing program was designed. It is not necessary for resource conservation or management purposes, nor to preserve the ownership or participation patterns of the fishery, to allow entities to hold permits in such fisheries.

In sharp contrast, HB206 would authorize the limitation of the scallop and hair crab fisheries based on vessel ownership (and thus, in cases where a vessel is owned by an entity, the issuance of permits to such entities), rather than under the current program, *only* if (1) limitation of that fishery under the current limited entry program would not achieve the purposes of the Limited Entry Act, or (2) limiting by vessel would enable the state to gain or retain management of the fishery. (See page 2, lines 14-25 of the bill.)

Virtually all of the fisheries the state has limited since enactment of the Limited Entry Act have fit the "owner-operator model" which is the basis of our existing limited entry program. The scallop and hair crab fisheries are very different. They are characterized by large vessels, most of which are owned by partnerships or corporations and operated by a series of hired skippers. If we were to limit these two fisheries under the current program, fishing privileges would have to be awarded to hired skippers, rather than those with investment in the vessels, possibly resulting in the issuance of too many permits and creation of a conservation problem for the fishery. Under the statutes governing the current program, the

commission would have try to design a hardship ranking system to determine which of the vessel operators would receive permits. Developing a ranking system to effectively distinguish among applicants could be a nearly impossible task. Another "fairness" issue is the question of granting all fishing privileges in these fisheries to those who have participated essentially as hired crewman, with no significant investment in the fishery, while leaving the owners of these large vessels with no fishing privileges to go with their vessels. Limitation under the vessel-based program would simply allow these two fisheries to function without altering current ownership patterns.

The Entry Commission does strongly support maintaining the existing prohibition against entities holding limited entry permits in every instance where the existing program can be applied effectively. We do, however, recognize that as we are called upon to limit fisheries that simply don't fit the ownership or operational patterns upon which our existing limited entry system is premised, an occasional, carefully constructed modification may need to be made. In directing CFEC to draft HB206, the legislature acknowledged that a new tool was needed to address the needs of a few fisheries that differ significantly from the type of fisheries for which the existing limited program was designed. Certainly, HB206 presents some policy issues for the legislature to consider, but the commission believes the bill is a pragmatic approach to meeting a fisheries management challenge without undermining the integrity of the existing limited entry program.

Your Question #2:

"You said you don't know if you would use this program even if adopted. The language of the bill only allows a vessel-based system if you can't find a way to configure the 'fisherman' based system to effectively limit the entry. Can you put together a simple matrix chart of years of participation for the small number of vessels in these fisheries and another of permit holder landings for a few years before and after the moratorium with the number of landings?"

Response:

See attached tables.

SUMMARY:

The Hair Crab moratorium is scheduled to expire in 2003, and the scallop moratorium in 2004. If CFEC is to have the option of using a vessel-based system to limit these two fisheries, it is essential that HB206 pass the legislature this session. Please let us know if you or Chairman Torgerson or members of the Resources committee would like further information to assist in the committee's consideration of this legislation.

State of Alaska
 Commercial Fisheries Entry Commission
 March 26,2002

Number of Vessel Operators and Vessels in the Weathervane Scallop Fishery
 1980-2001

Year	Number of Vessel Operators	Number of Vessels	Pounds	Earnings	% of Operators Who Owned the Vessel They Fished
1981	21	17	841,340	\$3,520,872	19.0
1982	15	12	912,296	\$3,186,066	33.3
1983	7	6	194,116	\$911,247	14.3
1984	9	8	380,223	\$1,683,983	22.2
1985	8	8	627,679	\$2,253,251	0.0
1986	13	9	682,622	\$2,329,101	15.4
1987	5	4	583,043	\$2,103,319	0.0
1988	5	4	341,070	\$1,201,201	0.0
1989	8	7	534,763	\$2,010,551	0.0
1990	13	9	1,481,457	\$5,049,338	0.0
1991	8	7	1,191,014	\$4,484,590	0.0
1992	12	8	1,823,083	\$7,070,632	8.3
1993	19	15	1,522,069	\$7,030,179	15.8
1994	22	18	1,256,736	\$7,039,263	13.6
1995	10	10	351,023	\$1,847,667	10.0
1996	10	9	728,424	\$4,670,516	20.0
1997	11	9	802,383	\$4,329,672	9.1
1998	10	8	834,638	\$3,956,042	0.0
1999	10	10	837,934	\$2,982,760	10.0
2000	10	8	714,285	\$3,925,279	20.0
2001	1	1	32,163	Unavailable	0.0

NOTE:

Moratorium effective July1, 1997, so figures for 1997-2001 reflect participation during moratorium.

State of Alaska
Commercial Fisheries Entry Commission

Number of Vessel Operators and Vessels in the
Bering Sea Korean Hair Crab Fishery
1983-2000

March 26, 2002

Year	Number of Vessel Operators	Number of Vessels	Pounds	Earnings	% of Operators who owned the vessels they fished
1983	33	28	861,341	\$608,916	12.1
1984	16	16	553,872	\$727,882	12.5
1985	3	3	59,591	*	0.0
1986	3	2	14,145	*	0.0
1987	6	6	22,369	\$41,728	33.3
1988	2	2	610	*	0.0
1991	5	5	372,287	\$1,213,283	0.0
1992	16	16	1,337,217	\$2,812,167	0.0
1993	26	21	1,438,894	\$3,109,289	7.7
1994	20	14	1,904,287	\$5,768,782	10.0
1995	25	21	1,986,106	\$5,441,930	16.0
1996	20	19	713,309	\$1,993,699	10.0
1997	18	16	650,240	\$2,078,167	5.6
1998	12	12	290,347	\$810,939	0.0
1999	9	8	216,979	\$702,578	0.0
2000	3	3	1,546	\$5,932	0.0

NOTES:

Moratorium effective July 1, 1996, so figures for 1996-2000 reflect participation during moratorium.

Fishery was not open in 2001.

*Earnings information is confidential when fishery has fewer than 4 participants.

Petition against corporate, processor, or entity ownership of State Limited Entry Permits

Under HB 206 vessel owners may get Limited Entry permits for the scallop and Korean Hair crab fisheries instead of the fishermen with interim-use permit history.

These new permits would **not** require the permit holder to be on board the vessel while fishing - Palm Springs or Hawaii is just fine.

To 'reward' investor corporations instead of fishermen is the **dramatic change** in State law that is being pushed by a few lobbyists. Other fisheries might be added later.

Scallops already have federal limited entry for federal waters where 90% of the scallops are located. Those owners just want to be the only ones permitted to harvest any small State water fishery as well.

The Korean Hair Crab fishery would probably have 21 to 24 vessel-based limited entry permits compared to 19 to 24 fishermen-based limited entry permits.

There are no 'sideboards' to prevent a few boats co-op harvesting for all the vessel permits. This is done for the scallops with only 5 boats. This would leave the other 16 to 20 boats free to come to the Gulf or Aleutians and overcapitalize those rebounding crab and groundfish fisheries while others are fishing their hair crab.

Tell the Alaska Senate you don't want corporate or entity ownership of permits.

HB 206 is on the web. Listen to the Senate Resources hearing 3/20 on the web at www.ktoo.com/gavel then select meeting schedule.

Please sign below. Ask your neighbors to help YOU prevent corporate ownership by signing, then fax this to:

Senator John Torgerson, Chairman Senate Resources, Fax 907 465-4779

Name	Address	Date
Bart Chow	P.O. BOX 2044 Homer	4/10/02
Daniel, Donich	P.O. Box 98 Homer	4/10/02
Chris Donich	P.O. Box 98 Homer	4/10/02
CERRY HAUGHEY	P.O. Box 1396 Homer	4/10/02
Victor Yakunin	P.O. Box 5009 Nikolaeusk AK.	
Trifilaj RENTOV	PO Box 793 Homer AK	4-11-02
Joel Cooper	P.O. Box 3585 Homer, AK	4/12/02
Will Files	59850 Tern Ct, Homer, AK	4/13/02
Mike Humbard	4540 Anderson St Homer AK	4/15/02

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Name	Address	Date
<u>Eugene Reutov</u>	<u>P.O. Box 2557 Homer</u>	<u>4-5-02</u>
<u>David Reutov</u>	<u>P.O. Box 2847 Homer AK</u>	<u>4-5-02</u>
<u>Stacy Arbelovskiy</u>	<u>P.O. Box 3069 Kenai AK</u>	<u>4-5-02</u>
<u>MIKE MARTURHOFF</u>	<u>P.O. Box 15252 FRIE CREEK AK</u>	<u>4/8/02 99603</u>
<u>ANDREY MARTUSHEV</u>	<u>Box 185 Homer AK</u>	<u>99603</u>
<u>Ilya Reutov</u>	<u>Box 823 W. Homer AK</u>	<u>99688</u>
<u>Nikolai Reutov</u>	<u>Box 1807 Homer AK</u>	<u>99603</u>
<u>MILIE MUELLER</u>	<u>Box 4161 Homer AK</u>	<u>99603</u>

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Name	Address	Date
------	---------	------

<i>Life Fleet</i>	<i>Box 1134 Homer AK 99603</i>	<i>4/6/02</i>
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<i>Christina Kahr</i>	<i>PO Box 3504 Seward AK 99664</i>	<i>4-6-02</i>
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<i>L. Peggy Mulroods</i>	<i>PO Box 345 Seward AK 99664</i>	<i>4-10-02</i>
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<i>Jerry L. Wood</i>	<i>PO Box 345 Seward AK 99664</i>	<i>4/6/02</i>
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<i>Debra Halle</i>	<i>P.O. Box 592 Kaslof, AK 99610</i>	
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<i>M. Burman</i>	<i>780 Steady St Soldotna AK 99669</i>	
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<i>Jan Empers</i>	<i>P.O. Box 351 Anchorage AK 99508</i>	<i>4-8-02</i>
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<i>Daniel & Jean</i>	<i>P.O. Box 918 Homer A.K. 99603</i>	
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<i>R R</i>	<i>PO Box 3227 Homer AK 99603</i>	
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Name	Address	Date
<i>Mike A. Hood</i>	<i>770 FURBER Rd #8</i>	<i>4/4/02</i>
<i>Chad Wilson</i>	<i>PO Box 3208 Kenai AK 99611</i>	<i>4/4/02</i>
<i>Jerry B. Schals</i>	<i>PO Box 15331 Fritz Creek AK</i>	<i>4/4/02</i>
<i>Mary Scholes</i>	<i>PO Box 15331 Fritz Creek</i>	<i>4.5.02</i>
<i>John Payne</i>	<i>4691 Rockelle Rd. Homer AK</i>	<i>04/05/02</i>
<i>Chris Stubbelt</i>	<i>PO. Box 688 Homer AK 99603</i>	<i>04/05/02</i>
<i>Mark Moon</i>	<i>PO Box 167 Homer AK 99603</i>	<i>04/05/02</i>
<i>Jim Drell</i>	<i>PO Box 402 Homer AK 99603</i>	<i>04/05/02</i>
<i>D. L. Johnson</i>	<i>PO Box 1608 Seward 99664</i>	

H3

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Name	Address	Date
<u>Daniel M. ...</u>	<u>879 Lapins Ct. #2</u>	<u>3-31-02</u>
<u>Kemp A. Asher</u>	<u>53459 East End Road</u>	<u>3-31-02</u>
<u>Joe ...</u>	<u>53459 E. End Rd Homer, AK 99603</u>	<u>3/31/02</u>
<u>Jack R. ...</u>	<u>P.O. Box 1412 Homer AK 99551</u>	<u>4/6/02</u>
<u>Marge ...</u>	<u>P.O. Box 1414 Homer AK 99551</u>	<u>4/6/02</u>
<u>... P. ...</u>	<u>40899 ... AK 99603</u>	<u>4/6/02</u>
<u>David ...</u>	<u>71605 Sterling Hwy, Clam Gulch AK</u>	<u>4/5/02</u>
<u>... Waller</u>	<u>#106 Bunnell Homer AK 99603</u>	
<u>... W. Waller</u>	<u>PO Box 1447 HOMER, AK 99603</u>	

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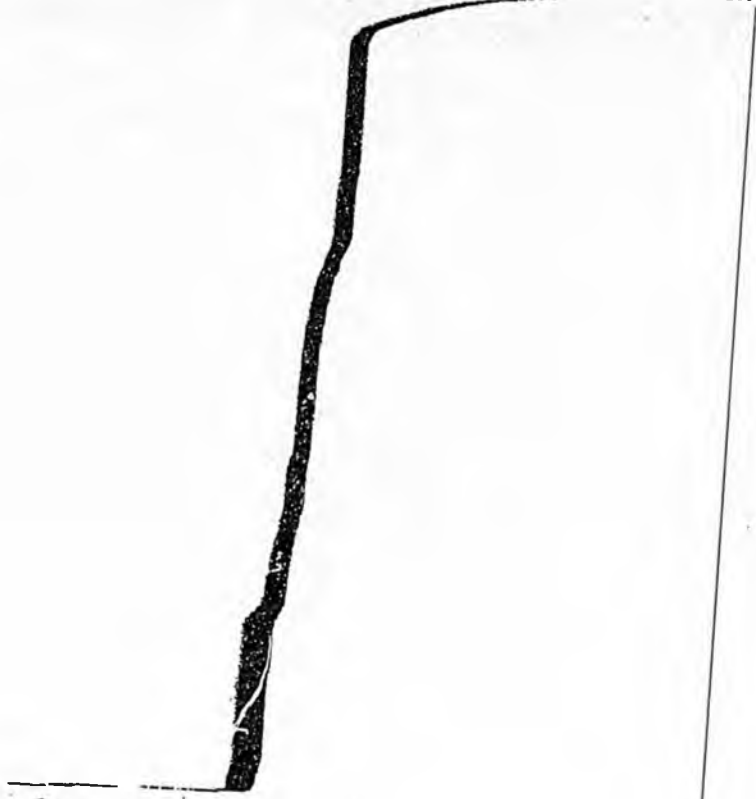
Tell the Alaska Senate you don't want corporate or entity ownership of permits.

HB 206 is on the web. Listen to the Senate Resources hearing 3/20 on the web at www.ktoo.com/gavel then select meeting schedule.

Please sign below. Ask your neighbors to help YOU prevent corporate ownership by signing, then fax this to:

Senator John Torgerson, Chairman Senate Resources, Fax 907 465-4779

Name	Address	Date
<i>Sara Belinos</i>	<i>Box 1044 Homer</i>	<i>4/2-02</i>
<i>Cris Cordall</i>	<i>Box 470 Homer</i>	<i>4/2/02</i>
<i>Tim Schmitt</i>	<i>Box 3522 Homer</i>	<i>4/2/02</i>
<i>Julius S. S. S.</i>	<i>Box 15281 Fritz Creek AK</i>	<i>4/2/02</i>
<i>C. P. S.</i>	<i>552 E. Dowanza Homer</i>	<i>4/2/02</i>
<i>Alan Barber</i>	<i>P.O. Box 416 Homer</i>	<i>4/4/02</i>
<i>Mark M. S.</i>	<i>Pa 15303 Fritz creek</i>	<i>4/4/02</i>
<i>John C. Owen</i>	<i>Box 2093 Homer AK</i>	<i>4/4/02</i>
<i>John Owen</i>	<i>41634 Belinos Homer</i>	<i>4-4-02</i>



Petition against corporate, processor, or entity ownership of State Limited Entry Permits

Under HB 206 vessel owners may get Limited Entry permits for the scallop and Korean Hair crab fisheries instead of the fishermen with interim-use permit history.

These new permits would not require the permit holder to be on board the vessel while fishing - Palm Springs or Hawaii is just fine.

To 'reward' investor corporations instead of fishermen is the dramatic change in State law that is being pushed by a few lobbyists. Other fisheries might be added later.

Scallops already have federal limited entry for federal waters where 90% of the scallops are located. Those owners just want to be the only ones permitted to harvest any small State water fishery as well.

The Korean Hair Crab fishery would probably have 21 to 24 vessel-based limited entry permits compared to 19 to 24 fishermen-based limited entry permits.

There are no 'sideboards' to prevent a few boats co-op harvesting for all the vessel permits. This is done for the scallops with only 5 boats. This would leave the other 16 to 20 boats free to come to the Gulf or Aleutians and overcapitalize those rebounding crab and groundfish fisheries while others are fishing their hair crab.

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Senator John Torgerson, Chairman Senate Resources, Fax 907 465-4779

Name	Address	Date
<i>Al King</i>	P.O. Box 3477 Homer AK 99603	4-2-02
<i>Donald Johnson</i>	P.O. Box 3753 Homer AK 99603	4-03-02
<i>Jan Lepp</i>	Box 488 Eldoberry HOMER AK	4-03-02
<i>Tom James</i>	8030X 915 HOMER AK	4/4/02
<i>Ed Smith</i>	Box 2020 Homer AK	4/4/02
<i>Nikki P. Yell</i>	Box 5043 Nikilavush AK	4/4/02
<i>Donald EDD</i>	404 Bonanza Homer AK	4-4-02
<i>Steve Brown</i>	35717 Park Rd Homer AK	4-4-02
<i>Charlie Black</i>	PO Box 666 Homer AK	4-4-02

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Name	Address	Date
V. K. A. Simpson	150K 59005 Nimitz	3/30/02
EMMET HEIDMANN	PO BOX 720061 EAGLE RIVER, AK 99577	2-30-02
GLEN CARROLL	PO 551 Homer 99603	
Patrick Quinn	4195 Kachmak Rd Homer, AK 99603	
Maggie Boone	BOX 261 Homer, AK 99603	3-30-02
Anna Borland-Ivy	PO BOX 2219 Homer	3-31-02
David Ivey	" "	" "
Bonnie Claus	PO Box 2802 Homer AK 99603	3-31-02
Charles DeLuca	PO Box 1645 Homer, AK 99603	3-31-02